

**State of Alaska
FY2007 Governor's Operating Budget**

**Department of Labor and Workforce Development
Business Services
Component Budget Summary**

Component: Business Services

Contribution to Department's Mission

The Business Services component contributes to the department's mission by designing and implementing employment and training programs that align with Alaska business and industry workforce demands and that result in participant employment and in building a prepared workforce.

Core Services

Business Services provides administration, grant management, technical assistance, and performance and evaluation support for the Workforce Investment Act (WIA) of 1998 Title IB programs, the State Training and Employment Program (STEP), the Denali Commission Training Fund, and other targeted federal employment and training grant awards.

Under WIA Title I, funds are available for Youth, Adult and Dislocated Workers.

Denali Commission training provides for rural training that is associated with rural infrastructure projects sponsored by the Denali Commission.

State Training and Employment Program (STEP) provides Alaskan workers access to state and employer sponsored training programs and services.

FY2007 Resources Allocated to Achieve Results		
FY2007 Component Budget: \$43,267,300	Personnel:	
	Full time	28
	Part time	0
	Total	28

Key Component Challenges

Face federal formula funding reductions and rescissions and prepare contingencies by seeking supplemental funding sources and leveraging funds through partnerships with Alaska business and industry (e.g. oil/gas, transportation, mining, tourism and hospitality, healthcare, etc.). Increased federal authorization of \$3 million is being requested to allow acceptance of special grant funds which will help to offset the impacts of Workforce Investment Act (WIA) grant reductions.

Implement the Alaska Youth First Initiative by requesting \$4 million in General Funds for training up the future Alaska workforce to take advantage of high-demand occupations in high-growth industries and prepare Alaska's youth for careers and best-bet occupations. This funding request will replace funding dedicated to training youth and advancing vocational technical education in Alaska's schools from the federal High Growth Job Training Initiative award which will end mid FY07.

Monitor the Congressional reauthorization of the federal Workforce Investment Act in 2006. The mandate to implement common performance measures across all employment and training programs, and potential changes to Youth, Adult and Dislocated Worker program design and funding will influence Alaska's employment and training program outcomes.

Advocate for a simpler and more stable federal allocation formula for funding WIA Title 1B programs. Currently, the allocations: limit the ability to achieve a key goal of federal allocation formulas which is to distribute program funds to areas based on their relative shares of people eligible to receive services; present time lags between when data is

collected and when the allocations are made available so that the allocations do not reflect current labor market conditions; and are excessively volatile, making program planning difficult from year to year.

Conclude and meet federal performance outcomes for the Salmon Fisheries National Emergency Grant and ensure that the over 700 participants receive employment and training services; conclude and meet federal performance outcomes for Alaska's Base Realignment and Closures National Emergency Grant by mitigating impacts of worker dislocation in the communities of Fairbanks, North Pole, Anchorage and Galena.

Maintain the trend for increased efficiencies in employment and training programs by continuing to reduce cost of training per participant and maximize on leveraging resources, and streamlining operations in all programs.

Significant Changes in Results to be Delivered in FY2007

We have been advised of continuing reductions in federal Workforce Investment Act (WIA) funding. This continued loss of funding will result in service reductions throughout the department and will reduce the number of training grants. For example, the steady decline of WIA formula funds resulted in a 63% reduction for the Dislocated Worker Program alone in Federal Program Year 2002, and 21 percent fewer Adult Program participants for Federal Program Year 2004. Federal formula funds since Federal Program Year 2004 have shown no significant change while costs continue to increase.

Additionally, funding for three federal initiatives, the National Emergency Grant for the Base Realignment and Closure Commission, Alaska's High Growth Job Training Initiative for the Energy Industry, and the Youth with Disabilities Transition Program, will end during FY07. During FY06 the effects of the WIA cut have been partially offset by the \$7 million dollar federal program for Alaska's High Growth Job Training Initiative for the Energy Industry which is set to end in mid FY07.

Major Component Accomplishments in 2005

Acquired a \$7 million grant award under the President's High Growth Job Training Initiative to increase Alaska's capacity to recruit and train workers for careers in the energy industry sectors and to demonstrate an innovative approach to workforce development with a focus on industry engagement, and vocational and technical education.

Received federal earmark for pipeline worker training which will train workers to construct and maintain a gas pipeline in arctic conditions and result in worker certification as prepared to work on Alaska's North Slope.

The division issued an increased number of Requests for Training Proposals in 2005. The combination of an increase in advertisement of available funding and aligning initiatives among multiple funding sources created increased competitive interest among respondents. The increased competition gave the division more proposals to review for training opportunities, and the alignment of funding sources allowed the grantees to provide services to a broader spectrum of Alaskans seeking training.

Entered into agreements (Memoranda of Understanding) with business and industry to develop a "fast-track" approach to recruiting, training, and hiring workers for high demand industry.

Redesigned service delivery of Rapid Response program by developing a statewide team to better identify potential dislocations and respond effectively to all business downsizings. All services are tailored to meet the unique needs of employers and workers and are provided before, during and after any potential layoff. From November 2004 to October 2005, the team responded to 71 business closures or downsizings across Alaska and has provided transition information and services to 1,692 individuals.

Provided grant and program management, technical assistance, performance and evaluation support to enroll over 700 dislocated workers. The dislocated workers were provided retraining, job search, relocation and support service assistance via a National Emergency Grant project related to Alaska's commercial salmon industry price decline.

