

Alaska Senate Labor & Commerce Presentation re: Workforce Challenges
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Juneau, Alaska
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Good afternoon, members of the Senate Labor & Commerce Committee. My name is Leila Kimbrell, Executive Director of the Resource Development Council for Alaska, or “RDC”. RDC is a trade association representing mostly private industry in the oil and gas, mining, fishing, timber, and tourism sectors for Alaska. RDC was established in 1975 and our mission is dedicated to “growing Alaska through responsible resource development” to ensure a strong, diversified private sector for a robust state economy. RDC’s membership includes large and small companies, Alaska Native Corporations, labor unions, other associations, community associations and local governments, individuals, and industry support services. Collectively, RDC represents nearly 700 corporate and individual members who employ thousands of Alaskans statewide. As you can see, RDC is just as diverse as Alaska.

I’d like to thank the Chair and members of the committee for inviting me and my colleagues to speak to some of the workforce challenges our private industries face. If it pleases the Chair, I will provide a broad overview of impacts and

challenges and then my other colleagues on this panel will provide more specific data to share.

As a general matter, all of our industries face the same challenges every employer in Alaska faces: record low unemployment numbers, changes in workforce demographics, housing costs, childcare costs, lack of highly skilled workers and adjusting to a post-pandemic work environment where workers expect more flexibility, remote working, higher wages and benefits, to remain competitive.

OIL & GAS:

In 2022, the monthly average of direct jobs for the oil & gas sector was 6,700 according to the most recent State Department of Labor and Workforce Development analysis and that monthly forecast is expected to grow to 7,400 this year based on new project estimates. I will let Kara Moriarty from the Alaska Oil and Gas Association address specifics but would note that if the Willow project comes online, for example, that project alone estimates 2500 construction jobs will be created.

MINING & LOGGING:

In 2022, the monthly average of direct jobs for the mining and logging sectors was 10,900 according to the most recent State Department of Labor and Workforce

Development analysis and that monthly forecast is expected to grow to 11,500 this year based on new project estimates. I will let Deantha Skibinski from the Alaska Mining Association address specifics to the mining industry. For forestry and timber, an industry RDC supports, I'd like to note some challenges.

As the Committee knows, the Alaska timber industry, particularly on federal lands, has been under fire for decades. The recent reimposition of the Roadless Rule for the Tongass National Forest presents the newest challenge. But another external challenge has been another decision from the US Forest Service to stop the harvest of old growth timber. This is a huge hurdle to overcome and there are concerns that there is insufficient time to ensure an economic transition from old to young growth without putting remaining operators out of business.

Opportunities at the state level are more encouraging: Alaska Mental Health Trust lands and plans to grant them more state lands to harvest is a good signal.

Also, the State's proposal to stand up a new forest products program to allow commercial graded Alaskan lumber products to be produced and sold in Alaska will create new opportunity – it's hard to believe with all the forested lands in our state that you cannot go down to the lumber yard and buy Alaskan lumber to construct your home. A program like this could also have the potential of lowering home construction costs for Alaska.

Some of the specific needs for this industry, however, include the needs for

- Licensed heavy equipment operators and CDL holders.
- Aging of the industry: The average age in the timber industry is now in the late 60s. There are not enough younger Alaskans entering the trades at a pace equal to demand – challenges also as the millions in federal infrastructure funds begin hitting our communities.
- Wages – this is a challenging issue but also a reality – federal funds will see an increase in Davis Bacon (fed) or mini Bacon (state) construction jobs; and operators in the timber industry often cannot pay or compete with these wages and benefits and we routinely see those workers move from the timber industry to other jobs when they come into the community or region.
- We also generally just do not have individuals going into the forestry profession and this also will become more challenging in the coming years – foresters are needed for road development projects, mapping, infrastructure evaluation, along with forest management.
- So, a big question: What is the job pipeline we are creating for our young children? How are we ensuring we have as robust a program for trades in

AK as we do for the ANSEP program or other professional university based programs and training?

- These are ongoing challenges and a reminder that we need to continue to engage with the state and pursue new ideas and opportunities if we are going to maintain a strong Alaskan timber industry.

FISHING:

Moving on to fishing, as we know, Alaska's seafood industry is second to none. Like our other industries, this industry faces the same challenges of workforce shortages and demand. The State Department of Labor & Workforce Development does not report commercial fishing sector jobs in private, nonfarm employment reports; however, according to a recent study conducted by McKinley Research Group,

- The seafood industry directly employed 62,200 people in 2019 (latest McKinley stats) – and created an additional 10,500 secondary jobs.
- The seafood industry in Alaska is also the largest manufacturing industry in the state because of its processing sector.
- Alaska fish processing companies need a lot of seasonal workers (about 27,000 people employed in processing in AK, 2019) to process the 5 to 6 billion pounds of fish harvested by fishermen off Alaska coasts every year.

- The seasonality of this work creates challenges in filling work demand. Some seasons are 3 months, some are 3 weeks, and in places with consistent nearly year-round fisheries, the jobs are year-round as well.
- In commercial salmon fisheries for instance, you need thousands of people for short seasons in remote areas, more off the road system than on. And the fish don't wait, so you must have a sufficient workforce at the right time.
- Workforce shortages directly affect not just how much fish Alaska can process but the type of seafood products made, because higher value products take more labor.
- And the needs extend to the many highly skilled positions in this industry. The seafood sector engages in several workforce development initiatives with the University and Dept of Labor.
- Alaska Sea Grant provides in-state training and education opportunities.
- Last year the Alaska Research Consortium finalized a report on Alaska's Seafood Future – which highlighted the skilled positions that seafood processors have the most difficulty filling and cannot operate without – such as refrigeration engineer, plant engineer, machinists to name a few.
- The University of Alaska now uses this report as a basis for its work to help provide a skilled workforce for seafood harvesters and processors across the

state. This includes growing awareness for the types of skilled positions needed, trying to improve awareness at the middle and high school level, to improve in-state training availability, and general workforce readiness.

- Individual companies are also now investing in developing their own training in partnership with places like AVTEC and company apprenticeship programs for those people so they have jobs when they complete the training.

TOURISM:

And finally, tourism: In 2022, the monthly average of statewide direct jobs for the leisure and hospitality sectors was 30,400 according to the most recent State Department of Labor and Workforce Development analysis and that monthly forecast is expected to grow to 35,700 this year based on new project estimates. Alaska is on everyone's bucket list and the cruise ship industry alone estimates a 2023 season of 1.4 million passengers.

The tourism industry is facing a situation where we have many jobs to fill due to increased demand for post-pandemic travel. In addition to federal infrastructure funded projects happening in the state, this will put even more pressure on our already tight statewide labor pool. Lack of childcare and affordable housing are compounding employment issues for parts of the state.

To address these challenges, the tourism industry is trying all manner of ways to attract workers to job openings: higher pay, season-completing bonuses, referral bonuses, travel allowances, and increased schedule flexibility. However, without a larger labor pool, we will end up competing with other industries for the same workers or recruiting them from out of state.

When it comes to awareness of opportunities in the tourism industry, there also needs to be support for working with middle and high schools, along with universities and vocational training programs.

CONCLUSION:

For the short-term, we all run the risk of having many job openings which will be filled by out of state jobseekers, potentially giving our industries some blowback from in-state residents who don't understand the situation. However, this is why these hearings you are having is important. Thank you for the opportunity to speak to you today and I hope I also conveyed opportunities to give you ideas on how the legislature can support our workforce development and retention needs. We look forward to being a resource for you going forward.