

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

January 31, 2017
1:30 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Shelley Hughes, Vice Chair
Senator Kevin Meyer
Senator Gary Stevens
Senator Berta Gardner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATIONS: OPPORTUNITY & VOC-TECH FOR ALASKANS
Department of Labor and Workforce Development
Northern Industrial Training
Associated Builders and Contractors

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

HEIDI DRYGAS, Commissioner
Department of Labor and Workforce Development (DOLWD)
Juneau, Alaska

POSITION STATEMENT: Presented information on Alaska Department of Labor and Workforce Development programs.

GREG CASHEN, Deputy Commissioner
Department of Labor and Workforce Development (DOLWD)
Juneau, Alaska

POSITION STATEMENT: Reviewed the Alaska Construction Academy Budgets for FY2008 through FY2018.

PALOMA HARBOUR, Director

Division of Administrative Services
Department of Labor and Workforce Development (DOLWD)
Juneau, Alaska

POSITION STATEMENT: Answered questions related to the Alaska Vocational Technical (AVTEC) budget.

JOEY CRUM, President and CEO
Northern Industrial Training (NIT)
Palmer, Alaska

POSITION STATEMENT: Presented information about vocational education in Alaska.

AMY NIBERT, President and CEO
Associated Builders and Contractors (ABC) of Alaska
Anchorage, Alaska

POSITION STATEMENT: Provided information about ABC of Alaska programs.

AMBER CARTIER, Director of Apprenticeship
Associated Builders and Contractors (ABC) of Alaska
Anchorage, Alaska

POSITION STATEMENT: Provided information about ABC's apprenticeship completion rate.

DOUG WARD, Director of Shipyard Development
Ketchikan Shipyard
Ketchikan, Alaska

POSITION STATEMENT: Provided information about vocational training at the Ketchikan Shipyard.

ACTION NARRATIVE

[1:30:55 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Gardner and Chair Costello. Senators Stevens, Meyer and Hughes arrived soon thereafter.

Presentations: Opportunity & Voc-Tech for Alaskans

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CHAIR COSTELLO stated that the committee will hear about opportunity and vocational education for Alaskans. She summarized what the committee has learned in the last two weeks. She noted that the state is in a recession and facing a challenge, not a crisis.

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HEIDI DRYGAS, Commissioner, Department of Labor and Workforce Development (DOLWD), presented information on Alaska Department of Labor and Workforce Development programs. She began with the department's mission: Protect workers and advance opportunities for employment. She said the department accomplishes this through core services of protecting workers, developing workers for jobs, and replacing income for injured or disabled workers.

She displayed a chart showing the FY2008 budget by core service. Between FY2008 and FY2018 DOLWD's workforce development budget decreased by \$11.4 million. That was due, in large part, to the recent elimination of multiple unrestricted general funds and supportive grant programs, such as Alaska Youth First, oil and gas training, career and technical education, as well as a significant reduction to the Alaska Construction Academy funding.

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COMMISSIONER DRYGAS addressed workforce development programs in detail. She reviewed the Alaska Vocational and Technical Center (AVTEC) in Seward, a post-secondary training institute whose mission is to train a diverse and effective workforce that supports economic growth and stability of Alaska. She showed a graph of AVTEC's budget by fund source from FY2008 and FY2018. Federal funds include Pell Grants and federal loans and other state funds, including interagency receipts for training provided to other state agencies and non-state grants and contracts. Designated general funds include funding from the Technical and Vocational Education Program (TVEP) and student tuition and fee revenue. She noted that in FY2018, student tuition and fees will increase 7.5 percent, the second year of a two-year increase. She related that AVTEC has a new director and the department will be working closely with her to develop a strategic plan.

She addressed AVTEC's two types of training programs, short-term and long-term. Short-term programs are less than six weeks, and most are maritime related. Long-term programs include welding, plumbing and heating, and culinary arts. The longest program is 10 months. The long-term program enrollment decline in FY2016 was a direct result of state budget pressures and resulted in the closure of AVTEC's Allied Health Program.

She showed a graph of AVTEC's performance from FY2006 through FY2016. She emphasized that AVTEC is a highly effective program with an average graduation rate of 88 percent over the last five

years, and 89 percent of graduates were employed in their area of training within one year.

