

State of Alaska FY2007 Governor's Operating Budget

Department of Labor and Workforce Development Labor Standards and Safety Results Delivery Unit Budget Summary

Labor Standards and Safety Results Delivery Unit

Contribution to Department's Mission

Labor Standards and Safety contributes to the Department's mission by providing safe and legal working conditions.

Core Services

Occupational safety and health law enforcement, training and consultation.

Wage law enforcement and training.

Prevailing wage and Alaska resident hire law enforcement and training.

Electrical and mechanical code compliance inspections and training.

Certification of electricians, power linemen, plumbers, blasters, painters and asbestos workers.

End Results	Strategies to Achieve Results
<p>A: Eliminate workplace fatalities caused by circumstances that are under Alaska Occupational Safety and Health (AKOSH) jurisdiction.</p> <p><u>Target #1:</u> Zero accidental workplace fatalities. <u>Measure #1:</u> The number of accidental workplace fatalities compared to the previous year.</p>	<p>A1: Reduce the number of worker fatalities under AKOSH jurisdiction by focusing compliance, consultation and outreach efforts on the causes of fatalities.</p> <p><u>Target #1:</u> 3% reduction in the number of workplace fatalities per 100,000 employees compared to the previous 5 year average. <u>Measure #1:</u> The change in the rate of workplace fatalities per 100,000 employees compared to the average for the previous 5 years.</p>
End Results	Strategies to Achieve Results
<p>B: Reduce the number of worker lost time injuries and illnesses in the workplace that are within AKOSH jurisdiction.</p> <p><u>Target #1:</u> 2% per year reduction in the rate of workplace lost time injuries and illnesses per 100 employees. <u>Measure #1:</u> The rate of workplace lost time injuries and illnesses per 100 employees compared to the previous year.</p>	<p>B1: Reduce the number of lost time worker injuries/ illnesses in the construction and transportation industries by focusing on causes.</p> <p><u>Target #1:</u> 3% reduction per year in lost time injuries and illnesses per 100 employees in the construction and transportation industries. <u>Measure #1:</u> The change in the rate of lost time injuries and illnesses per 100 employees in the construction and transportation industries compared to the previous year.</p> <p>B2: Improve voluntary compliance with Occupational Safety and Health requirements.</p> <p><u>Target #1:</u> Increase the number of Voluntary Protection Program (VPP) and Safety & Health Achievement Recognition Program (SHARP) sites in Alaska by 10% per year. <u>Measure #1:</u> The percentage change in the number of</p>

	VPP and SHARP sites in comparison to the previous year.
End Results	Strategies to Achieve Results
<p>C: Reduce hazards to life and property posed by unsafe boilers/pressure vessels, plumbing and electrical work and elevators within Mechanical Inspection's jurisdiction.</p> <p><u>Target #1:</u> Zero loss of life or property caused by unsafe boilers/pressure vessels, plumbing and electrical work and elevators.</p> <p><u>Measure #1:</u> Total number of boiler/pressure vessel, plumbing, electrical or elevator incidents resulting in loss of life or property.</p>	<p>C1: Ensure boilers and pressure vessels are maintained and operating to code through timely inspections.</p> <p><u>Target #1:</u> Reduce boiler inspection backlog by 33% per year.</p> <p><u>Measure #1:</u> Annual percentage change in the number of overdue inspections in comparison to the previous year.</p> <p><u>Target #2:</u> 80% of boiler and pressure vessel code violations corrected upon inspection.</p> <p><u>Measure #2:</u> Percentage of boiler and pressure vessel violations corrected compared to the total number detected.</p> <p>C2: Eliminate electrical and plumbing code violations.</p> <p><u>Target #1:</u> 80% correction of electrical code violation identified through inspection.</p> <p><u>Measure #1:</u> Percentage of electrical code violations corrected compared to the total number detected.</p> <p><u>Target #2:</u> 80% correction of plumbing code violations identified upon inspection.</p> <p><u>Measure #2:</u> Percentage of plumbing code violations corrected compared to the total number detected.</p> <p>C3: Eliminate elevator code violations.</p> <p><u>Target #1:</u> 80% correction of code violations identified through inspection.</p> <p><u>Measure #1:</u> Percentage of code violations corrected compared to the total number detected.</p>
End Results	Strategies to Achieve Results
<p>D: 90% Alaskan employment on public construction projects.</p> <p><u>Target #1:</u> 20% reduction in ratio of Alaska Employment Preference Act violations to on-site inspections compared to the previous year.</p> <p><u>Measure #1:</u> Percentage change in the ratio of violations to on-site inspections compared to the previous year.</p>	<p>D1: Reduce the number of Alaska resident hire violations.</p> <p><u>Target #1:</u> Check 50% of certified payrolls for compliance with Alaska resident hire requirements.</p> <p><u>Measure #1:</u> Percentage of certified payrolls checked for compliance.</p>
End Results	Strategies to Achieve Results
<p>E: Provide legal employment conditions within the Wage and Hour Administration's jurisdiction.</p> <p><u>Target #1:</u> Maintain average wage claim resolution time to 7 months or less.</p>	<p>E1: Reduce wage claims by improving employer education efforts.</p> <p><u>Target #1:</u> Increase the number of employer briefings by 5% from the previous year.</p>

