State of Alaska
FY2006 Governor's Operating Budget

Department of Labor and Workforce Development
Administrative Services
Results Delivery Unit Budget Summary

Administrative Services Results Delivery Unit

Contribution to Department's Mission

The component contributes to the department's mission by providing support services to department programs.

Core Services

The Management Services component provides financial support services; unemployment insurance trust fund accounting; procurement, budget planning, monitoring and reporting; and office space management to department programs.

The Human Resources component consolidates and accounts for the costs of human resource and personnel services provided to this department by the Department of Administration.

The Leasing component consolidates and accounts for the costs of all space leases for the department.

The Data Processing component provides mainframe and desktop programming, database and security administration and network services installations and support.

The Labor Market Information component collects, analyses and publishes information on employment, unemployment, wage rates, occupational injuries, population estimates and forecasts, and other economic and demographic information, and will act as the official liaison with the federal Census Bureau for all Census 2010 projects.

End Results	Strategies to Achieve Results
A: Superior and cost-effective departmental administrative services. Target #1: Reduce overall overhead costs. Measure #1: Percent change in overhead cost.	**A1: Ensure that Governor's budget for the department is enacted as proposed.** Target #1: 100% funding of the Governor's budget request. Measure #1: Percentage of the Governor's budget request funded. **A2: Reduce overhead cost by streamlining operations.** Target #1: Reduce Management Services cost in relation to the size of the department. Measure #1: The change in percentage Management Services total cost represents compared to the personal services costs of the department. **A3: Deliver data processing systems and services on schedule and within budget.** Target #1: All data processing projects produced on schedule. Measure #1: Percent of projects produced on schedule. Target #2: All data processing projects produced within budget. Measure #2: Percent of data processing projects produced within budget.

	Target #3: All production jobs completed successfully. Measure #3: Percentage of production jobs that complete successfully.

End Results	**Strategies to Achieve Results**
B: Maximize customer satisfaction with Labor Market Information services Target #1: 90% of survey respondents rate Labor Market Information (LMI) services as 3 or better on a scale of 1 to 5. Measure #1: Percent of customers rating LMI services as 3 or better.	**B1: Publish all required reports on time.** Target #1: Meet or exceed all Bureau of Labor Statistics (BLS) program deliverable deadlines. Measure #1: Percentage of BLS deliverable deadlines met. Target #2: Meet or exceed all state required report deadlines. Measure #2: Percentage of state deliverable deadlines met. **B2: Maximize the accuracy of information produced.** Target #1: Meet or exceed all quality standards set by BLS. Measure #1: Percent of Current Employment Statistics benchmark revision. Target #2: 90% of all firms reporting on the Quarterly Census of Employment and Wages annual refiling survey have an accurate physical address. Measure #2: Percent of annual refiling survey responses with an accurately coded physical address.

Major Activities to Advance Strategies

- Bill for Services.
- Maintain accurate addresses.
- Bill federal agencies promptly.
- Submit grant applications timely.
- Research available grant programs.
- Properly account for revenue received.
- Submit department budget accurately and timely.
- Develop and present briefing documents.
- Establish relationships with key legislators and staff.
- Testify at legislative hearings.
- Respond to legislative requests for information.
- Pay bills not involving discounts within 30 days.

- Pay vendors offering discounts within the discount period.
- Monitor bills to avoid duplicate payments.
- Review internal operations and cross-departmental operations.
- Establish a Service Level Agreement for expected customer satisfaction for help desk services will be negotiated with the Dept of Administration.
- Manage all projects by trained project managers using formal and standardized methodology.
- Enhance project mangement skills with a refresher course.
- Project managers' skills will be enhanced by use in more smaller projects.
- Negotiate a Service Level Agreement with the Department of Administration for expected success rates on production jobs.
- Publish reports.
- Respond to information requests.
- Data collection and surveys.
- Analyze data.

FY2006 Resources Allocated to Achieve Results		
FY2006 Results Delivery Unit Budget: $16,962,000	**Personnel:**	
	Full time	118
	Part time	2
	Total	120

Performance Measure Detail

A: Result - Superior and cost-effective departmental administrative services.

Target #1: Reduce overall overhead costs.
Measure #1: Percent change in overhead cost.