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COMMISSIONER DRYGAS reviewed the State Training and Employment Program (STEP) budget by fund source between FY2008 and FY2018. She related that the purpose of STEP is to enhance the quality and accessibility of job training and to provide re-employment assistance to unemployed or under-employed workers. It is funded by employee contributions to Unemployment Insurance. That contribution is 0.1 percent. About 75 percent of STEP funds are distributed by a competitive grant program and awarded to training providers to train Alaskans. Grant applications are reviewed by the department staff and Alaska Workforce Investment Board members. The remaining 25 percent are distributed through job centers for individual training accounts. STEP training is limited to adults.

She displayed a line graph showing that STEP performance is on an upward trajectory. The graph shows the number of Alaskans that have exited the STEP program from FY2006 through FY2015 and how many were employed within one year. Both are on a healthy upward trajectory. The department implemented a division consolidation in FY2016 which reduced administrative costs and put an additional \$1 million in STEP funds "out on the street" as grants to train Alaskans.

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CHAIR COSTELLO recognized that Senators Meyer, Hughes, and Stevens had joined the committee.

COMMISSIONER DRYGAS reviewed STEP graduate earnings over time. Looking back 10 years shows that by 2014 trainees earned over \$62,000 annually and non-graduates earned about half that.

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COMMISSIONER DRYGAS reviewed the Technical and Vocational Educational Program (TVEP) budget FY2008 through FY2018. The purpose of TVEP is to enhance the quality and accessibility of job training across the state. This training can include youth and adults. It is funded similarly to STEP - with an employee contribution to Unemployment Insurance of 0.16 percent. Funding is distributed as authorized by statute. One of the department's highest legislative priorities is re-authorization of this distribution, which is scheduled to sunset on June 30, 2017. TVEP funding has increased significantly since FY2008.

CHAIR COSTELLO asked if the 0.16 percent is a percentage of the program or of the overall state budget.

COMMISSIONER DRYGAS clarified that this is the only funding the program receives.

She continued to explain that TVEP reporting has only been in place since FY2012 because recordkeeping before that was unreliable. Success in TVEP gives students the skills and confidence they need to enter employment or seek additional training. Many students go from one training provider to another to advance their skills.

She provided an example of a flier from Northwestern Alaska Career and Technical Center (NACTEC) in Nome. The flier encourages students to further their training.

COMMISSIONER DRYGAS concluded that a statewide network of training providers is critical to developing an Alaskan workforce for Alaska's jobs. That is what TVAP supports.

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GREG CASHEN, Deputy Commissioner, Department of Labor and Workforce Development (DOLWD), reviewed the Alaska Construction Academy (ACA) budget FY2008 through FY2018. He said the purpose of ACA is to promote an understanding of the construction trade and develop a strong, flexible workforce for the varied industries that rely on construction. ACA training participants used to include both youth and adults, but due to budget cuts as of FY2017, there is no longer any funding for youth training. In accordance with FY2017 legislative intent, the department reduced the general fund authority supporting academies by another \$600,000 in unrestricted general fund in FY2018. The remaining ACA funding totals \$1.26 million in unrestricted general fund. If the legislative intent language continues, the program will be eliminated by FY2021.

He concluded that the department is concerned about eliminating funding for ACA and believes it is short-sighted given the aging construction work force. Failure to train Alaskans for jobs does not mean the jobs are going to go away. It simply results in jobs going to outsiders.

CHAIR COSTELLO asked if there are private-sector job training opportunities in the construction industry.

COMMISSIONER DRYGAS said there are several union and nonunion training apprenticeship programs. ACA is a feeder program for the construction trades with many graduates going on to become apprenticeships.

CHAIR COSTELLO asked Commissioner Drygas if she is aware of job loss in the oil and gas and construction industries and if loss of training opportunities in those areas is a factor, or whether the overall economy is driving that.

COMMISSIONER DRYGAS stated that it is a complicated set of factors. Those jobs are declining, but there is also an aging construction workforce. She pointed out that the construction workforce exists across industries. There are still significant federal and military funds for construction jobs and it will do a disservice to Alaska to stop training for those jobs. Otherwise, they will be filled by workers from out of state.

SENATOR HUGHES said she believes the private sector will fill the gap in jobs if there is no academy.