Measure #1: Average claim resolution time.

Measure #1: The percentage change in the total number of employer briefings in comparison to the previous year.

Major Activities to Advance Strategies

- Mechanical Inspection and Wage and Hour enforce contractor licensing and electrical and mechanical administrator licensing requirements.
- Mechanical Inspection enforces certification requirements for plumbers, electricians, explosives handlers, hazardous painters and asbestos workers.
- Mechanical Inspection inspects mechanical and electrical systems, boilers and elevators to enforce code compliance.
- Wage and Hour investigates wage claims and prevailing wage complaints and pursues collection of unpaid wages, benefits, penalties and interest.
- Wage and Hour analyzes child work permits and conducts on-site inspections to enforce child labor requirements.
- Occupational Safety and Health provides recognition awards for exemplary workplace safety and health programs.
- Occupational Safety and Health Consultation performs on-site reviews and improvements of employer safety and health programs.
- Occupational Safety and Health Enforcement conducts inspections, provides abatement assistance and assesses penalties when required.

FY2007 Resources Allocated to Achieve Results

FY2007 Results Delivery Unit Budget: \$9,057,300

Personnel:

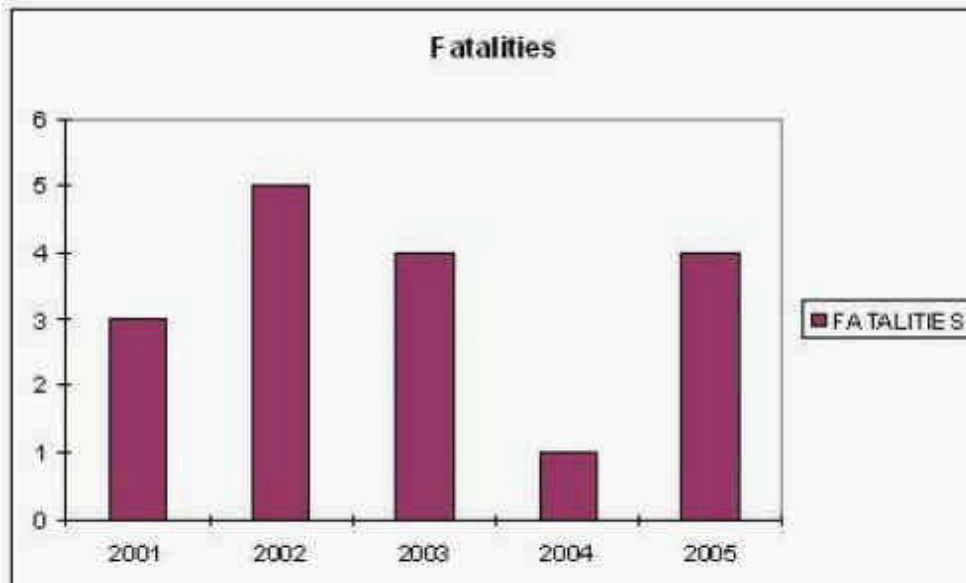
Full time	88
Part time	1
Total	89

Performance Measure Detail

A: Result - Eliminate workplace fatalities caused by circumstances that are under Alaska Occupational Safety and Health (AKOSH) jurisdiction.

