THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Labor and Workforce Development

Office of the Commissioner
Post Office Box 111149
Juneau, Alaska 99811
Main: 907.465.2700
Fax: 907.465.2784

October 9, 2015

The Honorable Cathy Giessel
The Honorable Lesil McGuire
Co-Chairs Senate Special Committee on the Arctic
716 West 4th Avenue
Anchorage, AK 99501

The Honorable Bob Herron
Chairman, House Committee on Economic Development, Tourism and Arctic Policy
P.O. Box 886
Bethel, AK 99559

Dear Co-Chairs Giessel and McGuire and Chairman Herron,

On behalf of the Department of Labor and Workforce Development (DOLWD), thank you for opportunity to participate in the joint meeting of the House Committee on Economic Development, Tourism and Arctic Policy and the Senate Committee on the Arctic. I'd like to take this opportunity to respond to the questions that were posed to Mike Andrews, Director of Employment Training Services, during the presentation.

What percentage of Alaska Marine Highway employees are residents/ non-residents?

The Department of Transportation and Public Facilities provided the following statistics. Alaska Marine Highway System (AMHS) staff queried their scheduling and training database on October 7, 2015, which reflected that 95.1% of all AMHS employees were Alaska residents; 4.9% were non-residents.

Clarify "local-residents". What is the definition? Who collected the data?

The definition of "local resident" used during the presentation is a person who lives in the region and applied for a Permanent Fund Dividend in one of the two previous years. On slide 6, for example, the 38.4 percent of Alaskans from other parts of the state are people from Anchorage, Fairbanks, Kenai, or other parts of the state, who work in the Northern Region. The Northern Region encompasses the North Slope Borough, the Northwest Arctic Borough, and the Nome Census Area in DOLWD data sets.

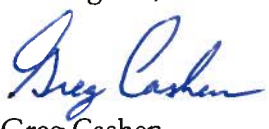
Data on slides 6 and 7 (attached) came directly from the DOLWD, Research and Analysis section. This data can also be found in the annual publication of Non-Residents Working in Alaska.

What is worker misclassification?

Worker misclassification is when employees are misclassified as independent contractors. Misclassified employees are often denied access to critical benefits and protections to which they are entitled, such as minimum wage, overtime compensation, family and medical leave, workers compensation, unemployment insurance, and safe workplaces. Employee misclassification generates substantial losses to federal and state government in the form of lower tax revenues, as well as to the state unemployment insurance and workers' compensation funds.

Please feel free to contact me if you have additional questions.