COMMISSIONER DRYGAS agreed that the private sector would, and has, stepped up for years in the construction industry to train Alaskans and that won't go away. They stepped up before the academy was created. She stressed the importance of introducing youth to the construction trades. She continues to believe that the youth training program fills a critical need in Alaska.

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SENATOR STEVENS asked for specific information on the aging workforce.

COMMISSIONER DRYGAS agreed to provide the information.

CHAIR COSTELLO asked what other efforts the department is undertaking to improve the business climate.

COMMISSIONER DRYGAS said Department of Commerce, Community and Economic Development (DCCED) has been committed to improving the business climate and is working on an economic development plan. She noted that DOLWD has been part of those conversations.

CHAIR COSTELLO asked her to discuss changes to the mission of DOLWD if DCCED is focused on jobs.

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COMMISSIONER DRYGAS said the mission hasn't changed and DCCED is not tasked with creating jobs; that is the job of the Department of Labor. The department is committed to working hard with industry to meet its needs when it comes to job and workforce development. She provided examples from the maritime, health care, and aviation industries. She emphasized that DCCED and DOLWF work hand in hand with job creation and job training.

MR. CASHEN reviewed the performance of the Alaska Construction Academy from FY2012 through FY2015. He said 200 participants entered the construction apprenticeship program, of which, 12 percent were female, and 21 percent of participants were Alaska Native. Both groups saw a significantly higher percentage of employment than the year before.

He reviewed the Vocational Rehabilitation Client Services Program's budget FY2008-FY2018. The Division of Vocational Rehabilitation is focused on delivering services to disabled Alaskans, which is critical to the department's mission of advancing employment opportunities for all Alaskans. Unrestricted general fund in vocational rehabilitation component represents a required state match. For every dollar of state funding that is reduced, a dollar of federal funding is lost.

MR. CASHEN reported that the average wage of individuals exiting the vocational rehabilitation program employed during FY2016 was \$14.38 per hour, which far exceeded the federal and Alaskan minimum wage levels. The state's vocational rehabilitation program is quite successful given that over 90 percent of the individuals receiving services are significantly disabled. In general, Alaska has a highly transient population. In 2016, over 80 percent of individuals who exited from the program without employment did so because staff could no longer locate them.

MR. CASHEN reviewed individual training accounts (ITA). The department supports ITAs with Federal Workforce Innovation and Opportunity Act (FWIOA) funding, which is distributed through job center case managers statewide. They meet one-on-one with participants to assess the needs and goals of clients, and develop an individual employment plan.

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SENATOR HUGHES asked if federal funding from the [U.S. Department of Veterans Affairs] feeds into ITAs.

COMMISSIONER DRYGAS said she will confirm, but she doesn't believe any funds come from that agency. Most of the funding for ITAs comes from FWIOA - dislocated worker funding.

SENATOR HUGHES asked if the department has any "pass through" from the [U.S. Department of Veterans Affairs] for any workforce training.

COMMISSIONER DRYGAS said no, but they have several programs to train veterans. All the money comes through the U.S. Department of Labor.

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At ease

[2:00:14 PM](#)

CHAIR COSTELLO reconvened the meeting.

COMMISSIONER DRYGAS discussed Registered Apprenticeship, a national system that has been utilized to meet America's skilled workforce needs for over 75 years. More than 90 percent of Alaskans that graduate from a Registered Apprenticeship program stay to work in Alaska. Apprenticeship is a unique training system that combines job-related technical instruction with structured on-the-job learning experience. This enables employers to develop and apply industry standards to training programs that increase productivity and improve retention. The Registered Apprenticeship system effectively meets the needs of both employers and workers. The progressive wage scale of the Registered Apprentice system provides an opportunity for workers seeking high-skilled, high-paying jobs to work their way up and meets the needs of employers seeking to build a qualified workforce.

Registered Apprenticeships thrive in the construction trades, but also in emerging industries in Alaska - in 1,000 different occupations. With some competitive federal grants, the department has been able to coordinate efforts to expand apprenticeships into health care, aviation, and maritime industries. She named many of the partners the department works with.

COMMISSIONER DRYGAS stated that across sectors, the department is working to expand the number of veterans, women, and minorities in apprenticeships. Job Center veteran representatives help connect veterans with apprenticeships and training. Alaska's construction apprenticeships have three times

the number of women per capita than the percentage of women in the construction industry overall. Alaska Natives participate in apprenticeships at rates that slightly exceed their proportion of the overall state population. The department will continue to work with Alaska Native partners.

