

State of Alaska
FY2003 Governor's Operating Budget

Department of Labor and Workforce Development
Employment Security
Budget Request Unit Budget Summary

Employment Security Budget Request Unit

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BRU Mission

The mission of the Division of Employment Security is to promote employment and economic stability by responding to the needs of employers and job seekers.

BRU Services Provided

Several programs comprise the Employment Security Division (ESD) BRU.

- 1) The Employment Service (ES) program provides labor exchange services for all Alaskans, matching job seekers with employers. The Vocational Counseling program prepares job seekers for employment and the Seafood Unit works with employers to promote job placement and skill development for Alaskan workers in the seafood industry. Work Services provides specialized labor exchange and case management services for recipients of both the Alaska Temporary Assistance Program (ATAP) and food stamps in order to place them in unsubsidized employment.
- 2) The Job Training and Work Readiness (JTWR) programs are responsible for planning, administration and grant management for the following federal programs: Workforce Investment Act of 1998 (WIA) Title I, Welfare-to-Work (WtW) grants under the Balanced Budget Act of 1997 and the State Training Employment Program (STEP), as well as administering the Denali Commission Training funds.
- 3) Through grantees, Adult Basic Education (ABE) provides instruction in the basic skills of reading, writing, mathematics, and General Educational Development (GED) preparation and testing with emphasis on practical life skills and integrating workplace readiness skills into instruction.
- 4) The Unemployment Insurance (UI) program assesses and collects employer contributions for deposit into the UI Trust Fund and pays UI benefits to workers who are temporarily unemployed.

BRU Goals and Strategies

- 1) ESD has prepared and adopted a Strategic Plan to improve customer satisfaction.
 - Strengthen Alaska's Job Bank (AKJB) Web Site
 - Job Placements increase
 - Increase Wage Replacement
 - Improve New Employer Application
 - Provide more quality training opportunities (Adult, Dislocated Worker, and STEP)
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- 2) As part of our overall customer satisfaction strategic plan the division has adopted the following:
 - Mission: "To exceed the expectations of Alaskan employers, workers and job seekers".
 - Vision: "Simplify the delivery of ESD products to strengthen Alaskan communities".
 - Values:
 - Bottom line: The department will be held accountable for results. The four main results we will focus on are: Increased customer satisfaction, economic stability, worker self-sufficiency and return on investment by program funders.
 - Customer line: Quality is defined by the customer. The customer line refers to engaging customers in helping us improve the products we provide. None of us knows what customers need and want as well as the customers themselves.
 - Front line: Supervisors, managers, administrators and directors must involve employees in achieving results. The front line employees have incredible insight into what customers want and don't want and know best how to make improvements.
 - Motto: "Customer value every time!"
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- 3) ESD will continue to pursue an increase to the UI weekly benefit amount to reach the federal guidelines of 50% of

Alaska's average weekly wage.

4) ESD has the responsibility of placing unemployed workers in new jobs prior to exhaustion of their UI benefits.

- We will continue to design and implement enhancements to the Worker Profiling and Reemployment Services (WPRS) program that serves and tracks clients.

5) ESD has a major role in implementing the Workforce Investment Act of 1998 (WIA).

- The Division will continue to coordinate strategies and policy with Local Workforce Investment Boards (LWIB) and the Alaska Human Resource Investment Council (AHRIC)
- We will continue to work with Local Advisory Councils (LAC) as key participating and planning partners for local service delivery.

6) ESD will maximize the use of State Employment and Training Program (STEP) funds for training Alaskans.

- The agency is committed to getting STEP funds out as early as possible to enable grantees to have a full year to realize their goals.
- The Division will work with the Municipality of Anchorage to maximize the use of training resources.

7) ESD will improve on the outcomes of the Adult Basic Education (ABE) program.

- We will increase the number of adult learners in up to four performance areas from the FY2001 level of approximately 32 percent to 34 percent.

8) ESD will update and improve the UI Tax computer system and make it compatible with the UI Benefits system.

- The Division will continue the multi-year capital improvement project to redesign the UI Tax system to enhance timeliness and accuracy of employer account maintenance.

9) ESD will develop a customer input tracking system.

- Customer complaints and or praise will be electronically case managed.

10) The Division will increase the awareness of our services to the public.

- A marketing campaign will be implemented to accomplish this goal.

Key BRU Issues for FY2002 – 2003

1) The State Training and Employment Program (STEP) is scheduled to sunset. The Department will introduce legislation to continue STEP.

