

State of Alaska
FY2010 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 mission of the Administrative Services RDU is to provide support to the department.

Core Services

- Financial Support Services
- Budget Planning, Monitoring and Reporting
- Procurement and Office Space Management
- Economic and Demographic Statistics and Analysis
- Data Processing Services
- Publication Functions

End Result	Strategies to Achieve End Result
<p>A: Maximize customer satisfaction with Labor Market Information services</p> <p><u>Target #1:</u> 90% of survey respondents rate Labor Market Information (LMI) services as 3 or better on a scale of 1 to 5.</p> <p><u>Status #1:</u> Customer satisfaction ratings for LMI services are remaining consistently above the target level of 90%.</p>	<p>A1: Publish all required reports on time.</p> <p><u>Target #1:</u> Meet or exceed all Bureau of Labor Statistics (BLS) program deliverable deadlines.</p> <p><u>Status #1:</u> All BLS program deliverables have been met since 2005.</p> <p><u>Target #2:</u> Meet or exceed all state required report deadlines.</p> <p><u>Status #2:</u> All statutorily-required reports were completed on time since 2004.</p> <p>A2: Maximize the accuracy of information produced.</p> <p><u>Target #1:</u> Meet or exceed the data quality standard set by BLS for the Current Employment Statistics program.</p> <p><u>Status #1:</u> Alaska's annual benchmark employment revision since 1999 has been well below the BLS maximum standard for relative error of 2.0%.</p> <p><u>Target #2:</u> Meet or exceed an 85% response rate on the Quarterly Census of Employment and Wages annual refiling survey.</p> <p><u>Status #2:</u> Alaska continues to meet or exceed the minimum response target percentage set for the annual refiling survey.</p>
End Result	Strategies to Achieve End Result
<p>B: Improve customer satisfaction with Data Processing services.</p> <p><u>Target #1:</u> 90% of survey respondents rate Data Processing services as 3 or better on a scale of 1 to 5.</p> <p><u>Status #1:</u> We have been successful at maintaining a</p>	<p>B1: Deliver data processing systems and services on schedule and within budget.</p> <p><u>Target #1:</u> All data processing projects produced on schedule.</p> <p><u>Status #1:</u> We have been successful at keeping all</p>

<p>high level of customer satisfaction with 100% of survey respondents rating service at 3 or better on a scale of 1 to 5 in spite of numerous obstacles.</p>	<p>projects on schedule for the past two years.</p> <p><u>Target #2:</u> All data processing projects produced within budget.</p> <p><u>Status #2:</u> Most of our projects, of late, have been small and have been on or under budget.</p> <p><u>Target #3:</u> All production jobs completed successfully.</p> <p><u>Status #3:</u> This reflects a mature production process. We have been able to maintain a level of performance in excess of 98% in spite of significant changes due to changing federal mandates.</p>
---	--

Major Activities to Advance Strategies

<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. • Manage all projects by trained project managers using formal and standardized methodology. • Enhance project management skills with a refresher course. • Project managers' skills will be enhanced by use in more smaller projects. • Publish reports. • Respond to information requests. • Data collection and surveys. • Analyze data.
---	---

