

State of Alaska FY2010 Governor's Operating Budget

Department of Labor and Workforce Development Business Partnerships Results Delivery Unit Budget Summary

Business Partnerships Results Delivery Unit

Contribution to Department's Mission

The Business Partnership's mission is to develop and support workforce development programs designed to meet Alaskan employer's needs.

Core Services

- Set workforce development policy.
- Attract resources and investments for workforce development.
- Design workforce development programs tapping into unused labor forces such as youth.
- Coordinate workforce development through public/private partnerships.
- Administer federal and state workforce training initiatives that result in skilled Alaskan workforce.
- Verify industry needs and labor shortages and direct resources that result in participant employment.
- Expand capacity of workforce development system by supporting regional training centers and the Alaska Vocational Education Center (AVTEC).
- Guide continuous improvement of the workforce investment system through the Alaska Workforce Investment Board (AWIB).
- Measure returns on investment and use performance data to build demand driven employment and training programs.

End Result	Strategies to Achieve End Result
<p>A: Increase un-subsidized employment through job training.</p> <p><u>Target #1:</u> Increase to 97% the participants satisfied with services.</p> <p><u>Status #1:</u> The satisfaction rate for participants who received job development services is 97.9% for first quarter FY 2009, almost a full percentage point over the target.</p> <p><u>Target #2:</u> At least 95% of trained participants will enter employment</p> <p><u>Status #2:</u> For first quarter FY 2009 the rate of employment for trained participants was 96.7%.</p>	<p>A1: Maximize the degree to which workforce investment resources are invested according to the industry priorities of the Alaska Workforce Investment Board (AWIB).</p> <p><u>Target #1:</u> At least 60% of participants are trained in occupations aligned with the AWIB's industry priorities.</p> <p><u>Status #1:</u> Participants trained in Alaska Workforce Investment Board priority industries increased well beyond the 60% target to 82% in first quarter FY 09.</p> <p>A2: Maximize the return on investment for training resources.</p> <p><u>Target #1:</u> Within six months of training, 50% of a participant's training costs will be matched by earning changes.</p> <p><u>Status #1:</u> The earnings to training costs rate was 53.6%, above the target, but dropping 15% from FY 2007.</p> <p>A3: Meet all negotiated performance standards set by the Alaska Workforce Investment Board and USDOL.</p> <p><u>Target #1:</u> Meet all negotiated performance standards.</p> <p><u>Status #1:</u> For the second year the division has met or exceeded 100% of performance standards set by the U.S. Department of Labor.</p>

Major Activities to Advance Strategies

- Build new Workforce Investment Performance System which will include grants management, integrated reporting, and performance management.
- Submit AWIB Report to legislature on Training programs by 02/15/09.
- Submit Report on TVEP performance to legislature by 02/15/09.
- Submit Report on STEP review to legislature by 02/15/09.
- Submit Alaska's High Growth Job Training Initiative for the Energy Industry program evaluation to USDOL by 12/31/08.
- Submit annual WIA performance report to USDOL by 10/01/09.
- Define and improve upon program and financial management monitoring, grant solicitation, and negotiation procedures to ensure compliance.
- Implement year two of the federal funded initiative, the Alaska Pipeline Worker Training Project, identifying outcomes and goals.
- Recommend level of GF investment in workforce development given unpredictable federal funding and industry demand for a prepared Alaska workforce.
- Assist in implementing the Gasline Training Strategic Plan adhering to identified timeline of activity.
- Through new legislation, make permanent the State Training and Employment Program (STEP) that expires on June 30, 2010 and update regulations.
- Continue the Youth First Initiative through collaboration with business, industry and school districts to introduce students to high demand jobs.
- Review and identify High Priority Industries and Occupational Priorities for training by 03/30/09.
- Assist teachers in understanding and using industry job standards in the classroom; promote Career Readiness Certificate in coordination with DEED.
- Continue Alaska Workforce Investment Board endorsed sector strategic plans to maximize Alaska workforce preparation and hire Alaskans.
- Continue to expand registered apprenticeship as training model that will mitigate non-resident hire rate and prepare Alaskans for high-demand jobs.

