

State of Alaska
FY2005 Governor's Operating Budget

Department of Labor and Workforce Development
Wage and Hour Administration
Component Budget Summary

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Component: Wage and Hour Administration

Contribution to Department's Mission

The Wage and Hour component contributes to the department's mission of promoting full employment by providing legal employment conditions and reduces workplace injuries, fatalities and illnesses by providing safe and legal work environments for children.

Core Services

Collect wages and other amounts for employees who have not been properly paid as required by law.

Enforce child labor laws by approving work permits and inspecting work sites.

Enforce employment preference and prevailing wage laws on public construction projects by auditing certified payrolls, providing employer briefings and inspecting work sites.

Promote voluntary compliance with laws covering employee wages and conditions of employment, prevailing wages, child labor and Alaska resident hire requirements by educating employers and employees about legal obligations.

Enforce Alaska vehicle registration requirements under AS 28.10.121 on public construction projects as a method to focus attention on and improve Alaska resident hire. Investigators with special commissions from the Alaska State Troopers may issue citations for vehicles with unlawful out-of-state license plates.

Major Activities to Advance Strategies

- Wage and Hour conducts on-site inspections at public construction projects to enforce resident hire and prevailing wage requirements.
- Wage and Hour reviews wage claim caseloads and redistributes cases to promote claim-handling efficiency.
- Wage and Hour Technicians audit certified payrolls to ensure compliance with Alaska's resident hire law.
- Wage and Hour conducts on-site inspections and briefings to achieve child labor law compliance.

FY2005 Resources Allocated to Achieve Results

FY2005 Component Budget: \$1,428,500	Personnel:	
	Full time	21
	Part time	0
	Total	21

Key Component Challenges

Child labor is a major focus of the Wage and Hour Administration. Investigators review work permits and travel throughout Alaska to inspect work sites to ensure that minors are working under legal conditions and that employers are aware of child labor legal requirements. Child labor work permits and investigations have increased over the past decade with no increase in Wage and Hour positions and as a result the division will be challenged to provide adequate protection for child employees.

With the passage of CSHB 155 into law, the Wage and Hour Administration began collecting filing fees on public construction projects in FY 2004. The initial legislative fee proposal called for eliminating certified payroll filing requirements and eliminating the Wage and Hour Technician responsible for tracking certified payroll submissions for

Anchorage region projects. The legislation was amended to maintain a certified payroll filing requirement, but the Wage and Hour Technician position was not reestablished in the FY 2004 budget. Maintaining adequate organization of incoming certified payrolls has become a serious challenge due to this staffing reduction.

Significant Changes in Results to be Delivered in FY2005

With two additional Wage and Hour Technician positions, Wage and Hour will audit approximately 45% of certified payrolls submitted on public construction projects to enforce Alaska's resident hire law. This will increase the identification of resident hire violations followed by a reduction in violations as the enforcement effort stabilizes and companies strive to employ more Alaskans.

Wage and Hour will delete the Chief of Labor Standards and an Administrative Clerk position to streamline the organization by eliminating a layer of middle management and redistributing tasks. This change will impact service delivery as staff that currently focus on service delivery will be required to spend more time on administrative tasks. It could result in an increase in the response time for routine questions by up to one day during extremely busy periods.

Wage & Hour will reduce administrative travel by \$4.6 by utilizing telephone and videoconference communications for administrative meetings when possible.

Wage and Hour will reduce the average wage claim resolution time from 8.1 months to 7 months or less by prioritizing older cases and taking action to resolve claims within 12 months.

Wage and Hour will reduce child labor violations 10% by increasing efforts to educate employers about child labor legal requirements.

Through legislation, Wage and Hour will pursue a fee for flexible work hour plan approval and administration. This fee will fund plan review and administration.

Major Component Accomplishments in 2003

Wage and Hour staff collected over \$1,620,000 in wages, penalties, and interest owed to Alaskan workers.

Wage and Hour staff monitored over 5,500 public construction projects for prevailing wage enforcement and over 4,900 projects for employment preference compliance.

Wage and Hour processed more than 12,900 work permits and disseminated information on child labor, prevailing wage, and wage claim programs to over 29,000 businesses and individuals.