2) The Training and Vocational Education Program (TVEP) diverts money from the UI Trust Fund and has been used for capital improvements. To this point TVEP has not targeted UI eligible recipients, nor are there any performance standards attached to the current usage. With the adoption of regulations we anticipate that TVEP will complement and enhance the STEP program.

3) The federal Resource Justification Model (RJM) will be implemented in February 2002 and begin gathering data. This data will be used in a new formula for allocating federal funds to administer the Unemployment Insurance program. The results of the RJM will be applied for the first time when the federal FY 2004 grant budget is developed.

4) ABE resources may be insufficient if the high school exit exam increases the workload demand as anticipated.

5) ESD must continue providing employment services to an increased customer base while the Wagner-Peyser grant remains flat or decreases.

6) A new edition of the GED test will be implemented January 1, 2002. The electronic scoring required with this new test edition will create an additional administrative challenge and the ABE staff will address this additional workload.

7) Address the lack of employment opportunities in rural areas by focusing additional resources in local offices and coordinating with other agencies' economic development programs.

Major BRU Accomplishments in 2001

1) Employment Services Component

- Excluding self-service customers, 11,147 job seekers entered employment through staff efforts.
- Provided vocational counseling services to 2,838 customers, annually averaging 203 customers per employment counselor.
- Provided listings of 41,187 job openings for Alaska employers.
- Coordinated with AJCN partners to deliver employment and training services and resources through the one-stop system.
- Replaced 1/3 of all Job Center resource rooms computers and put all computers on a three-year replacement schedule.

2) Job Training Programs Component

- Completed the final accounting and reporting on the Job Training Partnership Act (JTPA).
- Negotiated, awarded and administered over \$15 million in WIA Title I and Welfare to Work (WtW) funds, and over \$3.6 million in STEP financial assistance agreements.
- Provided outreach and grants for approximately \$1.8 million in special rural Denali Commission projects, which resulted in training opportunities for over 600 rural Alaska residents.

3) Adult Basic Education Component

- 5,310 full-time adult learners were served through ABE programs:
- 1,291 received a GED
- 358 entered other academic or vocational programs
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4) Unemployment Insurance Component

- A total of \$114.4 million in unemployment benefits was paid to 51,074 insured workers.
- \$129.8 million in taxes were collected and deposited into the UI Trust Fund.
- 3,043 PFD levy requests were submitted to the Department of Revenue for a total of \$3.4 million to be applied towards fraud and non-fraud overpayments. The expected recovery will be approximately \$1.6 million.
- From the two surveys conducted in FY2001, 98 percent of the claimants responded that overall service was adequate or better.
- In August 2001, the Quality Control Unit implemented the Denied Claims Accuracy program. This Federal program requires an audit of an additional 450 denied cases per year. These cases will include monetary, separation and non-separation issues.

Key Performance Measures for FY2003

Measure:

The number of registered clients who enter employment after receiving services through an Alaska Job Center. Sec 87(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Increase to 37% the number of registered clients who entered employment after receiving service through an Alaska Job Center. For State FY2001, 36.3% of served clients have entered employment.

Benchmark Comparisons:

The benchmark was established at 31.6% by averaging the last two completed fiscal years (2000 and 2001). The percentage was lower in FY00 (28.5%) than in FY01 (34.7%), as it is economy driven. Success in reaching this target will require our adopting new and additional strategies and applying further resources to the goal.

Note: This benchmark is based on Alaska averaging because the U.S. Department of Labor did not have ES Performance Standards in prior years.

Background and Strategies:

Staff-assisted service is necessary to increase the probability of a registered client entering employment. Emphasis will be placed on the following strategies:

1. Staff-assisted job search support, such as referrals, resume writing, case management, interviewing techniques and other workshops and activities that will help clients enter employment;
2. Tracking of services provided in the statewide management information system;
3. Outreach to employers and rural job seekers;
4. Marketing services to employers, job seekers, and communities.
5. Surveys to employers and job seekers to gauge their satisfaction, and continuously improve services.

Measure:

The timeliness of initial payments to unemployment insurance claimants.
Sec 87(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Maintain or exceed the timeliness benchmark of 95% of the first payments issued within 35 days following the end of the first compensable week to unemployment insurance claimants. In FY2001, 97.2% of first payments were issued under these timeframes.