Target #1: Zero accidental workplace fatalities.

Measure #1: The number of accidental workplace fatalities compared to the previous year.



Analysis of results and challenges: The number of workplace fatalities will be calculated using fatality reports submitted to the Alaska Occupational Safety and Health Administration (AKOSH). AKOSH will reduce workplace fatalities through consultation and enforcement inspections targeted on industries with high fatality rates and eliminating the most prevalent causes of fatalities. Due to annual fluctuations it is useful to compare the current number of fatalities to the average number of fatalities over a 5 year period. The benchmark is from 1998-2002 and the next 5 year benchmark will be 2003-2007. The average from 1998-2002 was 6 fatalities per year and while the number of fatalities increased in FY2005 to 4, it is still 30% less than the previous 5 year benchmark.

A1: Strategy - Reduce the number of worker fatalities under AKOSH jurisdiction by focusing compliance, consultation and outreach efforts on the causes of fatalities.

Target #1: 3% reduction in the number of workplace fatalities per 100,000 employees compared to the previous 5 year average.

Measure #1: The change in the rate of workplace fatalities per 100,000 employees compared to the average for the previous 5 years.

Workplace Fatalities

Year	5-year Average	% Change
2004	2.33	
2005	1.32	-43%

Analysis of results and challenges: This statistic will be calculated using workplace fatality reports submitted to the Alaska Occupational Safety and Health (AKOSH) section and employment statistics maintained by Research and Analysis. AKOSH will reduce workplace fatalities through a combination of consultation and enforcement activities targeted on eliminating the most prevalent causes of fatalities in industries with high fatality rates.

B: Result - Reduce the number of worker lost time injuries and illnesses in the workplace that are within AKOSH jurisdiction.

Target #1: 2% per year reduction in the rate of workplace lost time injuries and illnesses per 100 employees.

Measure #1: The rate of workplace lost time injuries and illnesses per 100 employees compared to the previous year.

Worker Lost Time Injuries and Illnesses

Year	Rate	% Change
2001	3.59	
2002	3.24	-9.8%
2003	2.73	-15.7%
2004	1.94	-28.9%
2005	2.29	18%
2006	1.76	-23%

Analysis of results and challenges: Alaska Occupational Safety and Health will reduce the lost workday illness and injury rate by targeting consultation and enforcement efforts on the causes of illnesses and injuries in industries with high incident rates. While the rate increased slightly in 2005, the overall trend is a reduction of 36% from 2001. This statistic will be calculated using Alaska Workers' Compensation Insurance claim data and employment data collected by the Research and Analysis section.

B1: Strategy - Reduce the number of lost time worker injuries/ illnesses in the construction and transportation industries by focusing on causes.

Target #1: 3% reduction per year in lost time injuries and illnesses per 100 employees in the construction and

transportation industries.

Measure #1: The change in the rate of lost time injuries and illnesses per 100 employees in the construction and transportation industries compared to the previous year.

Lost Workday Illness/Injury Rates for Transportation and Construction

Year	Trans. Rate	% Change	Const. Rate	% Change
2001	3.53		7.59	0
2002	3.5	-9%	7.39	-3%
2003	3.1	-11%	6.16	-17%
2004	2.84	-8%	4.21	-32%
2005	3.33	+17%	4.38	+4%

Analysis of results and challenges: Alaska Occupational Safety and Health (AKOSH) will reduce illnesses and injuries by targeting consultation and enforcement efforts on the causes of lost work day illnesses and injuries in construction and transportation. AKOSH obtains illness and injury data from Workers' Compensation insurance claim data and employment statistics maintained by Research and Analysis.

B2: Strategy - Improve voluntary compliance with Occupational Safety and Health requirements.