FY2010 Resources Allocated to Achieve Results

FY2010 Results Delivery Unit Budget: \$45,609,400

Personnel:

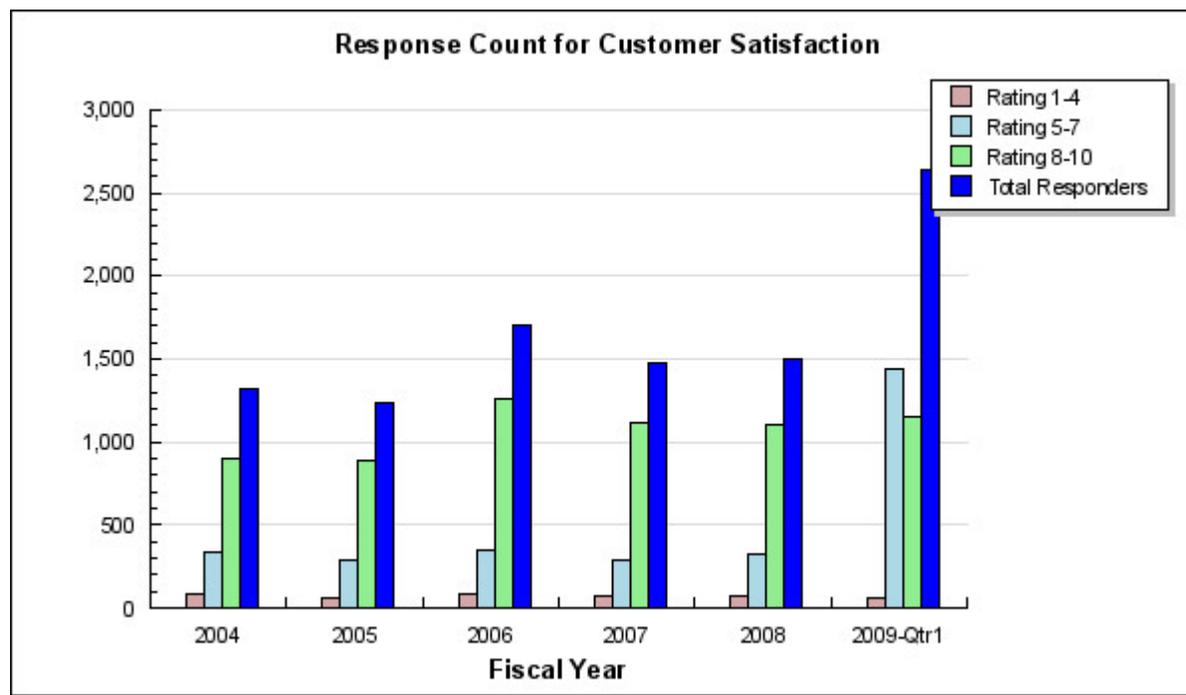
Full time	33
Part time	0
Total	33

Performance

A: Result - Increase un-subsidized employment through job training.

Target #1: Increase to 97% the participants satisfied with services.

Status #1: The satisfaction rate for participants who received job development services is 97.9% for first quarter FY 2009, almost a full percentage point over the target.



Methodology: Telephone survey of job training participants within sixty days of program completion or termination.

