

State of Alaska
FY2005 Governor's Operating Budget

Department of Labor and Workforce Development
Employment Security
Results Delivery Unit Budget Summary

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Employment Security Results Delivery Unit

Contribution to Department's Mission

The Employment Security Division contributes to the department's mission by providing employment and training services, unemployment insurance and employer and employee matching through a labor exchange. These activities advance opportunities for employment and provide economic stability for communities in Alaska.

Core Services

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

The Employment Service (ES) program provides labor exchange services for all Alaskans, matching employers with job seekers, and specialized labor exchange and case management services for Alaska Temporary Assistance Program (ATAP) clients and unemployed workers. The federal Workforce Investment Act (WIA) and State Training and Employment Program (STEP) provide training services to eligible clients statewide.

Through grantees, Adult Basic Education (ABE) prepares Alaskans for employment by providing 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.

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. To reduce the duration of unemployment benefits claimed and return displaced Alaskan workers to reemployment, UI claimants are profiled and required to participate in reemployment services.

End Results	Strategies to Achieve Results
<p>(1) More Alaskans with jobs.</p> <p><u>Target:</u> Increase the percentage of the Alaskan workforce employed. <u>Measure:</u> Percent of Alaskan workforce employed.</p> <p><u>Target:</u> Reduce the unemployment rate by .5% as compared to the previous year. <u>Measure:</u> Percent change in Alaska's unemployment rate.</p> <p><u>Target:</u> Increase the percentage of Workforce Investment System participants that enter employment by 1% as compared to the previous year. <u>Measure:</u> Percent of Workforce Investment System participants that enter employment.</p> <p>(2) Economic Stability.</p> <p><u>Target:</u> Maintain local purchasing power during periods of economic downturn. <u>Measure:</u> Increase percent of wage replacement.</p> <p><u>Target:</u> Maintain local purchasing power during periods of economic downturn. <u>Measure:</u> Percent of unemployed workers eligible for unemployment insurance benefits.</p>	<p>(1) Increase the number of Alaskans who get jobs.</p> <p><u>Target:</u> Increase the percentage of Workforce Investment System participants who receive a staff assisted service by 1% as compared to the previous year. <u>Measure:</u> Change in number of Workforce Investment System participants who received staff assisted services.</p> <p><u>Target:</u> Increase the number of Workforce Investment System participants by 1% as compared to the previous year. <u>Measure:</u> Change in number of Workforce Investment System participants.</p> <p><u>Target:</u> Increase the number of Workforce Investment System participants who demonstrate increased basic skills knowledge (reading, writing, mathematics). <u>Measure:</u> Percent of increase of Workforce Investment System participants who demonstrated educational gain.</p> <p><u>Target:</u> Increase the number of job openings placed by employers by .5% as compared to the previous year. <u>Measure:</u> Change in the number of job openings posted on the department's labor exchange system.</p> <p>(2) Improve timeliness of UI benefit payments.</p>

End Results	Strategies to Achieve Results
	<p>Target: Exceed federal timeliness benchmark of 93% of initial payments within 35 days.</p> <p>Measure: Percent of timely initial payments to unemployment insurance claimants.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Increase job ready registrations. • Increase job matching activities. • Provide job search skills and training. • Provide local labor market information. • Provide employment counseling. • Provide aptitude and interest assessments. • Marketing and outreach to employers. • Integrate employment and training services. • Increase referrals from other agencies. 	<ul style="list-style-type: none"> • Gather skills information from job seekers in remote areas. • Common intake and sharing client information with partners. • Additional full-registrations. • More front-end services. • Process training call center personnel. • Develop internet initial claims. • Implementation of call center case management system. • Provide individual time management training to staff.