Target #1: Increase the number of Voluntary Protection Program (VPP) and Safety & Health Achievement Recognition Program (SHARP) sites in Alaska by 10% per year.

Measure #1: The percentage change in the number of VPP and SHARP sites in comparison to the previous year.

VPP and SHARP Sites

Year	VPP Sites	SHARP Sites	Total Sites	%Change
2001	2	3	5	
2002	4	5	9	80%
2003	5	11	16	78%
2004	6	12	18	13%
2005	6	12	18	0
2006	8	12	20	11%

Analysis of results and challenges: The SHARP Program is designed for small employers while the VPP Program is designed for larger employers with 500+ employees. SHARP and VPP participation will be improved by promoting the benefits of the program to businesses. Consultants will work in partnership with businesses to assist with the development, implementation and maintenance of occupational safety and health programs and performance necessary to meet VPP & SHARP participation standards. Qualification for VPP is time consuming and Alaska has relatively few employers large enough to qualify. The benefits to employers to participate in these programs is a reduction in injuries and illnesses, a reduction in operational costs and an increase in productivity. They are also exempt from general scheduled enforcement inspections.

C: Result - Reduce hazards to life and property posed by unsafe boilers/pressure vessels, plumbing and electrical work and elevators within Mechanical Inspection's jurisdiction.

Target #1: Zero loss of life or property caused by unsafe boilers/pressure vessels, plumbing and electrical work and elevators.

Measure #1: Total number of boiler/pressure vessel, plumbing, electrical or elevator incidents resulting in loss of life or property.

Incidents of Loss of Life or Property

Year	Boiler/Pressure Vessel	Plumbing	Electrical	Elevators
2004	0	0	0	0
2005	0	0	0	0
2006	0	0	0	0

Analysis of results and challenges: On 1/1/04 Mechanical Inspection began tracking the specific number of incidents causing loss of life or property as a result of unsafe boilers or pressure vessels, plumbing and electrical work and elevators. Mechanical Inspection will strive to inspect boilers, pressure vessels and elevators by the inspection due date and eliminate code violations. Mechanical Inspection will eliminate hazards to life and property by inspecting electrical and plumbing work and pursue correction of any code or licensing violations identified.

C1: Strategy - Ensure boilers and pressure vessels are maintained and operating to code through timely inspections.

Target #1: Reduce boiler inspection backlog by 33% per year.

Measure #1: Annual percentage change in the number of overdue inspections in comparison to the previous year.

of Boilers and Percentage Change

Year	# of Boilers	% Change
2001	6,200	
2002	7,200	+16%
2003	5,268	-27%
2004	2,996	-43%
2005	2,737	-9%
2006	3,256	+19%

Analysis of results and challenges: Mechanical Inspection tracks boiler/pressure vessel inspection due dates and inspection certifications. Boiler Inspectors work to complete inspections for all boilers/pressure vessels due for inspection, while eliminating overdue boilers/pressure vessels from the backlog. In FY 2005, an inspector position was vacant for most of the year and more than 1,300 new units were added causing the rate of reduction to decline.

Target #2: 80% of boiler and pressure vessel code violations corrected upon inspection.

Measure #2: Percentage of boiler and pressure vessel violations corrected compared to the total number detected.

Boiler Violations

Year	# Violations	# Corrected	% Corrected
2001	1,434	1,152	80%
2002	905	636	70%
2003	1,242	809	65%
2004	1,189	789	66%
2005	763	573	75%
2006	201	161	80%

Analysis of results and challenges: Mechanical Inspection currently tracks the number of code violations identified during inspections and verifies corrections. Inspectors will inspect boilers and pressure vessels for code compliance and focus on pursuing enforcement actions to obtain verifications that code violations have been corrected. The number of code violations corrected is affected by the timing of the correction. Corrections may not be realized until the following year. Inspectors will focus efforts on receiving timely verification of code violation abatements to increase this percentage.

C2: Strategy - Eliminate electrical and plumbing code violations.

Target #1: 80% correction of electrical code violation identified through inspection.

Measure #1: Percentage of electrical code violations corrected compared to the total number detected.