Response Count for Customer Satisfaction

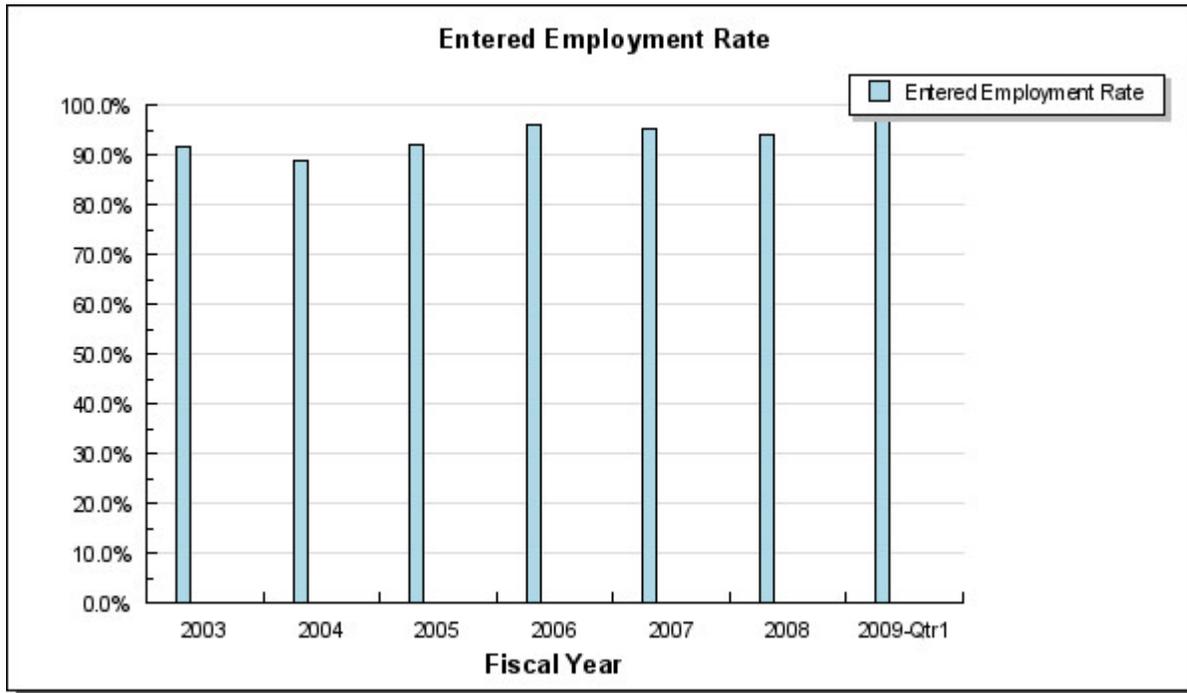
Fiscal Year	Rating 1-4	Rating 5-7	Rating 8-10	Total Responders	%Satisfied
FY 2009-Qtr1	55	1,436	1,150	2,641	97.9%
FY 2008	72	323	1,100	1,495	95.2%
FY 2007	76	287	1,113	1,475	94.9%
FY 2006	89	354	1,262	1,705	94.8%
FY 2005	65	289	883	1,237	94.7%
FY 2004	82	337	899	1,318	93.8%

Analysis of results and challenges: The satisfaction rate for Workforce Investment Act programs including Adult, Dislocated Worker, National Emergency Grant, High Growth Job Training Initiative, and the State Training and Employment Program has increased since last year. Overall the number of respondents reporting dissatisfaction is down while the number rating the program as very satisfied remains steady.

It appears that a correlation between the entered employment rate and satisfaction exists. The current rating used to determine satisfaction is a rating of 5 or more on a scale of 1 to 10. Without the benefit of conducting an in-depth correlation analysis, the division concludes that attention in training people for jobs with high wages will result in an increase in participant satisfaction.

Target #2: At least 95% of trained participants will enter employment

Status #2: For first quarter FY 2009 the rate of employment for trained participants was 96.7%.



Methodology: Comparison of training participants who complete training to the UI wage record one quarter after training is completed.

Entered Employment Rate

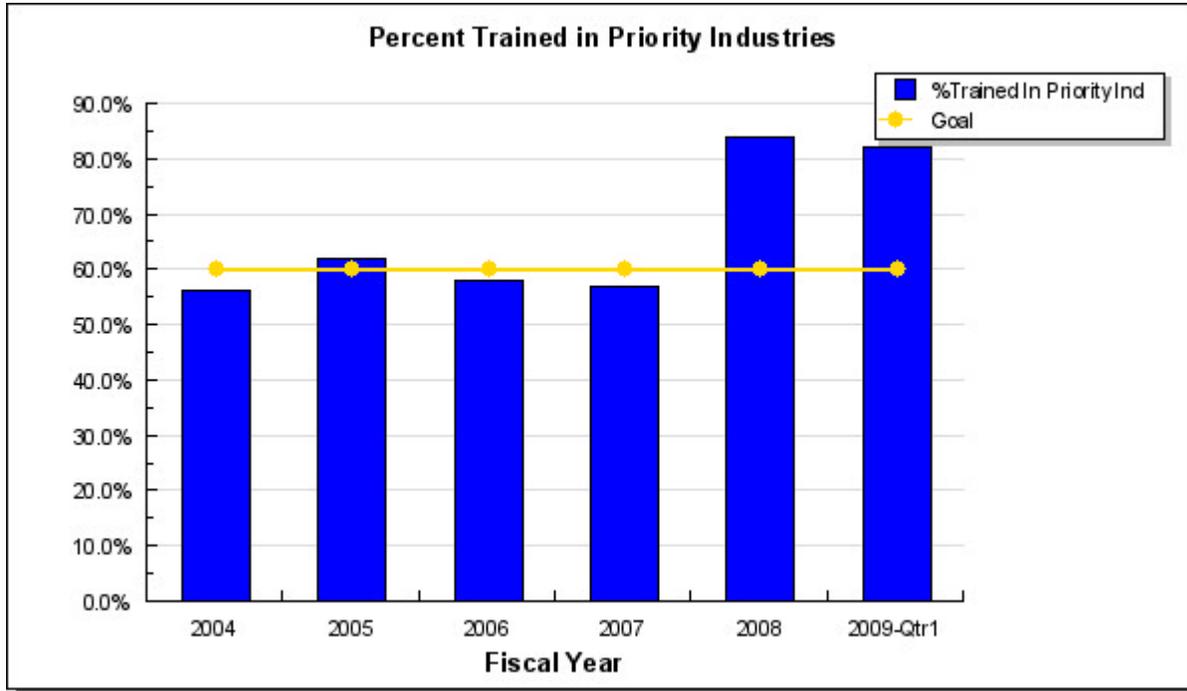
Fiscal Year	Entered Employment Rate
FY 2009-Qtr1	96.7%
FY 2008	94.0%
FY 2007	95.2%
FY 2006	96.0%
FY 2005	92.0%
FY 2004	89.0%
FY 2003	91.5%