FY2010 Resources Allocated to Achieve Results

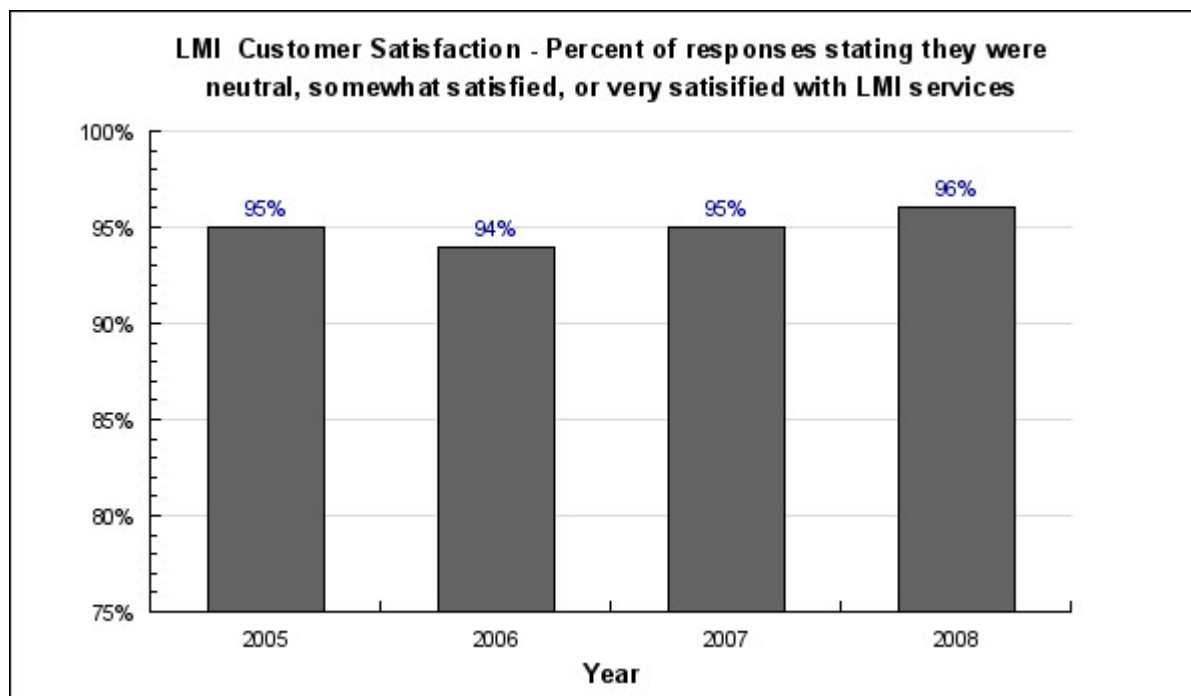
<p>FY2010 Results Delivery Unit Budget: \$18,670,000</p>	<p>Personnel:</p>	
	<p>Full time</p>	<p>111</p>
	<p>Part time</p>	<p>1</p>
	<p>Total</p>	<p>112</p>

Performance

A: 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.

Status #1: Customer satisfaction ratings for LMI services are remaining consistently above the target level of 90%.



*Methodology: The Research & Analysis Section (R&A) collects customer satisfaction data through both Web-based and mail surveys.
Source: R&A - Annual survey results*

Analysis of results and challenges: The Research & Analysis Section (R&A) collects customer satisfaction data through both Web-based and mail surveys. The surveys have four main objectives: 1) to determine customer awareness of products and services; 2) to measure general satisfaction with R&A's information; 3) to measure satisfaction with specific R&A products; and 4) to solicit customer feedback with an eye toward better meeting customer needs.

During the first half of 2008, R&A had 341 responses from customers stating they were either neutral, satisfied or very satisfied with LMI services. R&A received 450 similar responses in 2007, 422 in 2006 and 372 in 2005.

In addition to the Web-collected survey, R&A conducted its biennial mail survey in 2007.

A1: Strategy - Publish all required reports on time.

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

Status #1: All BLS program deliverables have been met since 2005.

Percentage of BLS Deliverable Deadlines Met

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2008	100%	100%	100%	n/a
2007	100%	100%	100%	100%
2006	100%	100%	100%	100%
2005	100%	100%	100%	100%
2004	98.1%	100%	100%	100%
2003	n/a	n/a	n/a	100%

Methodology: Research & Analysis Section - Program deliverables

Analysis of results and challenges: BLS grants in many cases specify delivery dates. Recording submittal dates of BLS deliverables began October 1, 2003.

Target #2: Meet or exceed all state required report deadlines.

Status #2: All statutorily-required reports were completed on time since 2004.

State Statutory Reports Submitted on Time

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2008	100%	100%	100%	NA
2007	100%	100%	100%	100%
2006	100%	100%	100%	100%
2005	100%	100%	100%	100%
2004	100%	100%	100%	100%

Methodology: Research & Analysis Section - Program deliverables

Analysis of results and challenges: With the exception of statutorily specified reports, most state funded projects do not have specified delivery dates.

A2: Strategy - Maximize the accuracy of information produced.

Target #1: Meet or exceed the data quality standard set by BLS for the Current Employment Statistics program.

