

State of Alaska FY2012 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 FY2010, 52 percent of Workforce Investment System participants entered employment after exiting the system, a decrease of 5 percent from the prior year. The FY2010 target was a 1 percent increase.

Status of Strategies to Achieve End Result

- Workforce Investment System registrations increased by 74,610 in FY2010 as compared to the previous year, a 39 percent increase.
- In FY2010, Workforce Investment System participants receiving staff assisted services increased by 12,485 as compared to the previous year, a 17 percent increase.
- 46,883 job openings were posted in the Alaska Labor Exchange System for FY2010, down 9,215 from the prior year.
- 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 3,313 full-time students enrolled in the ABE program in FY2010, 1,237 completed ABE pre and post tests, and 595 demonstrated educational gains.

END RESULT B: Economic Stability of Local Purchasing Power.

- Alaska's FY2009 wage replacement rate increased to 26.9 percent but is still under the national average of 36.1 percent.
- Alaska's reciprocity rate is just under the United States Department of Labor target of 50 percent of unemployed workers being eligible for Unemployment Insurance benefits, but well above the national average of 34.8 percent.

Status of Strategies to Achieve End Result

- Alaska exceeded the federal benchmark of 87 percent by 7.3 percent 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"> • Register job seekers for work. • Connect workers with jobs. • Provide job search skills and training. • Provide labor market information. | <ul style="list-style-type: none"> • Market menu of services to employers. • Strengthen information and referral mechanisms with partner agencies. • Conduct skills inventory of job seekers in remote |
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Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Increase access to services via web-based technology. 	<ul style="list-style-type: none"> • areas of the state. • Improve information technology services.

Key RDU Challenges

The Employment and Training Services (ETS) component within the Employment Security Division continues to see an increase in Job Center resource room traffic due to higher numbers of unemployed Alaskans seeking work and workers transitioning from seasonal employment. Recent efforts to help people in group settings and provide outreach and distance delivery of services to rural areas are two of the strategies being employed to address these challenges.

ETS also continues to address layoffs occurring statewide. In FY2010 program staff worked with 87 different companies that made reductions to their workforce spread across a broad spectrum of industries due to the economic environment. Most recently oil and gas companies have been cutting back to reduce their operating costs. Increased layoffs significantly increases workload and with the reduction in American Recovery and Reinvestment Act (ARRA) funded staff the burden falls on remaining staff.

A substantial increase in internet traffic to the Alaska Labor Exchange System has caused delays and outages resulting in frustration to users including job seekers, field staff, and employers. The increased traffic has resulted in identification of the need to find interim and long-term solutions to internet services. Further, a federal testing contractor will reduce its presence in job centers due to a lack of bandwidth needed to support improvements in their services. This means we decrease the amount of services we can provide in rural Alaska to qualify people for jobs.

Like many states, Alaska is struggling to keep up with the workload generated from paying unemployment insurance claims on multiple state and federal benefit extension programs. As of October 2010, Alaska's seasonally adjusted unemployment rate is 7.8 percent. The division is challenged to develop and implement permanent automation changes resulting from the recent, temporary federal programs currently available. The program is constantly challenged to meet federal performance and quality measures (adjudication and timeliness), as well as overall customer service as multiple UI extension programs and workload continue to strain available resources.

The high demand for Adult Basic Education (ABE) services continues. The demand for Adult Basic Education and GED preparation services have historically exceeded resources available. 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 FY2012

Due to the current economy, a significant percentage of resources 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 lessen the number of unemployment insurance benefits weeks claimed. This has become more difficult because of the loss of ARRA funded Reemployment Services positions.

Employment Security Division is requesting additional federal authority to support two new federal grants: a \$2,727.0 Disability Employment Initiative grant to help more disabled Alaskans gain access to essential state services, and a new \$150.0 Health Care Workforce Development grant for developing a plan to increase health professionals in Alaska.

During FY2011, Employment & Training Services will continue to provide and execute the Alaska Career Ready Program by providing access to WorkKeys assessments which can lead to a National Career Readiness Certificate (NCRC). WorkKeys assessments are currently available in 19 Job Centers, with a goal of reaching all 23 Job Centers by FY2012. KeyTrain pre-courseware designed for WorkKeys preparation and improvement of basic work skills are available in all 23 Job Centers.

