

**State of Alaska
FY2006 Governor's Operating Budget**

**Department of Labor and Workforce Development
Employment Security
Results Delivery Unit Budget Summary**

Employment Security Results Delivery Unit

Contribution to Department's Mission

The Employment Security Division contributes to the department's mission by providing employment and training services, unemployment insurance and employer and employee matching through basic labor exchange. These activities advance opportunities for employment and provide economic stability for communities in Alaska.

Core Services

Several programs comprise the Employment Security Division (ESD) RDU.

The Employment and Training Service (ETS) component provides basic labor exchange services for all Alaskans by matching employers with job seekers, and specialized labor exchange and case management services for Veterans, Alaska Temporary Assistance Program (ATAP) clients, and unemployed workers through the Wagner-Peyser Act. Through the federal Workforce Investment Act (WIA), the federal Trade Adjustment Assistance program, and the State Training and Employment Program (STEP), ETS provides training and related support and relocation services to eligible clients.

Through grantees, the Adult Basic Education (ABE) Program prepares Alaskans for employment by providing instruction in the basic skills of reading, writing, mathematics, and General Educational Development (GED) preparation and testing. Emphasis is given to integrating practical life skills and workplace readiness skills into instruction.

The Unemployment Insurance (UI) program assesses and collects employer contributions for deposit into the UI Trust Fund and pays UI benefits to workers who are temporarily unemployed. To reduce the duration of unemployment benefits claimed and return Alaskans to work, UI claimants are profiled and required to participate in reemployment services.

End Results	Strategies to Achieve Results
<p>A: More Alaskans with jobs.</p> <p><u>Target #1:</u> Increase the percentage of the Alaskan workforce employed. <u>Measure #1:</u> Percent of Alaskan workforce employed.</p> <p><u>Target #2:</u> Reduce the unemployment rate by .5% as compared to the previous year. <u>Measure #2:</u> Percent change in Alaska's unemployment rate.</p> <p><u>Target #3:</u> Increase the percentage of Workforce Investment System participants that enter employment by 1% as compared to the previous year. <u>Measure #3:</u> Percent of Workforce Investment System participants that enter employment.</p>	<p>A1: Increase the number of Alaskans who get jobs.</p> <p><u>Target #1:</u> Increase the percentage of Workforce Investment System participants who receive a staff assisted service by 1% as compared to the previous year. <u>Measure #1:</u> Change in number of Workforce Investment System participants who received staff assisted services.</p> <p><u>Target #2:</u> Increase the number of Workforce Investment System participants by 1% as compared to the previous year. <u>Measure #2:</u> Change in number of Workforce Investment System participants.</p> <p><u>Target #3:</u> Increase the number of Workforce Investment System participants who demonstrate increased basic skills knowledge (reading, writing, mathematics). <u>Measure #3:</u> Percent of Workforce Investment System participants who demonstrated educational gain.</p> <p><u>Target #4:</u> Increase the number of job openings placed by employers by .5% as compared to the previous year. <u>Measure #4:</u> Change in the number of job openings posted on the department's labor exchange system.</p>

End Results	Strategies to Achieve Results
<p>B: Economic Stability.</p> <p><u>Target #1:</u> Maintain local purchasing power during periods of economic downturn.</p> <p><u>Measure #1:</u> Increase percent of wage replacement provided by Unemployment Insurance.</p> <p><u>Target #2:</u> Maintain local purchasing power during periods of economic downturn.</p> <p><u>Measure #2:</u> Percent of unemployed workers eligible for unemployment insurance benefits (Reciprocity rate).</p>	<p>B1: Improve timeliness of UI benefit payments.</p> <p><u>Target #1:</u> Exceed federal timeliness benchmark of 95% of initial payments within 35 days.</p> <p><u>Measure #1:</u> Percent of timely initial payments to unemployment insurance claimants.</p>

Major Activities to Advance Strategies

- Increase job ready registrations.
- Increase job matching activities.
- Provide job search skills and training.
- Provide local labor market information.
- Provide employment counseling.
- Provide aptitude and interest assessments.
- Marketing and outreach to employers.
- Integrate employment and training services.
- Establish information and referral mechanisms with partner agencies.
- Gather skills information from job seekers in remote areas.
- Improve labor exchange technology.
- Provide more front-end services.
- Train call center personnel.
- Develop internet initial claims.
- Implementation of call center case management system.
- Provide individual time management training to staff.