Analysis of results and challenges: The division's high rate of performance is attributed to a commitment that training services result in an employment outcome. Based on this commitment the division enters into grant agreements with grantees that have demonstrated a high degree of performance in terms of employment outcomes or have taken corrective action to improve their performance outcomes. In FY 2009 the division renewed grant agreements for the last time and will conduct competitive grant solicitations for FY 2010. This ensures that current grantees remain competitive in their ability to place people in high wage, high demand occupations.

A1: Strategy - Maximize the degree to which workforce investment resources are invested according to the industry priorities of the Alaska Workforce Investment Board (AWIB).

Target #1: At least 60% of participants are trained in occupations aligned with the AWIB's industry priorities.

Status #1: Participants trained in Alaska Workforce Investment Board priority industries increased well beyond the 60% target to 82% in first quarter FY 09.



Methodology: Comparison of participants training code to the occupational code obtained from the Unemployment Insurance wage record.

Percent Trained in Priority Industries

Fiscal Year	%Trained In Priority Ind	Goal
FY 2009-Qtr1	82.0%	60%
FY 2008	84.0%	60%
FY 2007	57.0%	60%
FY 2006	58.0%	60%
FY 2005	62.0%	60%
FY 2004	56.0%	60%

Analysis of results and challenges: Strategies that impacted the significant gain of participants completing training in occupations and industries aligned with the Alaska Workforce Investment Board industry priorities since FY 2007 included Board member participation in grant review panels, requests for grant applications focused on the priority industries, and a public awareness campaign through career guide outreach activities focused on the high wage, high demand occupations.

A2: Strategy - Maximize the return on investment for training resources.

Target #1: Within six months of training, 50% of a participant's training costs will be matched by earning changes.

Status #1: The earnings to training costs rate was 53.6%, above the target, but dropping 15% from FY 2007.

Combined Rate of Return on Investment for STEP & WIA Programs

Fiscal Year	Earnings Change	Expenditures	% of Expenditures
FY 2008	\$3,093,840	\$5,769,972	53.6%
FY 2007	\$7,292,367	\$10,654,974	68.4%
FY 2006	\$8,638,404	\$12,902,312	67.0%

Analysis of results and challenges: To assess a rate of return, the division compares earnings achieved before and after training. The division contends that if it invests in the skill development of an individual, increased earnings will result. For those who earn no wages or very low-wages, such as minimum wage prior to training, a higher return on investment is achieved after training because of the increase in wages. For wage and salary earners who make more than minimum wage, the return rate is less, yet positive. For FY 08, the division assisted proportionately more persons with some income than those with none. When this is combined with the reduction in amount of training funds available, it accounts for the lower rates of return between FY 07 to FY 08.

A3: Strategy - Meet all negotiated performance standards set by the Alaska Workforce Investment Board and USDOL.

Target #1: Meet all negotiated performance standards.

Status #1: For the second year the division has met or exceeded 100% of performance standards set by the U.S. Department of Labor.

