

**State of Alaska
FY2004 Governor's Operating Budget**

**Department of Labor and Workforce Development
Business Partnerships
Budget Request Unit Budget Summary**

Business Partnerships Budget Request Unit

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BRU Mission

Proposed Mission:

The mission of the Division of Business Partnerships is to provide a workforce designed to meet Alaskan employer's needs.

BRU Services Provided

The Division of Business Partnerships (DBP) has responsibility for the following state and federal programs: the Workforce Investment Act of 1998 (WIA) Title I, the State Training Employment Program (STEP), and the Denali Commission Training funds, and the Alaska Vocational Technical Center.

The Workforce Investment Boards Component in conjunction with the Alaska's Workforce Investment Board is responsible for the oversight and continuous improvement of the federal, state, and local partnerships that implement the workforce investment system. This component provides staff to the AWIB and to the local business led boards. This component provides policy planning for the training and employment resources for state and federal programs.

The Business Services Component designs and implements programs that align with the Alaska Workforce Investment Board policies. Business Services provides administration, technical assistance and grant management of federal and state funds allocated to the local areas as identified by the Alaska Workforce Investment Board. In addition, the division contributes performance and evaluation support.

The Alaska Vocational Technical Center (AVTEC) offers post-secondary vocational technical education and training for Alaskans. AVTEC provides long term training in 15 different business and industry fields and a wide variety of short term training and educational programs. AVTEC coordinates with secondary education programs in preparing career paths for Alaska high school students to fill the 70 – 80% of jobs that do not require a college degree.

The Kotzebue Technical Center Grants component provides funds to the Alaska Technical Center (ATC) located in Kotzebue. ATC offers residential adult vocational training through the Northwest Arctic Borough School District. ATC operates programs in building industrial technology, office occupations, mine maintenance technology, and health occupations in addition to short-term training in response to statewide industry needs.

BRU Goals and Strategies

- (1) Implement the Workforce Investment Act of 1998 (WIA).
 - a. Coordinate strategies and policy with the Alaska Workforce Investment Board (AWIB) and Local Workforce Investment Boards (LWIB).
 - b. Expand the effectiveness of the Local Advisory Councils (LAC) as key participating and planning partners for regionalized service delivery.
 - c. Provide leadership and resources for influencing the reauthorization of WIA.
- (2) Maximize the use of state and federal funds for training Alaskans.
 - a. In conjunction with the Administrative Services Division perform a review to streamline the grant process.
 - b. Release STEP, WIA and all training funds as early as possible to allow grantees to have a full year to realize their goals.
 - c. Work with the Local Areas/ regional offices to maximize the use of training resources and minimize the extent of funds carried forward.
- (3) Implement the prioritized projects of the Alaska Workforce Investment Board including but not limited to the elements contained in Resolution 02-17 regarding Statewide Activities Funds.

Key BRU Issues for FY2003 – 2004

- (1) Congress will consider a reauthorization of the federal Workforce Investment Act in 2004. Critical issues for Alaska will be potential changes to performance measures; youth program design, One Stop partners, and other program integration and alignments.
- (2) Increase the involvement of business and employers in Alaska’s workforce investment system and align investments with industry-based standards.
- (3) Streamline and strengthen the business-led board structures to result in one State Board and 4-5 Regional Councils that will be aligned with Economic Development regions.
- (4) Expand dislocated worker services to affected industries and regions.
- (5) Integrate the Alaska Vocational Technical Center in Seward and the Alaska Technical Center in Kotzebue into the operations of the department.

Major BRU Accomplishments in 2002

The Division of Business Partnerships is a newly created Division that integrates several units formerly with the Employment Security Division (ESD) and the Alaska Human Resource Investment Council (AHRIC). While the units comprising the DBP had many accomplishments in 2002, these are reported in the previous components.

