

# **ADDENDUM**

**Alaska Workforce Investment Board**

**October 25, 2017**

**Meeting Documents**

# Department of Labor and Workforce Development – Budget Update

## Alaska Workforce Investment Board

### October 25, 2017



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT  
COMMISSIONER HEIDI DRYGAS

# Department Overview

## MISSION:

Provide safe and legal working conditions and advance opportunities for employment.



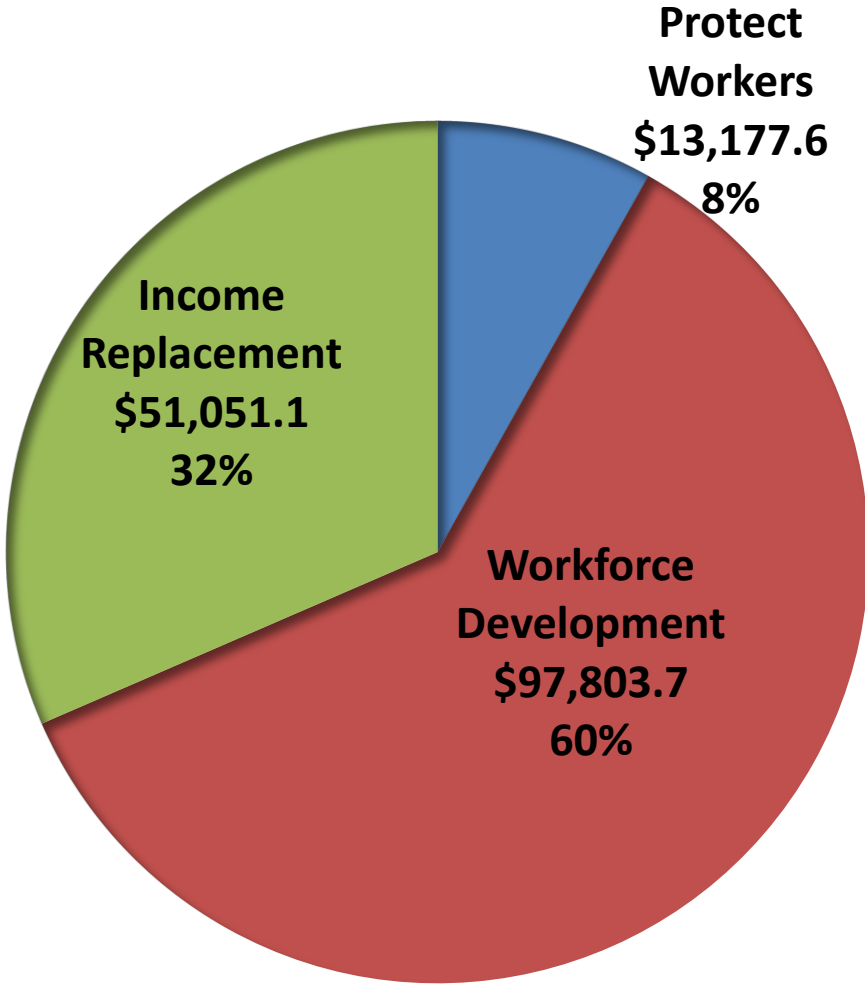
## CORE SERVICES:

- **Protect Alaska's workers** through statutory and regulatory assistance and enforcement.
- **Workforce development** to support Alaska hire and economic development.
- **Income replacement** for injured, unemployed, and permanently disabled workers.



# FY2018 Budget: \$162,032.4

UGF: \$20,992.0; DGF: \$36,292.4; Other: \$20,410.1; Federal: \$84,337.9



Full-time	704
Part-time	52
<u>Temporary</u>	<u>12</u>
<b>Total</b>	<b>768</b>

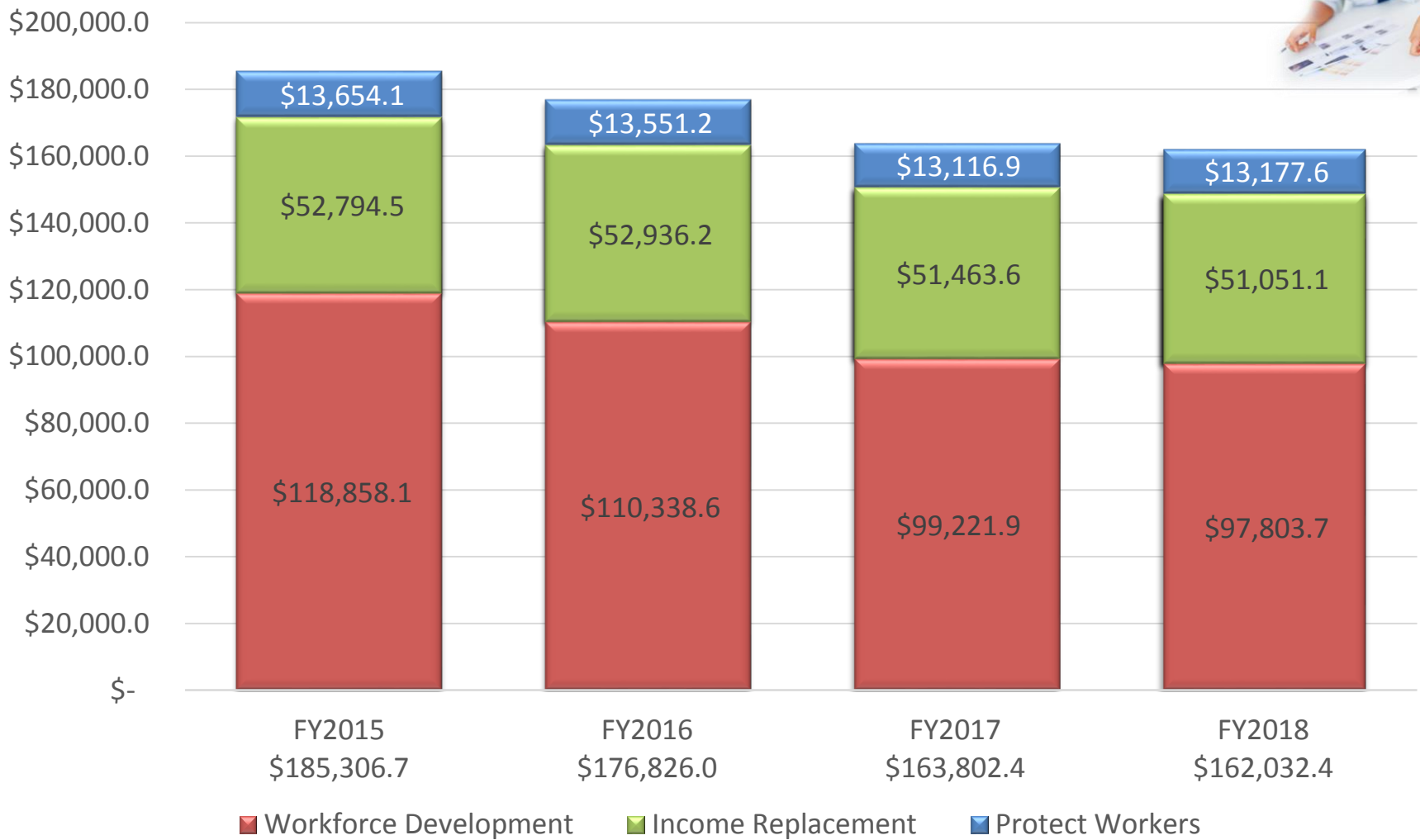


UGF: Unrestricted General Funds  
DGF: Designated General Funds





# Changes from FY2015 to FY2018





# Changes from FY2015 to FY2018

- Overall, **-\$12.5** million UGF (**-37%**) and **-109** positions (**-12%**)
- Administrative and overhead reductions
  - Commissioner's Office and Admin Services **-\$764.0** UGF and **-18** PCNs
  - Leasing **-\$1.1** million UGF and **-30,173** square feet
- Program reductions
  - Research and Analysis **-\$316.9** UGF and **-5** PCNs
  - Employment and Training Services **-\$5.9** million UGF and **-68** PCNs
  - Vocational Rehabilitation **-\$134.4** UGF
  - AVTEC **-\$1.2** million UGF and **-10** PCNs
  - Workers' Compensation and Safety programs **-\$1.9** million and **-9** PCNs





# FY2017 Performance Highlights

- 82% of WIOA and STEP participants entered employment
- Many new apprenticeship programs were started
  - Maritime, Air Carriers, Associate Teachers and Health Care
- On campus experience was provided to 60 rural high school students at AVTEC
  - Maritime, Diesel/Heavy Technology, Industrial Technology, Culinary Arts and Information Technology



# Looking Forward to FY2019



- Continued cost savings efforts will allow for some further budget reductions without negatively impacting services
- Some adjustments are needed to simply better align the budget with actual revenue and expenses
- Maintaining core programs is critical to achieving the department's mission







