

**State of Alaska  
FY2004 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.

Proposed Change:

The mission of the Division of Employment Security is to promote employment opportunities and provide unemployment insurance.

### 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 employers with job seekers. The Vocational Counseling program prepares job seekers for employment. 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. All ES program staff provide priority service to veterans in compliance with federal laws.
- 2) The Job Training Programs (JTP) are responsible for service delivery in coordination with the priorities and grants from the Division of Business Partnerships.
- 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 will seek additional resources to supplement flat funded Wagner-Peyser grants.
  - We will continue to pursue additional funds from other federal programs.
- (2) ESD will expand its efforts with Alaska employers by sharing the "Business Connection" Anchorage pilot project with other ES offices. The project is a shift in philosophy and identifies employers as the primary customer and the qualified "job ready" applicants as our product.
  - An initiative to increase the market share of businesses using our services will be undertaken.
- (3) ESD will expand the customer input tracking system to encompass the entire division. All customer feedback will be electronically tracked.
- (4) ESD has prepared and adopted a Strategic Plan to improve customer satisfaction.
  - Strengthen Alaska's Job Bank (AKJB) Web Site
  - Increase Job Placements
  - Increase Wage Replacement
  - Improve New Employer Application
  - Provide more quality training opportunities (Adult, Dislocated Worker, and STEP)

- (5) 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 division 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."
- (6) ESD has the responsibility of placing unemployed workers in new jobs prior to exhaustion of their UI benefits. We will continue to improve the Worker Profiling and Reemployment Services (WPRS) program that serves and tracks clients.
- (7) 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.
- (8) ESD will implement an Internet based labor exchange system accessible to the public from any personal computer with an Internet connection.
- The system will automatically match job seekers and job openings based on occupational skills as well as other criteria.

### **Key BRU Issues for FY2003 – 2004**

- 1) The federal Resource Justification Model (RJM) was implemented in February 2002 and is used for allocating federal funds for the state's administrative cost of the Unemployment Insurance (UI) program. The UI planning targets for FFY 2003, released by the US Department of Labor, allocated \$19,059,129 for Alaska's "base" grant. This is \$1.4 million less than the FFY 2002 funding level and a reduction of \$3.0 million from the documented need in the RJM FFY 2003 request. The loss of \$1.4 million dollars out of a \$20.5 million dollar base budget raises the question of whether we will have sufficient resources to meet our UI operating expenses.
- 2) ABE resources may be insufficient if the high school exit exam increases the workload demand as anticipated.
- 3) A new edition of the GED test was implemented January 1, 2002. The electronic scoring required with this new test edition created additional administrative challenges and the ABE staff is addressing this additional workload.
- 4) ESD must continue providing employment services to an increased customer base while the Wagner-Peyser grant is in the ninth year of flat funding.

### **Major BRU Accomplishments in 2002**

- 1) Employment Services Component
  - Received the prestigious "Prism Award" from the US Department of Labor in conjunction with the National Association of State Workforce Agencies for exceptional service to Alaska's employers.
  - Listed 44,451 job openings, a 4% increase from the prior year, for employers who chose to use department services. A large proportion of these employers allowed job seekers to refer themselves directly to the employer without staff-assisted services.
  - Provided vocational counseling services to 3,284 customers, annually averaging 205 customers per employment counselor.
  - Expanded availability and access to services in all areas of Alaska by improving the use of Internet technology. Added links and functions to employer Internet web sites to provide updated information and an interactive job order form for ease of use by employers.