Benchmark Comparisons:

The federal performance measure is prompt payment of unemployment insurance (UI) benefits, with 95% of first payments issued within 35 days following the end of the first compensable week.

Background and Strategies:

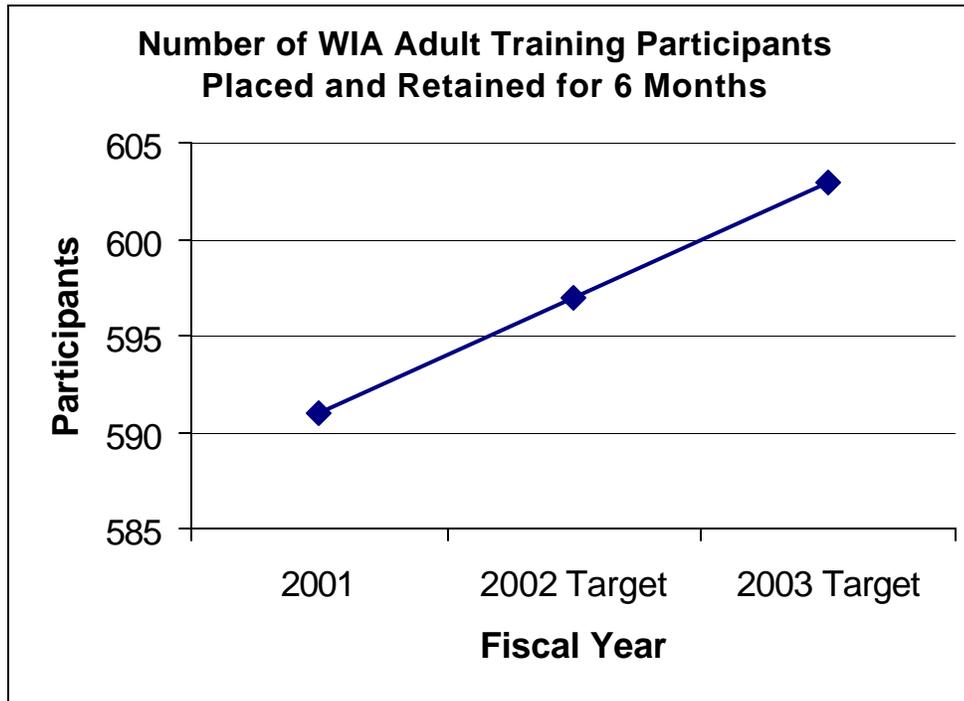
To monitor the promptness of UI benefit payments, first payment time lapse measures the number of days from the week ending date of the first compensable week in the benefit year to the date the payment is made. This includes payments made by direct deposit; mail and in-person or those used to offset prior overpayments.

Strategies planned to ensure first payment timeliness include:

- Continue development of UI Intranet to improve resources used by front line staff.
- Enhance technology to improve timeliness of data transfer for ex-service members.
- Expedite electronic out-of-state wage information requests and transfers to facilitate timely payment of benefits.
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Measure:

The number of individuals who enter and retain employment at least six months after receiving training from the division.
Sec 87(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Historically, Alaska's Federal Job training program's employment and retention numbers have averaged 684 participants under the final three years of the Job Training Partnership Act, (JTPA). This is for the time period from FY98, 99 and 2000. The Workforce Investment Act (WIA) was implemented in FY2001, and our number of training participants who left the program, entered employment and were retained in that employment for at least 6 months was 591. In keeping with our federally negotiated performance standards, we propose to increase that figure by 1% in FY2002 and 1% in FY2003.

Benchmark Comparisons:

Because the Federal government does not require or negotiate performance standards expressed in raw numbers of participants, there is no national benchmark to emulate. For purposes of addressing this State standard, we propose to establish the performance from FY 2001 as the benchmark, as it fairly represents the first full year of WIA implementation. That benchmark would therefore be 591 participants who after training, become employed and retain their employment for at least 6 months. As with all of our USDOL performance standards, we are committed to continuous improvement, and will set a goal of a 1% increase each year.

Background and Strategies:

The Workforce Investment Act of 1998 requires that all States receiving Federal funds must develop measurable performance outcomes. Because of potential fluctuations in both the State and national economy, shifts in the funding levels, recisions, grant performance and carry forward, there are many variables that can affect the total number of clients served and the end results in any given year. The Federal government recognizes this, and therefore does not use this as a set performance standard.