# Technical and Vocational Education Program (TVEP)

Entity	Distribution Percentage	FY2017 Distribution	FY2018 Distribution	FY2019 Proposed	Change from Prior Year
University of Alaska	45%	\$ 5,980.1	\$ 5,386.6	\$ 4,926.4	\$ (460.2)
Galena Interior Learning Academy	4%	\$ 531.6	\$ 478.8	\$ 437.9	\$ (40.9)
Alaska Technical Center	9%	\$ 1,196.0	\$ 1,077.3	\$ 985.3	\$ (92.0)
Southwest Alaska Vocational and Education Center	3%	\$ 398.7	\$ 359.1	\$ 328.4	\$ (30.7)
Yuut Elitnaurviat, Inc. People's Learning Center	9%	\$ 1,196.0	\$ 1,077.3	\$ 985.3	\$ (92.0)
Northwestern Alaska Career and Technical Center	3%	\$ 398.7	\$ 359.1	\$ 328.4	\$ (30.7)
Partners for Progress in Delta, Inc.	3%	\$ 398.7	\$ 359.1	\$ 328.4	\$ (30.7)
Amundsen Educational Center	2%	\$ 265.8	\$ 239.4	\$ 218.9	\$ (20.5)
Ilisagvik College	5%	\$ 664.5	\$ 598.5	\$ 547.4	\$ (51.1)
Alaska Vocational Technical Center	17%	\$ 2,252.5	\$ 2,034.0	\$ 1,861.1	\$ (172.9)
<b>Total</b>	<b>100%</b>	<b>\$ 13,282.6</b>	<b>\$ 11,969.2</b>	<b>\$ 10,947.5</b>	<b>\$ (1,021.7)</b>



**WE'RE PREPARING ALASKANS FOR THE  
JOBS OF TODAY—AND TOMORROW.**

**Alaska Department of Labor and Workforce  
Development**

Administrative Services Director Paloma Harbour

Email: [Paloma.Harbour@alaska.gov](mailto:Paloma.Harbour@alaska.gov)

Phone: (907) 465-5984



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT  
COMMISSIONER HEIDI DRYGAS



THE STATE  
*of* **ALASKA**  
GOVERNOR BILL WALKER

**Department of Labor and  
Workforce Development**

Division of Employment and Training Services  
Director's Office

1111 W 8<sup>th</sup> Ave  
Juneau, Alaska 99801-0122  
Main: 907.465.2712  
Fax: 907.465.4537

TO: Alaska Workforce Investment Board

DATE: October 23, 2017

FROM: Ed Flanagan, Director

PHONE: 465-5543

SUBJECT: Workforce  
Development and Workforce Services  
Component – FY 2017 Report

- 52,903 job seekers received a staff-assisted service
- 45,719 job openings were posted on the Alaska Labor Exchange known as ALEXsys
- 234 Age 55 and older were served in the Mature Alaskans Seeking Skills Training (MASST) program
- 2,034 full-time Adult Basic Education (ABE) students served
- 346 Workforce Innovation and Opportunity Act (WIOA), Adults & Dislocated Workers served
- 560 Workforce Innovation and Opportunity Act (WIOA), Youth served
- 289 Sector Partnership, National Emergency Grant participants served
- 2252 State Training and Employment Program (STEP) participants served
- 2504 Technical and Vocational Education Program (TVEP) participants served
- 595 Alaska Construction Academy participants served
- 10,286 Veterans, Transitioning Service Member and Eligible Spouses served
  - The FY 2018 Veterans and Military Spouses Job Fair will be held on Friday, November 17<sup>th</sup> at the University Center Mall in Anchorage. The FY 2017 event had 120 registered employers and 900 job seekers. Employers collected 347 resumes and conducted 211 interviews
  - To assist in the transition from military to civilian employment, the Job Centers are directly engaging with Army and Air Force Transition Centers to provide Workforce Innovation and Opportunity Act (WIOA) services to individuals needing basic, individualized career services and training services.
- Disability Employment Initiative (DEI)
  - 1000 youth with disabilities served, the goal was 600
  - 280 youth completed a credential career pathway program leading to certificate or high-school diploma/equivalency
  - 20 youth with disabilities successfully completed internship programs
  - 21 transition camps delivered in partnership with the Division of Juvenile Justice providing 204 students with transition services.
  - 193 youth with disabilities were received summer work experiences
  - 53 active Ticket Holders served through seven job centers that are Social Security Employment

Networks that created \$427,839 in Ticket revenue. Ticket revenue is generated when an individual on social security disability benefits obtains employment and sustained earnings. This revenue goes back to the State.

- American Apprenticeship Initiative
  - Increased number of health care apprenticeship employers from 7 to 56
  - Increased number of health care apprentices from 12 to 182
  - Developed new health care registered apprenticeship occupations including Community Health Worker and Certified Chiropractic Medical Assistant
  - Developed new aviation registered apprenticeship occupations for Airframe & Power plant Mechanic and Air Transport Pilot (**first in the nation**)
  - Drafted Alaska Apprenticeship Plan
  - Hosted second annual Apprenticeship Roundtable, December 2016; 2017 Roundtable December 13 and 14
- Sector Partnership National Emergency Grant support industry sector planning for Health Care, Mining, Oil/Gas, Construction, Maritime, and Aviation industries.
  - Provided support for maritime, health care, and oil/gas sector planning
  - Worked with Calista Corporation and AVTEC to develop new maritime apprenticeships for engine room, deck, and steward occupations
- Linking Employment Activities Pre-Release (LEAP) is a two-year, \$500,000 USDOL grant to staff jail-based job centers in Goose Creek and Hiland Mountain Correctional Centers. Since launching in March 2017, the two facilities have served a combined total of 98 program participants, roughly 50% of the total goal over the period of performance. The goal of this project is to increase the employment and employment retention rate of returning citizens, while decreasing recidivism within the population.
- WIOA Incumbent Worker Training (IWT) launched in FY 2017 and utilizes WIOA Title IB to provide direct funding to employers to train their existing workforce for job retention, advancement, or to avert layoff. IWT requires employer contributions to the project such as wages paid to the workers or other in-kind contributions. Several pilots of this new funding mechanism are being evaluated to determine efficiencies and streamline the delivery of this service.

# Jobs Lost So Far ...

And looking for light at the end of the tunnel

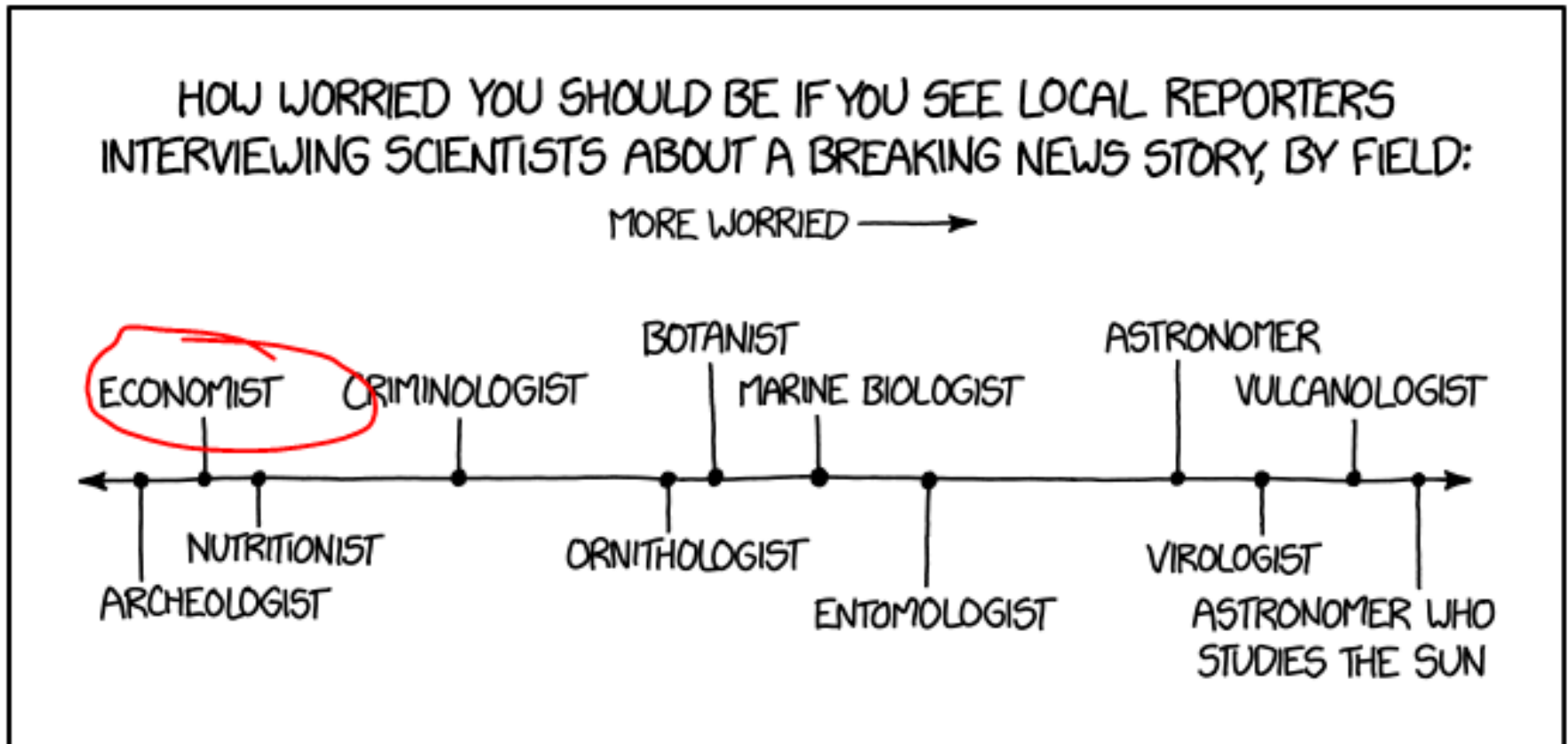
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## Alaska Workforce Investment Board Meeting October 25, 2017