FY2005 Resources Allocated to Achieve Results							
<p>FY2005 Results Delivery Unit Budget: \$49,576,800</p>	<p>Personnel:</p> <table border="0"> <tr> <td>Full time</td> <td style="text-align: right;">432</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">50</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black;">482</td> </tr> </table>	Full time	432	Part time	50	Total	482
Full time	432						
Part time	50						
Total	482						

Performance Measure Detail

(1) Result: More Alaskans with jobs.

Target: Increase the percentage of the Alaskan workforce employed.

Measure: Percent of Alaskan workforce employed.

Percent of Alaskan Workforce Employed by State Fiscal Year

Year					YTD Total
1999					94.1%
2000					93.4%
2001					93.5%
2002					93.0%
2003					92.3%

Analysis of results and challenges: Since 1990 Alaska's employment rate has been between 90.8% (low - 1992) and 94.2% (high - 1998). The current projected population growth and employment growth are both 1.5%.

Target: Reduce the unemployment rate by .5% as compared to the previous year.

Measure: Percent change in Alaska's unemployment rate.

Percent change in Alaska's Unemployment Rate by State Fiscal Year

Year					YTD Total
1999					5.9%
2000					6.6%
2001					6.5%
2002					7.0%
2003					7.7%

Analysis of results and challenges: In 2004 the Department will conduct an analysis of the demographics of Alaska's unemployed workers to determine training and job skill needs. The Department will use the information gathered to tailor the employment and training services to effectively respond to those needs.

Target: Increase the percentage of Workforce Investment System participants that enter employment by 1% as compared to the previous year.

Measure: Percent of Workforce Investment System participants that enter employment.

Percent of Workforce Investment System Participants that Entered Employment

Year					YTD Total
2002					Estimated 55.1%
2003					Estimated 56.4%
2004					Projected 57.4%
2005					Projected 58.4%

Analysis of results and challenges: The department is implementing strategies to increase the entered employment rate for Workforce Investment System participants by providing staff assisted services to more job seekers, intensifying those services that emphasize successful employment strategies, and increasing marketing of available services to Alaskans. This measure is obtained by utilizing the federal definition of Entered Employment which is: a Workforce Investment Act participant that enters employment in either of the two quarters after exiting training, or a labor exchange services participant that enters employment in either of the two quarters following their first receipt of service within a year.

(2) Result: Economic Stability.

Target: Maintain local purchasing power during periods of economic downturn.

Measure: Increase percent of wage replacement.

Increase Percent of Wage Replacement Per Calendar Year

Year					YTD Total
2002					27.9%
2003					Projected 27.9%
2004					Projected 29.0%
2005					Projected 31.0%

Analysis of results and challenges: The objective of the unemployment insurance weekly benefit amount is to provide a wage replacement that is high enough to cover the claimant's non-deferrable expenses, but not so high as to undermine the incentive to return to work. USDOL encourages a 50 percent wage replacement rate. The national average is 47 percent. The Department will promote legislation to increase Alaska's weekly benefit amount.

Target: Maintain local purchasing power during periods of economic downturn.

Measure: Percent of unemployed workers eligible for unemployment insurance benefits.

Percent of Unemployed Workers Eligible for UI Benefits Per Calendar Year

Year					YTD Total
2002					59.2%
2003					Projected 59.2%
2004					Projected 60.0%
2005					Projected 61.0%

Analysis of results and challenges: Used by USDOL to measure the effectiveness of states' unemployment insurance programs, reciprocity rate is the percentage of unemployed workers eligible for unemployment benefits. Alaska's reciprocity rate of 59.2% is well above the national average of 42%. This is due in part of the Division's focus on exceeding federal benchmarks for accuracy and timeliness of benefit payments.

(1) Strategy: Increase the number of Alaskans who get jobs.

Target: Increase the percentage of Workforce Investment System participants who receive a staff assisted service by 1% as compared to the previous year.

Measure: Change in number of Workforce Investment System participants who received staff assisted services.

Change in Number of Workforce Investment System Participants that Received Staff Assisted Services

Year					YTD Total
2002					44,998
2003					44,328
2004					Projected 44,771
2005					Projected 45,219

Analysis of results and challenges: The use of self-service activities by participants will allow time for staff to deliver more intensive services to those participants who require them.

