

**Department of Labor and Workforce Development
FY25 Midyear Status Report**

Item No.	Appropriation / Allocation	Description	Amount / Fund Source	LFD Questions
1	Commissioner and Administrative Services / Technology Services	Reorganize Department-Level Information Technology and Helpdesk Functions Under New Technology Services Allocation	\$608.5 I/A Rcpts (Other) Inc	Please provide a brief update of the re-consolidation of the majority of the Department's information technology positions under this new allocation. Have the 22 positions been transferred into the new allocation?
<p>Agency Response</p> <p>The reconsolidation of the Technology Services unit unto the Commissioner and Administrative Services component is complete. All 22 positions have been transferred to the new allocation and Management Services staff has set up all of the accounting templates and appropriation numbers for the component to function successful. The integration of Technology Services and the inclusion of Technology Services leadership into manager meetings has allowed for more transparency and understanding regarding how this service fits into the department as a whole.</p>				
2	Commissioner and Administrative Services / Workforce Investment Board	Increase Authorization for Vocational Training Opportunities through the STEP Program Based on Available Revenues	\$1,631.1 STEP (DGF) Inc	If available, provide an estimate of the additional number of training grant recipients that the Department will be able to serve with this increased authorization. The legislature also approved an FY24 Supplemental of \$1,388.7 for the same purpose, although the request was modified to be a Multiyear (FY24-FY25) appropriation. Did the Department fully expend this supplemental multiyear in FY24? If not, please include the unobligated balance.

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<p>Agency Response (Item 2, continued) Step Increased Authorization: The increased authorization for the STEP program is intended to expand service capacity by reaching more participants and supporting additional agencies across Alaska. Each year, AWIB receives an average of 45–60 applications, but limited funding has historically allowed funding for about 30 grantees, leaving many strong programs either unfunded or underfunded.</p> <p>With the additional authorization, AWIB aim to close the gap and ensure that more high-quality programs are supported without reducing requested amounts or turning away applicants. Over the past five years, STEP has provided services to approximately 3,000 participants annually, at an average cost of \$2,221 per participant. For FY25, AWIB received requests to serve 4,175 participants and have already served 3,032 to date. With this increase in authorization, AWIB anticipates a 61% increase in participants by the end of the fiscal year.</p> <p>FY2024 Supplemental: Due to timing of the budget bill, the Division of Employment and Training Services (DETS) was unable to expend any of the supplemental in FY2024 and instead carried the balance into FY2025. As of 12/18/2024, the entire appropriation of \$1,388.7 has been committed to support individuals in their training and employment goals. Through November 2023, DETS has served 320 Alaskans with STEP funding an increase of 195 from the 125 served as of November 2023. That increase is a direct result of this appropriation. DETS will not have final numbers of Alaskans served with this funding until the end of the fiscal year.</p>				
3	Various	Reauthorization of the Technical Vocational Education Program (TVEP)	\$16,469.5 VoTech Ed (DGF) Inc	<p>When the legislature reauthorized TVEP under HB 148 (Ch. 4, SLA 24), several changes were made to the program, including:</p> <ul style="list-style-type: none"> - removing language directing the Department to establish a competitive grant program to distribute the funds; - increasing the percentage of employee wages collected from .16 percent to .25 percent; and - removing the sunset language to make TVEP permanent. <p>If applicable, describe the impacts that these changes have had on TVEP, or to the Department's administration of the program. In particular, please describe the impact that the increased TVEP diversion from employee contributions to the Unemployment Insurance Compensation Fund will have. Will the rates for other contributors need to rise in order to maintain the health of the fund?</p>
<p>Agency Response</p> <p>Please see the end of this document for a complete response to this question.</p>				