Key Performance Measures for FY2004

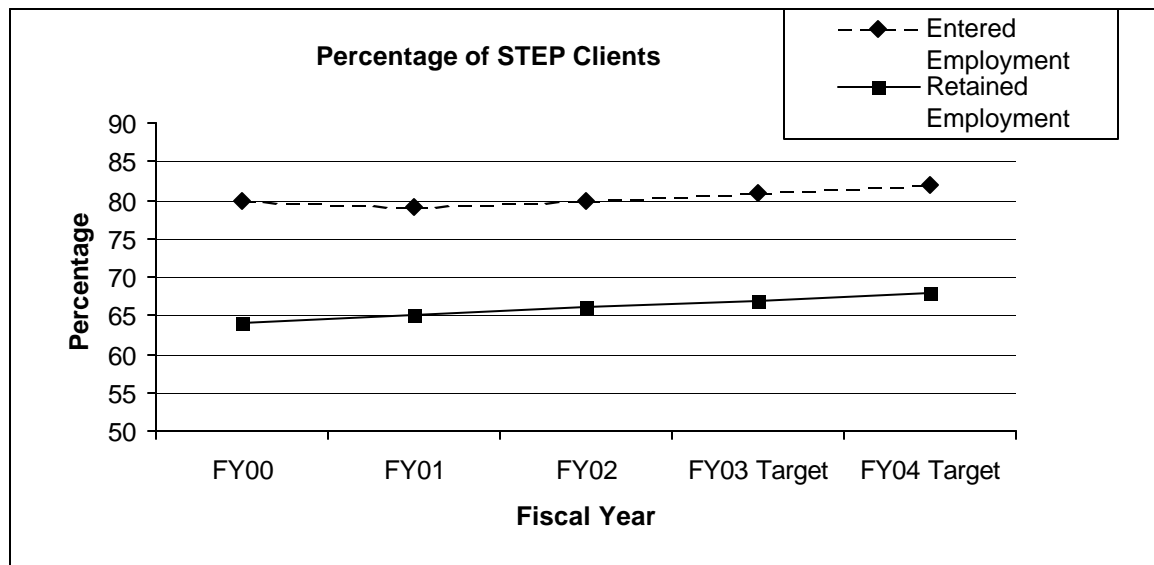
Measure:

The percentage of Alaskans who enter and retain employment at least six months after receiving training through the State Training Employment Program (STEP).

Sec 87(b)(3) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

The target for STEP performance was set at the FY01 level of 79% with 1% incremental increases for FY02 and beyond.



Benchmark Comparisons:

The employment goal for STEP participants is measured against historical data. The percentage of STEP participants entering employment was 80% in FY00, 79% in FY01 and 80% in FY02.

The percentage of STEP participants who retain employment for 6 months continues to grow annually. The percentages were 64% in FY00, 65% in FY01 and 66% in FY02.

Background and Strategies:

Since 1989, STEP has provided training assistance to over 13,000 Alaskans in hundreds of communities all over Alaska. In FY01, 1,568 STEP clients were served, and in FY02, 1,760 participants. Currently in FY03, over 1,100 Alaskans are in training. In FY04, we anticipate the number to increase to 1,800.

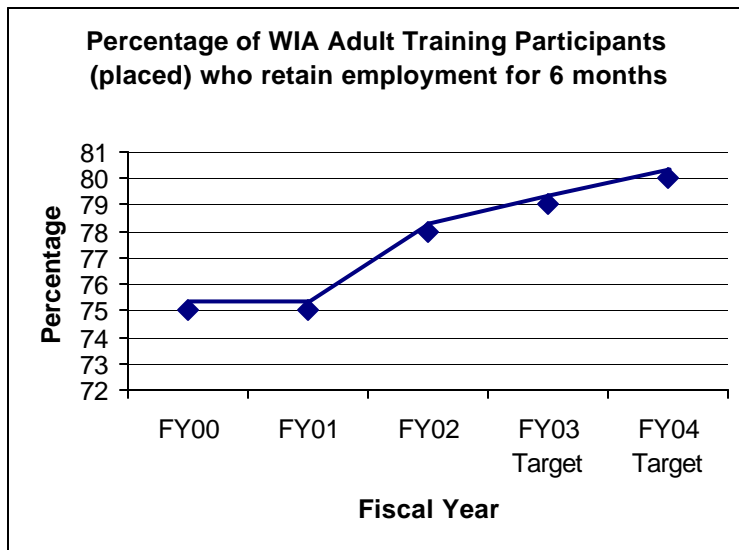
The Job Training unit has developed training, placement and retention strategies under the WIA State Unified Plan to enable staff and selected vendors to serve eligible STEP participants and reach performance goals.