- Assisted 10,619 job seekers into employment through the Alaska Job Center Network. A much higher number (unrecorded) of self-service customers use our resource room facilities for job seeking.
  - Met or exceeded U.S. Department of Labor veteran’s standards for referrals and services.
- 2) Job Training Programs Component
- Negotiated, awarded and administered over \$15 million in WIA Title I funds, and over \$4.1 million in STEP financial assistance agreements.
  - Provided outreach and grants for approximately \$1.8 million in special Denali Commission projects that trained over 600 rural Alaska residents.
- 3) Adult Basic Education Component
- Served 5,272 full-time adult learners through ABE programs.
- 4) Unemployment Insurance Component
- Collected \$129.1 million in taxes and deposited it into the UI Trust Fund.
  - Paid 54,532 insured workers \$132.5 million in unemployment benefits, including \$7.9 million in Temporary Extended Unemployment Compensation (TEUC).
  - Collected over \$3.3 million in benefit overpayments. \$1,388,822 in overpayments were recovered through PFD levy requests. 1,485 overpayment accounts were paid in full and the fraud recovery rate improved from 47.9% in March 2001 to 80.1% in March 2002.
  - Expanded marketing efforts to include informing customers about partner services in the One-Stop, AJCN, and WIA.
  - Restructured Employment Specialist New Hire training curriculum and developed performance standards based on quality of service for front-line staff.

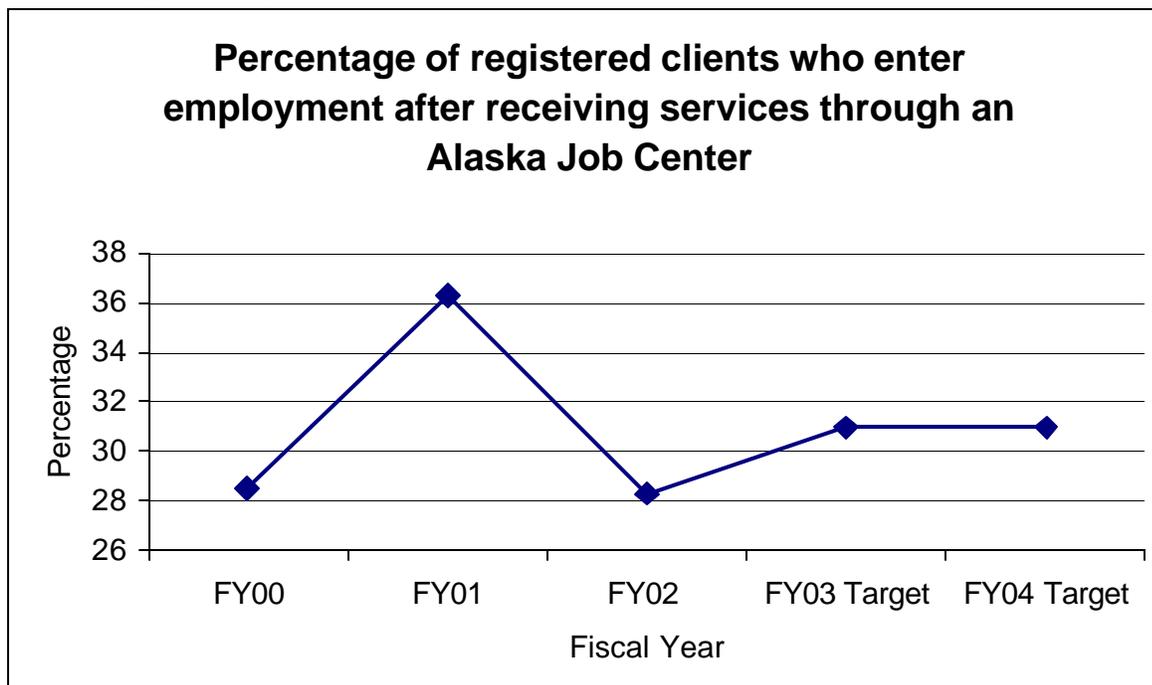
**Key Performance Measures for FY2004**

**Measure:**

The number of registered clients who enter employment after receiving services through an Alaska Job Center and compared to the prior fiscal year, the percentage of change in that number.

Sec 87(b)(1) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**



The number of registered clients served by Employment Services has been increasing over the last three years (FY00 - 30,684, FY01 - 32,161, FY02 - 39,667). The number of those clients who entered employment has generally increased over the last three years, but not consistently (FY00 - 8,747, FY01 - 11,677, FY02 - 11,215). The reason for the annual client drop from FY01 to FY02 is probably due to more self service clients entering employment and these self service clients are not counted in the ES entered employment report data. As customers gain familiarity with the ES resource rooms and available self-service activities (including internet-based resources), more clients may directly contact employers rather than use ES staff.