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4	Commissioner and Administrative Services / Office of Citizenship Assistance	Re-establish the Office of Citizenship Assistance	\$437.8 Gen Fund (UGF) Inc	<p>Please provide an update on the activities of the Office of Citizenship Assistance (OCA), including public outreach efforts or events that have taken place since the re-establishment of OCA.</p> <p>Have the three positions been transferred, reclassified, and filled? If so, please provide dates of hire.</p>
<p>Agency Response</p> <p>The OCA mission is to assist legal immigrants with job guidance and resources to successfully integrate into Alaskan communities. The office will help legal immigrants navigate employment processes, educate and assist Alaskan employers, and attract and retain global talent.</p> <p>An office space at the DOLWD Anchorage Midtown location was secured, and efforts to reconfigure the space was made to suit three staff members, with space for the public to meet with staff, and to hold small information sessions with the public.</p> <p>A short-term, non-permanent Program Coordinator position was hired on 08/19/24 to assist the DOLWD Commissioner Office with creating an Office of Citizenship Assistance website with available information for the public, connection with partner agencies that serve legal immigrants in Alaska, and the creation of policy manuals and databases for internal uses. The short-term, non-permanent position ended on 12/16/24. A long-term, permanent Program Coordinator will start with the Office of Citizenship Assistance on 1/6/25.</p> <p>Recruitment for a long-term, permanent Administrative Assistant 2 to work on building administrative procedures and client support is in process. The recruitment of the permanent, long-term Project Assistant 1 is also starting soon. A ribbon cutting ceremony will be scheduled once the OCA is fully staffed.</p> <p>OCA and the DOLWD Commissioner Office continue to meet with Alaskans, school districts, industry representatives, non-profit organizations, and federal and state agencies to advance our support for legal immigrants in Alaska.</p>				
5	Workers' Compensation / Workers' Compensation	Implement Compensation Recommendations from Workers' Compensation Hearing Officers Salary Study	\$118.0 Wrkrs Safe (DGF) Inc	<p>The Department reported that the pay ranges for one Hearing Officer 1 and six Hearing Officer 2 positions were increased as a result of the salary study. Are the seven affected positions currently filled?</p>
<p>Agency Response</p> <p>Five out of seven Hearing Officer positions are filled. The remaining two positions have been continuously advertised for recruitment since they became vacant. They are listed on Workplace Alaska and the Alaska Bar Association website and are open to all applicants.</p>				

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6	Workers' Compensation / Workers' Compensation Benefits Guaranty Fund	Add Unrestricted General Funds for Projected Workers' Compensation Benefits Guaranty Fund Claims	\$518.6 Gen Fund (UGF) Suppl	<p>Was the supplemental funding sufficient for the Department to fulfill the payout of claims that had been projected?</p> <p>If there was an unobligated balance after all claims were paid, was it expended for another purpose?</p>
<p>Agency Response The Workers' Compensation Benefits Guaranty Fund encumbered the supplemental amount based on claims that were expected to awarded in FY2024. Those judgments have not been rendered yet, and payments have yet to be made. The \$518.6 in general funds is still encumbered based on claim estimates and will be used to fulfill those claims as they are awarded.</p>				
7	Labor Standards and Safety / Alaska Safety Advisory Council	Executive Order 135 - Eliminate the Alaska Safety Advisory Council	N/A	<p>Please describe how the Department has handled the transition of the Alaska Safety Advisory Council after it was disbanded on July 1, 2024.</p> <p>Does the Department intend to maintain the existing Alaska Safety Advisory Council allocation?</p>
<p>Agency Response Resources within Labor Standards and Safety, comprised of AKOSH Enforcement as well as Consultation and Training personnel are being utilized as a bridge to accomplish this work until additional resources can be put into play. For this fiscal year, LSS is reclassifying two PCNs for long-vacant positions in LSS to assist with this transition, and a request has been included in the FY2026 budget to fund these two additional positions that will handle the ASAC workload. In addition, LSS has been fortunate for previous ASAC Volunteer members to agree to continue volunteering their time.</p> <p>The Alaska Safety Advisory Program will maintain the existing Alaska Safety Advisory Council allocations.</p>				