Measure:

The percentage of eligible WIA Adult Job Training participants who are placed into full-time jobs and who retain work for at least six months after training.

Sec 87(b)(4) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:



Benchmark Comparisons:

The employment goals for Adult WIA Title I participants will be measured against the Federal U.S. Department of Labor negotiated performance standards under the WIA. For FY2002, the national employment percentage average of Adult WIA Title I participants placed into full-time unsubsidized jobs is 65%. Of this 65%, 78% have retained work for at least 6 months. The USDOL performance standards are committed to continuous improvement, with a goal of a 1% increase each year.

Background and Strategies:

The Workforce Investment Act of 1998 requires that all States receiving Federal funds must develop measurable performance outcomes. This performance measure is consistent with Federal direction and expectations.

Alaska has developed appropriate job training, placement and retention strategies under the WIA State Unified Plan to enable staff and selected service providers to successfully serve Alaska's unemployed and underemployed workers. Since 1999, the USDOL Employment and Training Administration requires that each state negotiate a reasonable percent of increase in employment goals for the subsequent fiscal years.

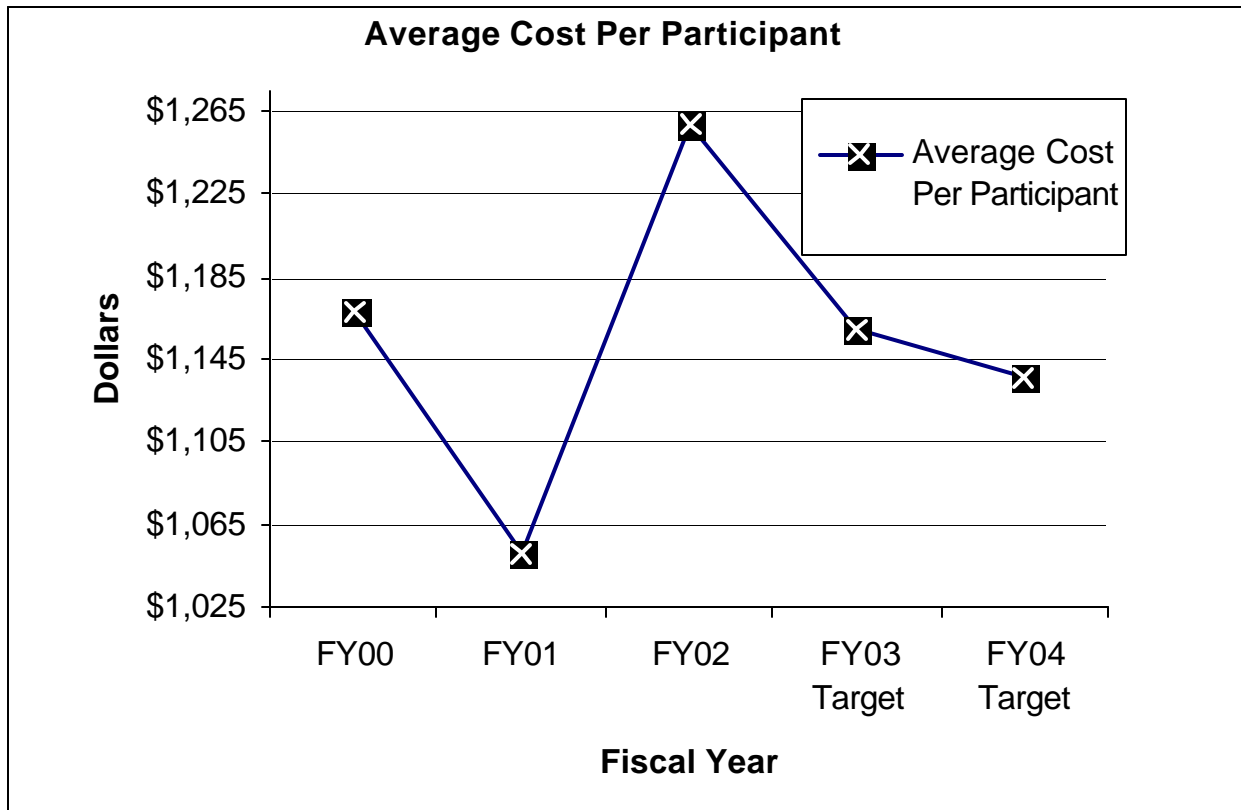
Measure:

