

State of Alaska
FY2013 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 Division is to provide labor exchange, employment and training services, and unemployment insurance to Alaskans and Alaska 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 job centers located throughout the state and via the online Alaska Labor Exchange System (ALEXsys).
- Connect employers with job seekers.
- 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.

Target #1: Increase the percentage of Alaska Labor Exchange System registrants that enter employment by one percent as compared to the previous year.

Status #1: In FY2011, 50 percent of Alaska Labor Exchange System registrants entered employment after exiting the system, a decrease of two percent from the prior year. The FY2011 target was a one percent increase. This performance is related to the increase in the number of registrants far exceeding the increase in the number of job postings.

Strategy A1: Increase the number of Alaskans who get jobs.

Target #1: Increase the number of Alaska Labor Exchange System registrations by 500 as compared to the previous year.

Status #1: Alaska Labor Exchange System registrations increased by 7,207 from the previous year, far exceeding the target increase of 500.

Target #2: Increase the number of Alaska Labor Exchange System participants who receive a staff assisted service by 500 as compared to the previous year.

Status #2: In FY2011, the number of Alaska Labor Exchange System participants receiving staff assisted services decreased by 1,467 (1.7 percent) from FY2010. The target increase of 500 was not achieved, but the number of participants receiving services was still 15 percent higher than FY2009 and 40 percent higher than the first year of measurement (FY2007).

Target #3: Increase the number of job openings posted in the Alaska Labor Exchange System by 1,000 as compared to the previous year.

Status #3: Job openings posted in the Alaska Labor Exchange System increased by 3,435 (7.3 percent) from the prior year, far exceeding the target increase of 1,000.

Target #4: Increase the percentage of Adult Basic Education participants who demonstrate increased basic skills knowledge (reading, writing, mathematics) by one percent as compared to the previous year.

Status #4: In both FY2011 and FY2010, 48 percent of Adult Basic Education participants who completed the pre- and post-instruction tests demonstrated educational gains, falling short of the target to increase performance by one percent as compared to the previous year.

End Result B: Economic Stability of Local Purchasing Power.

Target #1: Achieve the United States Department of Labor encouraged wage replacement rate of 50 percent.

Status #1: In FY2009, Alaska's wage replacement rate increased to 26.9 percent from 24.1 percent in FY2008. This performance is still below the national average of 36.1 percent and the target of 50 percent.

Target #2: Maintain Alaska's reciprocity rate of unemployed workers eligible for Unemployment Insurance benefits at or above 50 percent.

Status #2: In FY2009, Alaska's reciprocity rate of unemployed workers eligible for Unemployment Insurance benefits was 49 percent, well above the national average of 34.8 percent, but below the target of 50 percent.

Strategy B1: Improve timeliness of UI benefit payments.

Target #1: Exceed the federal timeliness benchmark of 87 percent of initial Unemployment Insurance payments within 14 to 21 days.

Status #1: In FY2010, Alaska paid 96.1 percent of initial Unemployment Insurance benefit payments within 14 to 21 days, slightly below the 96.5 percent achieved in FY2009, but still well above the federal timeliness benchmark of 87 percent.

Major Activities to Advance Strategies	
<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. • Increase access to services via web-based technology. • Educate employers on services. • Strengthen information and referral mechanisms with partner agencies. 	<ul style="list-style-type: none"> • Conduct skills inventory of job seekers in remote areas of the state. • Improve information technology services. • Issue unemployment insurance benefits. • Collect unemployment taxes from employers. • Collect unemployment insurance overpayments. • Issue General Education Diplomas (GED). • Provide instruction in basic skills of reading, writing, and mathematics to those that don't have high school diplomas.

Key RDU Challenges

The key challenge facing the division will be managing the increased workload associated with high volumes of job center traffic combined with decreases in federal funding for core, intensive and training services. The division is utilizing available one-time federal funds to maintain service delivery.

Additional challenges include:

- Providing employment and training services in the job centers with an aged inventory of computers and hardware. The Employment and Training Services (ETS) component has foregone computer replacements for several years because reductions in federal funds and increased costs have resulted in all available funds being expended on operational costs.
- Finding interim and long-term solutions to internet service and bandwidth issues. Due to inadequate bandwidth, the significant traffic to the Alaska Labor Exchange System website has caused system delays and outages resulting in frustration to users including job seekers, employers, and field staff.
- Providing employment and training services to a historically high number of unemployed workers. ETS continues to assist unemployed workers in group settings and provide outreach and service distance delivery to rural areas to help mitigate this challenge.
- Responding to an increased volume of layoffs associated with the downturn in the economy. ETS will need to re-allocate staff, dedicating more time to providing re-employment services. ETS' rapid response team provides job search assistance, labor market information, resume writing and interview skills workshops, WorkKeys assessments, vocational counseling, and vocational training assistance.