Percent Change in Overhead Costs

Year			Change	% Change	YTD
2001		0	103.8	3.9%	2,788.5
2002		0	382.3	13.7%	3,170.8
2003		0	-1.6	-0.1%	3,169.2
2004		0	-34.7	-1.1%	3,134.5
2005		0	-497.7	-15.9%	2,636.8

Analysis of results and challenges: In FY2005 the Management Services component is implementing a $121.2 (3.9%) budget reduction from efficiencies developed that will allow a staffing reduction. In addition, as a result of the statewide consolidation of Human Resource functions the component was further reduced by the transfer of $467.1 of human resource funding to a new component. The increase in costs from FY2001 to FY2002 is the result of funds added to absorb increased support costs for programs added to the department as part of the Executive Branch reorganization in HB 40. This is a new measure and the division will continue to seek efficiencies to provide administrative cost savings.

A1: Strategy - Ensure that Governor's budget for the department is enacted as proposed.

Target #1: 100% funding of the Governor's budget request.
Measure #1: Percentage of the Governor's budget request funded.

Change to Annual Governor's Budget Request for the Department of Labor and Workforce Development

Year	Quarter 1	Quarter 2	Request	% Funded	YTD
2001	0	0	112,862.6	101.1%	114,079.7
2002	0	0	123,683.4	96.3%	119,119.6
2003	0	0	122,497.7	99.3%	121,587.8
2004	0	0	153,539.9	100.5%	154,300.6
2005	0	0	153,079.4	100.0%	153,079.4

Analysis of results and challenges: The division will work to achieve enactment of the Governor's budget request as proposed.

A2: Strategy - Reduce overhead cost by streamlining operations.

Target #1: Reduce Management Services cost in relation to the size of the department.
Measure #1: The change in percentage Management Services total cost represents compared to the personal services costs of the department.

Management Services Cost as a Percentage of Personal Services Costs for the Department of Labor and Workforce Development

Year			Percent	Change	YTD
2001		0	5.9%	0.1%	2,788.5
2002		0	6.4%	0.4%	3,170.8
2003		0	6.0%	-0.3%	3,169.2
2004		0	5.2%	-0.8%	3,134.5
2005	0	0	4.3%	-0.9%	2,636.8

Analysis of results and challenges: In FY2005 the Management Services component is implementing a $121.2 (3.9%) budget reduction from efficiencies developed that will allow a staffing reduction. In addition, as a result of the statewide consolidation of Human Resource functions the component was further reduced by the transfer of $467.1 of human resource funding to a new component. The increase in costs from FY2001 to FY2002 is the result of funds added to absorb increased support costs for programs added to the department as part of the Executive Branch reorganization in HB 40. This is a new measure and the division will continue to seek efficiencies to provide administrative cost savings.

A3: Strategy - Deliver data processing systems and services on schedule and within budget.

Target #1: All data processing projects produced on schedule.
Measure #1: Percent of projects produced on schedule.

Analysis of results and challenges: This is a new measure being developed in FY2005.

A log of projects will be established. When work on a project commences, the project name, the projected completion date and budget will be entered into a log. Each quarter until the project is completed the project cost-to-date and percentage complete will be entered.

A project will be considered on schedule if its percentage complete is consistent with the initial projected completion date or the modified projected completion date due to the board acceptance of a change to the project scope.

Projects that become suspended (work ceases due to resources being needed elsewhere) will be considered on schedule if they were on schedule when work was suspended. When they are resumed the initial schedule will be revised to reflect a new expected completion date.

Beginning January 2005 the measure will be calculated and reported based on the number of projects on schedule as compared to the total number of projects, including completed and suspended projects.

Target #2: All data processing projects produced within budget.
Measure #2: Percent of data processing projects produced within budget.

Analysis of results and challenges: This is a new measure being developed in FY2005.

A log of projects will be established. When work on a project commences, the project name, the projected completion date and budget will be entered into a log. Each quarter until the project is completed the project cost-to-date and percentage complete will be entered.

A project will be considered within budget if its project cost to date is consistent with the initial projected budget or the modified budget due to the board acceptance of a change to the project scope.

Projects which become suspended (work ceases due to resources being needed elsewhere) will be considered within budget if they were within budget when suspended.