**Benchmark Comparisons:**

Dividing the number of ES clients entering employment by the number of ES clients being served provides the percentage of ES clients entering employment. This percentage fluctuates by fiscal year, as it is economy driven (FY00 - 28.5%, FY01 - 36.3%, FY02 - 28.3%). The percentage benchmark is established at 31% by averaging these last three completed fiscal years. In FY2004, we plan to meet this minimum 31 percent of those ES clients served who will enter employment.

Success in reaching this target will require the adoption of new and additional strategies and applying further resources to the goal. 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.

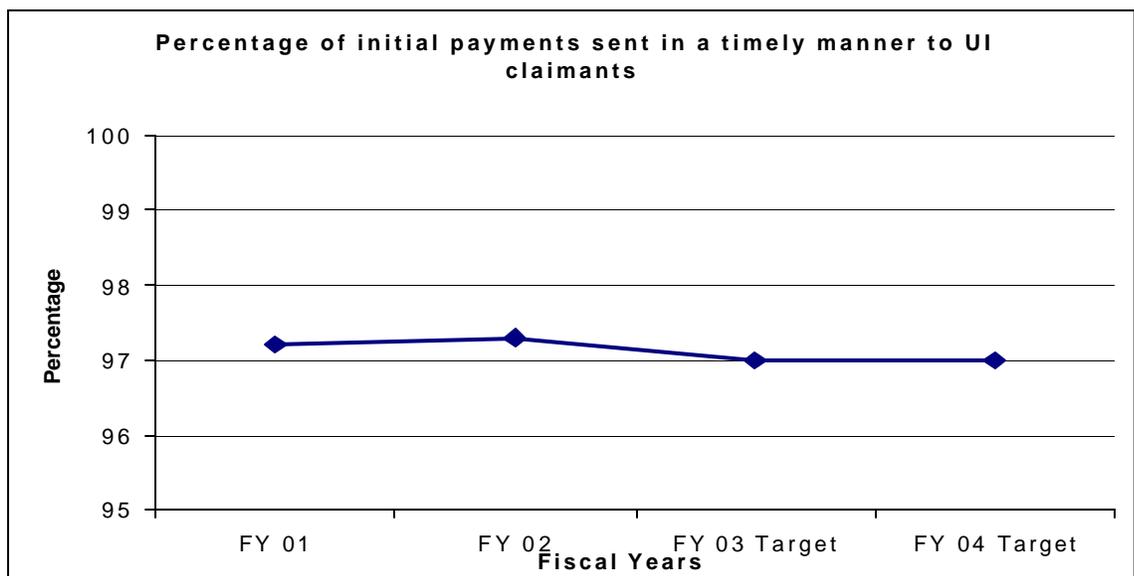
**Measure:**

**The timeliness of initial payments to unemployment insurance claimants.**

Sec 87(b)(2) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

The UI minimum benchmark established with USDOL is to issue at least 95% of first payments within 35 days following the end of the first compensable week to claimants. In FY2002, 97.3% of first payments were issued under these timeframes. In FY03 and FY04, we plan to attain 97% of the first payments to be issued within 35 days.



**Benchmark Comparisons:**

The federal USDOL UI performance measure is prompt payment of unemployment insurance (UI) benefits, with a minimum of 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 to the date the payment is made.

