

State of Alaska
FY2005 Governor's Operating Budget

Department of Labor and Workforce Development
Administrative Services
Results Delivery Unit Budget Summary

Contents

Administrative Services Results Delivery Unit	3
End Results	3
Strategies to Achieve Results	3
RDU Financial Summary by Component	13
Summary of RDU Budget Changes by Component	14
From FY2004 Authorized to FY2005 Governor	14

Administrative Services Results Delivery Unit

Contribution to Department's Mission

The component contributes to the department's mission by providing support services to department programs.

Core Services

The Management Services component provides financial support services; unemployment insurance trust fund accounting; procurement, budget planning, monitoring and reporting; and office space management to department programs.

The Human Resources component consolidates and accounts for the costs of human resource and personnel services provided to this department by the Department of Administration.

The Leasing component consolidates and accounts for the costs of all space leases for the department.

The Labor Market Information component collects, analyses and publishes information on employment, unemployment, wage rates, occupational injuries, population estimates and forecasts, and other economic and demographic information.

The Data Processing component provides mainframe and desktop programming, database and security administration and network services installations and support.

End Results	Strategies to Achieve Results
<p>(1) Minimize cost of and maximize revenue from departmental administrative operations.</p> <p><u>Target:</u> Increase the total contribution of non-general fund dollars to the department's operation to 95%</p> <p><u>Measure:</u> The change in the percentage of the department's budget that is non-general fund.</p> <p><u>Target:</u> Reduce overall overhead costs.</p> <p><u>Measure:</u> Percent change in overhead cost.</p> <p>(2) Maximize customer satisfaction with administrative support services.</p> <p><u>Target:</u> 90% of survey respondents rate administrative services as 3 or better on a scale of 1 to 5.</p> <p><u>Measure:</u> Percent of customers rating services as 3 or better.</p> <p>(3) Maximize customer satisfaction with Labor Market Information services</p> <p><u>Target:</u> 90% of survey respondents rate Labor Market Information (LMI) services as 3 or better on a scale of 1 to 5.</p> <p><u>Measure:</u> Percent of customers rating services as 3 or better.</p>	<p>(1) Increase fee revenue collected by the department.</p> <p><u>Target:</u> Fee revenue constitutes a larger share of the department's budget.</p> <p><u>Measure:</u> The change in the percentage of the department's budget that is fee supported services and special account funded.</p> <p>(2) Increase the number and value of federal grants received by the department.</p> <p><u>Target:</u> Federal grants constitute a larger share of the department budget.</p> <p><u>Measure:</u> The change in the percent of the department budget that is federal grant supported.</p> <p>(3) Ensure program expenditures, revenues, and reporting meet all federal and state requirements.</p> <p><u>Target:</u> No audit exceptions.</p> <p><u>Measure:</u> Number of audit exceptions.</p> <p>(4) Ensure that Governor's budget for the department is enacted as proposed.</p> <p><u>Target:</u> 100% funding of the Governor's budget request.</p> <p><u>Measure:</u> Percentage of the Governor's budget request funded.</p> <p>(5) Increase use of vendor discounts.</p>

End Results	Strategies to Achieve Results
	<p><u>Target:</u> Achieve vendor discount savings. <u>Measure:</u> Value of vendor discounts.</p> <p>(6) Reduce overhead cost by streamlining operations.</p> <p><u>Target:</u> Reduce Management Services cost in relation to the size of the department. <u>Measure:</u> The change in percentage Management Services total cost represents compared to the personal services costs of the department.</p> <p>(7) Improve response time for all review requests.</p> <p><u>Target:</u> 100% customer satisfaction with division turnaround times. <u>Measure:</u> Percent of customers rating turnaround time as 3 or higher on a scale of 1 to 5.</p> <p>(8) Increase manager understanding of administrative processes.</p> <p><u>Target:</u> 100% of department managers understand all applicable administrative processes. <u>Measure:</u> Percent of managers who score 100% on administrative procedures survey.</p> <p>(9) Reduce customer complaints regarding computer services.</p> <p><u>Target:</u> 100% customer satisfaction with computer services. <u>Measure:</u> Percent of customers rating computer services 3 or higher on a scale of 1 to 5.</p> <p><u>Target:</u> All data processing projects produced on schedule. <u>Measure:</u> Percent of projects produced on schedule.</p> <p><u>Target:</u> All data processing projects produced within budget. <u>Measure:</u> Percentage of data processing projects produced within budget.</p> <p><u>Target:</u> No production job failures. <u>Measure:</u> Percentage of production jobs that fail.</p> <p>(10) Reduce time lag from date data are available to when it is published.</p> <p><u>Target:</u> Reduce time lag from date data are available to when it is published. <u>Measure:</u> For statistical programs, the average number of months from start of data collection to publication.</p> <p>(11) Publish all required reports on time.</p>

