



27<sup>th</sup> Alaska State Legislature  
House Finance Budget Subcommittee  
Dept. of Labor and Workforce Development  
FY 12 Operating Budget

**Chairman:**

Rep. Mark Neuman  
Capitol Room 505  
465-2679

**DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
FY2012 HOUSE FINANCE BUDGET SUBCOMMITTEE NARRATIVE  
REPORT**

**February 22, 2011**

**Members:**

Rep. Steve Thompson  
Capitol Room 428  
465-3004

Rep. Kurt Olson  
Capitol Room 24  
465-2693

Rep. Kyle Johansen  
Capitol Room 114  
465-3424

Rep. Cathy Munoz  
Capitol Room 403  
465-3744

Rep. Bob Miller  
Capitol Room 112  
465-4976

Rep. Chris Tuck  
Capitol Room 426  
465-2095

**SUBCOMMITTEE MEMBERS:**

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**Rep. Mark Neuman, Chair**

Rep. Kyle Johansen

Rep. Bob Miller

Rep. Cathy Munoz

Rep. Kurt Olson

Rep. Steve Thompson

Rep. Chris Tuck

**RECOMMENDATIONS:**

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The House Finance Budget Subcommittee for the Department of Labor and Workforce Development submits a recommended Operating Budget for FY2012 to the House Finance Committee as follows:

Unrestricted General Funds (UGF)	\$ 30,019.2
Designated General Funds (DGF)	\$ 34,751.9
Other Funds	\$ 25,722.9
Federal Funds	\$ 101,716.8
<b>TOTAL</b>	<b>\$ 192,210.8</b>

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**Committee Aide:**

Morgan Hopson  
465-3820

## **BUDGET ACTION:**

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The House Finance Budget Subcommittee for the Department of Labor and Workforce Development held seven meetings with the Department and analyzed all of the Governor's budget transactions. The following are budget action highlights:

- The Subcommittee recommends authorizing \$1,326.8 less General Funds, 1 less permanent full-time position, and 2 less permanent part-time positions as the Governor's Amended FY12 Budget.
- The Subcommittee recommends a total increase from the FY2012 Adjusted Base of \$393.3 UGF and \$936.2 DGF for a total General Fund change of \$1,329.5. The change from the Adjusted Base is (\$1,986.8) in Other Funds and \$2,190.4 in Federal Funds. The total change from the Adjusted Base is \$1,533.1, and includes the addition of 2 permanent part-time positions and 3 temporary positions.
- The Subcommittee recommends denying funding for the proposed Career and Technical Education Program which would add \$1,000.0 UGF into the base budget, in form of competitive grants for schools and the cost of a grants administrator to operate the program.
- The Subcommittee recommends removing \$226.8 UGF, \$100.0 DGF and two part-time positions for the Alaska Vocational Technical Education Center (AVTEC) proposed Registered Nurse Program. There are currently spaces available at the University of Alaska for AVTEC nursing students, and the State would assume full responsibility for funding this new program in five years when the Federal Grant expires.

### **Accepted**

#### **1. Alaska Vocational Technical Center (AVTEC): \$298.0 UGF/ \$106.0 DGF**

The subcommittee approved funding for deferred maintenance positions, the Mariner Training Program, and an additional custodial position.

#### **2. Employment and Training Services – Increase Federal Authorization to Support Two New Grants: \$2,106.5 Federal Receipts.**

The Subcommittee endorses the Department's request to fully support the following two new federal grants:

- Disability Employment Initiative Grant for \$2,727.0 to improve participation of persons with disabilities in the Alaska workforce; and
- Health Care Workforce Development Grant for \$150.0 to develop a plan to increase health professionals in Alaska

**3. Unemployment Insurance – One-Time Increase of Federal ARRA Authorization to Support Unemployment Insurance Administration: \$1,165.7 Federal ARRA Receipts.**

The Subcommittee accepts the Department's one-time request to receive increase to for a special transfer of funds to state accounts in the federal Unemployment Trust Fund. This new transfer of funds will be made regardless of whether the state qualifies for a modernization incentive payment. States do not need to apply to receive these funds. The Unemployment Insurance (UI) component will use these funds for information technology training, contracts which include ongoing enhancements to the Unemployment Insurance Tax and Benefits programs, and to support program staff costs.

**4. AVTEC – Federal Pell Grant Increase: \$1,006.8 Federal Receipts.**

The Subcommittee endorses an increase in federal Pell Grant awards to students which will meet the federal requirement for Title IV funded post-secondary institutions that use William D. Ford Federal Direct Loan Programs for new federal student loans. The Legislative Budget and Audit Committee approved an identical request for additional Federal Receipt authorization in FY11.