Electrical Violations

Year	# Violations	# Corrected	% Corrected
2001	768	534	69%
2002	287	221	77%
2003	666	259	39%
2004	188	232	123%
2005	775	636	82%
2006	127	136	107%

Analysis of results and challenges: Mechanical Inspection tracks code violations identified and the number of verified code corrections. Inspectors physically review electrical work during random on-site inspections to verify that code requirements are met. The percentage change in code violations corrected is affected by the number of violations that are corrected in the following year. Inspectors will focus efforts on receiving timely verification of code violation abatements to increase this percentage.

Target #2: 80% correction of plumbing code violations identified upon inspection.

Measure #2: Percentage of plumbing code violations corrected compared to the total number detected.

Plumbing Violations

Year	# Violations	# Corrected	% Corrected
2001	243	136	56%
2002	176	70	40%
2003	565	262	46%
2004	679	442	65%
2005	856	675	79%
2006	211	87	41%

Analysis of results and challenges: Mechanical Inspection tracks code violations identified and the number of verified code corrections. Inspectors physically review plumbing work during random on-site inspections to verify that code requirements are met. The percentage change in code violations corrected is affected by the number of violations that are corrected in the following year. Inspectors will focus efforts on receiving timely verification of code violation abatements to increase the percentage.

C3: Strategy - Eliminate elevator code violations.

Target #1: 80% correction of code violations identified through inspection.

Measure #1: Percentage of code violations corrected compared to the total number detected.

Elevator Violations

Year	# Violations	# Corrected	% Corrected
2001	708	377	53%
2002	819	315	38%
2003	1,128	589	52%
2004	820	601	73%
2005	1,131	651	58%
2006	457	157	34%

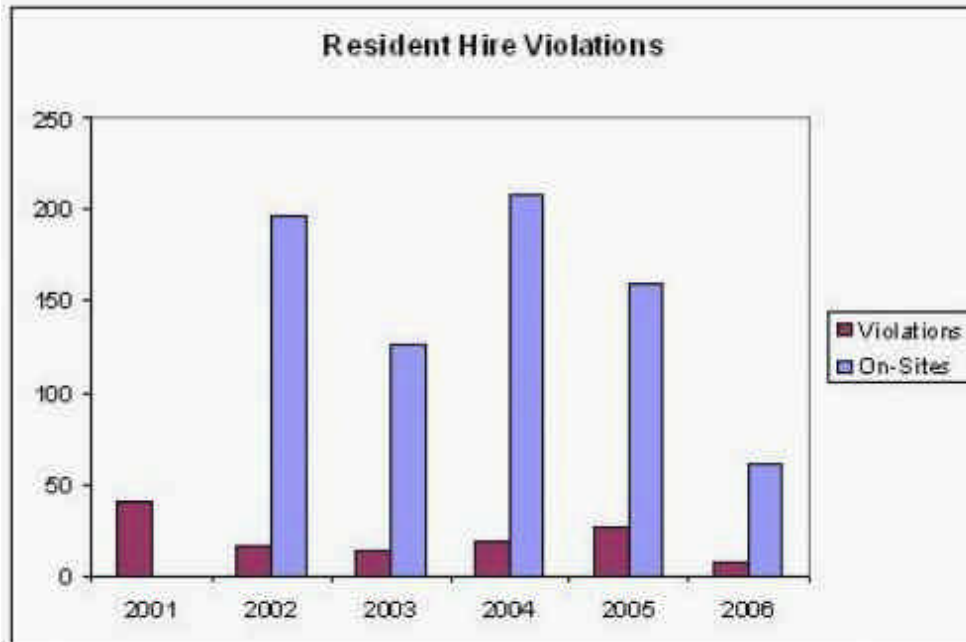
Analysis of results and challenges: Mechanical Inspection maintains data on elevator inspections, code violations and abatements. Elevator Inspectors strive to perform timely inspections of elevators, escalators, wheelchair lifts and other lifting devices for code compliance. The number of code violations corrected is

affected by the number of violations that are corrected in the following year. Inspectors will focus efforts on receiving timely verification of code violation abatements to increase this percentage.