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8	Employment and Training Services / Workforce Services	Partnership with the Department of Transportation and Public Facilities for Workforce Development	\$2,400.0 I/A Rcpts (Other) Inc	<p>In late July the Department reported that the planned partnership with the Department of Transportation and Public Facilities (DOT) would need to be re-evaluated after the award of federal funding to DOT was lower than anticipated. If new information is available, please provide an update.</p> <p>The Department had previously transferred five vacant positions from Unemployment Insurance to Workforce Services in order to administer the pass-through funds from DOT. If the positions have been filled, please provide a date of hire and the alternate fund source supporting the position.</p> <p>If the DOT partnership does not go forward, has the Department explored alternative opportunities for the budget authority?</p>												
<p>Agency Response</p> <p>The DOTPF partnership did not come to fruition, so we cut the authority that was meant for the DOTPF partnership in our FY2026 Governor’s budget.</p> <p>The five positions that were transferred in the FY2025 Governor’s budget were transferred to address the increased demand for training services through the Alaska Job Center Network, and they would have also helped with the DOTPF partnership if it had come to fruition. We kept the positions because the increased demand for services still exists. In SFY24, we experienced a record number of individuals served, with an increase of 58% from the prior year.</p> <p>Here is how we are using the five positions:</p> <ul style="list-style-type: none"> • Two positions are being used for our new Career Guide partnership with the Department of Education and Early Development and are being funded with Interagency receipts. • Three positions are being used as Case Managers to support the record level demand for training support we’re experiencing and are being funded by a combination of our federal training programs and the State Training and Employment Program. <p>Here is the requested information on the fill dates:</p> <table border="0"> <tr> <td>Position</td> <td>Date of Hire</td> </tr> <tr> <td>07-5776</td> <td>7/8/2024</td> </tr> <tr> <td>07-5375</td> <td>9/9/2024</td> </tr> <tr> <td>07-5163</td> <td>10/7/2024</td> </tr> <tr> <td>07-5757</td> <td>10/7/2024</td> </tr> <tr> <td>07-6026</td> <td>11/4/2024</td> </tr> </table>					Position	Date of Hire	07-5776	7/8/2024	07-5375	9/9/2024	07-5163	10/7/2024	07-5757	10/7/2024	07-6026	11/4/2024
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9	Vocational Rehabilitation / Vocational Rehabilitation Administration	Temporary Replacement of Federal Indirect Revenues to Maintain Vocational Rehabilitation Administration Support	\$97.5 Gen Fund (UGF) IncOTI	<p>The Department reported that both the Client Services and Disability Determination Services allocations had been experiencing difficulty recruiting and retaining for positions that are fully supported by federal funding, creating a lower rate of indirect reimbursement for other positions within the Division. Please provide an update on the vacancy of the direct reimbursement positions.</p> <p>The Department had also reported that it was exploring options to improve the high vacancy issue, including a salary study of the relevant job classes. Has any progress been made on a salary study or other option?</p>
<p>Agency Response</p> <p>The division has seen an improvement in successful recruitments for positions that are federally funded. With the increase in field staff and the reduction in the expenditures in the DVR-Administration component's personnel costs, due to the retirement of one of the highest paid employees in the whole department, the division is back on firm footing.</p> <p>Additionally, the reclass study of the Disability Determination Services Adjudicator series is almost complete. The class study of Vocational Rehabilitation staff has just begun.</p>				
10	Vocational Rehabilitation / Special Projects	Sec 40(e), HB 268 - Reappropriate Unobligated and Unexpended Balance of the Assistive Technology Loan Guarantee Fund	\$446.8 Reappropriations (Other) FisNot	Has the Department completed the reappropriation of the balance of the account for the Assistive Technology Loan Guarantee Fund, and granted the funds to the Assistive Technologies of Alaska organization?
<p>Agency Response</p> <p>The department is struggling with getting the funds from the Assistive Technology Loan Fund (ATLF) to Assistive Technology of Alaska (ATLA) due to accounting issues. Labor is working with the Division of Finance to try to resolve these accounting anomalies that are slowing the transfer.</p>				
11	Alaska Vocational Technical Center / Alaska Vocational Technical Center	Support for Existing Vocational Training Opportunities	\$629.5 Gen Fund (UGF) Suppl	If available, please provide the averaged enrollment percentage for the first half of FY25 for AVTEC. Additionally, provide an initial estimate of enrollment for the second half of FY25.