Statutory and Regulatory Authority

Statutory Authority:

AS 04.16.049	Access of persons under 21 to licensed premises
AS 08.18.010 - .171	Construction Contractors
AS 11.66.300	Minor presence prohibited at Adult Entertainment Business
AS 22.15.040	Small Claims Court Cases
AS 22.15.120	Magistrate Authority
AS 23.05.010 - .340	Administration and Wage Claims
AS 23.10.015 - .045	Wage Payment
AS 23.10.050 - .150	Alaska Wage and Hour Act
AS 23.10.325 - .370	Employment of Children
AS 23.10.375 - .400	Return Transportation
AS 23.10.430	Access to Personnel Files
AS 23.10.500 - .550	Alaska Family Medical Leave Act
AS 23.15.330 - .520	Employment Agencies
AS 28.10.121, .171, .451, and .461	Vehicle Registration
AS 36.05.010 - .110	Public Contracts
AS 36.10.005 - .990	Employment Preference

AS 36.95.010 Public Contracts/Definitions
 AS 44.25.040 Security for wage and payment for raw fish

Administrative Regulations:

8 AAC 05.010 - .900	Child Labor
8 AAC 10.010 - .915	Private Employment Agencies
8 AAC 15.010 - .910	Wages and Hours
8 AAC 20.010 - .030	Transportation of Employees
8 AAC 25.010 - .030	Payment of Wages
8 AAC 27.010 - .900	Fish Processors & Buyers
8 AAC 30.010 - .920	Public Contracts
12 AAC 21.010 - .300	Construction Contractors

Federal Regulations:

(Federal Regulations are adopted by reference under AS 23.10.095)

29 CFR 516.2 – 516.6	Overtime Pay
29 CFR 531.3 – 531.5 & 531.29 – 531.35	Board and Lodging
29 CFR 541.118 & .313	Salary Basis and Fee Basis
29 CFR 541.303	Computer Related Occupations
29 CFR 541.314	Exception for physicians, lawyers, and teachers
29 CFR 778.111	Pieceworker
29 CFR 778.115 - .122	Computation of Overtime
29 CFR 778.208 - .215	Bonuses
29 CFR 778.301 - .302	Workweek
29 CFR 785.11 - .48	Hours Worked

Contact Information

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Wage and Hour Administration Component Financial Summary

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,122.8	1,125.8	1,204.9
72000 Travel	33.6	54.5	29.6
73000 Contractual	210.6	166.8	166.8
74000 Supplies	14.7	29.0	27.2
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,381.7	1,376.1	1,428.5
Funding Sources:			
1004 General Fund Receipts	1,360.9	1,341.0	1,392.4
1007 Inter-Agency Receipts	20.8	35.1	36.1
Funding Totals	1,381.7	1,376.1	1,428.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	20.8	35.1	36.1
Restricted Total		20.8	35.1	36.1
Total Estimated Revenues		20.8	35.1	36.1

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	1,341.0	0.0	35.1	1,376.1
Adjustments which will continue current level of service:				
-Changes to Retirement and Other Personal Services Rates	0.0	0.0	1.0	1.0
Proposed budget decreases:				
-Delete 2 PFT Administrative Positions Due to a Management Reorganization	-53.9	0.0	0.0	-53.9
-Reduce General Funds for Administrative Travel Expenditures	-4.6	0.0	0.0	-4.6
-Delete One-Time Funding from Implementation of HB 155	-1.8	0.0	0.0	-1.8
Proposed budget increases:				
-Add 2 PFT Wage and Hour Technicians to Audit Certified Payrolls for Resident Hire Enforcement	111.7	0.0	0.0	111.7
FY2005 Governor	1,392.4	0.0	36.1	1,428.5

**Wage and Hour Administration
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2004</u> <u>Authorized</u>	<u>FY2005</u> <u>Governor</u>		
Full-time	21	21	Annual Salaries	875,453
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	392,807
			<i>Less 5.00% Vacancy Factor</i>	(63,360)
			Lump Sum Premium Pay	0
Totals	21	21	Total Personal Services	1,204,900

Position Classification Summary

<u>Job Class Title</u>	<u>Anchorage</u>	<u>Fairbanks</u>	<u>Juneau</u>	<u>Others</u>	<u>Total</u>
Accounting Tech I	1	0	0	0	1
Administrative Clerk II	1	0	0	0	1
Administrative Clerk III	1	1	1	0	3
Administrative Manager I	1	0	0	0	1
Administrative Supervisor	1	0	0	0	1
Wage Hour Invest I	5	2	2	0	9
Wage Hour Invest II	1	1	1	0	3
Wage-Hour Technician	1	0	1	0	2
Totals	12	4	5	0	21