Beginning January 2005 the measure will be calculated and reported based on the number of projects within budget as compared to the total number of projects, including completed and suspended projects.

Target #3: All production jobs completed successfully.
Measure #3: Percentage of production jobs that complete successfully.

Production Job Success Rate

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	0	96.5%	94.7%	0
2004	92.3%	91.7%	89.4%	91.8%	0

Analysis of results and challenges: An automated log of production jobs (the SAR jcl database) has been established. It records each production job submitted and a completion code indicative of the job's success. Programs have been prepared to access the database and report monthly the number of jobs submitted and the percentage that succeeded. These statistics are available from September 2003 onward and have been consolidated to produce the quarterly table attached.

The table shows worsening performance on this measure, from a 2003 Quarter 3 high of near 97% to current 92% for 2004 Quarter 4. This is due to conversion, implementation, and startup problems with a new UI tax system. Actions already taken to address these problems are expected to reverse this negative trend and improve the Quarter 4 statistic back toward historical 97% success.

Improvement beyond the historical rate will require more control over the process of changing production jobs. A "versioning" strategy to consolidate and more carefully test these changes is being considered but is not yet ready for adoption.

B: Result - Maximize customer satisfaction with Labor Market Information services

Target #1: 90% of survey respondents rate Labor Market Information (LMI) services as 3 or better on a scale of 1 to 5.
Measure #1: Percent of customers rating LMI services as 3 or better.

Analysis of results and challenges: R&A conducted its first customer survey from early May through early August 2004. The survey had four main objectives: to determine customer awareness of products and services, to measure customer general satisfaction with the R&A information, to measure satisfaction with specific R&A products, and to solicit customer feedback with an eye toward better meeting customer needs. The survey targeted existing subscribers to R&A products, Alaska businesses, and online visitors to WORKFORCE INFO.

Customer Satisfaction Survey Results indicate that an average of 97% of our customers were either neutral, satisfied or very satisfied. Full results were published in the November 2004 Alaska Economic Trends and can be viewed online at: http://www.labor.state.ak.us/trends/nov04.pdf

B1: Strategy - Publish all required reports on time.

Target #1: Meet or exceed all Bureau of Labor Statistics (BLS) program deliverable deadlines.
Measure #1: Percentage of BLS deliverable deadlines met.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003				100.0%	
2004	98.1%	100.0%	100%	0	0

Analysis of results and challenges: This is a new measure. The BLS grant in many cases specifies delivery dates. Recording submittal dates of BLS deliverables began October 1, 2003. All 39 BLS deliverables were submitted on time for the Oct-Dec 2003 period.

Due to problems in the development of the new UI Tax system (ESTER), the 4th quarter 2004 EQUI report was not posted to R&A website on time. This was one report of the 52 reports required during the Jan-Mar 2004

period.

All BLS program deliverables were met during the April-June and July-September 2004 periods.

Target #2: Meet or exceed all state required report deadlines.
Measure #2: Percentage of state deliverable deadlines met.

Analysis of results and challenges: This is a new measure. With the exception of statutorily specified reports, most state (IA) funded projects do not have specified delivery dates.

Recording of delivery dates of required reports began October 1, 2003. During the 4th quarter 2003 only one report was submitted late. The Bi-annual Unemployment Insurance Actuarial Report to the Governor was submitted 10 days late.

One state report was submitted late during the Jan-Mar 2004 period. Population estimates for the state, census areas, and census designated places were posted 2 days late.

No state reports were due during the April-June 2004 period.

B2: Strategy - Maximize the accuracy of information produced.

Target #1: Meet or exceed all quality standards set by BLS.
Measure #1: Percent of Current Employment Statistics benchmark revision.

Year			Prelim Est	Bnchmrk Rev	YTD
1999			277,809	277,817	00.0%
2000			281,944	283,884	00.7%
2001			288,929	289,329	00.1%
2002			293,216	295,754	00.9%
2003			299,517	299,616	00.0%

Analysis of results and challenges: The Bureau of Labor Statistics' standard for relative error for an employment estimate of between 250,000 and 500,000 is 2.0%. The four year average annual average benchmark revision for 1999 to 2002 was 0.4%

Target #2: 90% of all firms reporting on the Quarterly Census of Employment and Wages annual refiling survey have an accurate physical address.
Measure #2: Percent of annual refiling survey responses with an accurately coded physical address.