Dan Robinson  
Alaska Dep't of Labor and Workforce Development  
Research and Analysis Section

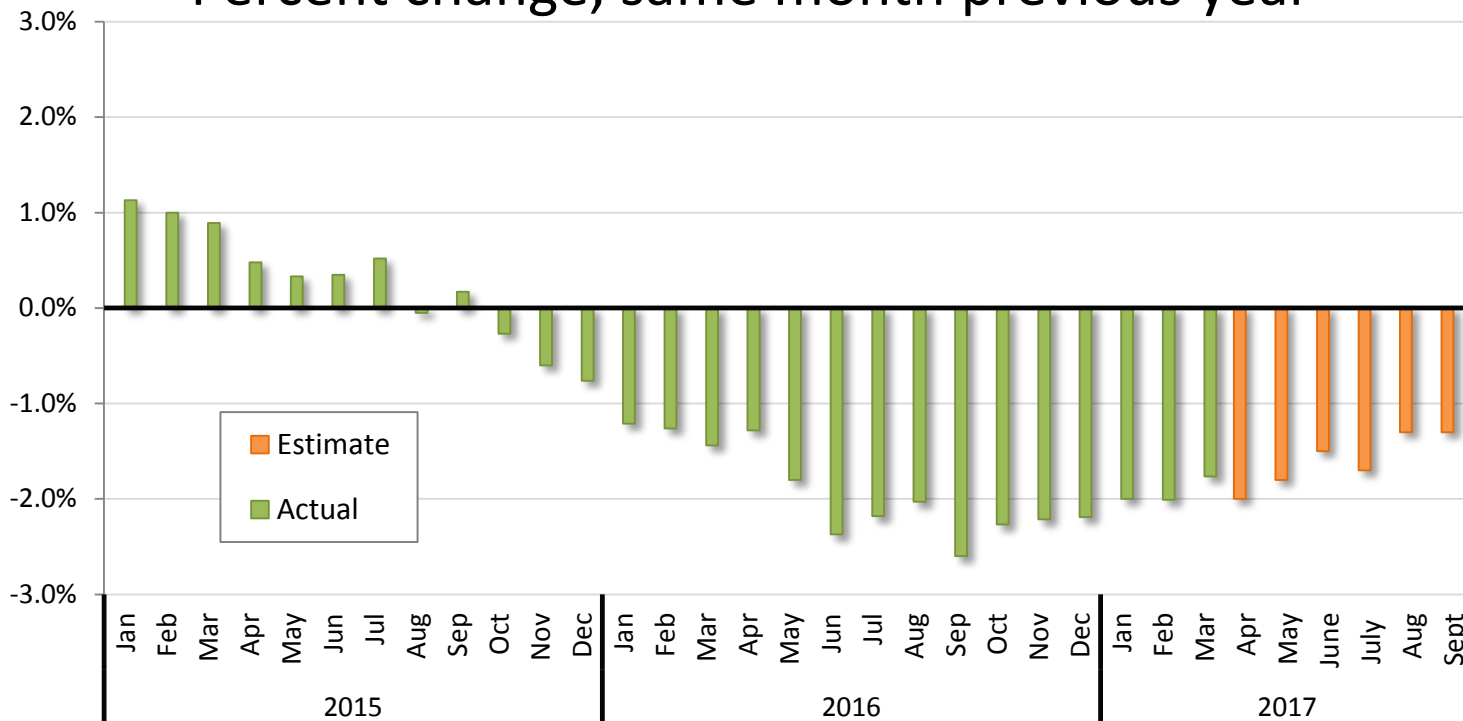
# First, some context



# The current job picture

## Wage and Salary Employment

Percent change, same month previous year

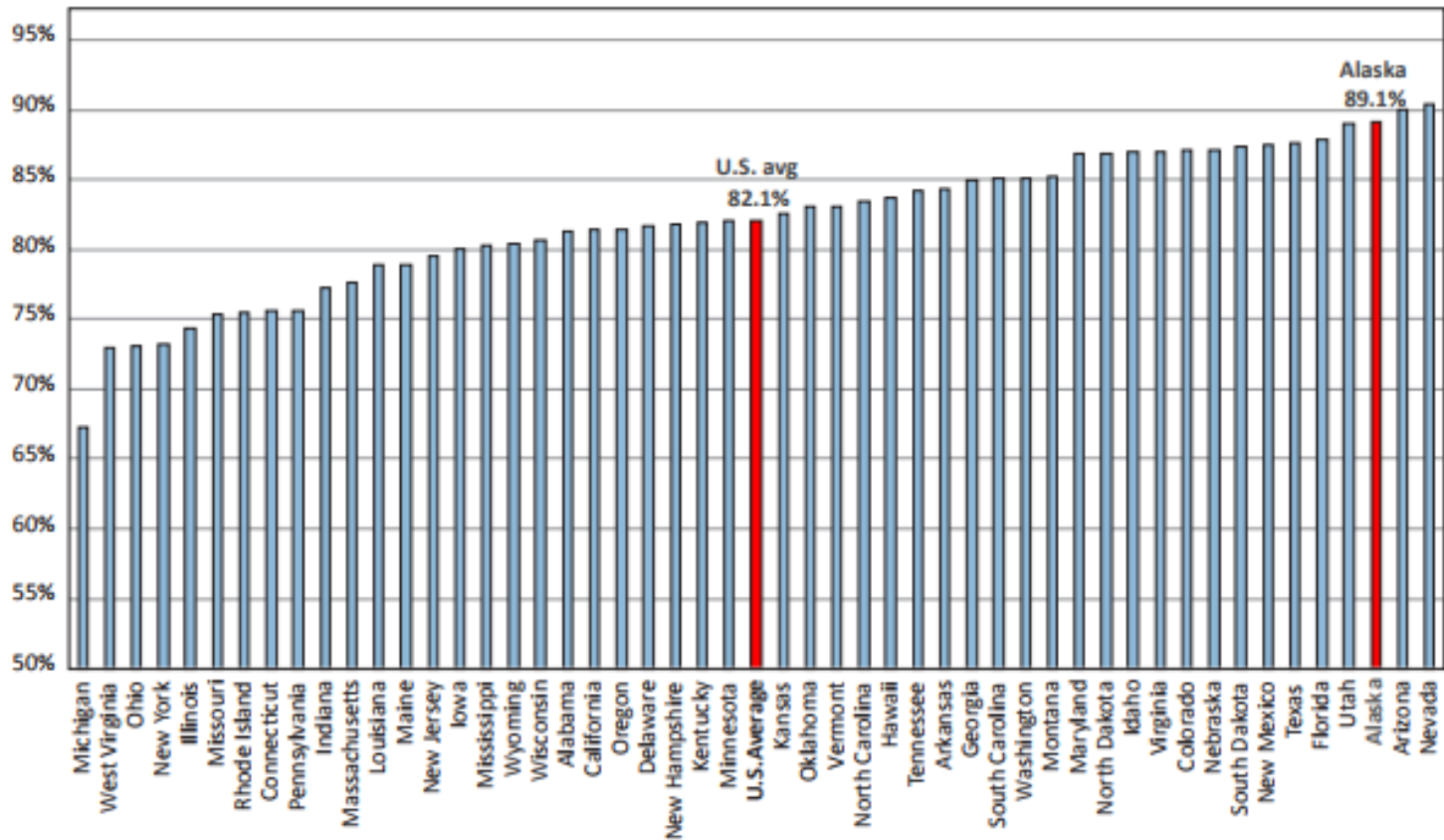