Achieved the negotiated federal performance levels in all categories for Program Year 2005 of Alaska's Workforce Investment Act. The Youth, Adult and Dislocated Worker programs exceeded 16 of the 17 negotiated federal WIA performance measures in addition to increasing performance in three areas from the previous program year.

Improved State Training and Employment Program (STEP) integration and accountability through a team effort with the Alaska Job Center Network and training vendors. The improvement was achieved by transferring data collection responsibility to grantees and providing critical information for decision makers to better evaluate distribution of job training resources across Alaska. This resulted in a lower cost per participant and increased the number of participants that received training.

Statutory and Regulatory Authority

Federal Authority:

Public Law 104-193	Personal Responsibility and Work Opportunity Reconciliation Act of 1995
Public Law 105-33	Balanced Budget Act of 1997
Public Law 105-220	Workforce Investment Act of 1998
Title III of Public Law 105-227	Denali Commission Act of 1998
20 CFR parts 660-671	WIA Title 1b Regulations
29 CFR part 37	EEO Regulations

Statutory Authority:

AS 23.15.550 - .850	Alaska Workforce Investment Board
AS 44.31.020 (5)	Alaska Employment Security Act
AS 44.31	Department of Labor and Workforce Development

Administrative Regulations:

8 AAC 84	Alaska Human Resource Investment Council
8 AAC 85	Employment Security
8 AAC 86	State Technical and Vocational Education Program
8 AAC 87-89	State Training and Employment Program
Admin Order #113	Alaska Job Training Coordinating Council - Relating to employment/training of workforce
Admin Order #182	Designating the AHRIC (now AWIB) as state workforce investment board as required by the Workforce Investment Act of 1998; establishing two local workforce investment areas and boards; and designating the Alaska Job Center Network as the state's one-stop career system
Admin Order #205	Establishes the Division of Business Partnerships
Admin Order #210	Designates the State of Alaska as a single state workforce investment area, the Alaska Workforce Investment Board as the state's sole workforce investment board and changes AO 205 to modify the reorganization of the Department of Labor and Workforce Development.

Contact Information

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Business Services Component Financial Summary			
	<i>All dollars shown in thousands</i>		
	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,461.1	2,046.9	2,198.8
72000 Travel	105.1	80.0	110.0
73000 Services	4,286.6	4,793.7	4,755.7
74000 Commodities	22.3	108.1	30.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	20,068.5	29,070.4	36,172.8
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	25,943.6	36,099.1	43,267.3
Funding Sources:			
1002 Federal Receipts	20,310.2	29,132.9	32,236.1
1004 General Fund Receipts	0.0	1.9	4,001.9
1007 Inter-Agency Receipts	0.0	550.2	554.4
1054 State Employment & Training Program	5,633.4	6,414.1	6,474.9
Funding Totals	25,943.6	36,099.1	43,267.3

Estimated Revenue Collections				
Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Unrestricted Revenues				
State Employment and Training Program	51394	5,633.4	6,414.1	6,474.9
Unrestricted Total		5,633.4	6,414.1	6,474.9
Restricted Revenues				
Federal Receipts	51010	20,310.2	29,132.9	32,236.1
Interagency Receipts	51015	0.0	550.2	554.4
Restricted Total		20,310.2	29,683.1	32,790.5
Total Estimated Revenues		25,943.6	36,097.2	39,265.4

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	1.9	29,132.9	6,964.3	36,099.1
Adjustments which will continue current level of service:				
-STEP Authorization from Workforce Invest Board to the Business Svcs for Consistent Collection Methodology	0.0	0.0	48.0	48.0
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	0.0	32.3	5.3	37.6
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	0.0	4.2	0.7	4.9
-FY 07 Retirement Systems Cost Increase	0.0	60.9	10.1	71.0
Proposed budget increases:				
-Alaska Youth First Initiative to Provide Career Opportunities for Alaska Youth	4,000.0	0.0	0.0	4,000.0
-Federal Authorization for High Demand High Growth Industry Training Opportunities	0.0	3,000.0	0.0	3,000.0
-Risk Management Self-Insurance Funding Increase	0.0	5.8	0.9	6.7
FY2007 Governor	4,001.9	32,236.1	7,029.3	43,267.3

**Business Services
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2006</u> <u>Management</u> <u>Plan</u>	<u>FY2007</u> <u>Governor</u>		
Full-time	28	28	Annual Salaries	1,427,206
Part-time	0	0	COLA	38,738
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	798,840
			<i>Less 2.91% Vacancy Factor</i>	<i>(65,984)</i>
			Lump Sum Premium Pay	0
Totals	28	28	Total Personal Services	2,198,800

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	1	0	0	0	1
Accounting Tech III	0	0	1	0	1
Administrative Clerk II	1	0	0	0	1
Administrative Clerk III	1	0	1	0	2
Administrative Manager II	0	0	1	0	1
Administrative Manager IV	0	0	1	0	1
Asst Dir Employ Security	1	0	0	0	1
Division Director	1	0	0	0	1
Employ Sec Analyst II	2	0	2	0	4
Employ Sec Analyst III	5	0	1	0	6
Grants Administrator I	1	0	0	0	1
Grants Administrator II	3	0	1	0	4
Grants Administrator III	1	0	0	0	1
Prog Coordinator	2	0	1	0	3
Totals	19	0	9	0	28