Analysis of results and challenges: This is a new measure. No historical data is currently available. Beginning in FY05, the ratio of the number of verified physical location addresses to the total number of firms reporting a physical location address of their establishment will be recorded and reported.

In the FY05 survey more than 90% of large firms (100+ workers) have accurate physical addresses while 88.8% of all employers have accurate physical addresses.

Key RDU Challenges

Act as the official liaison with the Census Bureau for all Census 2010 projects and assist in local area geography projects to ensure all source data have been identified and integrated into the census geography file. A funding request has been included in this budget to support the costs of this activity.

Address a state audit issue relating to revenue accounting and carry forward the department is requesting language be added to the appropriation bill specifically authorizing accounting practices related to our federally approved Indirect Cost Plan.

Implement changes resulting from the integration of data processing, human resource and mail, as well as the cost impacts of the Department of Administration transferring lease funds to the departments.

Revise the department's Indirect Cost Allocation Plan and other allocation methods within the department to minimize complexity while complying with all state and federal accounting requirements.

Fully align the Department's IT efforts to the new Statewide Enterprise IT standards which will take several years as the department's substantial infrastructure on the IBM MVS/CICS/DB2 mainframe is not part of the new IT standard.

Comply with security requirements such as the Health Insurance Portability & Accountability Act of 1996 (HIPPA) which are becoming stricter and threats to security are becoming more frequent and sophisticated.

Maintain department service delivery in the face of reductions in federal funding and increases in cost.

Significant Changes in Results to be Delivered in FY2006

Management Services reorganized allowing us to continue delivering necessary services while eliminating 5 positions.

Alignment to Statewide IT standards will result in reduced IBM mainframe application development and correspondingly increased "web" application development.

Major RDU Accomplishments in 2004

Addressed significant leasing issues and reduced the cost of space leased in Anchorage.

Implemented a web-based unemployment insurance tax reporting system.

Completed the mainframe tax system rewrite.

Published occupational and industrial forecasts for ten-year horizon.

Contact Information
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Administrative Services
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												
Management Services	138.7	2,328.7	667.1	3,134.5	62.7	1,892.7	681.4	2,636.8	64.6	2,204.2	700.6	2,969.4
Human Resources	0.0	0.0	0.0	0.0	73.3	233.3	352.4	659.0	204.8	0.0	605.1	809.9
Leasing	0.0	0.0	0.0	0.0	2,969.7	0.0	0.0	2,969.7	2,969.7	0.0	0.0	2,969.7
Data Processing	0.0	3,897.2	1,634.8	5,532.0	0.0	4,306.2	1,571.7	5,877.9	0.0	4,385.2	1,616.6	6,001.8
Labor Market Information	474.1	1,535.3	1,147.0	3,156.4	367.0	2,000.2	1,757.4	4,124.6	614.5	2,046.6	1,550.1	4,211.2
Totals	**612.8**	**7,761.2**	**3,448.9**	**11,822.9**	**3,472.7**	**8,432.4**	**4,362.9**	**16,268.0**	**3,853.6**	**8,636.0**	**4,472.4**	**16,962.0**

Administrative Services
Summary of RDU Budget Changes by Component
From FY2005 Management Plan to FY2006 Governor

All dollars shown in thousands

	General Funds	Federal Funds	Other Funds	Total Funds
FY2005 Management Plan	**3,472.7**	**8,432.4**	**4,362.9**	**16,268.0**
Adjustments which will continue current level of service:				
-Management Services	1.9	61.5	19.2	82.6
-Human Resources	0.0	-233.3	233.3	0.0
-Data Processing	0.0	79.0	44.9	123.9
-Labor Market Information	57.5	46.4	2.7	106.6
Proposed budget decreases:				
-Labor Market Information	0.0	0.0	-210.0	-210.0
Proposed budget increases:				
-Management Services	0.0	250.0	0.0	250.0
-Human Resources	131.5	0.0	19.4	150.9
-Labor Market Information	190.0	0.0	0.0	190.0
FY2006 Governor	**3,853.6**	**8,636.0**	**4,472.4**	**16,962.0**