Target: Increase the number of Workforce Investment System participants by 1% as compared to the previous year.

Measure: Change in number of Workforce Investment System participants.

Change in Number of Workforce Investment System Participants

Year					YTD Total
2002					72,595
2003					72,284
2004					Projected 73,007
2005					Projected 73,737

Analysis of results and challenges: The increased use of the self-referral process used by applicants to apply for job openings has decreased one major component of participant registration. The department is making efforts to capture this particular population for statistical purposes. In addition, the department has increased efforts in marketing of available services to Alaskans, which will increase the number of Workforce Investment System participants in the future.

Target: Increase the number of Workforce Investment System participants who demonstrate increased basic skills knowledge (reading, writing, mathematics).

Measure: Percent of increase of Workforce Investment System participants who demonstrated educational gain.

Percent of Participants who Demonstrated Educational Gain by State Fiscal Year

Year					YTD Total
2002					62%
2003					70%
2004					Projected 72%

Analysis of results and challenges: In FY05, through ABE grantees, the Department will continue to conduct

psychometric analysis of Workforce Investment System participants to measure educational gains in the areas of reading, writing, and mathematics.

Target: Increase the number of job openings placed by employers by .5% as compared to the previous year.

Measure: Change in the number of job openings posted on the department's labor exchange system.

Change in the Number of Job Openings Posted on the Department's Labor Exchange System

Year					YTD Total
2002					44,451
2003					44,632
2004					Projected 44,855
2005					Projected 45,079

Analysis of results and challenges: Recent business outreach programs conducted by the department have increased the exposure and recognition of the Alaska Job Center Network as the premier labor exchange in the state. The results of one of these programs, the National Business Engagement Consortium (NBEC), have shown that the labor exchange has had an increased usage from the industries targeted. The department has adopted selected methods utilized during the NBEC program for use at local levels.

(2) Strategy: Improve timeliness of UI benefit payments.

Target: Exceed federal timeliness benchmark of 93% of initial payments within 35 days.

Measure: Percent of timely initial payments to unemployment insurance claimants.

Percent of Timely Initial Payments to UI Claimants

Year					YTD Total
2002					97.3%
2003					96.6%
2004					Projected 97.0%
2005					Projected 97.3%

Analysis of results and challenges: Since March 2002, the three Unemployment Insurance call centers have seen a dramatic increase in workload due to the Temporary Extended Unemployment Compensation (TEUC) and Temporary Extended Unemployment Compensation for displaced airline and related workers (TEUC-A) programs. The Unemployment Insurance program received an Unemployment Insurance Remote Systems federal grant to implement internet initial claims. With implementation the division expects to increase the percent of timely initial payments.

Key RDU Challenges

ESD must continue providing employment services to an increased customer base while the federal Wagner-Peyser grant has been flat funded or reduced for ten consecutive years. ESD also experienced reduced funding in federal Workforce Investment Act (WIA) training account funds and the VETS grant. In addition, under-funded federal mandates continue to impact ESD in the areas of the Foreign Labor Certification (FLC) and Work Opportunity Tax Credit (WOTC) federal grants. To offset some of the funding shortfalls, ESD will use federal Reed Act monies to support an FY2005 increase in the cost of personal services benefits in the Employment Services and Unemployment Insurance programs.

ABE resources may be insufficient if the high school exit exam increases the workload demand as anticipated. Additionally, the new ABE federally mandated data quality and reporting requirements and the electronic scoring required with GED testing create additional administrative challenges.

The Resource Justification Model (RJM) budget formulation process was implemented in February 2002. The data gathered was used in a weighted formula to determine state specific budget requirements and how funds will be distributed among states. Using the USDOL mandated RJM, the administrative funding needed to operate Alaska's UI program for federal year 2004 is \$23,214,886. However, we have been notified that our administrative grant is estimated at \$19,198,582. The \$4 million difference may leave the program with insufficient resources to meet anticipated UI operating expenses. The decrease will result in less service and less efficient payment times.

