

Department of Labor and Workforce Development
FY26 Midyear Status Report

Item No.	Appropriation / Allocation	Description	Amount / Fund Source	LFD Questions
1	Various	Move Technical and Vocational Education Program Appropriation to Language	\$14,596.2 VoTech Ed (DGF) Inc	<p>Following reauthorization in FY25, the program's FY26 funding authorization was appropriated in the language section to readily accommodate additional distributions without further legislative action should excess revenues become available. The legislature also approved FY25 Supplementals totaling \$698.4 (DGF) that granted additional authorization for the program, which had been in the numbers section that year, due to available revenue.</p> <p>Was the Department able to fully expend from the Supplemental appropriation in FY25?</p>
Agency Response				
<p>The FY2025 Supplemental provided \$179,900 in Technical and Vocational Education Program (TVEP) funding to AVTEC and \$518,500 to other TVEP recipients through the Alaska Workforce Investment Board (AWIB). AVTEC fully utilized their original TVEP authorization, and nearly all the supplemental amount. A total of \$80.84 of TVEP authority lapsed for AVTEC</p> <p>Due to the timing of the supplemental process, AWIB was not able to grant the funds out to sub-recipients in time for the funds to be expended by the end of the fiscal year. AWIB lapsed the full \$518,500 in supplemental authority. Additionally, the TVEP recipients were unable to expend approximately \$396,800 of their original allocation. The total TVEP lapse for the AWIB allocation for FY2025 was \$915,265.07.</p> <p>AWIB does not anticipate lapsing as much revenue in FY2026 as moving TVEP grant funds to the language section enables AWIB to notify grantees of additional revenue much earlier in the year than the traditional supplemental process.</p>				
2	Commissioner and Administrative Services / Workforce Investment Board	Federal Authority for Refugee Support Services Grant	\$3,000.0 Fed Rcpts (Fed) Inc	<p>Please provide an update on the transition of this federal grant from a private organization to the Department, as per new federal guidelines for the funding.</p> <p>Have there been additional changes made to this grant under the new presidential administration, or after the passage of the federal reconciliation bill in July 2025?</p>

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Agency Response The department is currently waiting for the Notice of Award (NOA) from the federal government and has been meeting with a contractor funded by the non-profit to assist with the transition. There are no changes to this grant as a result of the federal reconciliation bill. The department was told that Office of Refugee Resettlement (ORR) would not provide funding for Refugee Support Services (RSS) set aside programs in FY26. They will provide RSS-base funding in FY26 and that "some augmentation may occur this year," and that "guidance is coming." Catholic Social Services believes this is due to the US Department of Health continuing to operate on a Continuing Resolution (CR). The department has told ORR that we expect to start providing RSS funding by July 01, 2027.				
3				
Workers' Compensation / Workers' Compensation	Add Funding for Stay-at-Work Program Enacted Under Workers' Comp.; Extend Sr Benefits Payment Ch12 SLA2024 (SB147)	N/A	The legislature denied the request for \$125.4 in unrestricted general funds (UGF), which had been outlined in a Fiscal Note related to this legislation but was not included in the appropriations bills at time of passage. Has the denial of funding impacted the Division's ability to carry out its functions of the Stay-at-Work program?	
Agency Response The Division was directed to implement and staff the program without additional funding and did so by reallocating existing resources. This approach has allowed the Workers' Compensation Division to carry out the core functions of the Stay-at-Work program, but it has reduced service capacity across the division. Resources were diverted from the Adjudications unit, contributing to longer processing times. For example, the average time between a hearing being scheduled and held increased from approximately 45 days during 2021–2023 to 72 days in 2025. Workers' Compensation continues to perform all statutory duties; however, these impacts, combined with declining revenue and increasing costs, have lowered overall service levels and increased operational risk.				

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4	Labor Standards and Safety / Mechanical Inspection	Add Funding for Program Changes Enacted Under Certificate of Fitness: Plumbers/Electricals Ch21 SLA2024 (SB204)	N/A	<p>The legislature denied the request for \$58.8 UGF which had been outlined, with a different fund source, in a Fiscal Note related to this legislation but was not included in the appropriations bills at time of passage. At the time of the bill's passage the legislature had also elected to lower the renewal fee for certain certificates, which negatively impacted revenues that may have otherwise been available to support the program changes.</p> <p>Has the denial of funding and loss of prior revenues impacted the ability of the Division to improve its certificate renewal process?</p>
Agency Response				
Yes. The denial of \$58.8 UGF funding and the loss of revenue has impacted the Division's ability to improve its certificate renewal process. In FY24, Mechanical Inspection collected \$338K from Certificate of Fitness (COF) fees during the first half of the fiscal year. Since then, revenue for the same period declined to \$163K in FY25 and \$244K in FY26, an average loss of \$134K. While the Labor Standards and Safety received an approval for FY26 Capital Project of \$85K to fund initial development of an online certification system, it will not cover ongoing maintenance required to keep the system functional. Without reliable funding, the division risks delayed modernization and compliance challenges, which could erode service quality and hinder its ability to meet statutory obligations and stakeholder expectations.				
5	Labor Standards and Safety / Alaska Safety Advisory Program	Add Funding to Support New Personal Services Costs Associated with Executive Order 135	N/A	<p>The Governor's FY26 budget proposal sought to replace \$266.5 of hollow Interagency Receipt Authority (I/A) with \$290.4 of UGF to support two positions that had been transferred into the Alaska Safety Action Program after EO 135 was enacted. The legislature denied this UGF increment and accepted the I/A decrement, leaving no funding source to support the two positions.</p> <p>Is the Department supporting the positions with other fund sources, and if so, what? Have the two positions been transferred out of the allocation to be repurposed elsewhere?</p>
Agency Response				
The Department is not supporting the two positions with other fund sources, as none are available. Due to the denial of UGF and the absence of other viable funding options, both positions have been deleted in the FY26 Management Plan and consequently in FY27 Governor.				

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6	Alaska Vocational Technical Center / Alaska Vocational Technical Center	Add One AVTEC Instructor and Funding to Support Blueprint for Expanding Alaska's Electrical and Plumbing Workforce	\$182.3 STEP (DGF) 1 PFT Position Inc	Please provide an update on the expansion of the electrical program with the new full-time instructor and equipment, including how many students filled the new number of available seats in the fall 2025 semester and how many are slated to begin next semester.
<p>Agency Response</p> <p>The Industrial Electricity program at Alaska Vocational Technical Center (AVTEC) is a one-year program that begins each August and concludes in May. Student recruitment and enrollment for each cohort begins in early spring for the following August start date.</p> <p>For the Fall 2025 cohort, 18 students enrolled and began training, fully utilizing the program's current instructional capacity. Because the program follows a single annual start cycle, no new students are scheduled to begin mid-year, and enrollment for the next cohort will not open for several months.</p> <p>Funding provided by the Legislature was used to procure the equipment necessary to support expanded instructional capacity. AVTEC is actively recruiting a new full-time Industrial Electricity instructor, which is the final requirement needed to increase seat capacity. Once the instructor is hired, AVTEC anticipates expanding enrollment beginning in FY27, consistent with available staffing and facility constraints.</p>				