# A reminder of what's normal ...

1

## Percentage of Time States Were Adding Jobs

1961 TO 2016

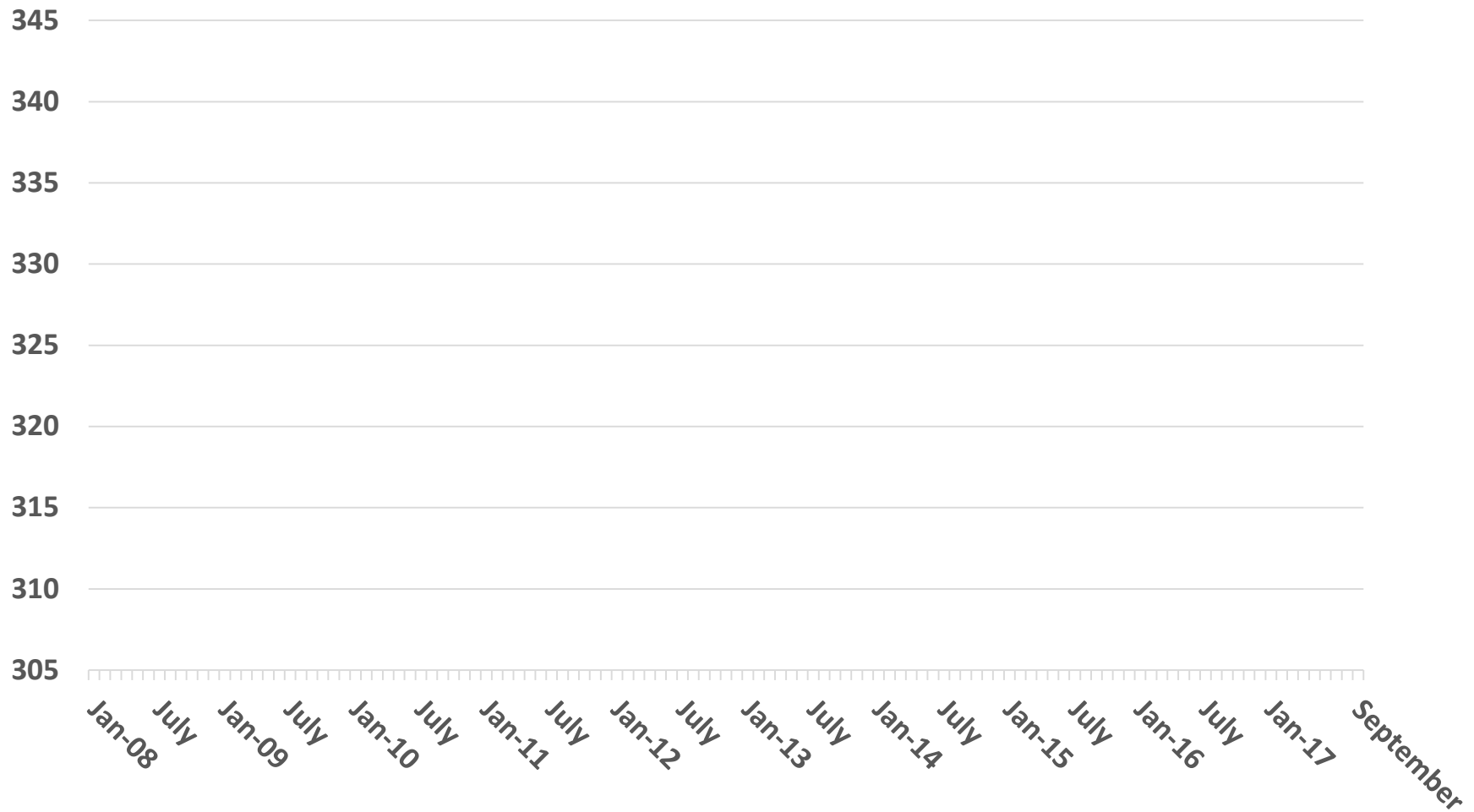


%



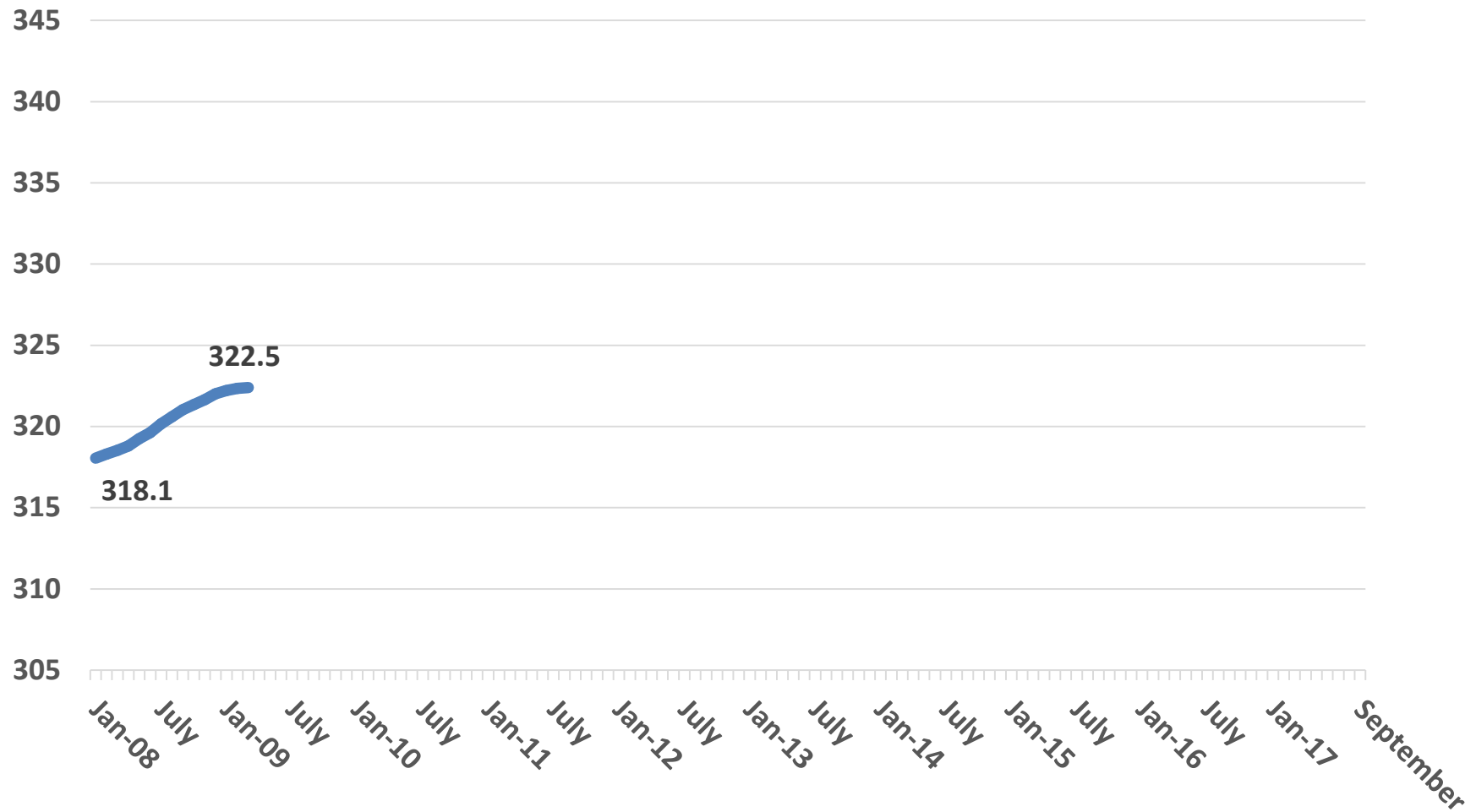
# A review of recent history ...

Employment, 12-Month Moving Average (thousands)