Status #1: Alaska's annual benchmark employment revision since 1999 has been well below the BLS maximum standard for relative error of 2.0%.

Annual Employment Benchmark Revision

Year	Prelim Est	Bnchmrk Rev	YTD Total
2007	318,400	317,600	-0.3%
2006	314,700	314,800	0.0%
2005	308,800	309,800	0.3%
2004	303,300	304,000	0.2%
2003	299,500	299,600	0.0%
2002	293,200	295,800	0.9%
2001	288,900	289,300	0.1%
2000	282,000	283,900	0.7%
1999	277,800	277,800	0.0%

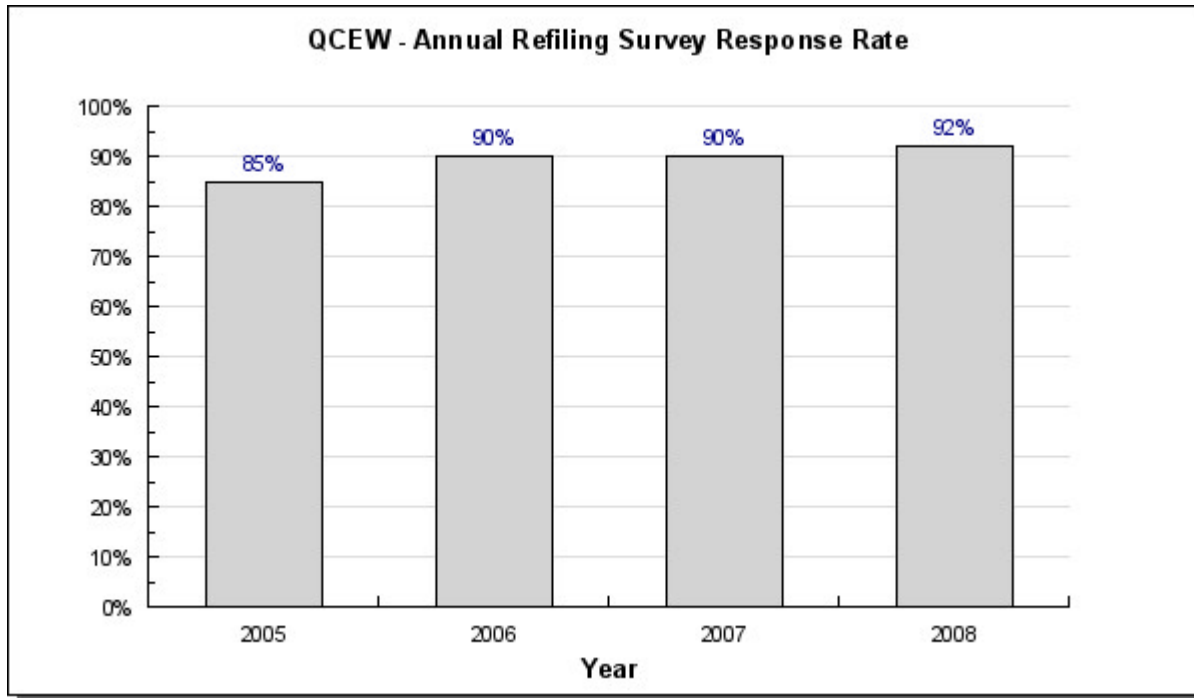
Methodology: The benchmark adjustment, a standard part of the payroll survey estimation process, is a once-a-year re-anchoring of the sample-based employment estimates to full population counts available principally through unemployment insurance (UI) tax records filed by employers with State Employment Security Agencies.

Source: Current Employment Statistics; a federal/state cooperative program between the Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Department of Labor, Bureau of Labor Statistics

Analysis of results and challenges: The Bureau of Labor Statistics' maximum standard for relative error for an employment estimate of between 250,000 and 500,000 is 2.0%. Alaska's five year average annual benchmark revision for 2003 to 2007 was 0.04%.

Target #2: Meet or exceed an 85% response rate on the Quarterly Census of Employment and Wages annual refiling survey.

Status #2: Alaska continues to meet or exceed the minimum response target percentage set for the annual refiling survey.