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COMMISSIONER DRYGAS offered to answer questions.

SENATOR GARDNER asked if state and federal funding is correlated due to matching funds.

COMMISSIONER DRYGAS deferred the question to Ms. Harbour.

SENATOR GARDNER clarified that she is referring to the AVTEC budget by fund source.

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PALOMA HARBOUR, Director, Division of Administrative Services, Department of Labor and Workforce Development (DOLWD), answered questions related to the Alaska Vocational Technical (AVTEC) budget. She clarified that the federal funding Senator Gardner is referring to is pass through funding to students for Pell Grants and direct loans. She noted there was a federal change that required federal direct loans to pass through the institution that the student attends, which explains the increase.

SENATOR GARDNER asked why there are dramatic fluctuations in short-term enrollment in AVTEC.

COMMISSIONER DRYGAS responded that the department has been partnering more effectively with private industry, especially in the maritime industry, to provide training for existing employees.

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At ease

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CHAIR COSTELLO reconvened the meeting.

[2:08:12 PM](#)

JOEY CRUM, President and CEO, Northern Industrial Training (NIT), presented information about vocational education in Alaska. He explained that NIT is a privately-owned post-secondary vocational training facility statewide. The program

has trained and/or tested over 22,000 students since inception in 2003. They are a third party Commercial Driver's License (CDL) site for the state.

He shared NIT's five foundational anchors: professionalism, integrity, respect, consistency, and the will to succeed. He said their programmatic accreditations include: National Center for Construction Education Research, Professional Truck Driver Institute, Alaska Department of Motor Vehicles, American Welding Society, and Crane Institute Certification. He said that NIT chose this programmatic accreditation path as a response to the needs of industry. They tried to find relevant training programs that provide national level certifications to expand opportunities for Alaskans to seek employment. He explained that NIT is currently a candidate for national accreditation through the Council on Occupation Education. Their visit is scheduled for September 2017. It will be an opportunity to gain partnerships with higher education and to open pathways between other states.

SENATOR HUGHES asked if they have been trying to connect with the University of Alaska for 13 years.

MR. CRUM said yes. The conversations with the university never got off the ground and he has not been given a reason. Credit transfers are an issue.

MR. CRUM displayed long-term program enrollment data for 2013-2015 for five programs: CDL, welding, heavy equipment, project management & health, safety, and environmental technician (HSET), carpentry & roustabout, and mechanics. The CDL increase in enrollment is due to partnerships in the Lower 48.

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SENATOR GARDNER asked how confident he is that students will return to Alaska after training.

MR. CRUM reported that in the last year less than 10 percent have exited Alaska. It is a risk they face because there is little market in Alaska.

He said in 2016 there were no courses in carpentry & roustabout. In 2015 they predicted the market could bear few new carpentry entries into the work force, so they didn't run any courses in 2016. They would rather fall short than train too many.

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SENATOR MEYER asked where most graduates go. He commented on the lack of truck drivers and asked if they go to the North Slope.

MR. CRUM replied a significant portion used to work on the North Slope. Many now work at slope companies and welders are employed in Anchorage and at Vigor in Seward and Ketchikan. Project management and HSET are employed in much smaller numbers.

SENATOR MEYER asked if there are enough CDLs in Alaska.

MR. CRUM replied that, currently, the need for truck drivers has slowed. There are about 33,000 CDL holders in Alaska and the number of truck drivers in the Alaska market has slowed in the last year. None of the CDL programs they run are at capacity.

SENATOR MEYER said it appears that the CDL program is one of the few that has experienced increased enrollment.

MR. CRUM agreed that was encouraging and he credits out-of-state employers that are hiring Alaska drivers.

SENATOR HUGHES asked if there is duplication of programs with AVTEC.

MR. CRUM replied that there is some overlap in welding and in a few mechanic programs. The University of Alaska also offers similar programing. He maintained that the NIT programs are more rigorous.

SENATOR HUGHES asked if NIT could pick up the slack if some of the state-funded programs went away.

MR. CRUM said yes.

SENATOR GARDNER asked if NIT is for profit.