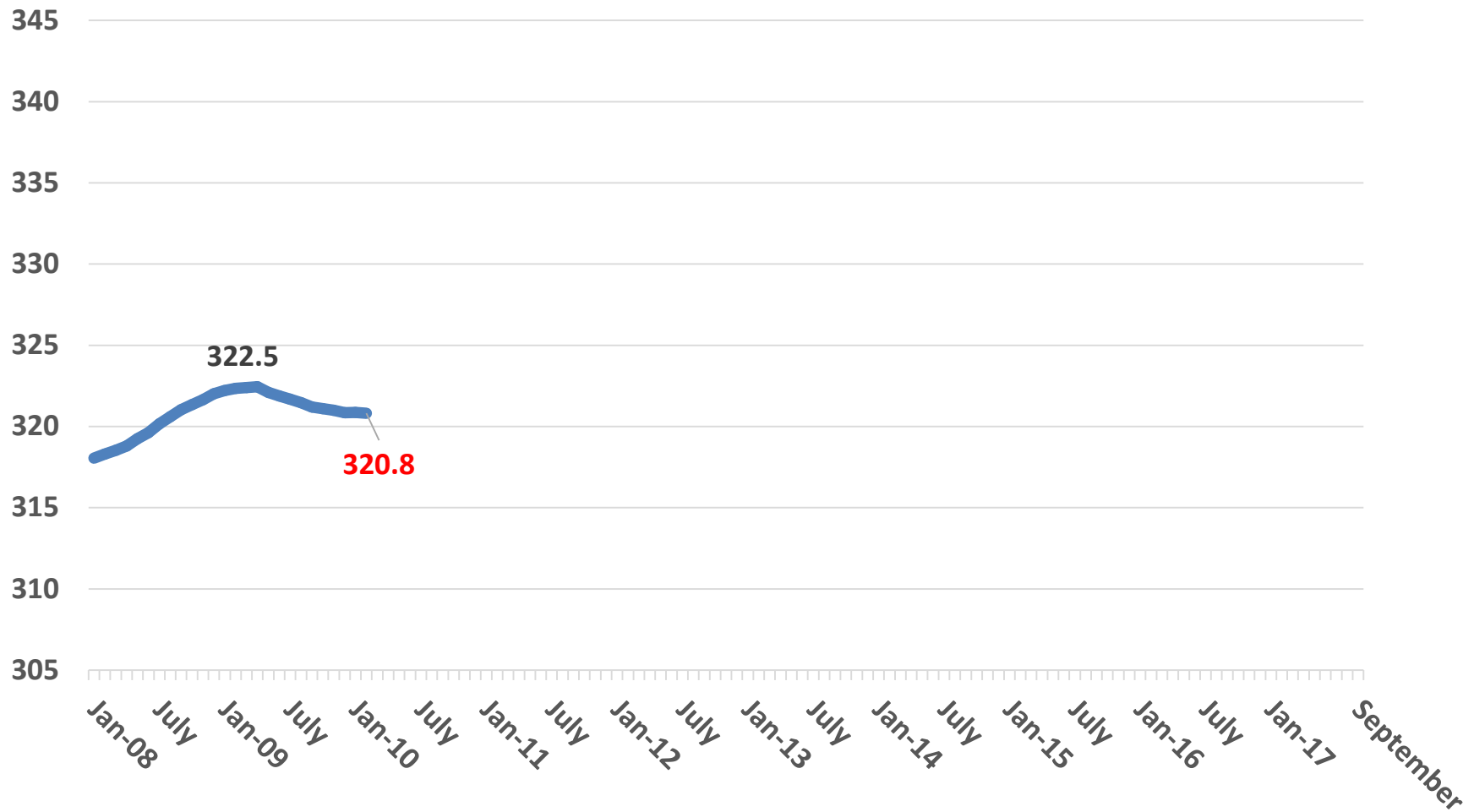
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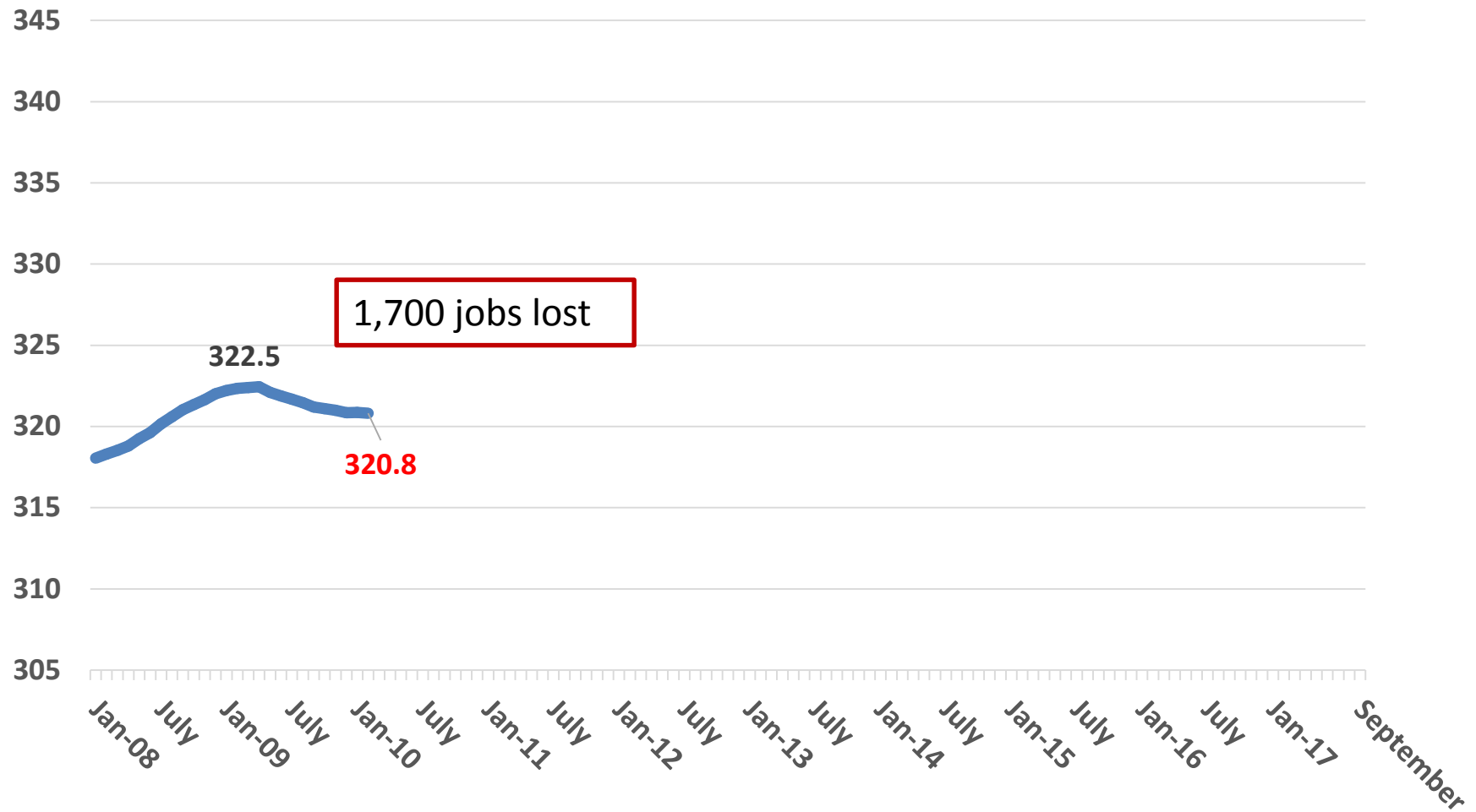
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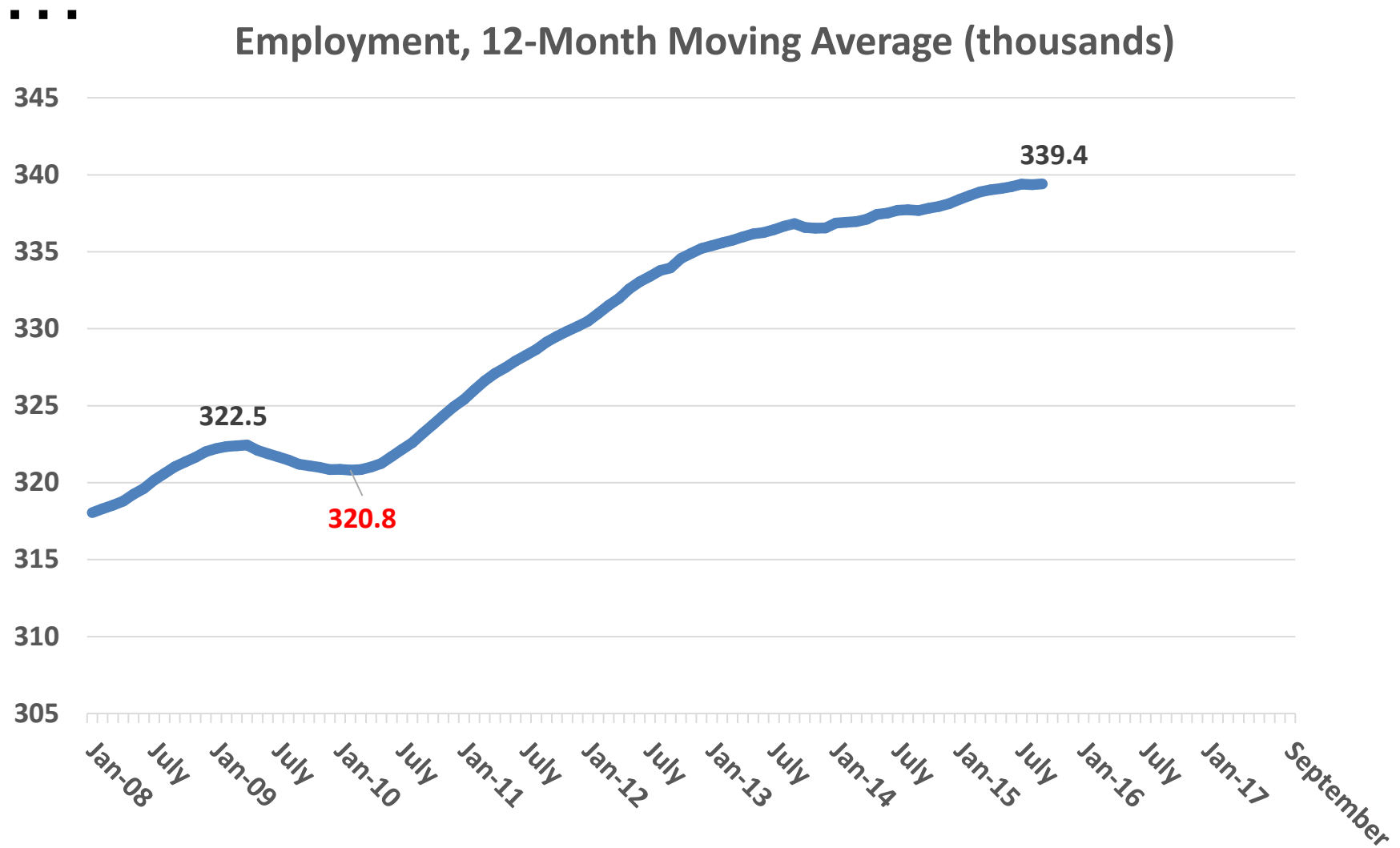