End Results	Strategies to Achieve Results
	<p><u>Target:</u> Meet or exceed all Bureau of Labor Statistics (BLS) program deliverable deadlines. <u>Measure:</u> Percentage of BLS deliverable deadlines met.</p> <p><u>Target:</u> Meet or exceed all state required report deadlines. <u>Measure:</u> Percentage of state deliverable deadlines met.</p> <p>(12) Maximize the accuracy of information produced.</p> <p><u>Target:</u> Meet or exceed all quality standards set by BLS. <u>Measure:</u> Percent of Current Employment Statistics benchmark revision.</p> <p><u>Target:</u> 90% of all firms reporting on the Quarterly Census of Employment and Wages annual refiling survey have an accurate physical address. <u>Measure:</u> Percent of annual refiling survey responses with an accurately coded physical address as of October 30.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Bill for Services. • Maintain accurate addresses. • Bill federal agencies promptly. • Submit grant applications timely. • Research available grant programs. • Properly account for revenue received. • Timely and accurate submission of the department budget. • Develop and present briefing documents. • Establish relationships with key legislators and staff. • Testify at legislative hearings. • Respond to legislative requests for information. • Pay bills not involving discounts within 30 days. 	<ul style="list-style-type: none"> • Pay vendors offering discounts within the discount period. • Monitor bills to avoid duplicate payments. • Review internal operations and cross-departmental operations. • A Service Level Agreement establishing expected customer satisfaction for help desk services will be negotiated with the Dept of Administration. • All Projects will be managed by trained project managers using formal and standardized methodology. • Project mangement skills will be enhanced with a refresher course. • Project management skills will be enhanced by use in more smaller proejects. • A Service Level Agreement establishing expected success rates for production jobs will be negotiated with the Dept of Administration. • Publish reports. • Respond to information requests. • Data collection and surveys. • Analyze data.

FY2005 Resources Allocated to Achieve Results

FY2005 Results Delivery Unit Budget: \$13,286,400	Personnel:	
	Full time	122
	Part time	1
	Total	123

Performance Measure Detail

(1) Result: Minimize cost of and maximize revenue from departmental administrative operations.

Target: Increase the total contribution of non-general fund dollars to the department's operation to 95%

Measure: The change in the percentage of the department's budget that is non-general fund.

Department of Labor and Workforce Development Non-GF Funding

Year				Percent	YTD Total
2001				88.5	101,008.7
2002				89.7	106,891.5
2003				92.0	111,831.2
2004				93.1	143,584.7
2005	0	0	0	92.6	140,840.9

Analysis of results and challenges: Funding of the department has steadily been shifting to non-general fund sources. In addition to an increasing reliance on federal funds that have increased by almost 25% from FY2001 to FY2004, the creation of two special accounts also affected the funding shift by changing the classification of some expenditures from general funds to non-general funds. Also affecting the funding shift is the transfer of programs, including the Alaska Vocational Technical Center, to the department. The division will continue to explore ways to further identify costs that can be allocated to non-general fund sources.

Target: Reduce overall overhead costs.

Measure: Percent change in overhead cost.

Management Services Overhead Cost

Year					YTD Total
2001		0	0	0	2788.5
2002		0	0	0	3170.8
2003		0	0	0	3169.2
2004		0	0	0	3101.5
2005	0	0	0	0	0

Analysis of results and challenges: In FY2005 the Management Services component is implementing a \$121.2 (3.9%) budget reduction as a result of efficiencies developed that will allow a staffing reduction. The increase in costs from FY2001 to FY2002 is the result of funds added to absorb increased support costs for programs added to the department as part of the Executive Branch reorganization in HB 40. This is a new measure and the division will continue to seek efficiencies to provide administrative cost savings that will allow further budget reductions.

(2) Result: Maximize customer satisfaction with administrative support services.

Target: 90% of survey respondents rate administrative services as 3 or better on a scale of 1 to 5.

Measure: Percent of customers rating services as 3 or better.

Analysis of results and challenges: This is a new measure that will require the division to develop and circulate a survey to help determine where we are not meeting our customer's expectations. The survey will be developed during FY 2004 and data will be collected for the first time in July 2004.