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		<p>Agency Response (Item 11, continued) The Business Information & Technology (BOT) program has struggle for years with low registration numbers, culminating with 0 registrations for the "Spring 2025" start in January. AVTEC is suspending the BOT program and will not be offering it in August. The instructors of the program will re-vamp and repackage the BOT program before it is offered for the "Fall 2026" training term. Currently the program has three separate tracks; accounting, administrative assistance, and medical records, the instructors are looking at what needs to be taken away or added to the curriculum.</p> <p>See table below for enrollment information.</p>		

Percentage of Enrollment			
Fall Programs	Fall Capacity	HC first day of class	% capacity the first day of class
Starting 8/12/2024			
Business and Office Technology	15	2	13%
Culinary Arts (FULL)	10	8	80%
Diesel Heavy Equipment (FULL)	10	10	100%
Industrial Electricity (FULL)	15	15	100%
Industrial Welding (FULL)	12	12	100%
Industrial Machine and Maintenance	8	1	13%
Information Technology (FULL)	16	16	100%
Refrigeration	12	7	58%
TOTAL: August 2024	98	71	72%
Percentage of Enrollment			
Spring Programs	Spring Capacity	HC funding confirmed (REGISTERED)	% capacity the anticipated the first day of class
Starting 1/06/2025			
Culinary Arts	10	9	90%
Construction Technology (FULL)	12	13	108%
Diesel Heavy Equipment (FULL)	10	10	100%
Industrial Machine and Maintenance	8	5	63%
Industrial Welding (FULL)	12	13	108%
Plumbing & Heating (FULL)	12	14	117%
TOTAL: January 2025	64	64	100%

3	Reauthorization of the Technical Vocational Education Program (TVEP)	\$16,469.5 VoTech Ed (DGF) Inc	<p>When the legislature reauthorized TVEP under HB 148 (Ch. 4, SLA 24), several changes were made to the program, including:</p> <ul style="list-style-type: none"> - removing language directing the Department to establish a competitive grant program to distribute the funds; - increasing the percentage of employee wages collected from .16 percent to .25 percent; and - removing the sunset language to make TVEP permanent. <p>If applicable, describe the impacts that these changes have had on TVEP, or to the Department's administration of the program. In particular, please describe the impact that the increased TVEP diversion from employee contributions to the Unemployment Insurance Compensation Fund will have. Will the rates for other contributors need to rise in order to maintain the health of the fund?</p>
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Agency Response for Item 3

• Removal of Language Regarding a Competitive Grant Program

TVEP historically struggled with what was described as having “conflicting statutes” on the books. One that included creating a competitive grant program, but a second later that specified select agencies or recipients that would receive funds at a specified percentage. Removing the competitive grant language should satisfy a concern Legislative Audit had with the disparity. While the audit report recommended making it strictly competitive, that would also require more dollars from the program to go towards grant administrators and general administration of the program. Selecting a specific list of recipients streamlines what would otherwise be significant front-end work before the training dollars could get out the door. The public may comment that there should be a regular mechanism for legislative changes to the list of recipients that does not currently exist in statute.

• Increase of Diversion of UI Employee Portion from .16 to .25 Percent and No Sunset

The change to the percentage reserved for TVEP from the employee contribution portion did not increase what was collected from employee paychecks. Based on the health of the UI Trust Fund, the employee portion can move anywhere from .5 to 1 percent of coverage wages. We are currently at the statutory floor of .5 percent collected in total from employees. The TVEP program currently has no impact on any other contributors to the UI Trust Fund, as the reserve ratio is over a full percentage point higher than target. The UI Fund Actuary informed the department and legislature during the reauthorization process that the increase of diversion to TVEP will have a nominal impact on both the UI Trust and other parties. Historically, the only event that has had a concerning impact

on UI Trust health was the Coronavirus pandemic. Even then, we borrowed no money to keep the fund solvent and are currently at significantly higher fund health.

The positives of the higher TVEP percentage have included stable funding versus costs in an inflationary environment, and the ability to offer more training to Alaskans than previously possible under the former cap. In addition, no sunset language removes some uncertainty about longer term planning for the program and recipients.

- **Removal of the Administrative Cap:**

HB 148 eliminated the previous statutory administrative cap of 5%, and grantees are now able to allocate any percentage of their funding toward administrative costs. While some administrative expenses are necessary to operate programs effectively, and reasonable costs have crept into the 6%-7% range, this change has introduced the possibility of disproportionate administrative allocations. While not likely to be overt, this may divert resources away from participant-focused activities such as training, support services, or job placement initiatives. This shift could theoretically reduce the direct benefits received by participants, which could diminish the program's impact on workforce development.