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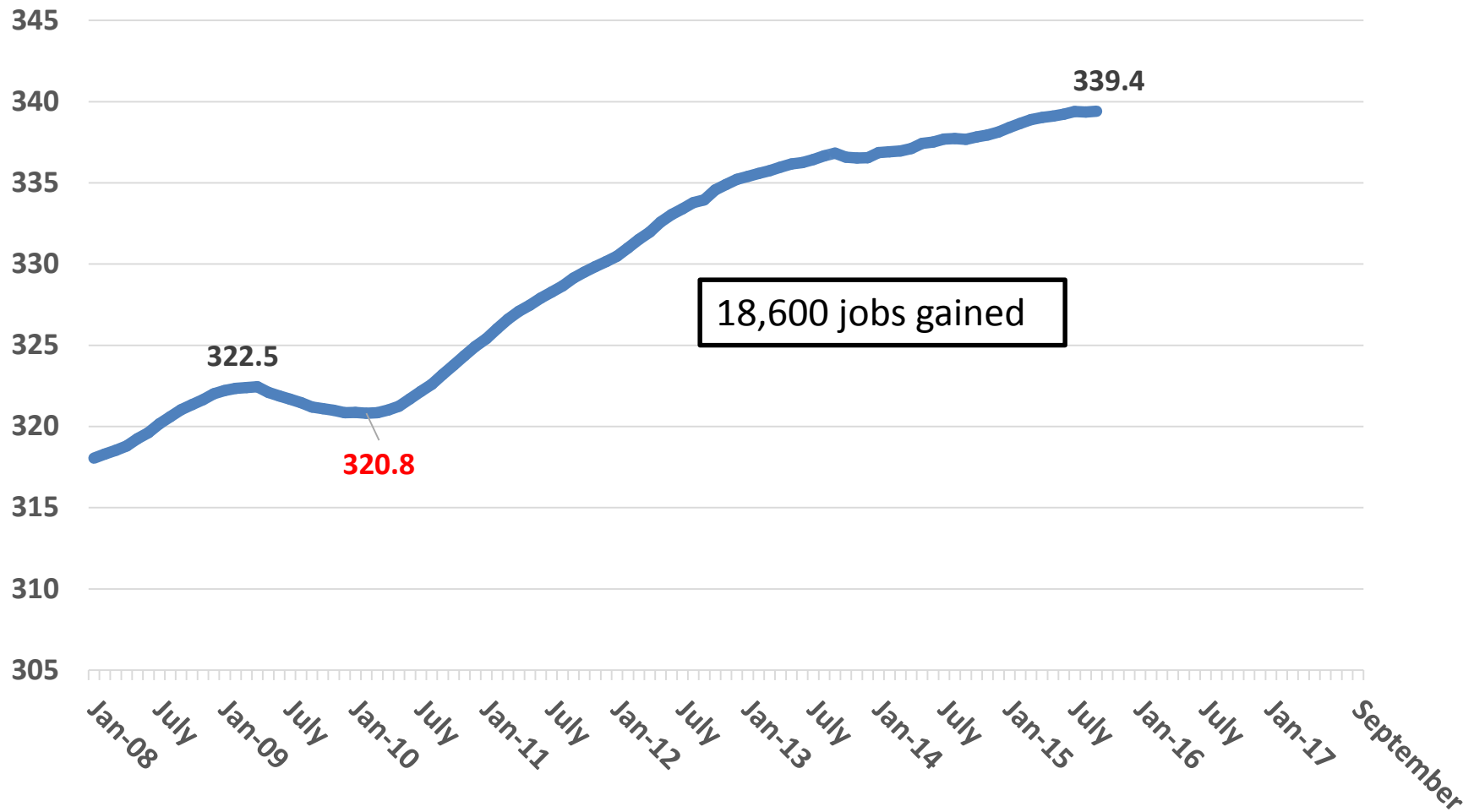


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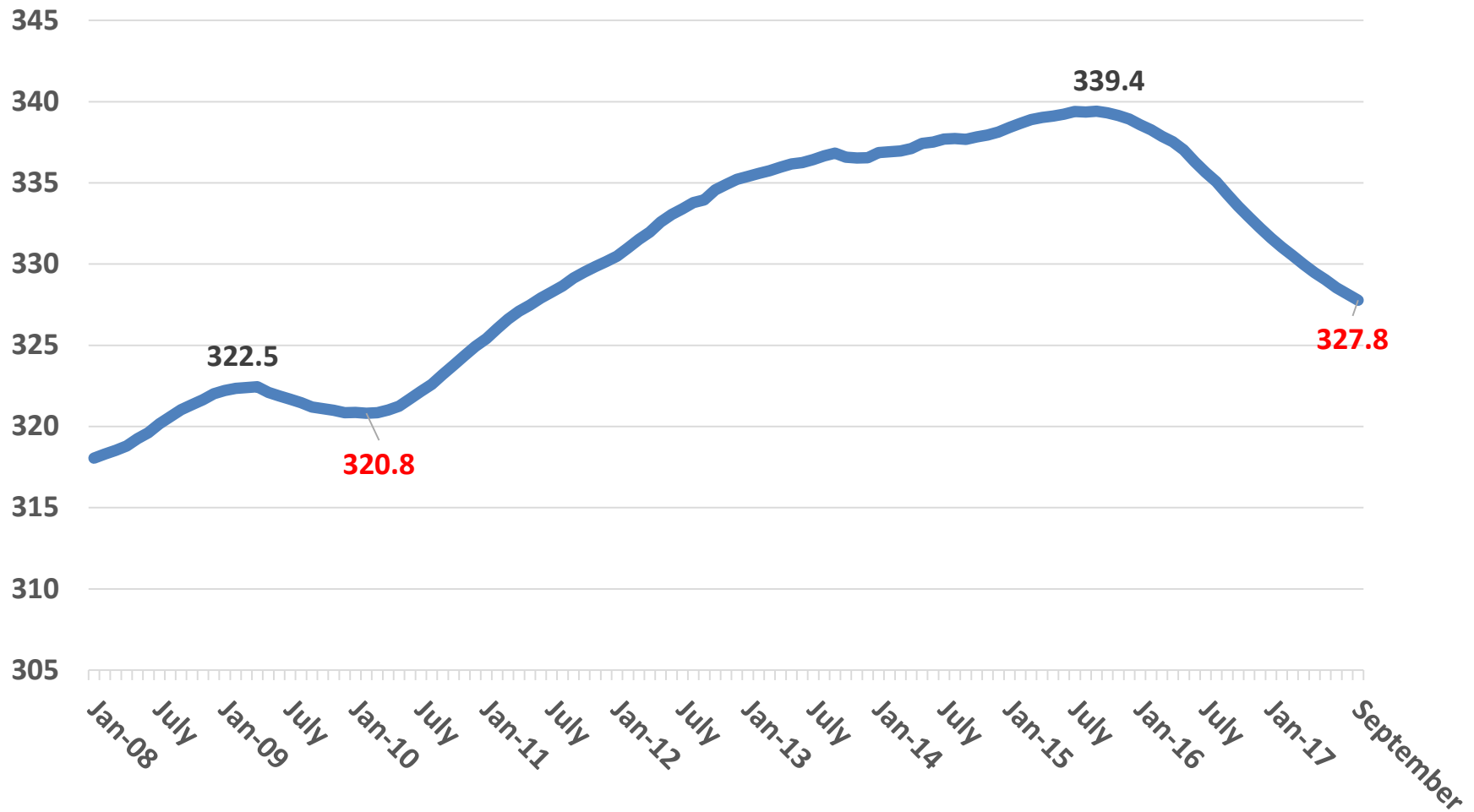
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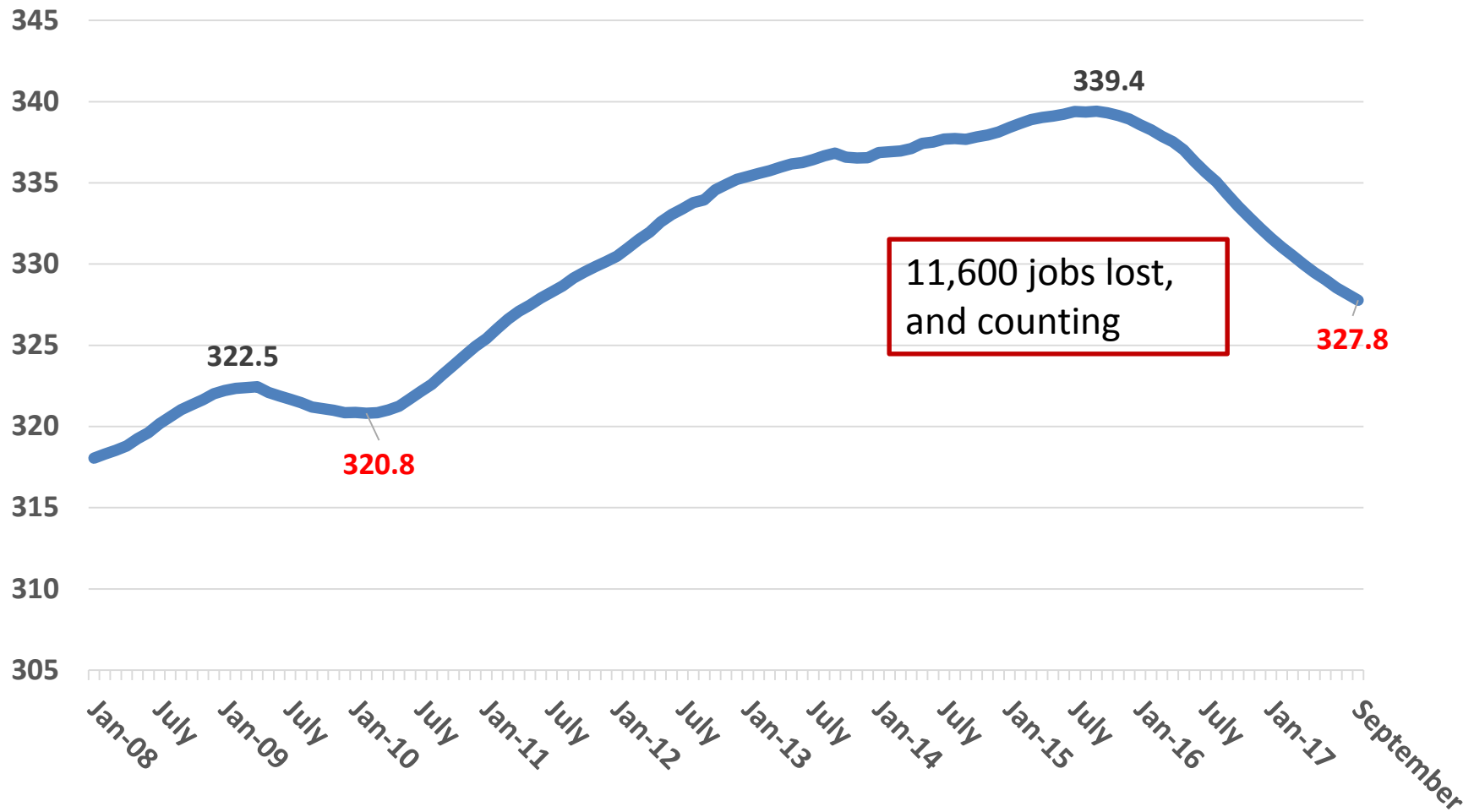
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# The damage so far