Methodology: The Annual Refiling Survey (ARS) is the U.S. Department of Labor, Bureau of Labor Statistics (BLS) mechanism for maintaining current information in its sampling frame. Every year, state Quarterly Census of Employment and Wages (QCEW) offices mail ARS forms to approximately one-third of the Unemployment Insurance account holders in their states. These BLS-designed forms ask respondents to verify the business name, mailing address, physical location address, county or township, and economic activity for the location(s) in that state. Source: Quarterly Census of Employment and Wages; a federal/state cooperative program between the Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Department of Labor, Bureau of Labor Statistics.

QCEW - Annual Refiling Survey Response Rate

Year	YTD Total	Target
2008	92%	85%
2007	90%	85%
2006	90%	85%
2005	85%	85%

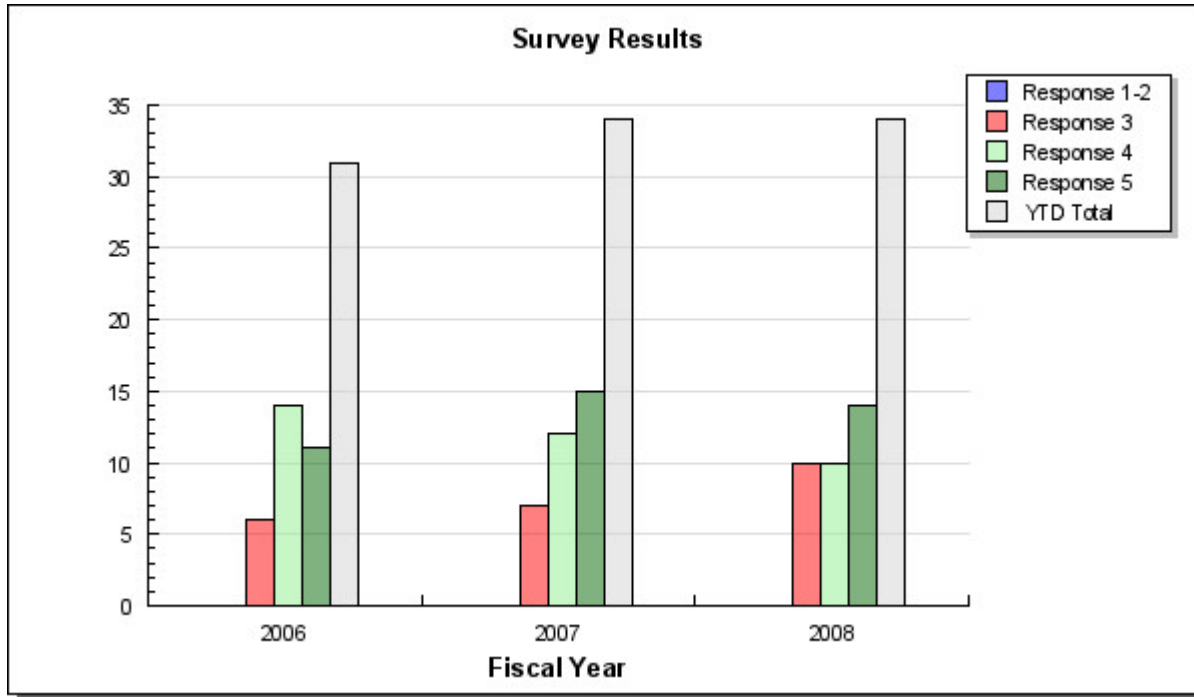
Analysis of results and challenges: The annual refiling survey is utilized to verify and to update, if necessary, information about establishments in the state. The Research & Analysis Section achieved a 92% response rate on the survey in 2008; a 90% response rate in 2007 and 2006 and an 85% response rate in 2005. For each of these years, the rates met or exceeded the required 85% response rate.

The survey seeks to provide consistent classification of establishments doing business in the state, which improves the statistics of all programs that use the QCEW data.

B: Result - Improve customer satisfaction with Data Processing services.

Target #1: 90% of survey respondents rate Data Processing services as 3 or better on a scale of 1 to 5.

Status #1: We have been successful at maintaining a high level of customer satisfaction with 100% of survey respondents rating service at 3 or better on a scale of 1 to 5 in spite of numerous obstacles.