This performance measure is based on the number of clients and was proposed by the Legislature in FY2002. Both the Division and USDOL believe that measurable performance measures should be based on percentages not numbers of clients. The Division has addressed the WIA performance measures based on percentages in section

87(b)(4) and 87(b)(5). Since this performance measure does not lend itself to useful or meaningful evaluation and we have addressed the WIA program issue with two other performance measures based on percentages, we recommend that this performance measure be deleted.

Measure:

The percentage of eligible WIA Adult Job Training participants who are placed into full-time unsubsidized jobs. Sec 87(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:



Increase the employment percentage goal to 66% placement into full time, unsubsidized jobs of eligible WIA Title I Adult Job Training participants. For FY02 and FY03 the employment goals for Adult WIA Title I participants will be measured against the Federal U.S. Department of Labor negotiated performance standards under the WIA. Historically, Alaska's program employment percentage has been 60.8% of WIA Title I Adult participants placed into full time unsubsidized jobs. During FY 01 Alaska achieved an overall percentage of 60% of all WIA Title I funded adults placed into full time, unsubsidized jobs.

Benchmark Comparisons:

For FY02, the target national employment percentage average of Adult WIA Title I participants placed into full time unsubsidized jobs is 65%. The USDOL performance standards are committed to continuous improvement, with a goal of a 1 % increase each year.

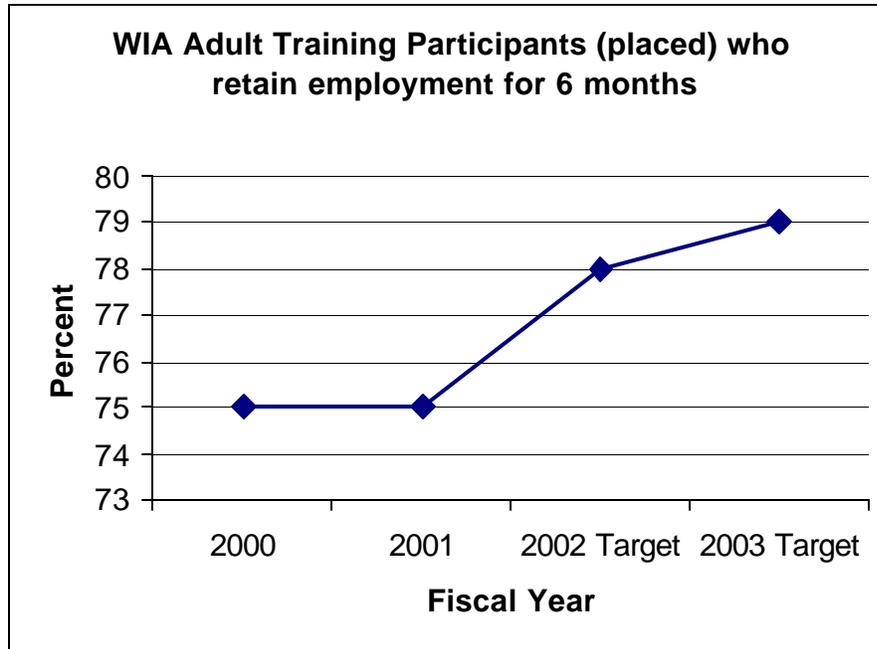
Background and Strategies:

The Workforce Investment Act of 1998 requires that all States receiving Federal funds must develop measurable performance outcomes. This measure is consistent with the Federal direction and expectations.

Alaska has developed appropriate job training, placement and retention strategies under the WIA State Unified Plan, to enable staff and selected service providers to successfully serve Alaska's unemployed and underemployed workers. Since 1999, the USDOL, Employment and Training Administration requires that each state negotiate a reasonable percent of increase in employment goals for the years FY 01, 02, and 03. Each state would choose a benchmark year and the aim would be to increase the goals attained annually.

Measure:

The percentage of WIA Adult Job Training participants who retain work for at least six months.
Sec 87(b)(5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

For FY02 and FY03, the employment goals for Adult WIA Title I participants will be measured against the Federal U.S. Department of Labor negotiated performance standards under the WIA. Historically, Alaska's program employment percentage has been 60.8% of WIA Title I Adult participants placed into full time unsubsidized jobs. Of this 60.8%, 75.5% have retained work for at least 6 months. During FY 01, Alaska achieved an overall percentage of 60% of all WIA Title I funded adults placed into full time, unsubsidized jobs, and 75% retained work for six months.