(3) Result: Maximize customer satisfaction with Labor Market Information services

Target: 90% of survey respondents rate Labor Market Information (LMI) services as 3 or better on a scale of 1 to 5.

Measure: Percent of customers rating services as 3 or better.

Analysis of results and challenges: This is a new measure that will require the division to develop and circulate a survey to help determine where we are not meeting our customer's expectations. The survey will be developed during FY 2004 and data will be collected periodically throughout FY2005.

(1) Strategy: Increase fee revenue collected by the department.

Target: Fee revenue constitutes a larger share of the department's budget.

Measure: The change in the percentage of the department's budget that is fee supported services and special account funded.

Department of Labor and Workforce Development Funding From Fees

Year					YTD Total
2001		0	0	0	1500.0
2002		0	0	0	2569.2
2003		0	0	0	6796.9
2004		0	0	0	7579.5
2005		0	0	0	7822.2

Analysis of results and challenges: Funding of the department has steadily been shifting to non-general fund sources. Receipt supported services and program funding from fees recorded in special accounts has grown from \$1,500.0 in FY 2001 to \$7,579.5 in FY 2004. The funding shift has been affected by the transfer of programs, including the Alaska Vocational Technical Center, to the department.

(2) Strategy: Increase the number and value of federal grants received by the department.

Target: Federal grants constitute a larger share of the department budget.

Measure: The change in the percent of the department budget that is federal grant supported.

Department of Labor and Workforce Development Federal Funding

Year					YTD Total
2001		0	0	0	77936.1
2002		0	0	0	82255.8
2003		0	0	0	83981.4
2004		0	0	0	97299.3
2005	0	0	0	0	98783.3

Analysis of results and challenges: While federal funding has increased by almost 25% from FY2001 to FY2004, it has become approximately 5% smaller as a total percentage of the department in the same period. This has been influenced by the addition of programs to the department, such as the Alaska Vocational Technical Center, which receives substantial general funds. The division will continue to explore ways to further identify costs that can be allocated to existing federal grants as well as to explore options for new federal funding.

(3) Strategy: Ensure program expenditures, revenues, and reporting meet all federal and state requirements.

Target: No audit exceptions.

Measure: Number of audit exceptions.

Analysis of results and challenges: The department had no audit exceptions reported to us in FY2002 or FY2003.

The department's goal for resolution of audit findings is to implement corrective action within one year and obtain federal final resolution within three years of the initial identification of the audit finding.

Federal financial audit exceptions are initially identified by the annual federal compliance audit. Although corrective actions are implemented by the agency, the final resolution of these audit findings is a multi-year process requiring additional agency monitoring and paperwork. The federal final determination occurs two to three years after the original audit.

To achieve this performance measure, resolution of audit findings is coordinated and monitored by the department's Internal Auditor. In addition the Auditor works to limit the potential for audit findings by documenting and reviewing areas of weakness that are not yet considered audit findings, but were identified through the annual federal compliance audit process.

(4) Strategy: Ensure that Governor's budget for the department is enacted as proposed.

Target: 100% funding of the Governor's budget request.

Measure: Percentage of the Governor's budget request funded.

Change to Annual Governor's Budget Request for the Department of Labor and Workforce Development

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2001	0	0	0	0	1217.1
2002	0	0	0	0	-4563.8
2003	0	0	0	0	-909.9
2004	0	0	0	0	760.7
2005	0	0	0	0	0

Analysis of results and challenges: The division will work to achieve enactment of the Governor's budget request as proposed.

(5) Strategy: Increase use of vendor discounts.

Target: Achieve vendor discount savings.

Measure: Value of vendor discounts.

Analysis of results and challenges: This is a new measure, the department will examine opportunities for discounts and have procedures in place to take advantage of them beginning in July 2004.

(6) Strategy: Reduce overhead cost by streamlining operations.

Target: Reduce Management Services cost in relation to the size of the department.

Measure: The change in percentage Management Services total cost represents compared to the personal services costs of the department.

Management Services Cost as a Percentage of Personal Services Costs for the Department of Labor and Workforce Development

Year					YTD Total
2001		0	0	0	5.9
2002		0	0	0	6.4
2003		0	0	0	6.0
2004		0	0	0	5.1
2005	0	0	0	0	4.3

Analysis of results and challenges: The Management Services component continually reviews operations to curtail expenditures where possible.

(7) Strategy: Improve response time for all review requests.