Significant Changes in Results to be Delivered in FY2005

ESD is developing a web based labor exchange system that automates skills based matching functionality and promotes employer and job seeker interaction.

The Senior Employment Services Program will be transferred from the Department of Health and Social Services.

A One-Stop Job Center will be established in Barrow to increase access and services to residents of the North Slope Borough.

Increased use of web based systems including a statewide student management information system, student assessment instruments, and instructional tools will provide a more cost effective method for Adult Basic Education program delivery.

ESD will provide improved services to the employer and improve data quality through design and implementation of Internet self-service filing of quarterly Unemployment Insurance contribution reports, online payment of taxes and new employer registration. Benefits will include: greater convenience and flexibility; ease of reporting; accessibility 24/7; immediate confirmation; online balance and account status.

Design and implementation of an Internet based initial claims application will reduce the workload of staff and provide savings in operational costs. This savings can be reinvested in other functions of the program such as improving adjudication quality and the timeliness of benefit payments.

Major RDU Accomplishments in 2003

Assisted 10,294 job seekers entering employment through the Alaska Job Center Network.

Awarded 1,996 GED diplomas, an increase of 539 from the previous year. (In FY 2002, during the conversion from the old GED test to the new one, centers were open for only 10 months of the year.)

Paid 61,635 insured workers \$168.7 million in unemployment benefits.

Benefit Payment Control collected \$3.2 million in benefit overpayments. A total of 66 percent of fraud overpays and 90 percent of non-fraud overpays were recovered.

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**Employment Security
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2003 Actuals				FY2004 Authorized				FY2005 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												
Management Services	417.1	2,246.0	506.1	3,169.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employment Services	44.8	11,244.7	3,483.5	14,773.0	45.3	12,789.9	5,170.8	18,006.0	229.8	14,196.5	13,141.8	27,568.1
Unemployment Insurance	0.0	16,657.7	313.6	16,971.3	0.0	18,037.3	591.5	18,628.8	0.0	18,599.8	603.1	19,202.9
DOL State Facilities Rent	246.5	0.0	0.0	246.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Job Training Programs	0.0	26,332.0	4,330.4	30,662.4	0.0	0.0	12,406.3	12,406.3	0.0	0.0	0.0	0.0
Adult Basic Education	1,739.5	981.7	0.0	2,721.2	1,570.5	1,074.6	0.0	2,645.1	1,557.4	1,248.4	0.0	2,805.8
Data Processing	114.7	4,159.5	2,171.8	6,446.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Labor Market Information	529.9	1,725.4	1,170.1	3,425.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	3,092.5	63,347.0	11,975.5	78,415.0	1,615.8	31,901.8	18,168.6	51,686.2	1,787.2	34,044.7	13,744.9	49,576.8

**Employment Security
Summary of RDU Budget Changes by Component
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	1,615.8	31,901.8	18,168.6	51,686.2
Adjustments which will continue current level of service:				
-Employment Services	184.5	2,160.7	12,589.4	14,934.6
-Unemployment Insurance	0.0	562.5	11.6	574.1
-Job Training Programs	0.0	0.0	-12,406.3	-12,406.3
-Adult Basic Education	0.0	173.8	0.0	173.8
Proposed budget decreases:				
-Employment Services	0.0	-1,125.3	-4,618.4	-5,743.7
-Unemployment Insurance	0.0	-562.5	0.0	-562.5
-Adult Basic Education	-13.1	0.0	0.0	-13.1
Proposed budget increases:				
-Employment Services	0.0	371.2	0.0	371.2
-Unemployment Insurance	0.0	562.5	0.0	562.5
FY2005 Governor	1,787.2	34,044.7	13,744.9	49,576.8