FY2006 Resources Allocated to Achieve Results

FY2006 Results Delivery Unit Budget: \$49,355,900	Personnel:	
	Full time	438
	Part time	48
	Total	486

Performance Measure Detail

A: Result - More Alaskans with jobs.

Target #1: Increase the percentage of the Alaskan workforce employed.

Measure #1: Percent of Alaskan workforce employed.

Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
1999					93.6%
2000					93.3%
2001					93.6%
2002					92.3%
2003	90.7%	92.1%	93.0%	92.2%	92.0%
2004	91.5%	92.9%	93.4%		

Analysis of results and challenges: The employment rate is based on the estimates of Alaska's civilian labor force produced by Research and Analysis. Since 1990 Alaska's employment rate has been between 90.8% (low-1992) and 94.2% (High-1998). The current projected population growth and employment growth are both 1.5%. ESD will continue to provide priority services to Alaskan workers.

Target #2: Reduce the unemployment rate by .5% as compared to the previous year.

Measure #2: Percent change in Alaska's unemployment rate.

Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
2000	8.1%	6.6%	5.7%	6.4%	6.6%
2001	7.6%	6.1%	5.5%	6.4%	6.5%
2002	8.5%	7.5%	7.1%	7.9%	7.0%
2003	9.3%	7.9%	7.0%	7.8%	8.0%
2004	7.8%	7.1%	6.6%		

Analysis of results and challenges: In 2004 the Department will conduct an analysis of Alaska's workforce in light of expected industry growth and corresponding occupational demand to determine training and job skill needs. The Department will use the information gathered to tailor the employment and training services to effectively respond to those needs.

Target #3: Increase the percentage of Workforce Investment System participants that enter employment by 1% as compared to the previous year.

Measure #3: Percent of Workforce Investment System participants that enter employment.

Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
2002					55.1%
2003					56.4%
2004	59.0%	63.0%	68.0%	66.0%	64.0%
2005					Projected 65.0%

Analysis of results and challenges: The department is implementing strategies to increase the entered employment rate for Workforce Investment System participants by providing staff assisted services to more job seekers, intensifying those services that emphasize successful employment strategies, and increasing marketing of available services to Alaskans. This measure is obtained by utilizing the federal definition of Entered Employment which is: a Workforce Investment Act participant that enters employment in either of the two quarters after exiting training, or a labor exchange services participant that enters employment in either of the two quarters following their first receipt of service within a year.

Update: 2005 1st quarter data will be available November 2004.

A1: Strategy - Increase the number of Alaskans who get jobs.

Target #1: Increase the percentage of Workforce Investment System participants who receive a staff assisted service by 1% as compared to the previous year.

Measure #1: Change in number of Workforce Investment System participants who received staff assisted services.

Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
2002					44,998
2003					44,328
2004	14,616	9,907	10,836	11,787	47,146
2005					Projected 47,617

Analysis of results and challenges: The use of self-service activities by participants will allow time for staff to

deliver more intensive services, one-on-one to those participants who require them.

Target #2: Increase the number of Workforce Investment System participants by 1% as compared to the previous year.

Measure #2: Change in number of Workforce Investment System participants.

Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
2002					72,595
2003					72,284
2004	21,072	15,715	14,882	13,741	65,410
2005					Projected 66,100

Analysis of results and challenges: The increased use of the self-referral services for applicants to apply for job openings has decreased one major component of participant registration. The department is making efforts to capture this particular population for statistical purposes. In addition, the department has increased efforts in marketing of available services to Alaskans, which will increase the number of Workforce Investment System participants in the future. Performance criteria and federal definitions changed in 2002 requiring a year-to-date, by quarter report.

Target #3: Increase the number of Workforce Investment System participants who demonstrate increased basic skills knowledge (reading, writing, mathematics).

Measure #3: Percent of Workforce Investment System participants who demonstrated educational gain.

Demonstrated Educational Gains

Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
2002					62.0%
2003					70.0%
2004					88.5%
2005	81.0%				Projected 88.0%

Analysis of results and challenges: In FY2005, through ABE grantees, the Department will continue to conduct in-depth analysis of Workforce Investment System participants to measure educational gains in the areas of reading, writing, and mathematics.

Update: FY2005 first quarter reporting indicates that ABE Grantees continue to successfully provide basic skills instruction to adult Alaskans.

Target #4: Increase the number of job openings placed by employers by .5% as compared to the previous year.

Measure #4: Change in the number of job openings posted on the department's labor exchange system.

Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
2002					44,451
2003					44,632
2004	11,619	8,875	11,443	13,986	45,923
2005					Projected 46,200

Analysis of results and challenges: Recent business outreach programs conducted by the department have increased the exposure and recognition of the Alaska Job Center Network as the premier labor exchange in the state. The results of one of these programs, the National Business Engagement Consortium (NBEC), have shown that the labor exchange has had an increased usage from the industries targeted. The department has adopted selected methods utilized during the NBEC program for use at local levels.

B: Result - Economic Stability.

Target #1: Maintain local purchasing power during periods of economic downturn.

Measure #1: Increase percent of wage replacement provided by Unemployment Insurance.

Increase Percent of Wage Replacement Per Calendar Year

Year					YTD
2002					27.9%
2003					31.0%
2004					Projected 31.0%
2005					Projected 31.0%

Analysis of results and challenges: The objective of the unemployment insurance weekly benefit amount is to provide a wage replacement that is high enough to cover the claimant's non-deferrable expenses, but not so high as to undermine the incentive to return to work. USDOL encourages a 50 percent wage replacement rate. The national average is 47 percent.

Update: The wage replacement rate for 2004 will not be available until September 2005. However, changes in the wage replacement rate would be minimal unless there was a significant increase/decrease in Alaska's average weekly wage or average weekly unemployment insurance benefit amount. The Department will continue to support legislation to increase the weekly benefit amount during the first half of the 24th legislative session.

Target #2: Maintain local purchasing power during periods of economic downturn.

Measure #2: Percent of unemployed workers eligible for unemployment insurance benefits (Reciprocity rate).

Percent of Unemployed Workers Eligible for UI Benefits Per Calendar Year

Year					YTD
2002					59.2%
2003					54.7%
2004					Projected 59.0%
2005					Projected 60.0%

Analysis of results and challenges: Used by USDOL to measure the effectiveness of States' Unemployment Insurance Program, reciprocity rate is the percentage of unemployed workers eligible for unemployment benefits. Alaska's reciprocity rate is well above the national average of 42%. This is due in part to the Division's focus on exceeding federal benchmarks for accuracy and timeliness of benefit payments.

Update: 2004 data will be available September 2005.

B1: Strategy - Improve timeliness of UI benefit payments.

Target #1: Exceed federal timeliness benchmark of 95% of initial payments within 35 days.

Measure #1: Percent of timely initial payments to unemployment insurance claimants.

Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
2002					97.3%
2003					96.6%
2004	98.6%	98.8%	98.1%	96.8%	98.2%
2005	97.7%				Projected 97.3%

Analysis of results and challenges: The Unemployment Insurance program received an Unemployment Insurance Remote Systems federal grant to implement internet initial claims. With implementation the division expects to increase the percent of timely initial payments.

Key RDU Challenges

ESD must continue providing employment and training services to an increased customer base while the federal Wagner-Peyser grant has been flat funded or reduced for eleven consecutive years. ESD also experienced reduced

funding in federal Workforce Investment Act (WIA) training account funds, VETS, and the Unemployment Insurance federal grants. In addition, under-funded federal mandates continue to impact ESD in the areas of the Foreign Labor Certification (FLC) and Work Opportunity Tax Credit (WOTC) federal grants.

To offset some of the funding shortfall, ESD will be forced for the second year to request use of existing federal Reed Act funds to support cost increases related to personal service benefits, health care, state bargaining unit contracts, leases, and technology investments in the Employment and Training Services and Unemployment Insurance programs.

The demand for ABE services continues to increase due to the high school qualifying exit exam creating additional instructional and testing workloads. Additionally, unfunded federally mandated data quality and reporting requirements necessitate a higher degree of reliability and validity with in-depth analysis. To meet the increased demand for ABE services and mandated requirements, the ABE Program is implementing an on-line, computerized assessment process, which creates additional administrative and programmatic challenges.

ESD will pursue legislation to address penalty monies collected by the Benefit Payment Control (BPC) unit. This legislation will propose to amend Alaska Statutes to incorporate penalty monies, collected for fraudulent overpayments of unemployment insurance (UI) benefits, into the Training and Building Fund. The funds would be used to increase collection efforts.

The United States Congress passed H.R. 3463 on July 22, 2004, amending the Social Security Act with respect to administration of unemployment taxes and benefits. H.R. 3463 requires states to amend their unemployment insurance compensation laws to limit the practice of State Unemployment Tax Act (SUTA) dumping by employers and to provide for civil and criminal penalties for those caught in violation of the law. Alaska law currently restricts SUTA dumping but does not provide for criminal and civil penalties. As a result, ESD will propose legislation to provide for SUTA dumping penalties and to comply with H.R. 3463.