The average cost of assisting a client to find employment.

Sec 87(b)(5) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

The average cost of assisting a client to find employment is derived by averaging multiple variables associated with differing service populations and levels of service provision. Thus, the average cost is not necessarily reflective of service to specific populations or types of service but is global in nature and scope. The actual average cost per participant is shown for FY2000-2002. The FY2003 average cost is an average of those prior three years. In FY2004, we plan to decrease the average cost per participant by 2 percent to \$1,136 per client entering employment.



Benchmark Comparisons:

The FY2000 benchmark of \$1,168 cost per participant was established in the ESD Strategic Plan and incorporates the cost of Wagner Peyser and WIA Title 1B Adult/Dislocated Worker expenditures for each client exiting services into employment.

Background and Strategies:

Costs are calculated for individuals who exit Wagner Peyser and WIA Title 1B Adult/Dislocated Worker services into employment. This figure does not take in to consideration variations in service population or service provision. This performance measure is a collaboration of these three distinct programs and the Divisions of Business Partnerships and Employment Security.

Measure:

The change when compared to the prior fiscal year in the percentage of graduates employed in their areas of training.

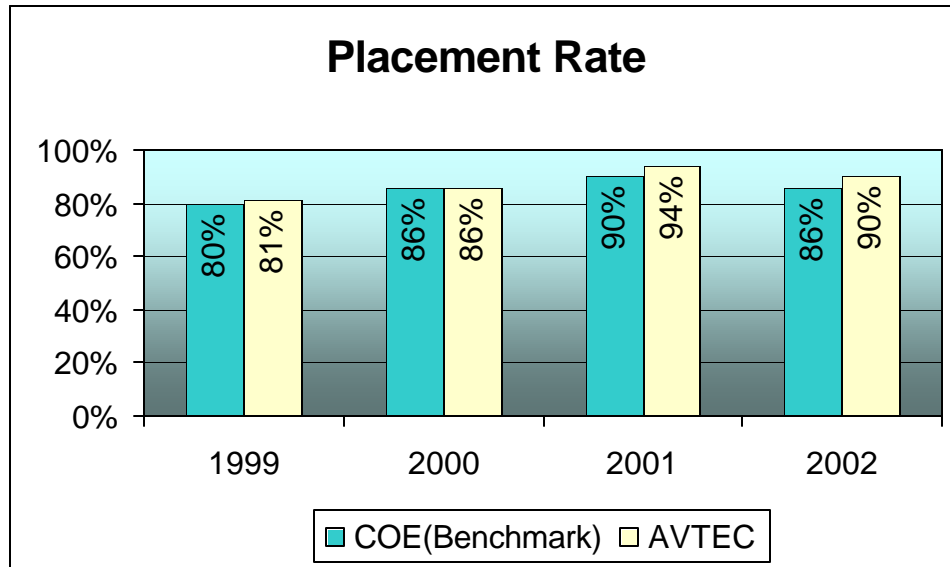
Sec 55(b)(1) Ch 124, SLA 2002(HB 515)

Alaska's Target & Progress:

The Council on Occupation Education (COE) reports 90% of AVTEC long-term program graduates in FY02 employed in their area of training. Down slightly from the 94% the previous FY.

Benchmark Comparisons:

AVTEC continues to exceed the national average established from more than 370 similar public institutions across the nation accredited by COE.

**Background and Strategies:**

The goal of AVTEC is for all students to find training-related employment. We continue to employ a full-time Job Placement Specialist in that effort. We've expanded our presence in job fairs around the state to network with potential employers. Additionally, AVTEC hosts an annual job fair on campus that has seen increased attendance by state employers.