Benchmark Comparisons:

For FY02, the national employment percentage average of Adult WIA Title I participants placed into full time unsubsidized jobs is 65%. Of this 65%, 78% have retained work for at least 6 months. The USDOL performance standards are committed to continuous improvement, with a goal of a 1% increase each year. The FY03 target will be 79% of those placed into full time unsubsidized jobs will retain work for at least 6 months.

Background and Strategies:

The Workforce Investment Act of 1998 requires that all States receiving Federal funds must develop measurable performance outcomes. This performance measure is consistent with the Federal direction and expectations.

Alaska has developed appropriate job training, placement and retention strategies under the WIA State Unified Plan, to enable staff and selected service providers to successfully serve Alaska's unemployed and underemployed workers. Since 1999, the USDOL, Employment and Training Administration requires that each state negotiate a reasonable percent of increase in employment goals for the years FY 01, 02, and 03. Each state would choose a benchmark year and the aim would be to increase the goals attained annually.

Measure:

The percentage of survey respondents rating the UI services as adequate or higher.
Sec 87(b)(6) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Maintain or exceed the level of customer satisfaction, with 90% of survey respondents rating overall service as adequate or better. From the two surveys conducted in FY2001, 98% of the claimants responded that overall service was adequate or better.

Benchmark Comparisons:

Currently there are no federal standards or national benchmarks to compare surveys against other states. Surveys have been and will continue to be designed to achieve statistical reliability of 95%.

Background and Strategies:

Randomly survey unemployment insurance claimants to monitor satisfaction with benefits program and services received.

Strategies planned to ensure high level of customer satisfaction include:

- Continue biannual customer satisfaction surveys to measure level of service and to explore avenues for expansion of services.
- Develop a web based customer satisfaction database. This will improve the analysis of information provided by customers to help identify opportunities for improvement.

Measure:

The number of employers who are satisfied with the public labor exchange services they received.
Sec 87(b)(7) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Ensure that at least 65% of all employers who use the public labor exchange services are satisfied with the service they received. We are currently building surveys that will be implemented by 7/01/02, to comply with newly established Wagner-Peyser performance measures.

Benchmark Comparisons:

Of all employers that use the public labor exchange, 65% is the desired satisfaction level for the Wagner Peyser grant, which primarily funds the public labor exchange. This level is mandated by the Workforce Investment Act (WIA), which primarily funds training programs.

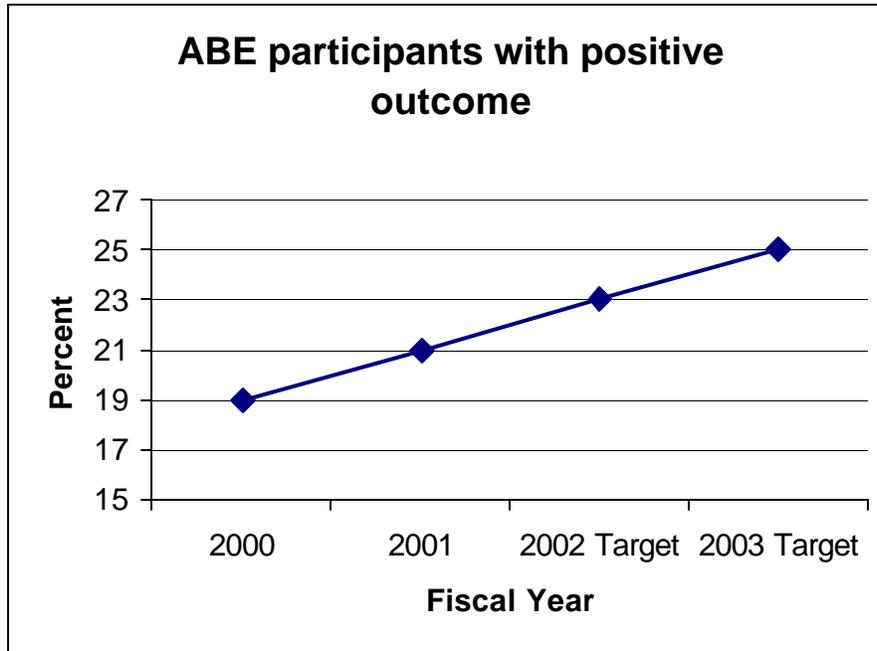
Background and Strategies:

A survey will be developed during FY02 for implementation at the start of FY03.