Methodology: Phone Survey

Survey Results

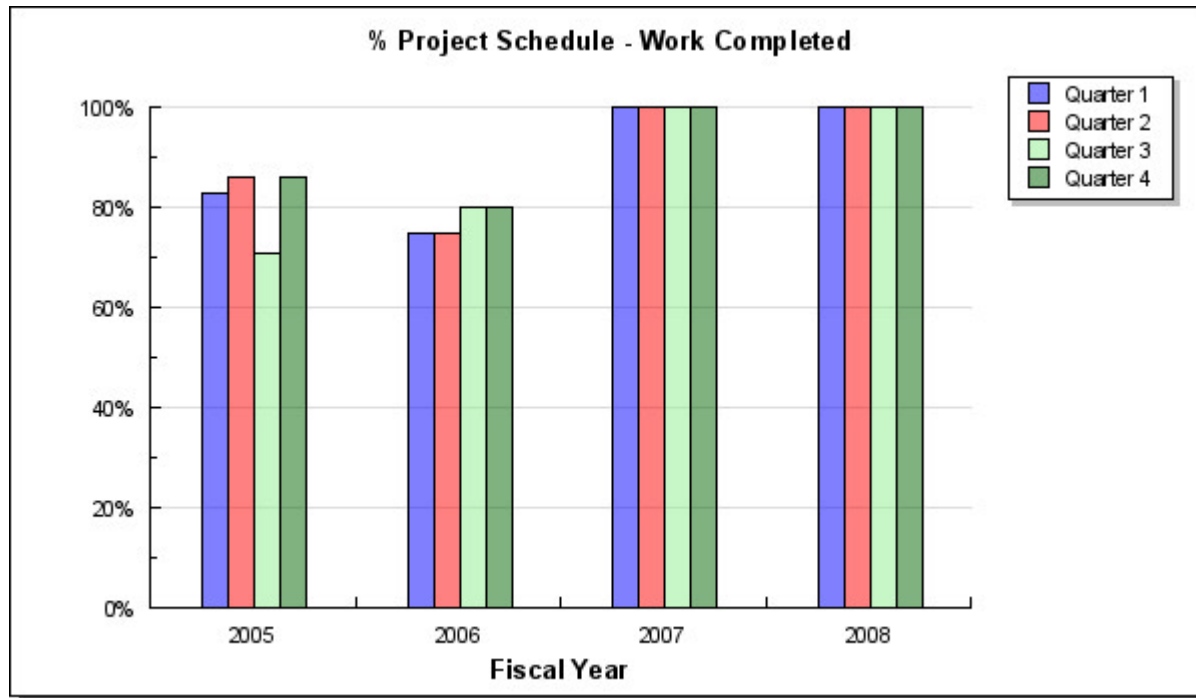
Fiscal Year	Response 1-2	Response 3	Response 4	Response 5	YTD Total
FY 2008	0	10	10	14	34
FY 2007	0	7	12	15	34
FY 2006	0	6	14	11	31

Analysis of results and challenges: A survey of the agency program unit liaisons was conducted. The survey questions focus on how Data Processing helps the business units perform their missions.

B1: Strategy - Deliver data processing systems and services on schedule and within budget.

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

Status #1: We have been successful at keeping all projects on schedule for the past two years.



Methodology: A project tracking log is maintained quarterly.

% Project Schedule - Work Completed

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
FY 2008	100%	100%	100%	100%
FY 2007	100%	100%	100%	100%
FY 2006	75%	75%	80%	80%
FY 2005	83%	86%	71%	86%

