



29th Alaska State Legislature
House Finance Budget Subcommittee
Department of Labor and Workforce Development
FY 17 Operating Budget

Chair

Rep. Tammie Wilson

Capitol Room 412
465-4797

Members

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Capitol Room 424
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Committee Aide

Matt Gruening
465-4916

**DEPARTMENT OF LABOR AND WORKFORCE
DEVELOPMENT FY2017 HOUSE FINANCE
BUDGET SUBCOMMITTEE NARRATIVE
REPORT**

FEBRUARY 24, 2016

Recommendations:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development submits an operating budget for FY2017 as follows:

Fund Group:

Unrestricted General Funds	22,643.2
Designated General Funds	35,767.5
Other Funds	20,417.8
Federal Funds	<u>85,438.1</u>
Total	\$164,266.6

Positions:

734	PFT
61	PPT
9	Temp

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development held six meetings with the department and took the following actions:

Accepted all of the Governor's amended proposals with the following subcommittee actions:

1) **Commissioner and Administrative Services-**

Leasing

- a. Reduce UGF funding a total of \$300,000
- b. Rationale: Further action was taken to review and consolidate leased spaces.

Data Processing

- a. Reduce UGF funding a total of \$156,000
- b. Rationale: Through efficiencies, the department can absorb the reduction.

Labor Market Information

- a. Reduce UGF funding a total of \$300,000
- b. Rationale: Through efficiencies, the department can absorb the reduction.

2. **Employment and Training Services-Workforce Development**

- a. Reduce UGF funding a total of \$414,300
- b. Rationale: Through efficiencies, the department can absorb the reduction

INTENT: It is the intent of the legislature that the Construction Academy implement a plan to annually supplant \$600,000 of general funds with private or federal fund sources until, after a four-year period, the Construction Academy Training program uses no general funds.

3. **Alaska Vocational Technical Center**

- a. Reduce UGF funding a total of \$93,900
- b. Rationale: Through efficiencies, the department can absorb the reduction.

The subcommittee adopts the following reports:

FY2016 Legislative Finance Division reports FY2017 House Structure

- A. Multi-Year Agency Totals-FY2017 Operating
- B. Multi-Year Allocation Summary (All Funds)
- C. Multi-Year Allocation Summary (UGF Only)
- D. Transaction Compare between Adjusted Base (17 ADJ Base) and House Subcommittee (H Sub)
- E. Transaction Compare between Governor Amended (17 Gov Amd) and House Subcommittee (H Sub)
- F. Wordage Report-FY2017 Operating

The Budget Action Worksheet is attached for information purposes
Respectfully submitted,



Representative Tammie Wilson

Chair: Department of Labor and Workforce Development House Finance Subcommittee

Alaska State Legislature

February 24, 2016



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Labor and
Workforce Development**

Office of the Commissioner

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February 24, 2015

The Honorable Mark Neuman
Co-Chair of House Finance Committee
State Capitol, Room 505
Juneau, AK 99801

Dear Representative Neuman,

Please accept this letter as the narrative you requested on Department of Labor and Workforce Development efficiency efforts from FY2015 through FY2017. The department's unrestricted general funds (UGF) have been reduced by \$9.5 million, or 29%, from FY2015 to the Governor's amended FY2017 budget. To accommodate these reductions, the department has focused considerable efforts on reducing administrative and overhead expenses. Still, a cut of this magnitude will have direct service implications. Below is a summary of some of the department's budget reduction and efficiency efforts over this timeframe.

The department is sharing administrative support positions across units and duty stations to eliminate positions as they become vacant. In the Commissioner Office and Administrative Services divisions alone, the department has reduced staffing by 13 positions including the department's Communications Coordinator. The department's overall staffing is down by 73 positions since FY2015. Many of these staff reductions resulted from a consolidation of two divisions. Through Governor Walker's Administrative Order 275 the department consolidated the Business Partnerships and Employment Security divisions into the Division of Employment and Training Services. This division merger covered \$337.0 of the department's FY2016 unallocated UGF reduction and resulted in efficiencies that allowed us to put more money out on the street as grants.

The department is also reviewing all lease agreements for possible reductions. Leased space has already been reduced in Juneau and Kenai, and these efforts helped address \$81.1 of the department's FY2016 unallocated UGF reduction. Current efforts are focused in Anchorage, and will result in savings of roughly \$100.0 in FY2017. The department is also scrutinizing all travel for necessity and consolidating required mission critical travel into fewer trips to the maximum extent possible. As stated previously, with cuts of this magnitude some direct service implications are unavoidable. Below are examples of cuts with direct service implications.

The department's workforce development funding has been hit the hardest. There is less funding available for direct grants that support the Alaska Construction Academies and regional training centers in Nome, Kotzebue and King Salmon. UGF-funded competitive grant programs, which include Alaska Youth First/Compass Alaska, Career and Technical Education, and Oil and Gas Training, have been eliminated in their entirety. Reductions to the Alaska Vocational Technical Center (AVTEC) resulted in the closure of AVTEC's Registered Nurse and Licensed Practical Nurse programs. Other reductions include less funding for Adult Basic Education, Wage and Hour Administration, and Vocational Rehabilitation Client Services.