Strategies planned to ensure first payment timeliness include:

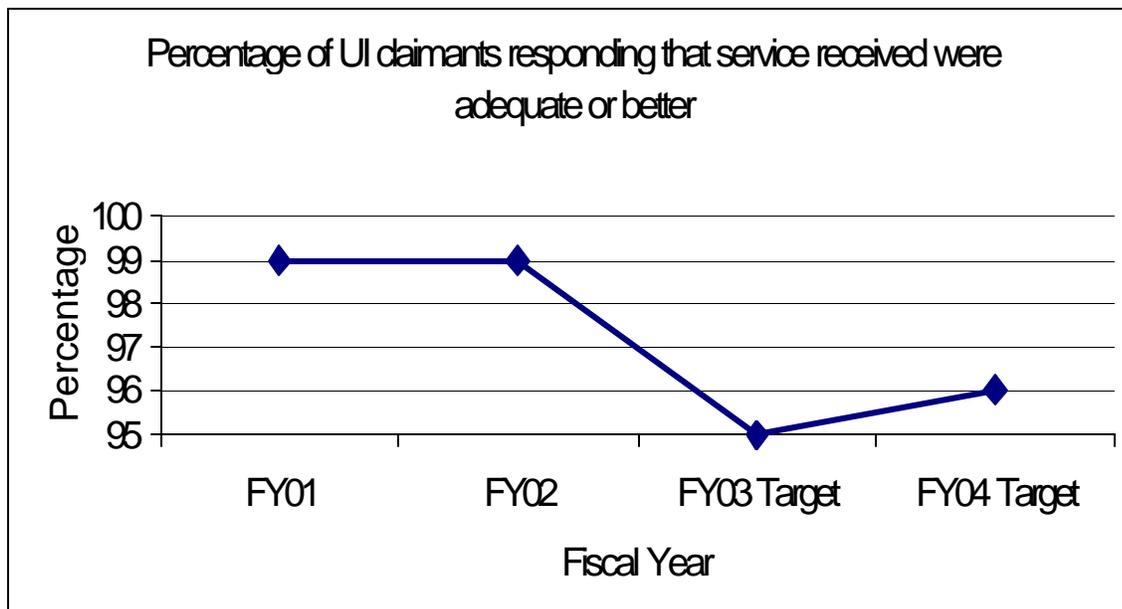
- Continue development of UI Intranet to include improved online policy manuals to enhance resources used by front line staff.
- Complete automation of wage transfer project to improve timeliness of data transfer for ex-military members.
- Expedite electronic out-of-state wage information requests and transfers to facilitate timely payment of benefits.

**Measure:**

**The percentage of survey respondents rating the unemployment insurance services as adequate or higher.**  
 Sec 87(b)(6) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

Alaska's target is to maintain or exceed the current level of customers rating overall service as adequate or better. Two surveys were conducted in FFY 2002. The results of the November 2001 survey (including interstate claimants) showed 98% responding that overall service was adequate or better. The second customer survey, conducted in August 2002, queried only Temporary Extended Unemployment Compensation (TEUC) claimants. The sample size was selected to be statistically accurate for the statewide and interstate population. Three hundred and ninety claimants were surveyed. Despite longer than normal wait times due to the volume of calls received, 95% responded that overall service was adequate or better.



The FY03 results represent a special customer survey that we measured overall service received with the new TEUC extended benefit program, which we implemented in March of 2002. Although this additional UI workload was extremely high, we were able to exceed our benchmark service level of 90%. In FY04, we plan to achieve 96% of survey respondents rating overall service as 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.
- Using the web based customer satisfaction database, conduct analysis of information provided by customers to help identify opportunities for improvement and respond to client feedback.

**Measure:**

**The number of employers who are satisfied with the public labor exchange services they received.**

Sec 87(b)(7) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

In FY02, Employment Services served 3,462 employers and our goal is to ensure at least 65% or 2,250 employers are satisfied with the services they received. ES currently maintains information on the number of employers served, but does not have an employer survey to measure the satisfaction results. The survey and benchmark number will be established during FY03.

**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. The Workforce Investment Act (WIA) currently mandates this level for training programs.

**Background and Strategies:**

A vendor has been awarded a contract and has begun conducting employer (and job seeker) customer satisfaction surveys based on federally mandated protocol. Benchmark data will be available from 2003 results. ESD wants to work with the legislature to change the wording of this performance measure to show the percentage of employers surveyed who are satisfied with the service and not just the number of employers satisfied.