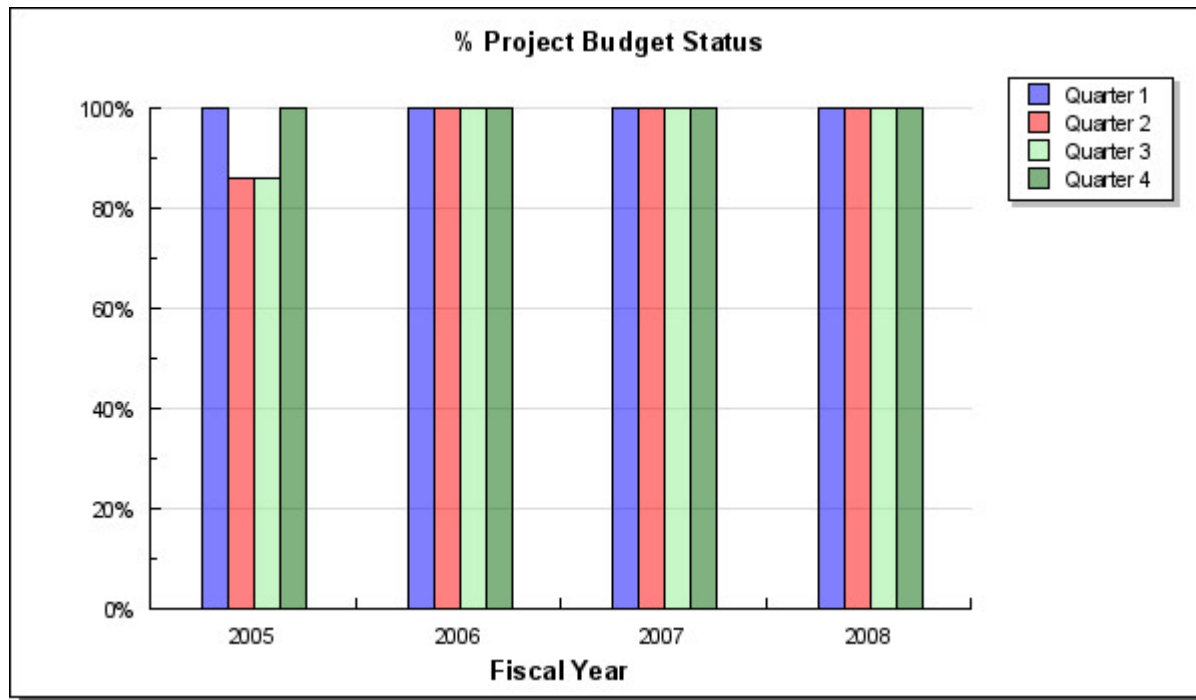
Analysis of results and challenges: A log of projects is kept which records the project start date, expected completion date and the project budget. Each quarter until the project is completed the project work completed and budget cost-to-date percentages are entered. This measure is based on the number of projects on schedule as compared to the total number of projects, including completed and suspended projects.

A project is 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 lack of resources or funding) are considered on schedule if they were on schedule when work was suspended. When the project resumes, the initial schedule will be revised to reflect a new expected completion date.

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

Status #2: Most of our projects, of late, have been small and have been on or under budget.



Methodology: A project tracking log is maintained quarterly.

% Project Budget Status

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
FY 2008	100%	100%	100%	100%
FY 2007	100%	100%	100%	100%
FY 2006	100%	100%	100%	100%
FY 2005	100%	86%	86%	100%