Negotiated Performance Standards

Year	#of Standards	Percent Met or Exceeded
2009-Qtr1	18	100%
2008	18	100%
2007	18	100%

Analysis of results and challenges: Meeting 18 or more performance standards is not significant if achieving those standards does not result in more people going to work, more people maintaining their employment, and more workers increasing their wages. For this reason the division has proposed changes that measure these three critical areas for adults and youth. More simplified, straightforward assessment of performance will make evaluation of job training programs easier and decisions about strategy and direction clearer.

The waiver requested to change these measures was published for public comment and approval before the Alaska Workforce Investment Board. The next step is submission to the U.S. Department of Labor. The division expects approval from U.S. DOL by December 31, 2008.

Key RDU Challenges

We have been advised of the continued trend in the unpredictability of federal formula funding allocations, for example in FY 08 \$1,397.8 of federal Workforce Investment Act formula funds for Alaska was rescinded and made unavailable to the Business Services component for expenditure). This continual unpredictability of federal training investments hampers the ability to plan for sustainable workforce development, resulting in potential service reductions throughout the department and the reduction of training grants available.

Monitor the Congressional reauthorization of the federal Workforce Investment Act. 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, and potential restructuring of the statewide board, will change how Alaska's employment and training program outcomes are implemented and measured.

Increase the involvement of business and industry in Alaska's workforce investment system and increase job-training resources in Governor and Commissioner identified priority industries.

Increase the capacity of Business Services to report reliable and accurate program performance by continuing the

redesign of the antiquated Management Information System by replacing it with a department standard database that includes grants management, an integrated reporting capability, and performance management. This will improve participation, reduce administrative support, and increase analysis of results to build a case for return on investments.

It is projected that by 2010, the nation's workforce will be short 200,000 skilled welders. Due to increased development and pipeline repair activity on Alaska's North Slope, there is a shortage of side booms. A \$2,310.5 request to equip the Fairbanks Pipeline Training Center is included in the Capital Budget for FY10. This equipment will increase the ability of the Center to train the next generation of pipeline workers for building large diameter cross-country oil and gas pipelines, and will assist employers to meet the current and future demand for skilled workers in the pipeline construction industry. As part of this request, private employers and trade apprenticeship programs will contribute a match of 25% of the value of each piece of equipment.

Significant Changes in Results to be Delivered in FY2010

Continue the Alaska Youth First Initiative by requesting \$3.5 million of General Funds in the operating budget to increase participation for youth and adults in construction academies. The funds are for use in training up the future Alaska workforce to take advantage of high-demand occupations in high-growth industries; to prepare Alaska's youth for careers and best-bet occupations; and to continue construction academies as a demonstrable, best-practice throughout Alaska. This request will fund the highly successful Alaska Construction Academy activities in Ketchikan, Juneau, Kenai, Matanuska-Susitna Borough, Anchorage and Fairbanks, and expand the model to other communities such as Sitka, Bethel, Nome, Barrow or other communities that demonstrate demand for workers.

Based on the department's cash flow projections, the State Training and Employment Program (STEP) will have \$8,919.1 available for grants and administration costs in FY 10. The current authorization for the Business Services component is \$8,344.0. To provide additional training opportunities for Alaskans, an increment of \$575.1 is needed to fully obligate the available funds.

Included in this budget request for the Business Services Component is a request to authorize expenditure of \$128.5 of TVEP funds to cover costs associated with administering and monitoring \$8,804.0 of TVEP grants, including issuing grant agreements, annual budget preparation, technical assistance, and performance monitoring as required by Chapter 47, SLA 08. The request will cover division personal services and associated costs, and contractual services with the Research and Analysis Section to comply with legislative reporting requirements set out in Chapter 47.

Note: In the FY10 budget AVTEC is being established as its own RDU. AVTEC was formerly a component of the Business Partnership RDU. All information for AVTEC can be found in the new RDU.