**Employment Security**  
**BRU Financial Summary by Component**

*All dollars in thousands*

	FY2002 Actuals				FY2003 Authorized				FY2004 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><u>Formula Expenditures</u></b>	None.											
<b><u>Non-Formula Expenditures</u></b>												
Management Services	0.0	0.0	0.0	0.0	417.1	2,226.9	440.9	3,084.9	0.0	0.0	0.0	0.0
Employment Services	45.0	10,767.6	3,841.8	14,654.4	45.3	13,011.2	5,249.7	18,306.2	45.3	12,669.7	5,119.1	17,834.1
Unemployment Insurance	0.0	16,187.2	305.0	16,492.2	0.0	17,505.1	483.4	17,988.5	0.0	17,846.7	586.4	18,433.1
DOL State Facilities Rent	0.0	0.0	0.0	0.0	246.5	0.0	0.0	246.5	0.0	0.0	0.0	0.0
Data Processing	0.0	0.0	0.0	0.0	114.7	4,288.6	2,049.1	6,452.4	0.0	0.0	0.0	0.0
Job Training Programs	508.1	20,253.2	5,360.1	26,121.4	43.7	24,369.9	5,776.4	30,190.0	0.0	0.0	12,379.5	12,379.5
Labor Market Information	0.0	0.0	0.0	0.0	529.9	1,912.5	1,585.9	4,028.3	0.0	0.0	0.0	0.0
Adult Basic Education	1,737.6	717.1	0.0	2,454.7	1,739.5	971.5	0.0	2,711.0	1,570.5	1,073.2	0.0	2,643.7
<b>Totals</b>	<b>2,290.7</b>	<b>47,925.1</b>	<b>9,506.9</b>	<b>59,722.7</b>	<b>3,136.7</b>	<b>64,285.7</b>	<b>15,585.4</b>	<b>83,007.8</b>	<b>1,615.8</b>	<b>31,589.6</b>	<b>18,085.0</b>	<b>51,290.4</b>

## Employment Security

### Proposed Changes in Levels of Service for FY2004

- 1) Employment Service Component
  - Develop web accessible skills inventory as a partner in the University of Alaska, Fairbanks, College of Rural Alaska, "Rural Career Paths" project.
  - Develop web based labor exchange system that automates matching functionality and promotes employer and job seeker interaction
- 2) Job Training Programs Component
  - Increase services to rural Alaskans through increased Denali Commission grants.
- 3) Adult Basic Education Component
  - With the reduction to this component it's estimated that approximately 85% or 7,476 of the current students will still be served in basic reading, writing and math instruction.
- 4) Unemployment Insurance Component
  - Increase convenience to the employer and improve data quality through design and implementation of Internet filing of new employer registrations and quarterly contribution reports.

## Employment Security

### Summary of BRU Budget Changes by Component

#### From FY2003 Authorized to FY2004 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2003 Authorized</b>	<b>3,136.7</b>	<b>64,285.7</b>	<b>15,585.4</b>	<b>83,007.8</b>
<b>Adjustments which will continue current level of service:</b>				
-Employment Services	0.0	-341.5	-313.9	-655.4
-Unemployment Insurance	0.0	341.6	-22.7	318.9
-Job Training Programs	0.0	-36,469.9	-5,658.2	-42,128.1
-Adult Basic Education	0.0	101.7	0.0	101.7
<b>Proposed budget decreases:</b>				
-Employment Services	0.0	0.0	-92.4	-92.4
-Job Training Programs	-43.7	0.0	-32.2	-75.9
-Adult Basic Education	-169.0	0.0	0.0	-169.0
<b>Proposed budget increases:</b>				
-Employment Services	0.0	0.0	275.7	275.7
-Unemployment Insurance	0.0	0.0	125.7	125.7
-Job Training Programs	0.0	12,100.0	12,293.5	24,393.5
<b>FY2004 Governor</b>	<b>1,615.8</b>	<b>31,589.6</b>	<b>18,085.0</b>	<b>51,290.4</b>