Target: 100% customer satisfaction with division turnaround times.

Measure: Percent of customers rating turnaround time as 3 or higher on a scale of 1 to 5.

Analysis of results and challenges: This is a new measure that will require the division to develop and circulate a survey to help determine where we are not meeting our customer's expectations. The survey will be developed during FY 2004 and data will be collected for the first time in July 2004.

(8) Strategy: Increase manager understanding of administrative processes.

Target: 100% of department managers understand all applicable administrative processes.

Measure: Percent of managers who score 100% on administrative procedures survey.

Analysis of results and challenges: This is a new measure that will require the division to develop and circulate a survey to division program managers that will help determine where we need to provide additional direction and information. The survey will be developed during FY 2004 and data will be collected for the first time in July 2004.

(9) Strategy: Reduce customer complaints regarding computer services.

Target: 100% customer satisfaction with computer services.

Measure: Percent of customers rating computer services 3 or higher on a scale of 1 to 5.

Analysis of results and challenges: This is a new measure being developed in FY2004.

A survey will be developed to determine overall satisfaction and to identify specific areas of user dissatisfaction. The initial survey will be conducted July 2004.

Target: All data processing projects produced on schedule.

Measure: Percent of projects produced on schedule.

Analysis of results and challenges: This is a new measure being developed in FY2004.

A log of projects will be established. When work on a project commences, the project name, the projected completion date and budget will be entered into a log. Each month until the project is completed the project cost-to-date and percentage complete will be entered. Percentage complete for the project will be calculated based on milestones completed as related to total number of milestones in the project.

A project, completed or not completed, will be considered on schedule if and only if its percentage complete is consistent with the initial projected completion date.

Projects that become suspended (work ceases due to resources being needed elsewhere) will be considered on schedule if and only if they were on schedule when suspended. When they are resumed the initial schedule will be revised to reflect new expected completion date.

Beginning July 2004 the measure will be calculated and reported based on the number of projects on schedule as compared to the total number of projects, including completed and suspended projects.

Target: All data processing projects produced within budget.

Measure: Percentage of data processing projects produced within budget.

Analysis of results and challenges: This is a new measure being developed in FY2004.

A log of projects will be established. Each project will be initially entered into the log when work on the project

commences and the projected completion date and budget will be entered. Each month until the project is completed the project cost-to-date and percentage complete will be entered.

A project, completed or not completed, will be considered within budget if and only if its project cost to date and its percentage complete are consistent with the initial projected budget.

Projects which become suspended (work ceases due to resources being needed elsewhere) will be considered within budget if and only if they were within budget when suspended. When they are resumed no adjustment to the initial budget will be made.

Beginning July 2004 the measure will be calculated and reported based on the number of projects within budget as compared to the total number of projects, including completed and suspended projects.

Target: No production job failures.

Measure: Percentage of production jobs that fail.

Analysis of results and challenges: This is a new measure being developed in FY2004.

A log of production jobs will be established. Each day the log will be updated to show the number of jobs submitted for production and the number of production jobs that failed.

Beginning July 2004 the measure will be calculated and reported based on the number of production jobs that failed as compared to the total number of production jobs submitted.

(10) Strategy: Reduce time lag from date data are available to when it is published.

Target: Reduce time lag from date data are available to when it is published.

Measure: For statistical programs, the average number of months from start of data collection to publication.

Analysis of results and challenges: This is a new measure. No historical data is currently available.

The length of time from the beginning of survey data collection to publication is a function of several factors. The primary factors are: level of accuracy of the estimate produced (confidence interval), size and scope of sample to be collected, minimum sample response rate required, the timing of when data is available from respondents, and resources available for data collection and analysis. In the case of federal/state cooperative programs, the publication of data must be coordinated with the federal agency, which may prohibit the early release of information.

For FY05 the completion of milestones during the survey cycle for each statistical program will be recorded.

(11) Strategy: Publish all required reports on time.

Target: Meet or exceed all Bureau of Labor Statistics (BLS) program deliverable deadlines.

Measure: Percentage of BLS deliverable deadlines met.

Analysis of results and challenges: This is a new measure. The BLS grant in many cases specifies delivery dates. However, historically the actual date of delivery of the specified information has not been recorded. During FY04 procedures for the recording of actual delivery dates for BLS grant deliverables will be established. In FY05, reporting of 'on time delivery' will begin.

Target: Meet or exceed all state required report deadlines.

Measure: Percentage of state deliverable deadlines met.