Major RDU Accomplishments in 2008

Implemented goals of the \$7 million grant award under the President's High Growth Job Training Initiative (HGJTI). Increased capacity to recruit and train workers for careers in the energy industry, and conducted an in-depth evaluation of the project, with submission date to U.S. Department of Labor, Employment and Training Administration by December 31, 2008, to share best practices among the national workforce investment system. Worked to increase postsecondary training capacity and to "fast-track" adults into apprenticeship programs and jobs in the targeted high growth industries, resulting in 848 adults being registered in this project with 740 receiving a training service in energy related industries (mining, oil, gas, construction and transportation). Of those HGJTI participants who completed training, 87.1% re-entered employment and total earnings of program participants increased by 57.0% when comparing the 12 months prior to training to the 12 months following training. Total Alaska wage and salary earnings in the year following training were approximately \$9.4 million.

Developed and implemented goals of Alaska's Youth First Initiative with the FY08 investment of \$2,300.0 in General Funds: granted out \$1,983,041 focusing on career awareness and work experience opportunities for Alaska's youth. FY08 outcomes included: 11,362 youth served through career guides; 3,293 youth completed at least one Youth Employability Skill activity; 998 youth participated in paid and un-paid work experience; 251 partnerships were formed by various grantees; 552 students participated in Academic/Training; and 49 teachers completed externships in three target industries including healthcare, construction and resource development with an impact on over 2,000

students.

The Alaska Construction Academies placed over 50 percent of all successful completers in employment directly related to training. Alaska's construction academies were nationally recognized by U.S. Department of Labor's Recognition of Excellence in the "Leveraging the Power of Partnerships" category.

Continued redesigning service delivery of Rapid Response program by shifting the focus on averting layoffs and business closures in 12 rural Southeast communities, through developing the Rural Outreach Programs for Entrepreneurs (ROPE), centered on services provided by the Small Business Development Center. In FY08, the team assisted 66 businesses that were experiencing layoffs, impacting over 500 individuals.

Achieved all, and exceeded some, of the negotiated Workforce Investment Act, Title 1B performance level goals in all categories for Program Year 07.

Contact Information
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**Business Partnerships
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2008 Actuals				FY2009 Management Plan				FY2010 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												
Workforce Investment Board	3.1	0.0	481.1	484.2	133.2	0.0	540.4	673.6	135.1	0.0	549.3	684.4
Business Services	2,271.0	16,841.8	5,541.3	24,654.1	2,908.8	25,280.9	8,536.8	36,726.5	2,914.3	25,325.2	9,251.0	37,490.5
Kotzebue Tech Operations Grant	572.6	0.0	593.0	1,165.6	600.0	0.0	850.2	1,450.2	600.0	0.0	850.2	1,450.2
SAVEC Operations Grant	0.0	0.0	228.0	228.0	195.0	0.0	283.4	478.4	195.0	0.0	283.4	478.4
Yuut Operations Grant	0.0	0.0	228.0	228.0	0.0	0.0	850.2	850.2	0.0	0.0	850.2	850.2
Northwest Alaska Center	396.8	0.0	0.0	396.8	400.0	0.0	283.4	683.4	400.0	0.0	283.4	683.4
Delta Career Advancement Center	0.0	0.0	0.0	0.0	0.0	0.0	283.4	283.4	0.0	0.0	283.4	283.4
New Frontier Voc Tech Center	0.0	0.0	0.0	0.0	0.0	0.0	188.9	188.9	0.0	0.0	188.9	188.9
Construction Academy Training	0.0	0.0	0.0	0.0	3,500.0	0.0	0.0	3,500.0	3,500.0	0.0	0.0	3,500.0
Totals	3,243.5	16,841.8	7,071.4	27,156.7	7,737.0	25,280.9	11,816.7	44,834.6	7,744.4	25,325.2	12,539.8	45,609.4

Business Partnerships
Summary of RDU Budget Changes by Component
From FY2009 Management Plan to FY2010 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	7,737.0	25,280.9	11,816.7	44,834.6
Adjustments which will continue current level of service:				
-Workforce Investment Board	-128.1	0.0	8.9	-119.2
-Business Services	-579.5	44.3	10.6	-524.6
-SAVEC Operations Grant	-195.0	0.0	0.0	-195.0
-Construction Academy Training	-3,500.0	0.0	0.0	-3,500.0
Proposed budget increases:				
-Workforce Investment Board	130.0	0.0	0.0	130.0
-Business Services	585.0	0.0	703.6	1,288.6
-SAVEC Operations Grant	195.0	0.0	0.0	195.0
-Construction Academy Training	3,500.0	0.0	0.0	3,500.0
FY2010 Governor	7,744.4	25,325.2	12,539.8	45,609.4