

# **State of Alaska FY2011 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 mission of the Employment Security RDU is to provide labor exchange, employment and training services, and unemployment insurance to Alaskans and Alaskan businesses thereby advancing opportunities for employment and providing economic stability for communities in Alaska.

### Core Services

- Strengthen Alaska's workforce by providing vital connections between job openings and qualified, job-ready applicants through the 23 One-Stop Job Centers located throughout the state and via the online Alaska Labor Exchange system (ALEXsys).
- Connect employers with job seekers and provide specialized employment and case management services for veterans, public assistance recipients, older workers, people with disabilities and unemployed workers.
- Pay Unemployment Insurance (UI) benefits to workers who are temporarily unemployed.
- Assess and collect employer contributions for deposit into the UI Trust Fund.
- Protect integrity of the UI Trust Fund by preventing and recovering UI benefit overpayments
- Provide Alaskans instruction in the basic skills of reading, writing, mathematics, and General Educational Development (GED) preparation and testing.

### Results at a Glance

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

#### END RESULT A: More Alaskans with jobs.

- In FY2009, 54% of Workforce Investment System participants entered employment after exiting the system.

##### Status of Strategies to Achieve End Result

- Workforce Investment System participants increased by 29,420 in FY2009 as compared to FY2008.
- In FY2009, Workforce Investment System participants receiving staff assisted services increased by 8,329 as compared to FY2008. This is a 13 percent increase.
- 56,069 job openings were posted in the Alaska Labor Exchange System for FY2009, down 8,227 from a year ago.
- Adult Basic Education (ABE) and General Education Development (GED) are two separate but related programs. A GED graduate may or may not be an ABE student. Of the 3,173 students enrolled in the ABE program in FY2009, 1,252 completed ABE pre and post tests, and 637 demonstrated educational gains. GED diplomas were awarded to 1,686 Alaskans.

#### END RESULT B: Economic Stability of Local Purchasing Power.

- With the passage of Senate Bill 120, which increased the maximum weekly unemployment benefit amount from \$248 to \$370 for benefit years beginning after 1/1/09, Alaska should see an increase in the percent of lost wages replaced by benefits.
- Alaska meets the United States Department of Labor target of 50% of unemployed workers being eligible for Unemployment Insurance benefits.

##### Status of Strategies to Achieve End Result

- Alaska exceeded the federal benchmark of 87% by 6% in providing timely Unemployment Insurance benefit payments to unemployed Alaskans.

### Major Activities to Advance Strategies

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|---|---|
| <ul style="list-style-type: none"> <li>• Register job seekers for work.</li> <li>• Connect workers with jobs.</li> <li>• Provide job search skills and training.</li> <li>• Provide labor market information.</li> <li>• Increase access to services via web-based technology.</li> </ul> | <ul style="list-style-type: none"> <li>• Market menu of services to employers.</li> <li>• Strengthen information and referral mechanisms with partner agencies.</li> <li>• Conduct skills inventory of job seekers in remote areas of the state.</li> <li>• Improve information technology services.</li> </ul> |
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## Key RDU Challenges

Employment and Training Services (ETS) continues to see an increase in resource room traffic due to higher unemployment rates, workers transitioning from seasonal employment, and in response to the announcement of the significant funding under the American Recovery and Reinvestment Act (ARRA). Staff resources are being redirected to cover the additional demands especially in our western region where state unemployment rates are the highest. Recent efforts including increased outreach and distance delivery services to rural areas are two of the strategies we are using to address these challenges.

ETS also continues to address layoffs occurring statewide. Over the past nine months program staff worked with 76 different companies that made cuts spread across a broad spectrum of industries due to the economic environment. Most recently the oil and gas industry has been cutting back to reduce their operating costs as well.

A substantial increase in internet traffic to the Alaska Labor Exchange System has caused delays and outages resulting in frustration to users including field staff, employers and job seekers. The increased traffic has resulted in the identification of the need to find interim and long-term solutions to Internet services.

Like many states, Alaska is struggling to keep up with the workload generated from paying unemployment insurance on multiple state and federal extended benefit programs. Alaska's seasonally adjusted unemployment rate continues to be above 8%. The division is also challenged to develop and implement automation changes resulting from the new federal programs currently available.

The high demand for Adult Basic Education (ABE) services continues. The emphasis on basic skills education includes a growing demand to provide ABE instruction for Alaskans preparing to enter apprenticeship and training programs.

## Significant Changes in Results to be Delivered in FY2011

In the struggling economy compounded by the increased number of unemployment insurance claimants, a significant focus has been devoted to Reemployment Services. The Reemployment Services program will focus on retraining, upgrading job seeker skills and the rapid reemployment of unemployed workers with a priority on high demand occupations. This reflects our continued commitment to strengthen Alaska's workforce and to lessen the number of unemployment insurance benefits weeks claimed.

During 2011, Employment & Training Services will proactively support the Alaska Career Ready Program by providing access to WorkKeys assessments which can lead to a National Career Readiness Certificate (NCRC). WorkKeys are currently available in nine of our Job Centers. The WIN and KeyTrain pre-courseware that was designed for WorkKeys to improve the basic skills measured by the WorkKeys system are available in all of our 23 Job Centers.

The Employment & Training Services component is requesting a fund source change from General Fund receipts to Federal Receipts from the Reed Act. The fund source change will allow for the reallocation of \$717.5 of general funds within the department to support ongoing gasoline workforce development efforts. The Reed Act federal funds of \$948.3 will continue to provide ongoing employment and case management services to participants to include comprehensive and specialized assessment of skill levels and service needs.