- Managing the workload generated from administering multiple federal unemployment insurance benefit extension programs.
- Developing and implementing automation changes required by temporary federal unemployment insurance programs.
- Meeting the increasing demand for General Education Development (GED) preparation services.

Significant Changes in Results to be Delivered in FY2013

The Employment & Training Services (ETS) component will establish an employment network in either the Mat-Su (Wasilla) job center or one of the Anchorage job centers to provide services to Social Security Ticket-to-Work holders in the area. This activity will be funded by a Disability Employment Initiative (DEI) federal grant.

The Employment Security Division (ESD) allows read-only access to the UI database to certain staff when such access is required for job related activities. ESD is implementing a Secure Access Manager (SAM) system to increase data security by setting specific levels of allowable access and restricting user access to certain UI data based on user group privileges. SAM will be a platform that will act as an intranet application. Once implemented, SAM will reduce staff time involved in responding to requests for UI information, while keeping the data secure.

The Adult Basic Education (ABE) component will implement and make available to all programs in several locations a distance-delivered College and Career Awareness course.

Major RDU Accomplishments in 2011

During FY2011, the Employment Security Division:

- Increased job postings on the Alaska Labor Exchange System (ALEXsys) by 3,435 or 7.3 percent from FY2010 to FY2011.
- Increased the number of Alaska Labor Exchange System (ALEXsys) registrants by 7,207 or 2.6 percent from FY2010 to FY2011.
- Developed 26 new registered apprenticeship programs with occupations ranging from diesel and automobile mechanic to surgical technologist.
- Implemented a Ticket-to-Work employment program to assist persons with disabilities enter the workforce in conjunction with a three-year Disability Employment Initiative (DEI) grant.
- More than doubled the number of WorkKeys assessments (from 1,772 to 4,177), which resulted in 1,359 job seekers earning a National Career Readiness Certificate.
- Issued 1,577 Work Opportunity Tax Credit certifications; a 73 percent increase over the prior year's 914 certifications, resulting in employer savings of over \$4.3 million in federal taxes.
- Developed and implemented the "Bridge to Success" program that prepares inmates for entering the workforce. This program has resulted in successful job placements for inmates and significant reductions in recidivism rates. A recidivism rate of participants in this program was 15 percent as compared to the national rate of 39 percent.
- Received a national award for staff excellence. An ETS program coordinator was nationally recognized for the work she did to get Alaska seniors into the workforce. In addition, the program exceeded all federal Senior Community Service Employment Program core performance measures for the past five years.

- Paid unemployment insurance benefits in a timely manner to 69,723 insured workers, a three percent increase from the 67,632 the previous year. Alaska remains one of the top states in the nation to issue timely first payment of benefits.
- Increased unemployment insurance overpayment collections and fraud penalties from \$4.5 million in FY2010 to \$4.9 million in FY2011.
- Promulgated regulatory changes that clarified the timely filing criteria for a week claimed in which there were earnings. These changes will improve the accuracy of wages reported by claimants. In addition, the work search requirements when travelling in search of work were strengthened.
- Awarded 1,671 General Educational Development (GED) diplomas in FY2011, an increase of four percent from the prior year. The GED diplomas awarded represent approximately 17 percent of high school diplomas in FY2011.

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**Employment Security
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2011 Actuals				FY2012 Management Plan				FY2013 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	708.1	12,495.1	13,641.1	26,844.3	946.5	13,125.0	15,921.9	29,993.4	866.3	13,378.6	16,293.5	30,538.4
Unemployment Insurance	653.2	153.9	23,853.8	24,660.9	866.1	188.8	28,757.2	29,812.1	847.6	196.3	28,389.7	29,433.6
Adult Basic Education	2,119.5	150.0	946.9	3,216.4	2,132.5	100.0	1,157.2	3,389.7	2,145.9	0.0	1,260.8	3,406.7
Totals	3,480.8	12,799.0	38,441.8	54,721.6	3,945.1	13,413.8	45,836.3	63,195.2	3,859.8	13,574.9	45,944.0	63,378.7

Employment Security
Summary of RDU Budget Changes by Component
From FY2012 Management Plan to FY2013 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>
FY2012 Management Plan	2,335.2	1,609.9	13,413.8	45,836.3	63,195.2
Adjustments which will continue current level of service:					
-Employment and Training Services	3.7	16.1	253.6	371.6	645.0
-Unemployment Insurance	0.0	-18.5	7.5	-367.5	-378.5
-Adult Basic Education	13.4	0.0	-100.0	103.6	17.0
Proposed budget decreases:					
-Employment and Training Services	0.0	-100.0	0.0	0.0	-100.0
FY2013 Governor	2,352.3	1,507.5	13,574.9	45,944.0	63,378.7