

Department of Labor and Workforce Development
FY2012 BUDGET UPDATE
Prepared May 11, 2011

FY2011 MANAGEMENT PLAN BUDGET (in thousands)

Priority Programs	UGF	DGF	OTHER	FED	TOTAL	PFT	PPT	NP
1. Protect Workers	2,710.7	5,055.3	2,202.2	3,096.5	13,064.7	101	0	0
2. Workforce Development	24,950.3	16,697.9	23,143.2	69,215.6	134,007.0	467	60	18
3. Income Replacement	1,672.1	12,620.8	1,709.5	35,657.3	51,659.7	280	56	38
FY2011 Management Plan	29,333.1	34,374.0	27,054.9	107,969.4	198,731.4	848	116	56

CHANGE FY2011 TO FY2012 (in thousands)

Priority Programs	UGF	DGF	OTHER	FED	TOTAL	PFT	PPT	NP
1. Protect Workers	73.5	250.4	72.6	-38.7	357.8	0	0	0
2. Workforce Development	1,426.7	58.5	-1,236.9	-6,844.8	-6,596.5	-7	2	-2
3. Income Replacement	20.3	219.0	132.3	630.9	1,002.5	0	0	-3
Change FY2011 to FY2012	1,520.5	527.9	-1,032.0	-6,252.6	-5,236.2	-7	2	-5

FY2012 CONFERENCE COMMITTEE BUDGET (in thousands)

Priority Programs	UGF	DGF	OTHER	FED	TOTAL	PFT	PPT	NP
1. Protect Workers	2,784.2	5,305.7	2,274.8	3,057.8	13,422.5	101	0	0
2. Workforce Development	26,377.0	16,756.4	21,906.3	62,370.8	127,410.5	460	62	16
3. Income Replacement	1,692.4	12,839.8	1,841.8	36,288.2	52,662.2	280	56	35
FY2012 Budget Request	30,853.6	34,901.9	26,022.9	101,716.8	193,495.2	841	118	51

UGF=Unrestricted General Fund DGF=Designated General Fund Other=Other State Funds
PFT=Permanent Full Time Positions PPT=Permanent Part Time NP=Nonpermanent

Major Operating Budget Changes:

1. Workforce Development Funding Change - The reduction in the amount of the department's workforce development priority program area is related to the phasing out of federal American Recovery and Reinvestment Act (ARRA) funding and cleanup of unrealizable revenue authority. Also, this year we had several divisions identify areas where there was excess revenue authorization that was not realizable.
2. Workers' Compensation Medical Fee Schedule - HB 13, an act relating to fees and charges for medical treatment or services as they relate to workers' compensation; and providing for an effective date, passed both bodies with a \$75.0 fiscal note to cover the cost of developing a medical fee schedule.

3. Employment & Training Services (ETS) UI Modernization Funds – Of the ETS FY12 federal appropriation \$3.5 million will be supported by UI Modernization funds generated in FY2010 as a result of changes to Alaska’s Unemployment Insurance law. This funding is necessary due to flat or declining federal formula funds that support the Alaska Job Center Network (the labor exchange and 24 job centers around the state).
4. Business Services Career and Technical Education (CTE) competitive grant program \$625.0 UGF - DOLWD will partner with the Department of Education and Early Development (DEED) and the University of Alaska (UA) to implement this new program. The goal will be to prepare Alaska students for Alaska careers through expansion of school-based CTE programs. There will be an emphasis on programs serving smaller school districts that having minimal CTE budgets. The original amount requested in the Governor’s budget was \$1,000.0 UGF.
5. Alaska Vocational Technical Center:
 - a. AVTEC fund source change of \$250.0 UGF from Deferred Maintenance Capital to Operating GF. This funding supports ongoing maintenance positions.
 - b. One new Maritime Training Program Instructor \$48.0 UGF and \$51.0 DGF - AVTEC will be able to grow its maritime engineering program from one Qualified Member of the Engine Department (QMED) training per year, to two QMED trainings and two Dedicated Duty Engineer trainings per year. This would provide 60 mariners per year with improved certifications and qualify more Alaskans for the Ocean Ranger positions on cruise ships traversing Alaskan waters.
 - c. One new Custodial position \$55.0 DGF and I/ A – Another custodial staff position is needed to support two additional classroom buildings totaling approximately 18,000 square feet. Both buildings will increase revenue possibilities through rental fees, as well as increased training capacity, which can then be used to cover the costs of the additional custodial staff person.