D: Result - 90% Alaskan employment on public construction projects.

Target #1: 20% reduction in ratio of Alaska Employment Preference Act violations to on-site inspections compared to the previous year.

Measure #1: Percentage change in the ratio of violations to on-site inspections compared to the previous year.



Fiscal Year	# Violations	# On-Sites	Violations/On-Site Ratio	% Change
FY 2001	40			
FY 2002	16	196	8%	
FY 2003	13	126	10%	+26%
FY 2004	19	209	9%	-11%
FY 2005	26	160	16%	+79%
FY 2006	7	61	11%	-31%

Analysis of results and challenges: Wage and Hour currently tracks the number of employment preference violations. In FY05, the number of violations increased due to increased certified payroll enforcement efforts and investigators had less time to perform on-site inspections. Additional staff are needed in FY 2007 to adequately resolve the increased number of violations while also increasing the on-site inspections.

D1: Strategy - Reduce the number of Alaska resident hire violations.

Target #1: Check 50% of certified payrolls for compliance with Alaska resident hire requirements.

Measure #1: Percentage of certified payrolls checked for compliance.

Certified Payrolls

Year	# Received	# Audited	% Checked
2001	N/A	6,428	Not Avail
2002	N/A	6,653	Not Avail
2003	N/A	4,853	Not Avail
2004	16,770	762	5%
2005	43,942	9,215	21%
2006	15,005	5,781	39%

Analysis of results and challenges: Wage and Hour had not monitored the number of certified payrolls collected until 1/1/04. With the two Wage & Hour Technicians added in FY 2005, we have been able to check 21% of certified payrolls. An additional Wage & Hour Technician in FY 2006 will increase this percentage to 50%. If the department's FY 2007 proposal for an on-line certified payroll system is approved, the number of certified payrolls checked would increase to 100%. This program will allow improved tracking of resident hire and apprentice utilization performance.

E: Result - Provide legal employment conditions within the Wage and Hour Administration's jurisdiction.

Target #1: Maintain average wage claim resolution time to 7 months or less.

Measure #1: Average claim resolution time.

Wage Claim Resolution Time

Year	# Months	% Change	# of Claims
2001	8.9		555
2002	6	-33%	417
2003	8.1	+35%	375
2004	7.9	-2%	397
2005	5.3	-33%	466
2006	8.04	+52%	119

Analysis of results and challenges: The Wage and Hour Administration tracks the average length of time required to resolve wage claims. By reviewing wage claims more frequently and creating standards for case resolution times, Wage and Hour will maintain claims handling efficiency at less than 7 months.

E1: Strategy - Reduce wage claims by improving employer education efforts.

Target #1: Increase the number of employer briefings by 5% from the previous year.

Measure #1: The percentage change in the total number of employer briefings in comparison to the previous year.

Employer Educational Briefings

Year	% Change	# Briefings
2001	0	6,748
2002	-9%	6,161
2003	+47%	9,046
2004	+3%	9,282
2005	+10%	10,166
2006	0	3252

Analysis of results and challenges: The Wage and Hour Administration currently tracks the number of employer briefings. This strategy will be achieved through continued efforts to provide seminars, on-site visits, and quick and accurate responses to employer inquiries.

Key RDU Challenges

The Alaska Occupational Safety and Health (AKOSH) program will be in the third year of the five-year strategic performance plan required by the federal Occupational Safety and Health Administration. Anticipated increases in economic development across Alaska will require increased consultation and enforcement efforts to meet existing fatality and injury reduction objectives.

AKOSH is requesting \$106.0 to establish a Compliance Assistance Specialist position to assist employers cited for violations to understand and comply with regulations, facilitate alternative penalty settlements and develop and promote strategies designed to improve the employer's Worker's Compensation Insurance injury rate. This will directly support the goal to eliminate workplace fatalities and reduce the lost workday illness and injury rate in Alaska by 2%.

The Wage and Hour Administration requests \$299.2 to establish three new Wage and Hour Investigator I positions to improve resident hire results. Public construction capital projects have steadily increased by 23 percent since FY 2003 and existing staff is insufficient to effectively perform on-site inspections. These positions will help promote a decrease in the ratio of non-residents to residents by 2 percent and an increase the overall percentage of the Alaska workforce employed.