**5. Business Partnerships – Reduced Technical Vocational Education Program (TVEP) Receipts: (\$92.1) TVEP (DGF).**

Based on a reduced amount available in FY12, the Department submitted decrements reducing authorization for all allocations except AVTEC, Employment Security and Business Services. The Department of Labor submitted a FY12 budget amendment to reduce authorization for AVTEC and is reflected in the Amendment Action section of this memo.

**6. Unemployment Insurance – Federal Incentive Funds.**

The United States Department of Labor recently deposited approximately \$15.6 million of federal incentive funds into an account within the Unemployment Insurance Trust Fund. These incentive funds were received by the Department as a result of making updates to unemployment insurance eligibility statutes and regulations. The Subcommittee understands that it is the intent of the Department of Labor to use these funds to administer the Alaska Job Center Network. There is no timeline associated with spending these funds and they are available until fully expended. The Department is authorized to receive \$3.5 million from the Unemployment Insurance Modernization account for FY12.

**Modified**

**1. Business Services – Provide Additional Training Opportunities to Alaskans: \$1,089.9 State Training and Employment Program (STEP) Funds (DGF).**

The Subcommittee supports the provision of funds to maintain the same level of funding as FY11. In FY11, the Department received \$1,089.9 in State Training and Employment (STEP) funds as a *one-time*

*increment.* This one-time increment will again fully obligate available STEP funds for workforce training but also allow for annual review of the projected fund balance.

## **Denied**

### **1. Business Services – Implement a New Career and Technical Education (CTE) Plan & Grant Program: \$1,000.00 UGF.**

The Subcommittee recommends denying funding for a new Career and Technical Education (CTE) Plan, which would provide for the funding and administration of a new competitive grants program for K-12 schools for the purposes of career planning and technical education. The Subcommittee acknowledges the value of the program, but will not recommend the addition of \$1,000.0 of UGF into the base budget for this purpose.

### **2. Alaska Vocational Technical Center (AVTEC) - Establish a New Registered Nurse Training Program: \$226.8 UGF/ \$100.0 GF/PR (DGF)/ \$300.0 SDPR (Other).**

The Subcommittee does not recommend funding a new Registered Nurse program at AVTEC. There is currently funding in the University of Alaska's budget for a Registered Nurse Program in which spaces are set aside for AVTEC students. The Subcommittee acknowledges the importance of utilizing the Health Professions Opportunity federal grant received by Cook Inlet Tribal Council (CITC), but recognizes that the entire cost of this new program would be transferred to the state after September 30, 2015 when the grant expires. If additional need is demonstrated, the Subcommittee recommends future examination of the possibility of expanding infrastructure in established programs.

## **AMENDMENT ACTION:**

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The House Finance Budget Subcommittee for the Department of Labor and Workforce Development also analyzed the Governor's budget amendments submitted on February 16, 2011, and took the following action:

### **Accepted Amendments**

#### **1. Alaska Vocational Educational Center (AVTEC): (\$54.1) TVEP (DGF)**

This amendment aligns the latest estimates for Alaska Technical Vocational Education Program (TVEP) authorization with the agency expenditure authority.

#### **2. Alaska Vocational Educational Center (AVTEC): \$100.00 I/A Receipts (Other Funds)**

The Subcommittee approves this amendment, which increases inter-agency authority for receiving inter-agency funds to support the Bridging the e-Skills Gap reimbursable service agreement (RSA) with

University of Alaska. This increment includes one long-term non-permanent instructor who will be responsible for training up to 80 Alaskans in computer and internet support for 65 rural communities

**3. Alaska Vocational Education Center (AVTEC): \$181.8 SDPR (Other).**

This transaction will add two long-term non-permanent instructor positions and the expenditure authority necessary to receive reimbursement from the Cook Inlet Tribal Council (CITC) for these positions and other expenses related to adding Medical Coding and Billing to the Allied Health program offerings in Anchorage. It is the understanding of the committee that this program can be terminated when the 5 years of grant authorization is up if further federal funding is not available.

**ITEMS OF INTEREST:**

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The Subcommittee reviewed the projected balance of the State Training and Employment Program (STEP) Fund, and recommends that funding be included as a one-time increment with the intent that STEP Fund projections and expenditures be reassessed on an annual basis.

**ATTACHED REPORTS:**

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The House Finance Budget Subcommittee for the Department of Labor and Workforce Development adopts the attached reports:

**Subcommittee generated reports**

Budget Action Worksheet

**Legislative Finance Division Reports – House Structure**

1. Agency Totals – FY2012 Operating Budget
2. Appropriation/Allocation Summary (All Funds)
3. Appropriation/Allocation Summary (GF)
4. Transaction Comparison between ADJ Base and H Subcomm
5. Transaction Comparison between Gov Amd and H Subcomm
6. Wordage Report – FY2012 Operating Budget



**Representative Mark Neuman, Chair**

**House Finance Budget Subcommittee for the Department of Labor and Workforce Development  
February 22, 2011**