Employment, 12-Month Moving Average (thousands)





# Comparing to AK's '80s recession

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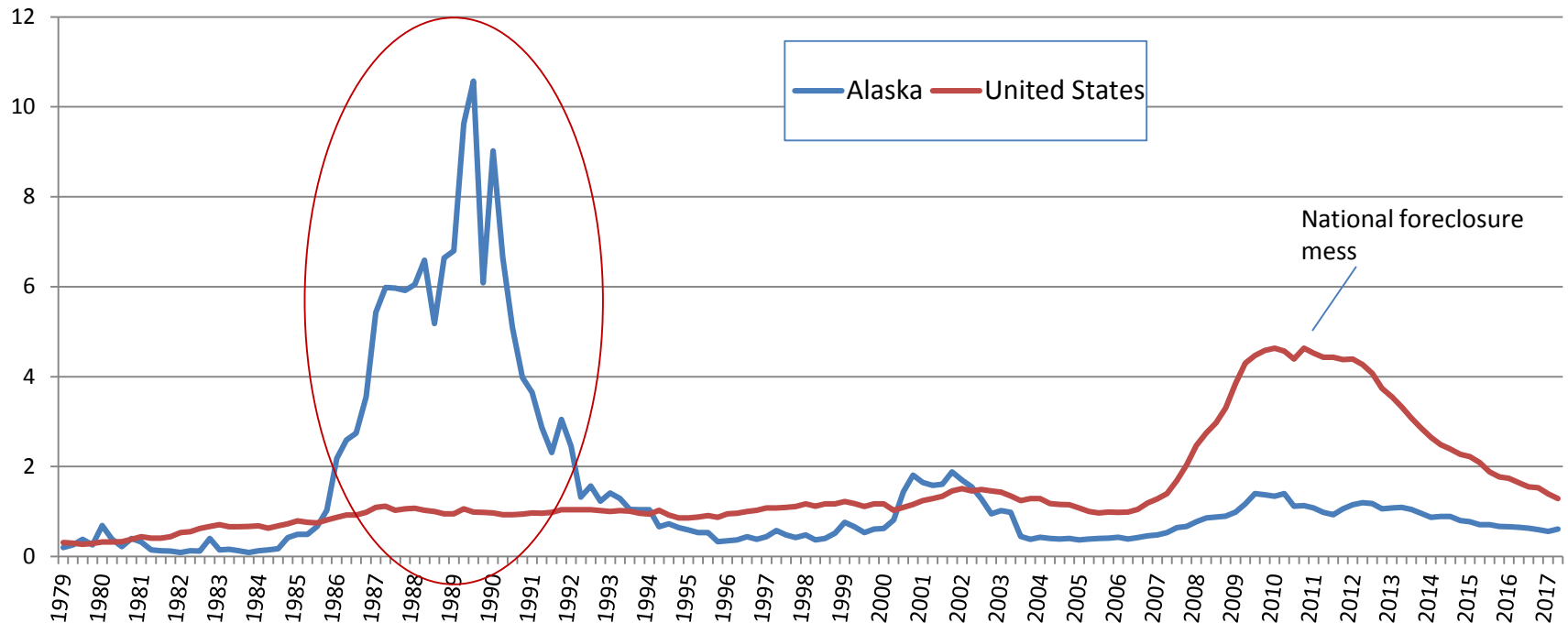
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- 1980s recovery was very strong
  - Current recession recovery? TBD

# One more: the reason Alaskans get jittery about recessions and housing

Foreclosure rates, 1979 to 2017



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Mortgage Brokers Association

# What about that light and tunnel thing?

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# What about that light and tunnel thing?

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- We've *probably, mostly* absorbed the shock from oil and gas job losses (and related sectors including construction, professional and business services, and state government), and it was a BIG one:
  - Oil and gas wages dropped from nearly \$2 billion in 2015 to about \$1.5 billion in 2016 and they're still dropping in 2017
  - Our GDP fell \$10 billion from 2012 to 2016 (four consecutive years of declines is a first for AK)
- Total wages were up very slightly in the first quarter of 2017 and job losses are at least getting smaller.

# What about that light and tunnel thing?

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***BUT ...***

- There's another economic shock still to come as we wrestle with a foundational issue:

# What about that light and tunnel thing?

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## ***BUT ...***

- There's another economic shock still to come as we wrestle with a foundational issue:
  - How are we going to pay for our state government?

# What about that light and tunnel thing?

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That's a political issue, but it's also very much an economic issue.

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- Some Alaskans believe oil and gas taxes are too generous, others not generous enough

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- Alaskans have gotten used to more government services than other states generally offer
- Some Alaskans believe oil and gas taxes are too generous, others not generous enough
- The PFD

# What about that light and tunnel thing?

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Why is that so hard and why is it taking so long?

- Politically, those are big, hard, important issues (the kind most states haven't had to think about for a long time);
- Economically, having them unresolved creates uncertainty about Alaska's economy that will delay a recovery and restrain growth when a recovery does kick in (and they're increasingly unlikely to solve themselves this time).

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We have significant economic assets, some of which are mostly unaffected by oil and gas and state government issues:

# What about that light and tunnel thing?

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We have significant economic assets, some of which are mostly unaffected by oil and gas and state government issues:

- Fisheries
- Tourism
- Mineral resources
- Military and other federal investments/spending
- Location (air cargo, possible new trade routes, etc.)
- Unmatched savings and investment revenue
- Other assets that are *currently* smaller
- Quality of life?



# Takeaways:

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- Alaska's current recession has now lasted as long as the '80s recession, though it's been much less severe
- Unlike the '80s recession, this one comes with a one-two punch and we still have one to come
- We have important and difficult political work ahead of us before we can get a solid sense of our economic future
- We are far from bereft of economic assets

# Now to Neal, a known optimist:

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Dan Robinson

[Dan.Robinson@Alaska.gov](mailto:Dan.Robinson@Alaska.gov)

907-465-6040

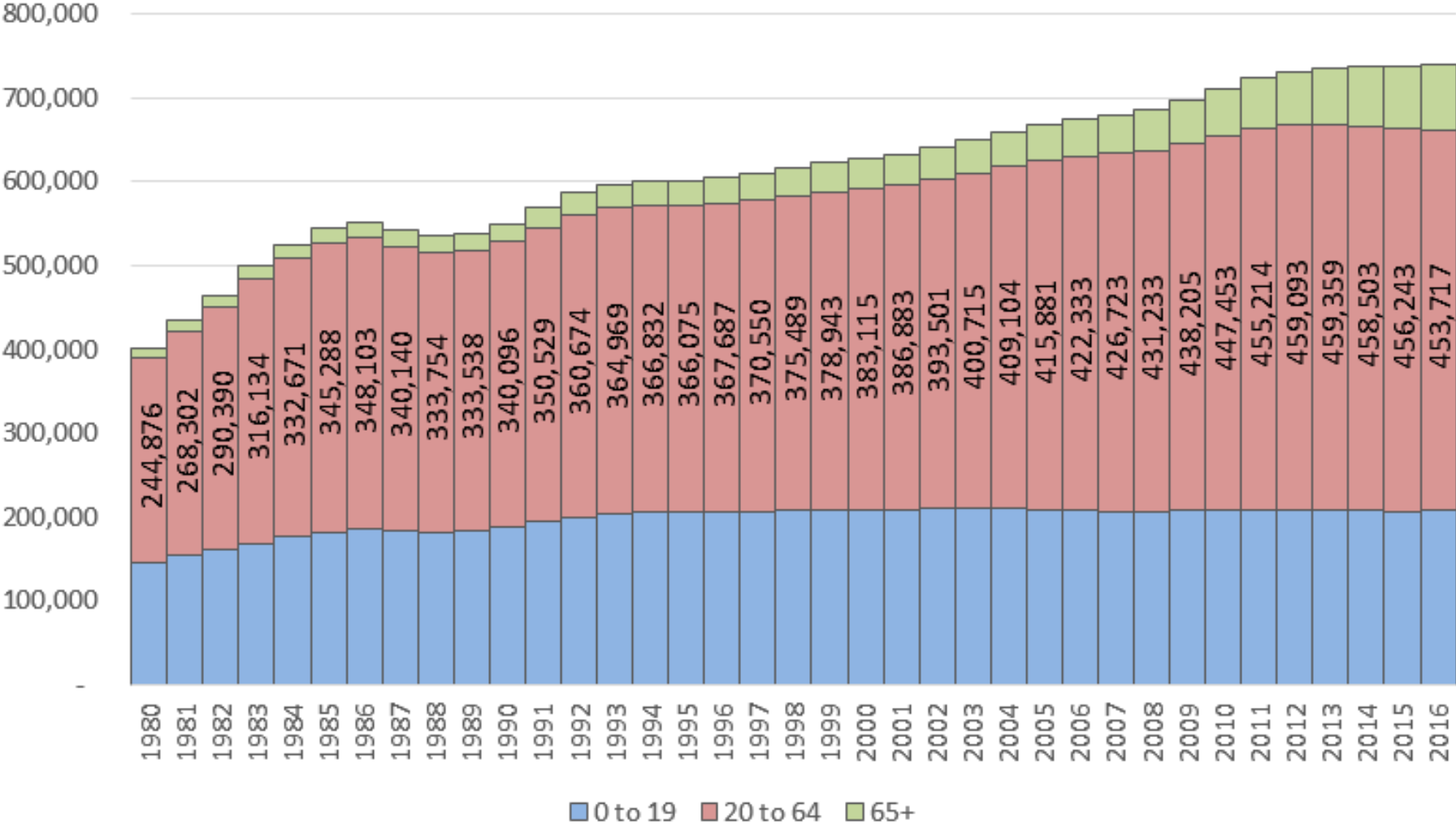
# What Does The Current Economy Mean For Future Job Opportunities