The Unemployment Insurance (UI) Claims Centers provide services to unemployed Alaskan workers. There have been continued increases in UI benefit requests since July 2008 and this trend will continue through FY2012. These additional requests for benefits have escalated the need for improving claims center technology in a timely and cost effective manner. As a result, the Division has procured a statewide Virtual Call Center system. This new system will give the program the capability to audit the use of and better secure confidential information. During the coming year, that system will be delivered in several phases.

The Employment & Training Services component is requesting a fund source change from Federal receipts to Unemployment Insurance (UI) Modernization Federal Receipts. The fund source change will allow for the reallocation of UI Modernization federal funds within the Employment and Training Services component to keep Job Centers open and prevent staff layoffs due to a reduction in federal formula funding.

A budgeted inter-agency receipt funding decrease of (\$150.0) in the Adult Basic Education component will result in 7,500 fewer instructional hours to be delivered.

Major RDU Accomplishments in 2010

The number of visits to the Alaska Labor Exchange System (ALEXsys) this year was 2,062,763 compared to 1,810,570 last year, an increase of 14 percent.

The number of job seekers using the 23 Job Centers statewide was 292,752 compared to 257,792 last year, which is an increase of 14 percent.

148,804 staff assisted services were provided to Alaskan workers representing a 15 percent increase from the 129,581 services provided last year. At least one staff assisted service was provided to 85,838 Job Seekers in FY2010, up 17 percent from last year.

Unemployment Insurance (UI) benefits totaling \$331.4 million were paid to 67,632 insured workers. This is an increase of \$137 million in benefits and 12,889 insured workers from last year. During the same period \$135.8 million in contributions were deposited into the Trust Fund. This represents \$6.1 million less than was collected last year and is due to an average lower tax rate on employers.

Benefit Payment Control increased collection activities resulting in the recovery of approximately \$1.8 million in fraudulent benefit overpayments and \$3.1 million in other overpaid benefits. Of this total, over \$1.06 million was recovered through Permanent Fund Dividend (PFD) levy requests submitted to the Department of Revenue.

The Alaska legislature changed the Unemployment Insurance calculation methodology in law and the division implemented related Alaska Administrative Code revisions to comply with federal requirements of the American Recovery and Reinvestment Act (ARRA) of 2009. These changes qualified the department for Unemployment Compensation Modernization funding totaling \$15.6 million.

A total of 1,610 General Educational Development (GED) diplomas were awarded in FY2010 and 49 percent of Adult Basic Education students demonstrated increased basic skills knowledge as measured by pre- and post-instruction assessment. The GED diplomas awarded represent approximately 18 percent of High School diplomas in FY2010.

Contact Information

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**Employment Security
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2010 Actuals				FY2011 Management Plan				FY2012 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
Employment and Training Services	1,634.9	15,381.0	15,151.4	32,167.3	1,015.1	15,000.9	14,349.0	30,365.0	946.5	13,125.0	15,921.9	29,993.4
Unemployment Insurance	647.8	150.3	21,314.3	22,112.4	844.0	110.7	28,069.7	29,024.4	866.1	188.8	28,757.2	29,812.1
Adult Basic Education	2,112.7	250.0	980.1	3,342.8	2,119.5	250.0	1,154.0	3,523.5	2,132.5	100.0	1,157.2	3,389.7
Totals	4,395.4	15,781.3	37,445.8	57,622.5	3,978.6	15,361.6	43,572.7	62,912.9	3,945.1	13,413.8	45,836.3	63,195.2

Employment Security
Summary of RDU Budget Changes by Component
From FY2011 Management Plan to FY2012 Governor

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2011 Management Plan	2,318.0	1,660.6	15,361.6	43,572.7	62,912.9
Adjustments which will continue current level of service:					
-Employment and Training Services	4.2	27.2	-1,855.9	1,572.9	-251.6
-Unemployment Insurance	0.0	22.1	80.5	-478.2	-375.6
-Adult Basic Education	13.0	0.0	0.0	3.2	16.2
Proposed budget decreases:					
-Employment and Training Services	0.0	-100.0	-20.0	0.0	-120.0
-Unemployment Insurance	0.0	0.0	-2.4	0.0	-2.4
-Adult Basic Education	0.0	0.0	-150.0	0.0	-150.0
Proposed budget increases:					
-Unemployment Insurance	0.0	0.0	0.0	1,165.7	1,165.7
FY2012 Governor	2,335.2	1,609.9	13,413.8	45,836.3	63,195.2