Measure:

The change when compared to the prior fiscal year in the wage increase realized by graduates of training programs.

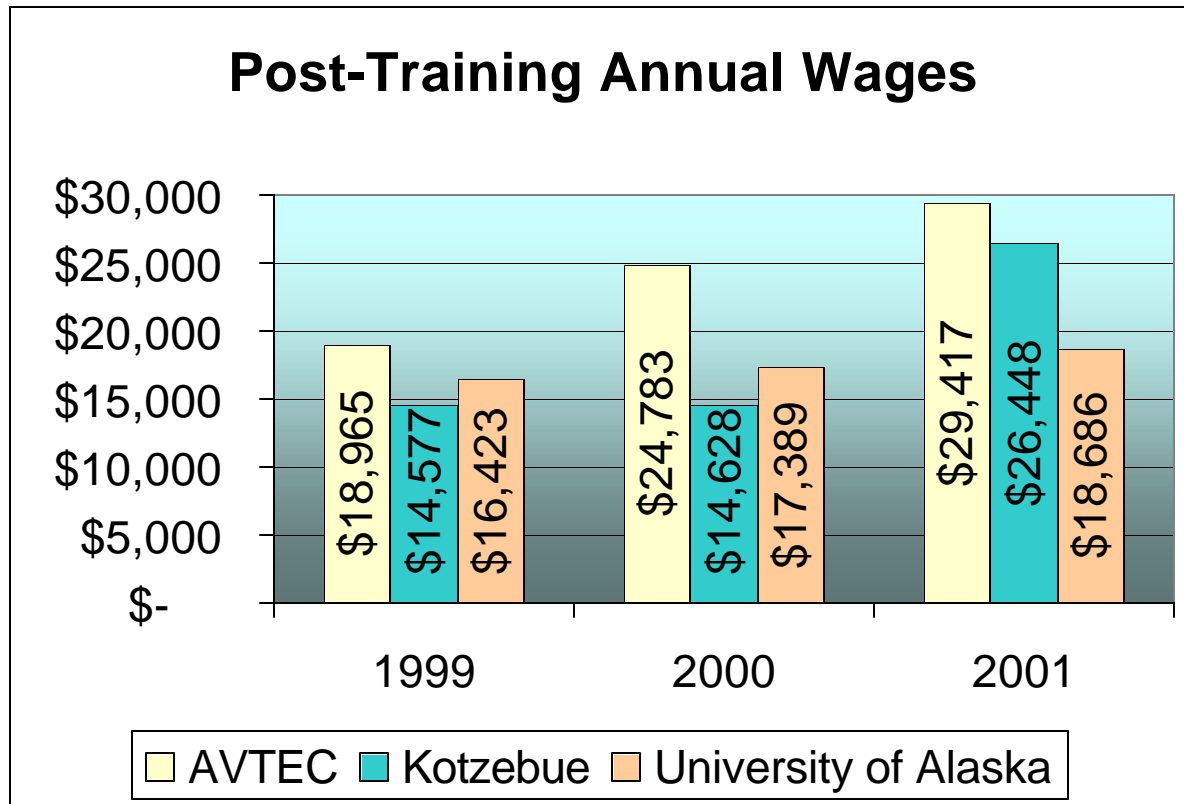
Sec 55(b)(2) Ch 124, SLA 2002(HB 515)

Alaska's Target & Progress:

AVTEC graduates increased their median annual wages to \$29,417 from \$24,783 the prior FY, an increase of 17%. This statistic is the most current available and in the "Training Program Performance 2001", a special report published by the Alaska Department of Labor, Research and Analysis Section.

Benchmark Comparisons:

There is no established benchmark for this measure. However, a comparison to other Alaskan public postsecondary institutions illustrates that the average AVTEC graduate earns the highest post-training wage by a margin of 11%-57%.



Measure:

The change when compared to the prior fiscal year in the percentage of students who completed long-term training programs.