MR. CRUM said they decided to organize as a for-profit company as an internal and motivating decision. They do not receive any funds from the state. They are eligible for the Alaska Student Loan, VA benefits, individual training accounts, and they can bid on step-competitive bid processes allowable for third-party training providers. He said he doesn't know the costs of programs, but he could provide that information.

SENATOR GARDNER asked for information on the cost of programs compared to state programs and for the completion rates of students.

MR. CRUM said the current enrollment slide shows graduation rates.

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MR. CRUM displayed a bar graph showing short-term program information for 2015 versus 2016. He said the number of enrollments in 2015 was 2,688; in 2016 there were 1,224. The number of certificates issued were 2,496 in 2015, and 1,081 in 2016.

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MR. CRUM turned to long-term program information. Enrollments were 415 in 2015 and 376 in 2016; the number of certificates issued in 2015 were 1,748 and 1,241 in 2016. There were 49 returning students in 2015 and in 2016 there were 32. NIT focuses on the output and screens the input. They require a physical and a drug test, which simulates the real work environment. This helps with performance numbers. He said workforce develop is about connecting students with potential employers and allowing them a choice of the one that fits best.

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SENATOR GARDNER asked about automatic versus random enrollment.

Mr. Crum explained that federal law requires a drug test for CDL drivers and the company must maintain records. As a driving school, students are viewed as employees and must be enrolled in random testing.

SENATOR GARDNER summarized that all students are treated as if they were CDL-licensed and may be randomly tested.

MR. CRUM clarified that enrollment in CDL is dictated by federal law, and the others are tested randomly.

CHAIR COSTELLO said they simulate the work environment in the training as much as possible.

SENATOR HUGHES shared her experience visiting the NIT center and expressed appreciation that they follow the state's employment needs and focusing on graduate employment.

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SENATOR HUGHES asked if NIT is doing anything to let youth know about the opportunities.

MR. CRUM said they have recruiting efforts statewide and educational efforts, such as job fairs. They work with high schools and support Skills USA, and travel around to do outreach to Alaska youth.

CHAIR COSTELLO thanked Mr. Crum for the presentation.

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At ease

[2:37:18 PM](#)

CHAIR COSTELLO reconvened the meeting and welcomed Amy Nibert and Amber Cartier.

[2:37:25 PM](#)

AMY NIBERT, President and CEO, Associated Builders and Contractors (ABC) of Alaska, provided information about ABC of Alaska programs. She reviewed the history of ABC and the Alaska Chapter, noting the apprenticeship program started in 1999. The Alaska Chapter has over 140 members, 70 of which use the apprenticeship program. She related that the apprenticeship program is member-funded and receives no state grants.

MS. NIBERT listed the trades they offer: carpentry, electrical, glazier, HVAC, insulating, laborer, pipe-fitting, plumbing, sheet metal, and sprinkler fitting. The primary ones are electrical and plumbing and are accredited through the Department of Labor and Workforce Development (DOLWD).

She stated that the mission of the apprenticeship program is to provide an opportunity for interested and qualified applicants to receive craft and safety training while working for participating member employers. It offers individuals an opportunity to receive an academic and vocational education while working on the job for wages.

She reviewed the benefits of being an ABC apprentice: there is one-on-one training with a journeyman, it qualifies the apprentice for a higher level of pay, it exposes the apprentice to the latest technology and building codes, and it offers life-long job mobility.

She reviewed the eight-step apprenticeship progression chart.

She explained ABC's program details which begin with the ranking of applicants, then member company interviews. Next the

apprentice is indentured into the program and works through the program progression.

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In FY2014 ABC of Alaska received a grant from the Alaska Workforce Investment Board to support training projects focused on targeted occupations - oil and gas training and construction jobs related to oil and gas. They were challenged that year with more people in rural areas wanting to train as apprentices, but without the opportunity to travel to Anchorage or Fairbanks. ABC used the grant to bring the training to them via technology.

SENATOR GARDNER asked if the grant program was a victim of state budget cuts.

MS. NIBERT explained that there were only two people to administer the grant to 385 apprentices. It was overwhelming, and they stepped back and hired more staff. This year they are considering another grant for continuing education.

She reviewed a graph of ABC's apprenticeship enrollment numbers from FY2013 through FY 2016., There were about 100 apprentices five years ago, and today 309 apprentices are enrolled and working today.