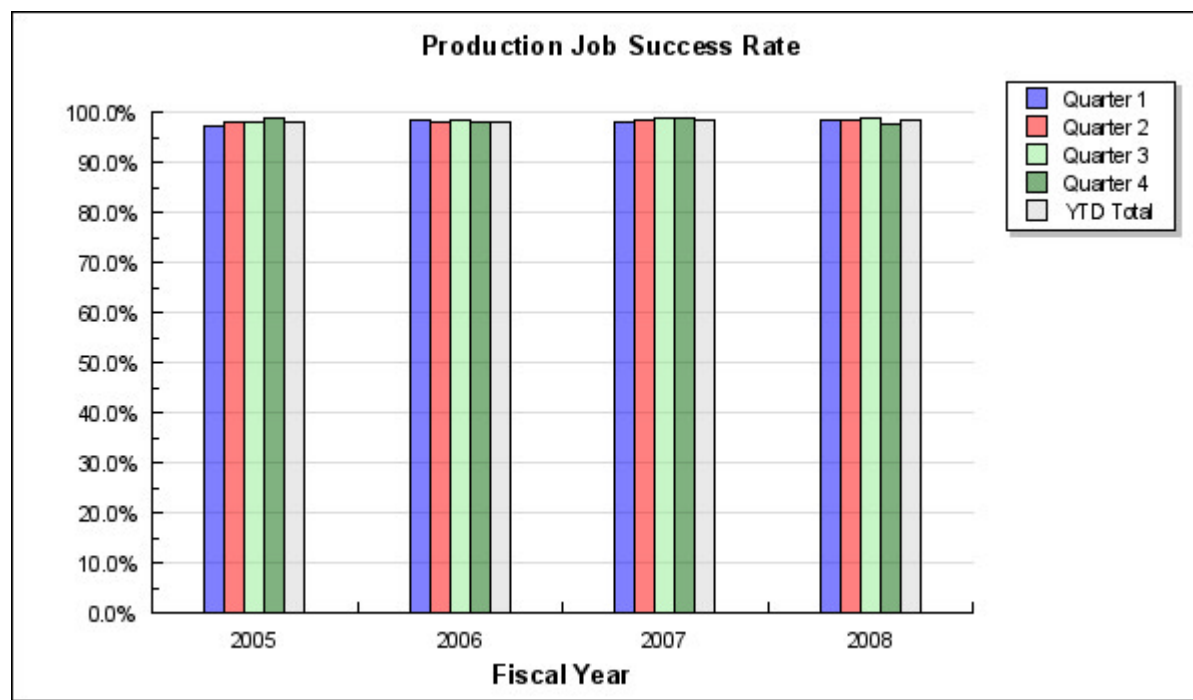
Analysis of results and challenges: A log of projects is kept which records the project start date, expected completion date and the project budget. Each quarter until the project is completed the project work completed and budget cost-to-date percentages are entered. This measure is based on the number of projects on schedule as compared to the total number of projects, including completed and suspended projects.

A project is considered within budget if the 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 are considered within budget if they were within budget when suspended.

Target #3: All production jobs completed successfully.

Status #3: This reflects a mature production process. We have been able to maintain a level of performance in excess of 98% in spite of significant changes due to changing federal mandates.



Methodology: An automated log of production job results is maintained.

Production Job Success Rate

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2008	98.5%	98.6%	99.0	97.5	98.5%
FY 2007	98.0%	98.5%	99.0%	98.8%	98.6%
FY 2006	98.3%	98.0%	98.4%	98.0%	98.2%
FY 2005	97.2%	98.1%	98.1%	98.7%	98.0%

Analysis of results and challenges: The table shows a stable environment. This good result is a continuation from the prior year. The cost of increasing performance would not be cost effective. Factors that could cause worsening performance in the future could include new development, loss of experienced staff, or loss of experienced staff at Enterprise Technology Services (the operator of the mainframe).

An automated log of production jobs records each production job submitted and includes a completion code indicative of the job's success. Programs have been prepared to access the database and report quarterly the number of jobs submitted and the percentage that succeeded.

Key RDU Challenges

Management Services will continue to revise the department's Indirect Cost Allocation Plan and other allocation methods to minimize complexity while complying with all state and federal accounting requirements.

The department will address net declines in federal funding in the face of increased operating costs, including personal services cost increases and enterprise productivity rate increases.

The ability to recruit and retain senior Analyst/Programmers remains an ongoing challenge and we need to develop new ways to recruit and retain staff.

Our major non-standard data processing items are our core Unemployment Insurance (UI) Tax and UI Benefits applications which reside on the state mainframe. We have explored the cost benefit analysis, risk analysis, impact on business processes, and skill set requirements for a number of possible technologies to align with state standards. We have taken steps to reduce the cost of operating on the existing mainframe by about 25% and will be continuing these efforts in parallel with evaluating our future options. We are working with Enterprise Technology Services to determine the future of the mainframe for the State of Alaska.

Security requirements for data are becoming stricter and threats to security are becoming more frequent and sophisticated. Increased demand for public access and wireless systems also forces more attention in this area and the required effort is increasing very rapidly. Preparing for the recently enacted HB 65 affecting personal and confidential information is likely to be a major challenge as it increases the fiscal consequences of a security breach dramatically.

Federal funding from the US Department of Labor's Bureau of Labor Statistics (BLS) and Employment & Training Administration (ETA) is expected to remain constant in fiscal year 2010, no additional Federal funds will be available to offset increased program costs. Federal funding reductions may negatively affect Interagency (I/A) receipts to this component as well. The full extent of the reduction is not known at this time.