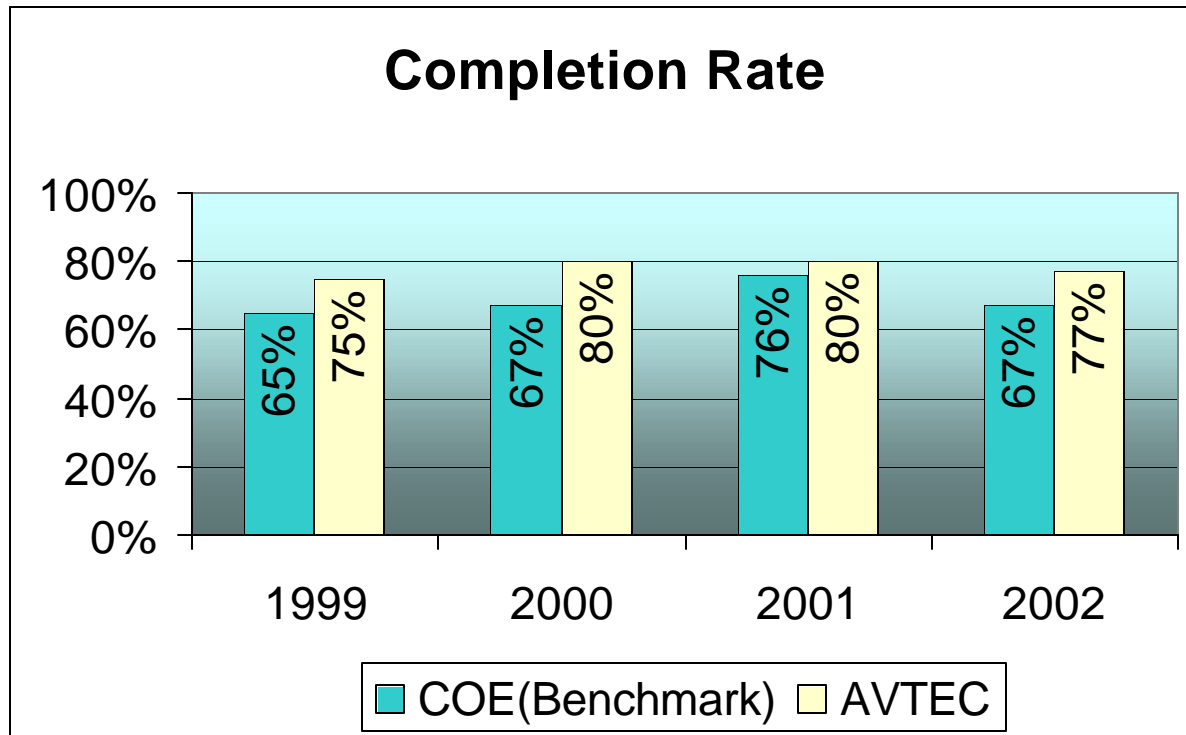
Sec 55(b)(3) Ch 124, SLA 2002(HB 515)

Alaska's Target & Progress:

COE 2002 Annual Report indicates that 77% of AVTEC students completed long-term training programs. Down a few points from the 80% as reported the previous year.

Benchmark Comparisons:

AVTEC continues to exceed the national standard for completion by 10% or more.

**Background and Strategies:**

While our completion rates have greatly improved from the 66% range just a few years ago, AVTEC continues to strive for the perfect 100% completion rate. Improvements are a result of increased coordination with sponsoring agencies to pre-screen potential students with serious substance abuse issues and AVTEC's implementation of the Foundation skills training program to help prepare students with reading and math deficiencies prior to entering their training program.

Measure:

The change when compared to the prior fiscal year in the percentage of students living in student housing compared to student housing capacity.

Sec 55(b)(4) Ch 124, SLA 2002(HB 515)

Alaska's Target & Progress:

Internal AVTEC Dormitory Census Report for FY02 indicates a 55% occupancy, about the same as last year. However, occupancy is currently at 92% with some students in overflow housing for the first time in three years. Family housing comprised of 19 one and two bedroom apartments remain at 100% capacity.