Analysis of results and challenges: This is a new measure. With the exception of statutorily specified reports, most state (IA) funded projects do not have specified delivery dates. For FY05, when appropriate, delivery dates will be specified in interagency funding agreements and actual date of delivery will be recorded for performance measurement.

(12) Strategy: Maximize the accuracy of information produced.

Target: Meet or exceed all quality standards set by BLS.

Measure: Percent of Current Employment Statistics benchmark revision.

Minimize the annual benchmark revision.

Year			Prelim Est	Bnchmrk Rev	YTD Total
1999			277,809	277,817	00.0%
2000			281,944	283,884	00.7%
2001			288,929	289,329	00.1%
2002			293,216	295,754	00.9%

Analysis of results and challenges: The Bureau of Labor Statistics' standard for relative error for an employment estimate of between 250,000 and 500,000 is 2.0%. The four year average annual average benchmark revision for 1999 to 2002 was 0.4%

Target: 90% of all firms reporting on the Quarterly Census of Employment and Wages annual refiling survey have an accurate physical address.

Measure: Percent of annual refiling survey responses with an accurately coded physical address as of October 30.

Analysis of results and challenges: This is a new measure. No historical data is currently available. For FY05, the ratio of the number of verified physical location addresses to the total number of firms reporting a physical location address of their establishment will be recorded and reported.

Key RDU Challenges

Implementing the changes resulting from the integration of data processing, human resource and mail, as well as the cost impacts of the Department of Administration transferring lease funds to the departments.

Revising the department's Indirect Cost Allocation Plan and other allocation methods within the department to minimize complexity while complying with all state and federal accounting requirements.

Statewide Enterprise IT planning has resulted in new standards. Fully aligning the Department's IT efforts to these new standards will take several years as the department's substantial infrastructure on the IBM MVS/CICS/DB2 mainframe is not part of the new IT standard.

Security requirements such as the Health Insurance Portability & Accountability Act of 1996 (HIPPA) are becoming stricter and threats to security are becoming more frequent and sophisticated.

Significant Changes in Results to be Delivered in FY2005

Management Services has begun a reorganization that will allow us to continue to deliver necessary services while eliminating 5 positions. This will result in a reduction in costs for the services we provide.

Alignment to Statewide IT standards will result in reduced IBM mainframe application development and correspondingly increased "web" application development.

A funding reduction to the Labor Market Information component may result in delayed responses to requests for geographic information.

Major RDU Accomplishments in 2003

Addressed significant leasing issues and reduced the cost of space leased in Anchorage.

Implemented an internet unemployment insurance tax reporting system.

Completed all analysis and most build phases of mainframe tax system rewrite.

Published occupational forecast for ten-year horizon.

Contact Information
<p>Contact: Guy Bell, Director Phone: (907) 465-2720 Fax: (907) 465-2107 E-mail: Guy_Bell@labor.state.ak.us</p>

**Administrative Services
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	0.0	0.0	0.0	0.0	158.7	2,283.0	659.8	3,101.5	62.7	1,888.5	680.1	2,631.3
DOL State Facilities Rent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Human Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	73.3	233.3	352.4	659.0
Data Processing	0.0	0.0	0.0	0.0	0.0	4,347.8	1,505.4	5,853.2	0.0	4,303.9	1,569.9	5,873.8
Labor Market Information	0.0	0.0	0.0	0.0	474.1	1,952.7	1,612.1	4,038.9	366.0	1,999.6	1,756.7	4,122.3
Totals	0.0	0.0	0.0	0.0	632.8	8,583.5	3,777.3	12,993.6	502.0	8,425.3	4,359.1	13,286.4

Administrative Services
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	632.8	8,583.5	3,777.3	12,993.6
Adjustments which will continue current level of service:				
-Management Services	-8.9	-360.4	20.3	-349.0
-Human Resources	73.3	349.4	108.8	531.5
-Data Processing	0.0	104.1	64.5	168.6
-Labor Market Information	-78.1	46.9	129.6	98.4
Proposed budget decreases:				
-Management Services	-87.1	-34.1	0.0	-121.2
-Human Resources	0.0	-116.1	0.0	-116.1
-Data Processing	0.0	-148.0	0.0	-148.0
-Labor Market Information	-30.0	0.0	0.0	-30.0
Proposed budget increases:				
-Human Resources	0.0	0.0	243.6	243.6
-Labor Market Information	0.0	0.0	15.0	15.0
FY2005 Governor	502.0	8,425.3	4,359.1	13,286.4