Measure:

Increase the percentage of Adult Basic Education students who get a GED, find or retain a job, advance to higher education/vocational training, or advance in educational levels to a combined 25%.

(Not yet addressed by Legislature)

Alaska's Target & Progress:

For FY 00, 01, and 02 the percentage of full-time Adult Basic Education clients will be measured against the FY 99 average benchmark of 19%. The goal is a 2% increase each year in each of the following positive outcomes:

- 1) Obtaining a GED;
- 2) Finding or retaining employment;
- 3) Advancing to higher education or vocational training; or
- 4) Advancing in one or more educational levels.

Benchmark Comparisons:

The FY99 average benchmark is 19%, which was derived from the statewide number of full-time Adult Education clients who achieved one of the positive outcomes. Of the total number of FY99 clients enrolled, 29% earned a GED, 10% found or retained a job, 8% advanced to higher education or vocational training, and 31% advanced two educational levels.

Background and Strategies:

Title II, Adult Education and Family Literacy of the Workforce Investment Act of 1998 requires that Adult Education programs receiving Federal funds must develop positive outcomes in the categories listed above.

Since 1998 the U.S. Department of Education, Office of Vocational and Adult Education (OVAE) requires that each state negotiate a reasonable percent of increase in measurable outcomes for the years FY 00, 01, and 02. Alaska chose FY99 as its benchmark year with the aim to increase the goals attained by 2% annually.

All local Adult Education programs in Alaska met in Anchorage twice in FY98 to develop a set of student performance standards that included the measurable outcomes. These standards were reviewed and sanctioned by the State Board of Education (ABE was located in Department of Education in FY98) and OVAE. They have since been revised to accommodate changes brought about by the Workforce Investment Act.

The goal of 25% attainment of the combined positive outcomes is again offered as a meaningful Performance Measure for the Adult Basic Education program in 2003.

Employment Security
BRU Financial Summary by Component

All dollars in thousands

	FY2001 Actuals				FY2002 Authorized				FY2003 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												
Employment Services	0.0	10,916.8	1,480.2	12,397.0	45.0	13,002.7	3,754.7	16,802.4	54.2	13,011.2	5,249.7	18,315.1
Unemployment Insurance	0.0	15,522.1	308.6	15,830.7	0.0	17,616.5	451.4	18,067.9	0.0	17,505.1	483.4	17,988.5
Job Training Programs	0.0	0.0	0.0	0.0	537.4	22,450.6	7,304.3	30,292.3	547.1	24,369.9	5,685.2	30,602.2
Work Services	133.8	0.0	1,455.5	1,589.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Job Training Partnership Act	26.8	9,588.8	1,783.6	11,399.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statewide Service Delivery	466.4	5,558.4	2,679.1	8,703.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Training Employment Prog	0.0	0.0	4,468.7	4,468.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Basic Education	1,737.5	832.6	0.0	2,570.1	1,737.6	862.2	0.0	2,599.8	1,739.5	971.5	0.0	2,711.0
Totals	2,364.5	42,418.7	12,175.7	56,958.9	2,320.0	53,932.0	11,510.4	67,762.4	2,340.8	55,857.7	11,418.3	69,616.8

Employment Security

Proposed Changes in Levels of Service for FY2003

1) Employment Service Component

- Proposed automated skills inventory program for Western Alaska.

2) Job Training Programs Component

- Increase services to rural Alaskans through Denali Commission grants.

3) Adult Basic Education Component

- Implementation and focus on the new GED test beginning January 2002.

4) Unemployment Insurance Component

- Implementation of employer telephonic registration will substantially reduce the follow up required on incomplete paper registration forms.

Employment Security

Summary of BRU Budget Changes by Component

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	2,320.0	53,932.0	11,510.4	67,762.4
Adjustments which will continue current level of service:				
-Employment Services	9.2	58.1	1,595.0	1,662.3
-Unemployment Insurance	0.0	-111.4	132.0	20.6
-Job Training Programs	9.7	-80.7	-1,619.1	-1,690.1
-Adult Basic Education	1.9	109.3	0.0	111.2
Proposed budget decreases:				
-Employment Services	0.0	-49.6	-100.0	-149.6
-Unemployment Insurance	0.0	0.0	-100.0	-100.0
Proposed budget increases:				
-Job Training Programs	0.0	2,000.0	0.0	2,000.0
FY2003 Governor	2,340.8	55,857.7	11,418.3	69,616.8