Unfunded Governor’s Operating Budget Requests:

- AVTEC RN Program \$226.8 UGF, \$100.0 DGF, and 2 new instructors – This request would have supported the training of 20 Alaskans at AVTEC to become Registered Nurses. This request is a part of the deliverables on a federal Health Professions Opportunity Program grant that the Cook Inlet Tribal Council (CITC) received, for which AVTEC is the sole provider. The department intends to request this increment in the FY13 budget.

Other Issues: The impacts of federal funding reductions, especially with respect to the Workforce Investment Act, are still being evaluated. Our preliminary review indicates Alaska will see a 20% funding reduction to core, intensive and job training services.

FY12 Capital Budget Update:

Below are the DOLWD items that were included in the last version of the capital budget that the House released on May 13, 2011.

1. AVTEC Deferred Maintenance \$1,000.0 UGF - Baseline for facilities maintenance materials, supplies, and equipment. Work is performed by AVTEC's facilities maintenance staff and/or contracted out to keep facilities' mechanical systems, plumbing, electrical, equipment, and routine repairs fully functional and safe for students, staff, and others. Campus grounds in Seward, including parking lots and alley ways, need proper lighting and security.
2. AVTEC Maritime Simulator Projection System Upgrade \$210.0 UGF - The Maritime Vessel Simulator was installed in FY2001 with a Class A rating. The system's projectors are no longer supported by the manufacturer, 3D Perception. A 240 degree projection system is required to maintain AVTEC's Class A rating, which is necessary for the continued viability of AVTEC's maritime training programs.
3. Fairbanks Pipeline Training Center \$3,000.0 UGF - This project is for a grant to the FPTC to be used in combination with other funds toward constructing and equipping training facilities. Equipment will include classroom and instruction equipment. The Governor's budget included \$500.0 for this project.
4. AWIB Film & Television Industry Training \$486.0 UGF - A three year capital appropriation to AWIB to offer in cooperation with the Department of Commerce, Community, and Economic Development, grants as authorized by AS 23.15.820 (b) for training Alaskans in the film and television industry.
5. The Alaska Energy Authority - Round IV Renewable Energy Project Grants (AS 42.45.045) included an allocation of \$67.5 UGF for AVTEC Hydroelectric Training Facility (HD 33-35).

In total, the FY 12 capital budget exceeds \$3.1 billion, with funding for transportation, water and sewer, energy and other projects that will offer jobs for Alaskans. Some capital budget items of workforce development interest include the following:

1. AIDEA - Ketchikan Shipyard Expansion and Improvement \$6 million.
2. GILA - GILA Steam Plant Fire Safety, Generator Maintenance and Energy Improvements \$1,476.8 UGF.
3. Mat-Su Borough - Point Mackenzie Rail Extension \$37.5 million UGF.
4. Seward - CDQ Fishing Fleet Relocation Study \$400.0 UGF.
5. Alaska Humanities Forum - Education, Economy and Workforce Development \$465.0 UGF
6. Alaska Native Tribal Health Consortium - Anchorage Long Term Care Facility \$20 million UGF.
7. Alaska State Hospital and Nursing Home Association - Perioperative Curriculum Design \$65.0 UGF.

8. AVCP – Alaska Rural Aviation Training Program Equipment \$170.0 UGF.
9. JEDC – STEM Program \$250.0 UGF.
10. Ketchikan Indian Corporation – Southern Southeast Alaska Vocational Training School \$600.0 UGF.
11. Roads to Resources – Foothills West, Ambler, Western Access \$10.5 million UGF.
12. Laborers International Union Local 31 Training Facility Construction and Equipment \$4 million UGF.
13. SAVEC – King Salmon AFB Gymnasium Rehabilitation \$471.1 UGF.
14. Yuut Elitnaurviat, The People’s Learning Center – Dormitory \$4.7 million UGF.
15. Section 4 of the bill appropriates \$454.4 million to energy projects throughout the state.
16. Alaska Railroad Corporation – Tanana River Bridge \$44 million UGF.
17. Northwest Arctic Borough Magnet School Residential Program \$4 million UGF.
18. Sitka School District Vocational Education Facility \$1.95 million UGF.
19. Juneau Campus Mining Workforce Development 154.0 UGF.