The Mechanical Inspection section requests \$181.2 for two new Assistant Boiler Inspector positions. These new training level positions will establish an Alaska-based labor pool for recruitment of certified Boiler Inspectors to minimize the need for out-of-state recruitment and contribute to the Governor's 90% Alaska hire goal. These positions will improve the percentage and timeliness of boiler and pressure vessel code violation corrections by increasing follow up activities.

The Mechanical Inspection section also requests three permanent part-time Investigator positions to improve contractor licensing and certificate of fitness enforcement results during the busy summer construction season.

Significant Changes in Results to be Delivered in FY2007

The Mechanical Inspection section expects to reduce the elevator backlog now that the vacant Elevator Inspector position has been filled and is operating at full capacity.

If the capital project request for development and implementation of an on-line certified payroll filing system is approved, the Wage and Hour component will check 100% of certified payrolls to enforce resident hire compliance and apprentice utilization requirements associated with AO 226.

Occupational Safety and Health will reduce the 5-year average rate for workplace injuries that result in a day or more of lost work time by 2% in FY 07 by focusing consultation and enforcement activities on the most likely causes of workplace fatalities and injuries in high hazard industries (Construction and Transportation/Warehousing) in Alaska.

Major RDU Accomplishments in 2005

Wage and Hour staff collected over \$2,875,000 in wages, penalties and interest owed to Alaskan workers and reduced the average claim resolution time from 7.9 to 5.3 months.

Although a Boiler Inspector position was vacant for most of the year, Mechanical Inspection inspected 6,148 boiler/pressure vessels and reduced the backlog from 2,996 to 2,737 boiler/pressure vessels, while the number of units requiring inspection increased by 1,300.

AKOSH Consultation provided 91 training seminars to 2,047 individuals and identified and eliminated 2,112 workplace hazards during 477 on-site visits, while AKOSH Enforcement conducted 470 compliance inspections in FY05 with over 50% of them in the construction industry. This contributed to a decrease of over 16% in the injury/illness rate in construction based on Workers Compensation data.

Contact Information

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**Labor Standards and Safety
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2005 Actuals				FY2006 Management Plan				FY2007 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>												
Wage and Hour Administration	1,395.9	0.0	30.9	1,426.8	1,257.6	0.0	376.2	1,633.8	1,613.5	0.0	417.5	2,031.0
Mechanical Inspection	59.5	0.0	1,645.7	1,705.2	65.9	0.0	2,052.8	2,118.7	69.3	0.0	2,321.9	2,391.2
Occupational Safety and Health	2.6	1,823.9	1,549.1	3,375.6	5.1	2,110.7	2,106.3	4,222.1	15.1	2,253.5	2,249.2	4,517.8
Alaska Safety Advisory Council	0.0	0.0	104.4	104.4	0.0	0.0	114.7	114.7	0.0	0.0	117.3	117.3
Totals	1,458.0	1,823.9	3,330.1	6,612.0	1,328.6	2,110.7	4,650.0	8,089.3	1,697.9	2,253.5	5,105.9	9,057.3

**Labor Standards and Safety
Summary of RDU Budget Changes by Component
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	1,328.6	2,110.7	4,650.0	8,089.3
Adjustments which will continue current level of service:				
-Wage and Hour Administration	53.5	0.0	20.1	73.6
-Mechanical Inspection	3.2	0.0	83.0	86.2
-Occupational Safety and Health	0.0	84.7	84.8	169.5
-Alaska Safety Advisory Council	0.0	0.0	2.5	2.5
Proposed budget increases:				
-Wage and Hour Administration	302.4	0.0	21.2	323.6
-Mechanical Inspection	0.2	0.0	186.1	186.3
-Occupational Safety and Health	10.0	58.1	58.1	126.2
-Alaska Safety Advisory Council	0.0	0.0	0.1	0.1
FY2007 Governor	1,697.9	2,253.5	5,105.9	9,057.3