



27th Alaska State Legislature
House Finance Budget Subcommittee
Department of Labor
FY 13 Operating Budget

Chairman:

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Capitol Room 513
465-2679

Members:

Rep. Steve
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Capitol Room 428
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Rep. Kurt Olson
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Rep. Kyle Johansen
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Rep. Cathy Munoz
Capitol Room 403
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Rep. Bob Miller
Capitol Room 112
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Rep. Chris Tuck
Capitol Room 426
465-2095

Committee Aide:
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**DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
FY2013 HOUSE FINANCE BUDGET SUBCOMMITTEE
NARRATIVE REPORT
February 28, 2012**

SUBCOMMITTEE MEMBERS:

Rep. Mark Neuman, Chair
Rep. Kyle Johansen
Rep. Bob Miller
Rep. Cathy Munoz
Rep. Kurt Olson
Rep. Steve Thompson
Rep. Chris Tuck

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development submits a recommended Operating Budget for FY2013 to the House Finance Committee as follows:

Unrestricted General Funds (UGF)	\$ 33,460.7
Designated General Funds (DGF)	\$ 34,000.5
Other Funds	\$ 26,445.0
Federal Funds	\$ 102,456.3
TOTAL	\$ 196,362.5

BUDGET ACTION:

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 \$401.8 less General Funds, and maintains the number of permanent full time (PFT) positions and permanent part time (PPT) positions as the Governor's Amended FY13 Budget.
- The Subcommittee recommends a total increase from the FY2012 Adjusted Base of \$1,814.0 UGF and total decrease of \$1,235.2 DGF for a total General Fund change of \$578.8. The change from the Adjusted Base decreased by \$100.0 in Other Funds and increased by \$100.0 in Federal Funds. The total change from the Adjusted Base is \$578.8, and shows no change in the number of permanent full time positions or permanent part time positions.
- The Subcommittee recommends denying the replacement of unrealizable General Fund Program Receipts in the Alaska Vocational Technical Center with Unrestricted General Fund.
- The Subcommittee recommends denying an increment \$226.8 UGF, \$100.0 DGF for the Alaska Vocational Technical Education Center (AVTEC) proposed Registered Nurse Program.
- The Subcommittee recommends that the Alaska Vocational Technical Center access the Alaska Technical and Vocational Education Formula Funding in the amount of \$138.2 to fund an information technologies position.
- The Subcommittee supports the Governor's decision to replace the unrealizable Workers' Compensation Administration Account (WSCAA) authority with a General Fund match.

ACCEPTED

1. Occupational Safety and Health – G/F Match to Replace Unrealizable Workers' Safety and Compensation Administration Account (WSCAA) Authority: \$2 million G/F Match (UGF).

The subcommittee acknowledges the structural deficit in the Workers' Safety and Compensation Administration Account (WSCAA) and accepts the Governor's recommended replacement of this authority with General Funds. Several avenues were explored to remedy this situation, and the subcommittee encourages additional discussion between the department and legislature regarding an appropriate solution for this issue.

2. Vocational Rehabilitation

The Subcommittee endorses the Governor's suggestion to fully support the following two new federal grants:

- **Independent Living Rehabilitation – Independent Living Service Expansion Costs: \$200.0 UGF.**

This will increase GF funding for Alaska's four Centers for Independent Living (CILs) who provide clients the support needed to maintain private residences and assist these clients in finding meaningful employment and opportunities within the community.

- **Special Projects – Mental Health Trust: Governor's Council – Project SEARCH: \$100.0 GF/Mental Health (UGF).**

This program assists developmentally and intellectually disabled students in the transition from high school to the workplace by placing them in internships and paid positions. This program also provides these individuals with the necessary support and skills training to perform complex yet systematic jobs and earn competitive wages.

3. Worker's Compensation Benefits Guaranty Fund (WCBenGF)

- **Grant Expenditure Authorization for Anticipated Benefit Payment Needs: \$220.0 WCBenGF (DGF).**

The Subcommittee supports the authorization of additional funds in preparation for anticipated demand upon the Workers' Compensation Guaranty Fund.

- **Workers' Compensation Benefits Guaranty Fund Collections Officer Funding: \$103.2 WCBenGF (DGF).**

The Subcommittee endorses the Governor's plan to assign a Workers' Compensation Benefits Guaranty Fund Collections Officer, as the Department estimates this individual will be capable of generating roughly \$500.0 to \$600.0 annually.

Modified

1. Technical Vocational Education Program (TVEP) Receipts (DGF).

The Subcommittee accepts the Department's allocation of Technical Vocational Education Program Receipts, but modifies this request by recommending that funds allocated to the Alaska Vocational Technical Center in the amount of \$138.2 be allocated for the purpose of funding an additional information technologies position at their discretion.

Denied

1. Alaska Vocational Technical Center (AVTEC) Registered Nurse (RN) Program: \$326.8 Total (\$226.8UGF/ \$100.0 GF/Program Receipts (DGF)) plus a position Adjustment to create a permanent part-time position.

The Subcommittee maintains the position of the legislature in the FY12 budget cycle, and does not recommend funding a new Registered Nurse program at AVTEC.

2. Alaska Vocational Technical Center (AVTEC) – Request to Replace Unrealized Program Receipts with Unrestricted General Funds: \$250.0 UGF/ (\$250.0) GF/Program Receipts (DGF).

The Subcommittee recommends that AVTEC consider alternatives to increasing its reliance upon UGF, as this amount is already disproportionate to other state funded educational programs. The subcommittee recommends that AVTEC consider raising tuition fees and/or seeking out additional federal funding sources.

AMENDMENT ACTION:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development also analyzed the Governor's budget amendments submitted on February 15, 2012, and took the following action:

Accepted Amendments

1. Workers' Compensation Benefits Guaranty Fund - \$168.0 (DGF).

The Subcommittee supports additional funding for the Workers' Compensation Benefits Guaranty Fund in response to an increase in anticipated access to the fund.

ITEMS OF INTEREST:

The subcommittee notes the existence of a structural deficit in the Workers' Safety and Compensation Administration Account (WSCAA). Several avenues were explored to remedy this situation, and the subcommittee encourages additional discussion between the Department of Labor and Workforce Development and the legislature to work towards a long term solution.

ATTACHED REPORTS:

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 – FY2013 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 – FY2013 Operating Budget



Representative Mark Neuman, Chair
House Finance Budget Subcommittee for the Department of Labor and Workforce Development
February 28, 2012