[2:45:54 PM](#)

AMBER CARTIER, Director of Apprenticeship, Associated Builders and Contractors (ABC) of Alaska, provided information about ABC's growing apprenticeship completion rate. She reviewed ABC's apprenticeship completion rates by year.

CHAIR COSTELLO requested that she read the percentages of completion by year.

MS. CARTIER reported that in 2013 the completion rate was 20 percent; in 2014 it was 30 percent; in 2015 it was 32 percent; and in 2016 it was 33 percent.

SENATOR GARDNER asked what this says about people who completed the program versus those who went on to do other things.

MS. CARTIER said the numbers are only representative of the 309 apprentices on the books last year.

CHAIR COSTELLO summarized that 32 percent of 309 graduated in that year.

SENATOR GARDNER asked what 20 percent of 220 means in 2013.

MS. CARTIER said she does not have a five-year progression. It represents the number that graduated in 2013.

CHAIR COSTELLO requested information on how many people, of the people who entered the program, graduated.

MS. CARTIER said she would get that information.

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MS. NIBERT reviewed ABC's involvement in rural communities of Alaska. She provided examples of ABC member companies' use of the apprenticeship program.

As of 2017, 74 percent of apprenticeships are in electrical, 17 percent are in plumbing, and 9 percent are other trades. A breakdown by region for 2016 shows that the Arctic Slope Region has 62 apprentices, Southeast & Southwest have 9, Kenai has 40, Mat-Su has 60, Anchorage has 80, and Fairbanks has 20. She noted in 2014 the Arctic Slope Region has the most apprentices due to oil jobs. Now the rates are more even due to projects returning to the Mat-Su and Anchorage.

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MS. NIBERT showed a graph of equal opportunity enrollment by trade. It shows women and minorities are highest in electrical and plumbing. Veterans average about 10 percent.

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MS. NIBERT offered to send the apprentice statements later because the video wasn't available today. She provided an example of the success of an apprentice with no experience.

CHAIR COSTELLO said she would like that.

MS. NIBERT discussed how ABC stands apart from the union.

ABC's Apprenticeship Program is paid through participating employers - no union dues

The Apprentice is not required to take time off work or use unemployment for classroom study

ABC's open enrollment is available year-round - there's no need to wait to apply

ABC utilizes standardized curricula that is recognized nationwide (NCCER)

ABC maintains apprentice and applicant pools for employer use, providing applicants with employment opportunities throughout the industry

There are more employment opportunities when work is slow

Greater promotion/pay increase opportunities based on performance

Free certification classes in OSHA 10, OSHA 30 and First Aid/CPR, and others

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SENATOR GARDNER noted that AVTEC students pay tuition and have employers that often are from industry. She said limitations are that they pay tuition and can only come into a class at the beginning of it, whereas ABC has open enrollment. She asked what ABC costs and who pays for it, and how open enrollment works.

MS. CARTIER explained that there is a \$50 application fee. Once an apprentice is indentured, the employer starts to pay \$95/month. There are no classroom teachings, currently. The courses are via correspondence, and the journeyman is the mentor.

SENATOR GARDNER asked when they graduate or receive a certification.

MS. CARTIER related that the licensed trades receive their journeyman card if they decide to "journey out" through the electrical or plumbing programs. Both licensed and non-licensed trades receive a certificate to the U.S. Department of Labor saying that they completed the ABC program.

SENATOR GARDNER asked what the completion rate is.

MS. CARTIER said they tried to represent that in the pie chart and will follow up with the information.

SENATOR STEVENS asked for the ratio of on-the-job training versus book work.

MS. CARTIER replied that there are 160 hours of book work per level and 6,000 to 8,000 hours of on-the-job training.

SENATOR STEVENS asked how important the on-the-job training is.

MS. CARTIER said it is required.

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MS. NIBERT discussed future goals of the ABC program. One of the goals in the next five years is to open a training center for all apprentices to come in and have a hands-on learning and training experience outside of the work environment using virtual tools and the latest technology.

She said ABC chapters have national craft championships each year for third and fourth year apprentices. ABC of Alaska is proud to have had a national champion in 2012 and a second-place finish in 2014 in plumbing.

CHAIR COSTELLO thanked Ms. Nibert and Ms. Cartier for the presentation.