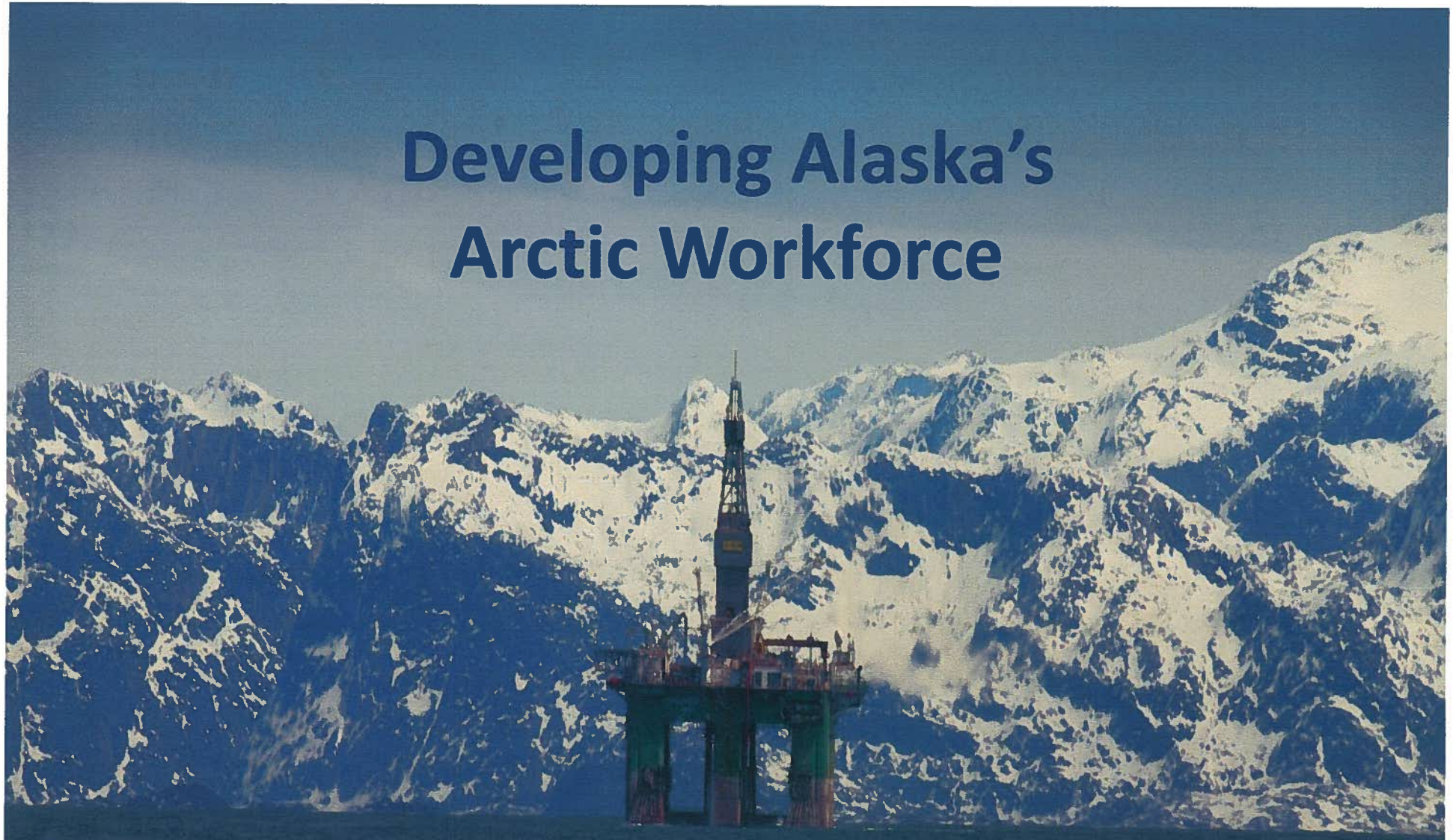
Best regards,



Greg Cashen
Deputy Commissioner

Enclosure

Developing Alaska's Arctic Workforce



Joint MTG- House Committee on Economic Development, Tourism and Arctic Policy and the Senate Committee on the Arctic

October 2, 2015

Presentation by Mike Andrews
Alaska Department of Labor and Workforce Development

Alaska Arctic Policy Commission Recommendation 3H

"Create workforce development programs to prepare Arctic residents to participate in all aspects and phases of Arctic development"

State Arctic Policy Priorities

- Promote economic and resource development
- Address the response capacity gap
- Support healthy communities
- Strengthen state-based science and research agenda

(SJR 10, passed by the Alaska legislature in 2013)

Workforce Planning Areas Identified by the Arctic Council

- Emergency and environmental response
- Search and rescue
- Telecommunications
- Maritime
- Transportation
- Ports, roads and civil construction
- Oil and gas development and facility operations

Alaska has several relevant Industry Sector Workforce Plans in place

"Create Workforce Development Programs to prepare Arctic Residents to participate in all aspects and phases of Arctic Development"

Alaska Arctic Policy Commission

- Construction
- Health Care
- Mining
- Oil & Gas
- Maritime
- Career & Technical Education

All Industry Workforce Plans are Aligned with Alaska's Career & Technical Education Plan

Arctic Labor Market

- Nome area unemployment: 13.4% (includes most Bering Sea Alliance communities)
- Northern Arctic workforce:

  26.9% non-Alaska residents

  38.4% Alaskans from other part of state

  34.7% local residents

("Northern Arctic" means Norton Sound communities, St. Lawrence Island, and North Slope)

Arctic Labor Market: Oil Industry

- Oil industry is largest Northern Arctic employer, providing approximately 9,000 jobs in the region
- Only 2% of oil jobs are held by local residents
- 39% of jobs held by non-Alaskans
- 59% of jobs held by non-local Alaskans

Labor Market: Government & Mining

- Local government is Northern Arctic's second largest industry
- 83.1% of workers are local residents
- Red Dog Mine has 435 permanent and 18 temporary employees
- Approximately 80% of workers are Alaskans

Workforce Development: Key to Addressing Arctic Policy Priorities

- Alaska has decades of experience training an Arctic workforce
- Alaska has a public workforce system capable of meeting challenges of increased Arctic activity
- Attracting Alaska's students to education and training that prepares them for a career in the Arctic is a large challenge

Renewed Focus on Alaska Hire

- Alaska Hire is a top priority for Governor Walker and Commissioner Drygas
- A new Zone of Underemployment determination promotes local hire on public funded construction
- Expand apprenticeship training in Mining, Maritime, Oil & Gas, and Health Care
- Enforcement against worker misclassification and labor trafficking

University of Alaska – the Leader in Arctic Workforce Development

- University of Alaska including campuses in Nome, Kotzebue, Bethel, Dillingham, Interior and Aleutians
- University of Alaska's Process Technology Associates Degree for mine operations
- Occupational and Environmental Safety and Health Certificates and OSH Associates Degrees

Arctic Regional Training Centers

- Kotzebue –Alaska Technical Education Center
- Nome – Northwest Arctic Career and Technical Education Center (NACTEC)
- Barrow – Ilisagvik College
- King Salmon – Southwest Alaska Vocational Education Center (SAVEC)
- Bethel – Yuut Elitnaurviat

Fairbanks Pipeline Training Center

- Training to build large diameter pipelines for oil/gas
- Civil construction; heavy equipment operation, mechanics, construction truck driving, surveying
- Ice road construction and long-haul trucking
- Industrial welding and pipefitting
- 52 acre training field, 9 acre campus with classrooms, shops and dormitory
- UAF – Process Technology & Occupational Safety degree programs

AVTEC Training for Maritime Workforce

- Maritime training programs:
  - Master of Not More than 200 Tons
  - Operator of Uninspected Passenger Vehicles
  - Qualified Member of Engine Dept. Oiler
- 27 Coast Guard approved shorter courses
- AVTEC has only Coast Guard approved Class A full mission control bridge simulator in Alaska
- Industrial construction

Key Arctic Workforce Planning Principles

- Career & Technical Education planning for Arctic economic and workforce development
- Directly involve industry, regional employers, educators and community representatives
- Training programs must be focused and designed for sustainability

Research Based Planning

Perform an Arctic Region Economic & Workforce analysis of:

- the projected occupational demand, cross industry skills, and emerging occupations
- the current and projected skills gaps, to determine the region's priority occupations
- Local workforce demographics

Provide a report with recommendations to the Legislature's Arctic Policy Council - Spring 2016