Benchmark Comparisons:

There is no established benchmark for housing occupancy; AVTEC is striving for a minimum of 75% capacity.

Background and Strategies:

To stem the flow of students leaving the dormitory, AVTEC has resorted to tightening room & board payment policies beginning FY03. Students are now required to pay room and board in advance by semester. Students who are evicted or elect to move out before the end of the semester forfeit their housing money. This policy is consistent with other resident postsecondary institutions. However, AVTEC still faces serious challenges with respect to its dormitory. The existing dormitory is old and inadequate in comparison to today's student expectations. Unreliable heat and hot water, public style showers, poor insulation, no sound proofing, lack of telephone and computer connections cause students to look elsewhere for accommodations even if they are more expensive. In FY01, AVTEC received funding for a 64-bed dormitory that was scheduled for completion January 2003, but the increased cost of construction in Alaska has delayed the project a year and reduced the size of the dormitory to 48 beds. To continue to meet the 100 plus bed-space need for students, AVTEC's plan is to seek additional funding to remodel the existing dormitory upon

completion of the new dormitory. Both facilities will incorporate the amenities that students expect. Therefore, we anticipate achieving a minimum of 75% occupancy rate with new and remodeled facilities.

Measure:

The change when compared to the prior fiscal year for each long-term program, the percentage of students who applied to the program who actually enrolled in the program.

Sec 55(b)(5) Ch 124, SLA 2002(HB 515)

Alaska's Target & Progress:

Current Status:										
Program	FY01			FY02			FY03			
	capacity	applied	enrolled	capacity	applied	enrolled	capacity	applied	enrolled	
Industrial Electrical	30	32	30	30	25	25	30	26	26	
Information Technology	16	25	16	32	41	32	16	20	16	

Benchmark Comparisons:

There is no established benchmark, except to say it is AVTEC's goal to provide training to all those who seek it.

Background and Strategies:

The programs listed above are those few that requests for training exceeded AVTEC's ability to meet the demand. By increasing instructional staff, using instructional aides, and creating and realigning programs, AVTEC has successfully increased program capacity where needed. Not shown in the table was AVTEC's success in meeting an increased need for structural welding students for the January 2002 enrollment. Class maximum capacity is 12, but AVTEC had received 17 applications. To meet this need AVTEC hired an additional instructor and conducted a second shift class. The first time an off-shift class had been done.

Business Partnerships
BRU Financial Summary by Component

All dollars in thousands

	FY2002 Actuals				FY2003 Authorized				FY2004 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<u>Formula Expenditures</u>												
None.												
<u>Non-Formula Expenditures</u>												
Workforce Investment Boards	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,337.0	1,286.1	2,623.1
Business Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35,017.9	5,359.0	40,376.9
AVTEC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,140.5	450.0	3,511.4	7,101.9
AVTEC Facilities Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	876.4	876.4
Kotzebue Tech Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	300.0	500.9	800.9
Totals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,140.5	37,104.9	11,533.8	51,779.2

Business Partnerships

Proposed Changes in Levels of Service for FY2004

The DBP is a newly formed division in the Department of Labor and Workforce Development and it integrates portions of the services previously provided in the Job Training Programs and Employment Services components under the Employment Security Division. The DBP also administers funds to the Alaska Vocational Technical Center and Kotzebue Technical Center that were previously provided by the Department of Education and Early Development. It is anticipated that consolidation of these services under one division will result in administrative saving during FY2004.

Business Partnerships

Summary of BRU Budget Changes by Component

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	0.0	0.0	0.0
Adjustments which will continue current level of service:				
-Workforce Investment Boards	0.0	1,337.0	1,443.1	2,780.1
-Business Services	0.0	35,017.9	5,359.0	40,376.9
-AVTEC	3,140.5	450.0	3,511.4	7,101.9
-AVTEC Facilities Maintenance	0.0	0.0	876.4	876.4
-Kotzebue Tech Grants	0.0	300.0	500.9	800.9
Proposed budget decreases:				
-Workforce Investment Boards	0.0	0.0	-157.0	-157.0
FY2004 Governor	3,140.5	37,104.9	11,533.8	51,779.2