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At ease

[3:02:11 PM](#)

CHAIR COSTELLO reconvened the meeting and welcomed Doug Ward from the Ketchikan Shipyard.

[3:02:39 PM](#)

DOUG WARD, Director of Shipyard Development, Ketchikan Shipyard, provided information about vocational training at the Ketchikan Shipyard. He said he has enjoyed being the director for the past 22 years. In that time, they learned how to build a world-class shipyard and to build world-class ships. More recently they have learned how to turn out Alaska-class ferries and Alaska-class shipbuilders. He introduced Matt Alwood.

MR. WARD said they had a public rollout of a training initiative called Advancing Alaskan Workers, supported by Maritime Works. It is the first demonstration project of an employer-led, jobs-driven training initiative that advances workers from middle skills to advance skills.

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MR. WARD gave some background about VIGOR, which brings a strong commitment to front-line workers to develop production skills and be strong members of the community. He said that Alaska Industrial Development and Export Authority (AIDEA) noted that

commitment when it reviewed the proposal to reopen the shipyard in 2012. It is because of the emphasis on skill building that he is here today. He related that VIGOR has a diverse line of business that includes shipbuilding, ship repair, specialty boats, and heavy, complex fabrications.

He discussed current employment at the shipyard. There are 180 direct jobs and 90 indirect jobs, paying over \$14 million in wages. Wages are 35 percent higher in Ketchikan than average private sector wages. The workforce is young with an average age of 38 years old.

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MR. WARD addressed the beginnings of Maritime Works. They became involved with the National Ship Building Research Program funded by the U.S. Navy to reduce the cost of building and repairing warships. Out of this came cutting edge information about building a commercial ship building industry. He described the cyclical nature of ship building that is leveled out by having a strong ship building workforce.

He described how in 2001 Maritime Works looked at the functional industrial processes required to build ships and the key tasks of each process to set skill standards.

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MR. WARD discussed Maritime Works' Alaska careers partnerships that increased the number of Alaskans working in the skilled and well-paying maritime occupations. They developed a responsive workforce, enabling the maritime sector to remain a substantial contributor to the state's economy. The partnerships guide Alaska's workforce to discover and prepare for the wide range of employment opportunities.

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CHAIR COSTELLO said it is not lost on me the comprehensive process and significance of you drilling down into the skill that is required to perform a given task. That is a significant undertaking.

MR. WARD said there was significant debate about that. Having ship production managers on the Workforce panel contributed greatly to the discussions.

He reported that Maritime Works is a new organization and their job is to implement the 2014 Alaska Maritime Workforce Development Plan. Six individuals worked on it. He related that

Maritime Works was put into the Alaska Process Industry Career Consortium (APICC) in Anchorage. They shared APICC's values of partnerships, leadership, awareness and advocacy, and alignment.

He said it is an innovative training program aimed at developing a highly productive, advanced manufacturing workforce comprised of Alaska residents at the Ketchikan Shipyard. He gave an example of one of the interns.

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He noted the importance of internships. They have two interns from the Webb Institute working toward blue collar, high-dollar maritime careers.

[3:23:04 PM](#)

CHAIR COSTELLO noted that Senator Stedman and Senator Bishop had joined the committee.

[3:23:30 PM](#)

MR. WARD described the business metrics they use, such as reportable accident rates, workforce retention, and cost and schedule performance indexes. They apply business measures to structured on-the-job training (SOJT) in Phase 1 to decide whether they are competitive.

They use a safety application. In 2013 they had a reportable incident rate of 15 and now it is 1.82. With the safety application you can take a picture of the potential threat and send it to the entire production team. In less than two years they have seen improvement.

[3:26:19 PM](#)

CHAIR COSTELLO asked him to provide his information in writing.

SENATOR GARDNER said she collects phrases and she is adding his statement that they are learning "how to design and build Alaska-class shipbuilders."

MR. WARD said it was the most important job. The CEO of Vigor said the Ketchikan Shipyard has become the heart and soul of Vigor.

CHAIR COSTELLO thanked Mr. Ward and all the presenters for their presentations.

[3:27:59 PM](#)

There being no further business to come before the committee,

Chair Costello adjourned the Labor & Commerce Standing Committee meeting at 3:27 p.m.