Significant Changes in Results to be Delivered in FY2006

ESD is developing a web based labor exchange system that automates skills based matching and promotes employer and job seeker interaction. This project is scheduled for statewide implementation in November 2005.

A One-Stop Job Center was established in Barrow in FY2004 to increase access and services to residents of the North Slope Borough. ESD is currently adding a second position to further support the employment services to this community.

Expansion of web based systems including a statewide student management information system, student assessment instruments, and instructional tools will provide a more cost effective method for Adult Basic Education program delivery.

ESD will continue development of an Internet based initial unemployment claims application intended to reduce the workload of staff and provide savings in operation costs. Implementation is scheduled for the second quarter of FY2006.

Implementation of connectivity between the Social Security Administration and the Alaska Department of Labor and Workforce Development to verify social security numbers of all unemployment insurance benefit claimants will facilitate the reduction of benefit overpayments and fraudulent claims. The interface will strengthen internal security, maintain integrity of the UI database, and strengthen the department's ability to protect the UI Trust Fund.

Implementation of the new online tax services will provide an alternative method for Alaskan employers to conduct business with ESD Tax. In addition to filing quarterly contribution reports, the services will assist businesses with compiling, calculating, submitting, and paying their unemployment taxes online. The enhancements also include new employer registration, online account maintenance, and the option of paying taxes through Electronic Funds Transfer (EFT).

Major RDU Accomplishments in 2004

Assisted 36,170 job seekers to enter employment through the Alaska Job Center Network.

Increased the number of Alaskans conducting on-site job searches at Alaska Job Centers statewide to 197,426, an increase of 52,718 from FY2003.

Increased the number of job openings listed from employers to 45,923, an increase of 1,291 from FY2003.

Paid 61,511 insured workers \$162.5 million in unemployment benefits.

Benefit Payment Control increased collection activities resulting in the recovery of approximately \$3.3 million in benefit overpayments. Of this total, \$948,000 was recovered through PFD levy requests submitted to the Department of Revenue. Of the \$6.4 million in detected and established overpays, 51% has been recovered. A total of \$489,091 in collected penalties and interest from fraud cases was deposited into the State's General Fund.

Awarded 1,816 GED diplomas in FY2004. Additionally, 88.5% of ABE adult students demonstrated increased basic skills knowledge.

A One-Stop Job Center was established in Barrow to increase access and services to residents of the North Slope Borough.

The Senior Employment Services Program was transferred from the Department of Health & Social Services and has already seen an increase in unsubsidized employment and the number of senior participants.

Contact Information
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**Employment Security
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2004 Actuals				FY2005 Management Plan				FY2006 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
Formula Expenditures												
None.												
Non-Formula Expenditures												
Employment and Training Services	0.0	0.0	0.0	0.0	0.0	15,209.7	13,378.3	28,588.0	203.5	13,393.3	13,211.1	26,807.9
Unemployment Insurance	0.0	15,430.7	268.5	15,699.2	0.0	19,115.3	603.4	19,718.7	0.0	19,094.3	540.0	19,634.3
Adult Basic Education	1,570.5	1,042.8	0.0	2,613.3	1,557.4	1,348.4	0.0	2,905.8	1,561.5	1,352.2	0.0	2,913.7
Employment Services	45.3	9,864.1	11,849.3	21,758.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	1,615.8	26,337.6	12,117.8	40,071.2	1,557.4	35,673.4	13,981.7	51,212.5	1,765.0	33,839.8	13,751.1	49,355.9

Employment Security
Summary of RDU Budget Changes by Component
From FY2005 Management Plan to FY2006 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	1,557.4	35,673.4	13,981.7	51,212.5
Adjustments which will continue current level of service:				
-Employment and Training Services	203.5	348.9	46.5	598.9
-Unemployment Insurance	0.0	559.0	11.6	570.6
-Adult Basic Education	4.1	3.8	0.0	7.9
Proposed budget decreases:				
-Employment and Training Services	0.0	-3,610.9	-213.7	-3,824.6
-Unemployment Insurance	0.0	-2,579.6	-75.0	-2,654.6
Proposed budget increases:				
-Employment and Training Services	0.0	1,445.6	0.0	1,445.6
-Unemployment Insurance	0.0	1,999.6	0.0	1,999.6
FY2006 Governor	1,765.0	33,839.8	13,751.1	49,355.9