The Unemployment Insurance (UI) component is requesting an increase of \$2.45 million in federal receipt authorization due to an increase in UI contingency funds earned as a result of an increased workload, a change to the federal contingency reimbursement rate, and additional grant funding for a Data Access Auditing System. The unanticipated increase to federal funding will support program staff operations and be used to upgrade UI program computers, software and office equipment. The Unemployment Insurance program will build an automated system to monitor individuals who view confidential information. The web-based system will record user identification, information viewed, date and time, and purpose of inquiry and insure confidential information is kept secure.

A budgeted inter-agency receipt funding increase of \$250.0 from the Business Service component will support 125 more Alaskans becoming GED graduates and provide 11,364 additional instructional hours to be delivered.

## Major RDU Accomplishments in 2009

The number of visits to the Alaska Labor Exchange System (ALEXsys) this year was 1,810,570 compared to 1,078,412 last year, an increase of 68 percent.

The number of job seekers using the 23 Job Centers statewide was 257,792 compared to 226,993 last year, which is an increase of 14 percent.

Staff assisted services were provided to 75,085 job seekers, an increase from 66,709 last year which is an increase of 13 percent.

Job seeker visits to ALEXsys continue to increase annually since its implementation in April 2006. For example, in FY2009, there were nearly 2 million visits to the ALEXsys online system, an increase of nearly 800,000 compared to the previous year. The internet traffic increase resulted in a system upgrade.

UI Benefits totaling \$194.4 million were paid to 54,743 insured workers. This is an increase of \$89.3 million in benefits and 9,362 more filers from last year. During the same period \$141.9 million in contributions were deposited into the Trust Fund. This represents \$14.5 million less than was collected last year and is due to an average lower tax rate on employers.

Additional phases of tax online services continue to improve staff efficiency and simplify quarterly contribution filing for employers. A total of 28,900 reports were filed online in FY2009. To date, 40% of all active Alaska employers are filing their reports online. Many upgrades have been made to the Tax Online System to create a more efficient, user-friendly, and secure website. Employers can access submitted online reports, register new businesses and pay their taxes. Payroll companies can upload one wage file and submit a single payment encompassing all employers they represent. Over \$26 million was collected through electronic fund transfers in FY2009.

Benefit Payment Control increased collection activities resulting in the recovery of approximately \$3.6 million in benefit overpayments. Of this total, over \$2.2 million was recovered through PFD levy requests submitted to the Department of Revenue.

The Department was successful in supporting the passage of Senate Bill 170 bringing Alaska law into compliance and conformity with the Federal Unemployment Tax Act (FUTA) on how federally recognized Indian tribes are treated for unemployment insurance purposes. Compliance with FUTA ensures Alaskan employers will continue to receive their FUTA tax credit of up to 90 percent of the federal unemployment tax. Additionally, Alaska's unemployment insurance program will continue to be eligible for federal administrative funding. By implementing this change in law, Alaska received a one-time payment of \$5.2 million under the American Recovery and Reinvestment Act (ARRA) of 2009.

A total of 1,686 GED diplomas were awarded in FY2009.

During FY2009, approximately 51% of Adult Basic Education adult students demonstrated increased basic skills knowledge, as measured by pre and post instruction assessment.

### Contact Information

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**Employment Security  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2009 Actuals				FY2010 Management Plan				FY2011 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
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
Employment and Training Services	1,235.7	12,342.2	15,646.0	29,223.9	1,142.5	17,145.1	15,751.2	34,038.8	194.3	14,802.8	15,751.9	30,749.0
Unemployment Insurance	242.8	18,009.3	786.9	19,039.0	0.0	20,610.1	927.5	21,537.6	0.0	23,180.4	927.5	24,107.9
Adult Basic Education	2,107.6	983.9	0.0	3,091.5	2,112.7	1,152.4	0.0	3,265.1	2,112.7	1,152.4	250.0	3,515.1
<b>Totals</b>	<b>3,586.1</b>	<b>31,335.4</b>	<b>16,432.9</b>	<b>51,354.4</b>	<b>3,255.2</b>	<b>38,907.6</b>	<b>16,678.7</b>	<b>58,841.5</b>	<b>2,307.0</b>	<b>39,135.6</b>	<b>16,929.4</b>	<b>58,372.0</b>

**Employment Security  
Summary of RDU Budget Changes by Component  
From FY2010 Management Plan to FY2011 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2010 Management Plan</b>	<b>3,255.2</b>	<b>38,907.6</b>	<b>16,678.7</b>	<b>58,841.5</b>
<b>Adjustments which will continue current level of service:</b>				
-Employment and Training Services	-717.4	-5,040.6	0.7	-5,757.3
-Unemployment Insurance	0.0	-995.4	0.0	-995.4
<b>Proposed budget decreases:</b>				
-Employment and Training Services	-230.8	0.0	0.0	-230.8
<b>Proposed budget increases:</b>				
-Employment and Training Services	0.0	2,698.3	0.0	2,698.3
-Unemployment Insurance	0.0	3,565.7	0.0	3,565.7
-Adult Basic Education	0.0	0.0	250.0	250.0
<b>FY2011 Governor</b>	<b>2,307.0</b>	<b>39,135.6</b>	<b>16,929.4</b>	<b>58,372.0</b>