Sincerely,

A handwritten signature in blue ink that reads "Heidi Drygas".

Heidi Drygas
Commissioner

Department of Labor and Workforce Development
FY2015 to FY2016 Comparison

<u>Fund Type</u>	FY2015	FY2016	<u>Difference</u>	Percent
	<u>Mgt Plan</u>	<u>Enacted</u>		<u>Difference</u>
Unrestricted General Fund	\$33,448.0	\$25,831.5	-\$7,616.5	-22.8%
Designated General Fund	\$34,847.5	\$36,015.1	\$1,167.6	3.4%
Other	\$21,773.6	\$20,592.8	-\$1,180.8	-5.4%
Federal	<u>\$95,237.6</u>	<u>\$94,386.6</u>	<u>-\$851.0</u>	<u>-0.9%</u>
Total	\$185,306.7	\$176,826.0	-\$8,480.7	-4.6%

<u>Budgeted Positions</u>	FY2015	FY2016	<u>Difference</u>	Percent
	<u>Mgt Plan</u>	<u>Enacted</u>		<u>Difference</u>
Permanent Full-Time	798	775	-23	-2.9%

<u>Filled Positions</u>	Dec 2014	July 2015	<u>Difference</u>	Percent
	<u>Employees</u>	<u>Employees</u>		<u>Difference</u>
Permanent Full-Time	737	700	-37	-5.0%
Permanent Part-Time	4	4	0	0.0%
Non-Permanent	<u>91</u>	<u>89</u>	<u>-2</u>	<u>-2.2%</u>
Total	832	793	-39	-4.7%

Notable Changes

- Alaska Youth First Program** \$1,400.0 UGF reduction eliminates the program. The Alaska Youth First Program was developed to create career awareness for Alaska's youth ages 14 - 24. By focusing on career awareness and work experience, this program filled the gaps in the workforce system. Eliminated are career guides placed in middle and high schools; applied academic training; teacher-industry externships; school-to-apprenticeship or pre-apprenticeship opportunities.
- Employment and Training Services** \$1,700.0 Fed and \$1,300.0 I/A reduction resulting in fewer field staff available in the 20 job centers around the state. Staff at these centers provide employment and training resources and connections between employers and job seekers. With reduced job center staffing, more services will be provided online through the Alaska Labor Exchange System (ALEXSys), over the phone through a toll-free virtual call center system, and itinerantly by sending staff to certain locations for targeted activities.
- Alaska Construction Academy** \$835.8 UGF reduction in training grants to named recipient. The Alaska Construction Academy is operated by the Construction Education

Foundation (CEF). This reduction will result in fewer high school students and adults trained and placed into construction and trade apprenticeship programs.

- **Career and Technical Education** \$625.0 UGF reduction eliminates the program. The program was a competitive grant program for enhanced career and technical education programs geared toward high growth jobs (especially relating to gas line occupations), especially in regions with limited economic and employment opportunities. Since FY2012, the CTE Plan has provided competitive grants to school districts, postsecondary institutions, and non-profit organizations, to enhance existing CTE programs or implement new ones. In FY2015, DOLWD distributed grants to 15 grantees.
- **AVTEC Anchorage Allied Health Program** \$478.9 UGF eliminates the program. Closes AVTEC's training facility in Anchorage, which operated an Associate of Applied Science Nursing degree program, Certified Nursing Assistant (CNA), and Licensed Practical Nurse (LPN). These programs graduated 122 students in FY2014.
- **Wage and Hour** \$153.9 UGF reduction resulting in reduced labor law enforcement (wage and hour, child labor, prevailing wage, and Alaska resident hire) and impact the ability to conduct investigations in areas that require travel.
- **Adult Basic Education** \$197.5 GF/M reduction resulting in decreased sub-recipient funding for teaching hours; approximately 133 fewer students will be served in the following areas; the basic skills of reading, writing, and mathematics, General Educational Development (GED) preparation, citizenship test preparation, English literacy, and workplace literacy.
- **Centers for Independent Living (CIL)** \$164.1 UGF pass-through grant reduction. It is estimated that 175 Alaskans with disabilities served by the CILs will be impacted by this reduction.
- **Interpreter Referral** \$118.4 UGF eliminates the program. The program contracted with sign language interpreters to provide individuals with disabilities interpreter services mainly for medical and education/training purposes.
- **Project SEARCH** \$100.0 UGF eliminates the program. Project SEARCH is a partnership between the Division of Vocational Rehabilitation (DVR), the Alaska Mental Health Trust Authority and the Governor's Council on Disabilities and Special Education designed to place disabled high school seniors in internships involving complex yet systematic jobs within large businesses (often hospitals) to teach them job skills. The businesses either hire the graduating students or works with related businesses in the community to secure employment for them. In FY2014, 23 Alaskans participated in Project SEARCH, and 18 successfully completed their internships at the hospitals with 16 of those now working in paid, integrated employment.