The Labor Market Information component continues to experience difficulty recruiting and retaining staff. It will be difficult to maintain a consistent level of service and meet our state and federal deliverables given static levels of federal funding and I/A receipts combined with high rates of turnover and vacancy.

Significant Changes in Results to be Delivered in FY2010

The department has implemented several web applications and will continue to increase the functionality of options available to the public. Targeted this year will be:

* Benefits Internet Filing (BIF) - phase V. This phase of BIF will incorporate Extended Benefit Claims and allow users to set up automated payments and to use Debit cards to access benefits. This application will allow more of the filing input to be handled by clients, will reduce call center workload, and will reduce postage costs.

* Workers' Compensation Document Management. This will allow documents to be easily retrieved by Workers Compensation staff statewide and provide better disaster recovery.

* Certified Payroll - phase III. This phase will add Notice of Work, Notice of Award, Notice of Completion, and Fee Payments to the system. This application allows for easier and more intuitive filing of weekly or biweekly wages and other information required from employers working on public construction projects.

Major RDU Accomplishments in 2008

Processed payments in a timely and efficient manner.

Complied with all federal reporting requirements and deadlines.

Reduced the time between making an expenditure and drawing down the funds from the federal government.

Timely processing of receipts and allocation of pooled costs.

Provided oversight of major renovation projects within leased buildings.

Converted state management accounting reports to the new ALDER system.

Increased outreach in training and oversight of operating divisions.

Completed several critical maintenance issues on the Unemployment Insurance tax system in accounting, reconciliation, annual rates, federal reporting and printing.

Continued to reduce mainframe costs by eliminating or modifying costly jobs and purging unneeded data from the mainframe database.

Implemented Alexware data warehouse which allows flexible reporting on potential employees, training options, and employers for Gasline related jobs.

Implemented a data Disaster Recovery site.

Implemented a Storage Area Network to better handle the large increase in data being managed and to free up staff for other priorities.

Virtualized most application servers to decrease costs and integrate into the Disaster Recovery plan.

Completed the short-term industry forecast for 2008.

Provided labor market information to policymakers, line staff and the public by responding to over 1,000 requests for economic and demographic information and conducting over 50 presentations.

Provided analytical support to the department's Gasline workforce development project, resulting in the development of the Gasline Training Strategic Plan.

Labor Market Information met all federal and state deliverables.

Contact Information
<p>Contact: Guy Bell, Director Phone: (907) 465-2700 Fax: (907) 465-2784 E-mail: Guy.Bell@alaska.gov</p>

**Administrative Services
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2008 Actuals				FY2009 Management Plan				FY2010 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	184.1	1,707.7	652.9	2,544.7	184.6	2,231.3	776.7	3,192.6	188.3	2,276.3	792.4	3,257.0
Human Resources	241.4	0.0	0.0	241.4	241.4	0.0	605.1	846.5	241.4	0.0	605.1	846.5
Leasing	3,335.5	0.0	0.0	3,335.5	3,335.5	0.0	0.0	3,335.5	3,335.5	0.0	0.0	3,335.5
Data Processing	160.1	3,767.7	1,811.7	5,739.5	426.7	4,221.5	1,758.8	6,407.0	526.1	4,221.5	1,758.8	6,506.4
Labor Market Information	1,145.4	1,004.3	1,477.9	3,627.6	1,387.2	1,610.9	1,641.2	4,639.3	1,470.2	1,610.9	1,643.5	4,724.6
Totals	5,066.5	6,479.7	3,942.5	15,488.7	5,575.4	8,063.7	4,781.8	18,420.9	5,761.5	8,108.7	4,799.8	18,670.0

Administrative Services
Summary of RDU Budget Changes by Component
From FY2009 Management Plan to FY2010 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	5,575.4	8,063.7	4,781.8	18,420.9
Adjustments which will continue current level of service:				
-Management Services	3.7	45.0	15.7	64.4
-Data Processing	99.4	0.0	0.0	99.4
-Labor Market Information	-62.0	0.0	2.3	-59.7
Proposed budget increases:				
-Labor Market Information	145.0	0.0	0.0	145.0
FY2010 Governor	5,761.5	8,108.7	4,799.8	18,670.0