October 25<sup>th</sup>, 2017

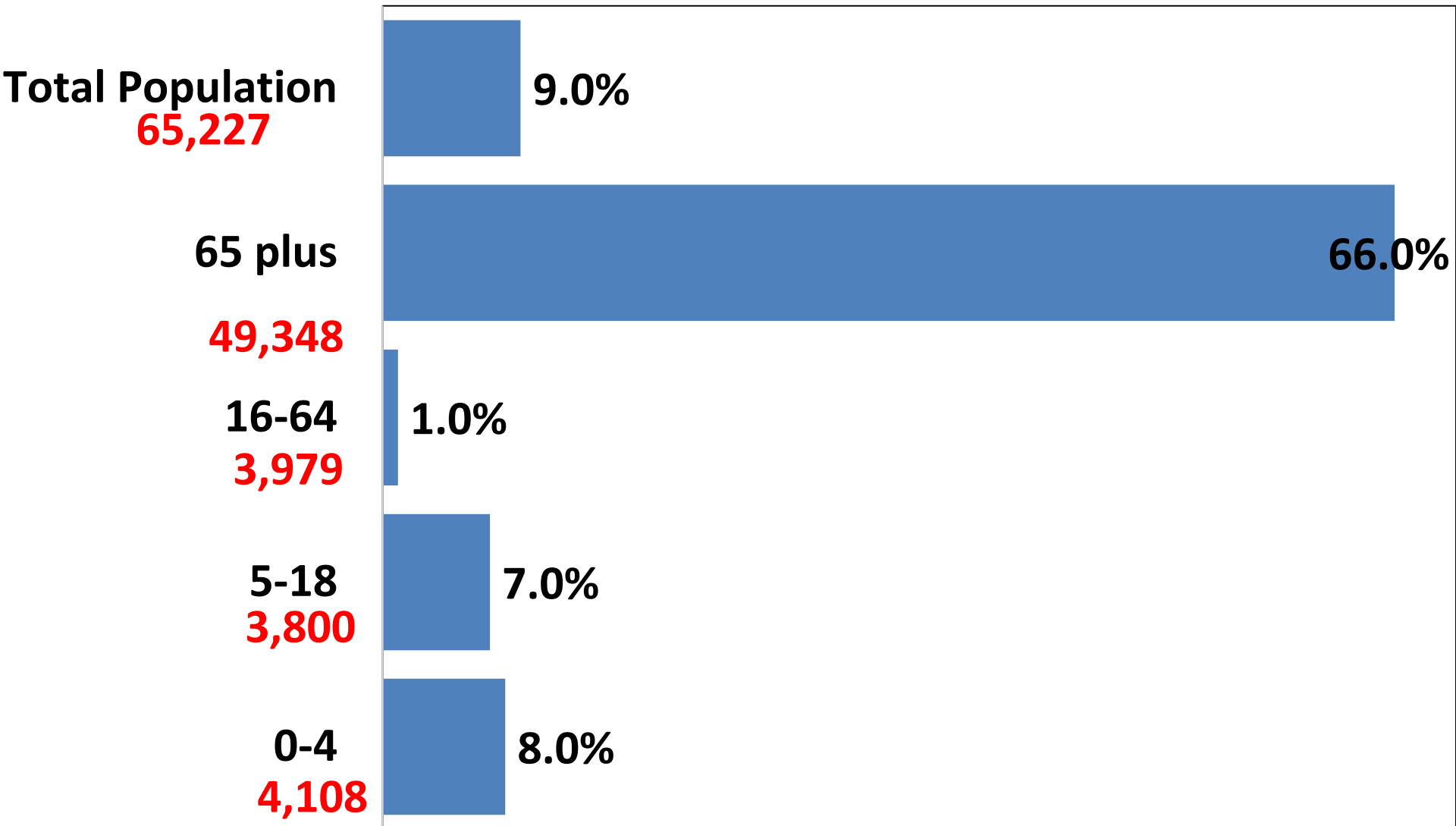
Alaska Department of Labor and Workforce Development, Research Section, Neal Fried, Economist

# Alaska Population by Age Group, 1980 to 2016



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Census Bureau

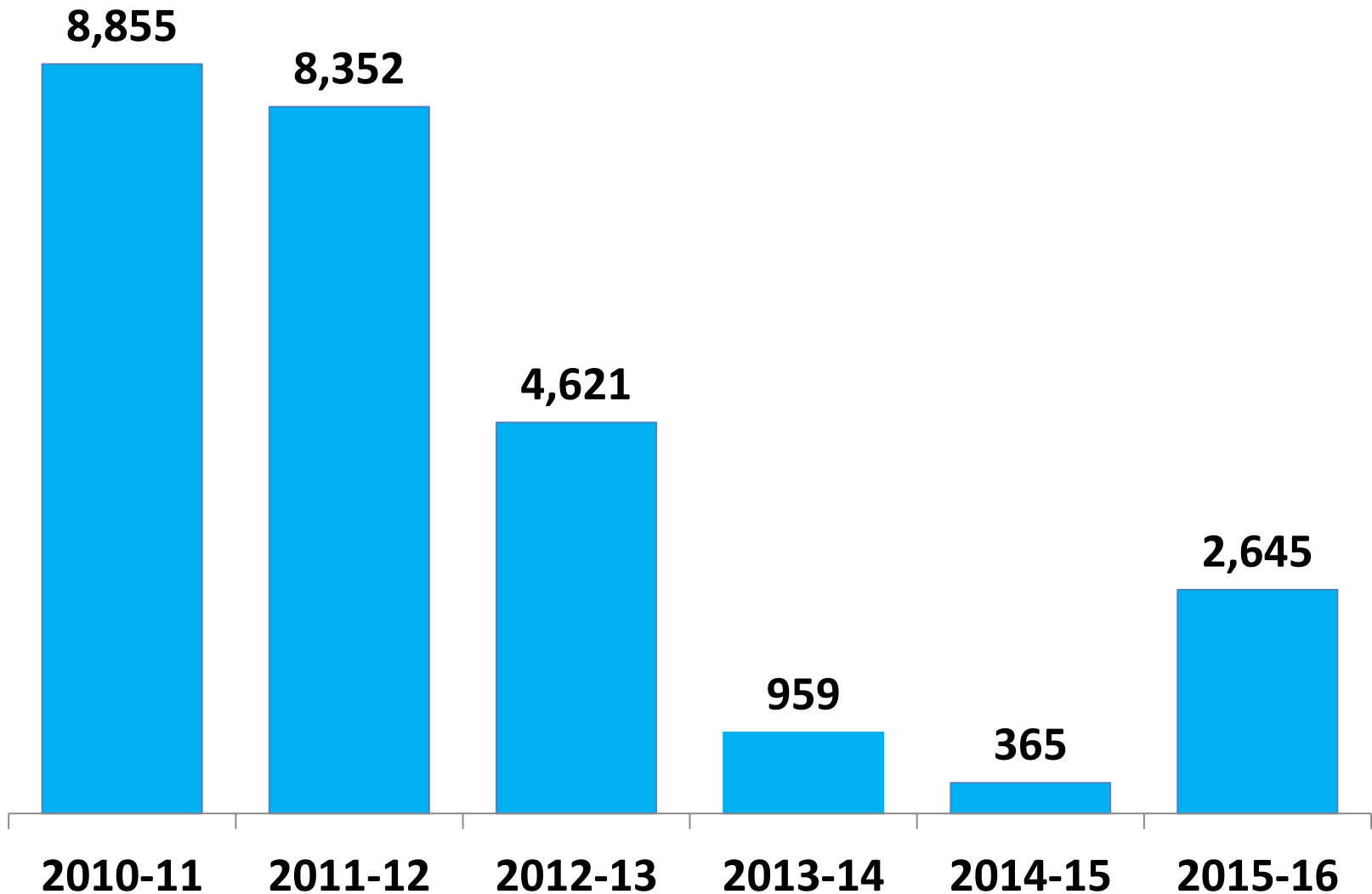
# Ten Year Alaska Population Projections, 2015-2025 – Look Pretty Favorable For The Young Workforce



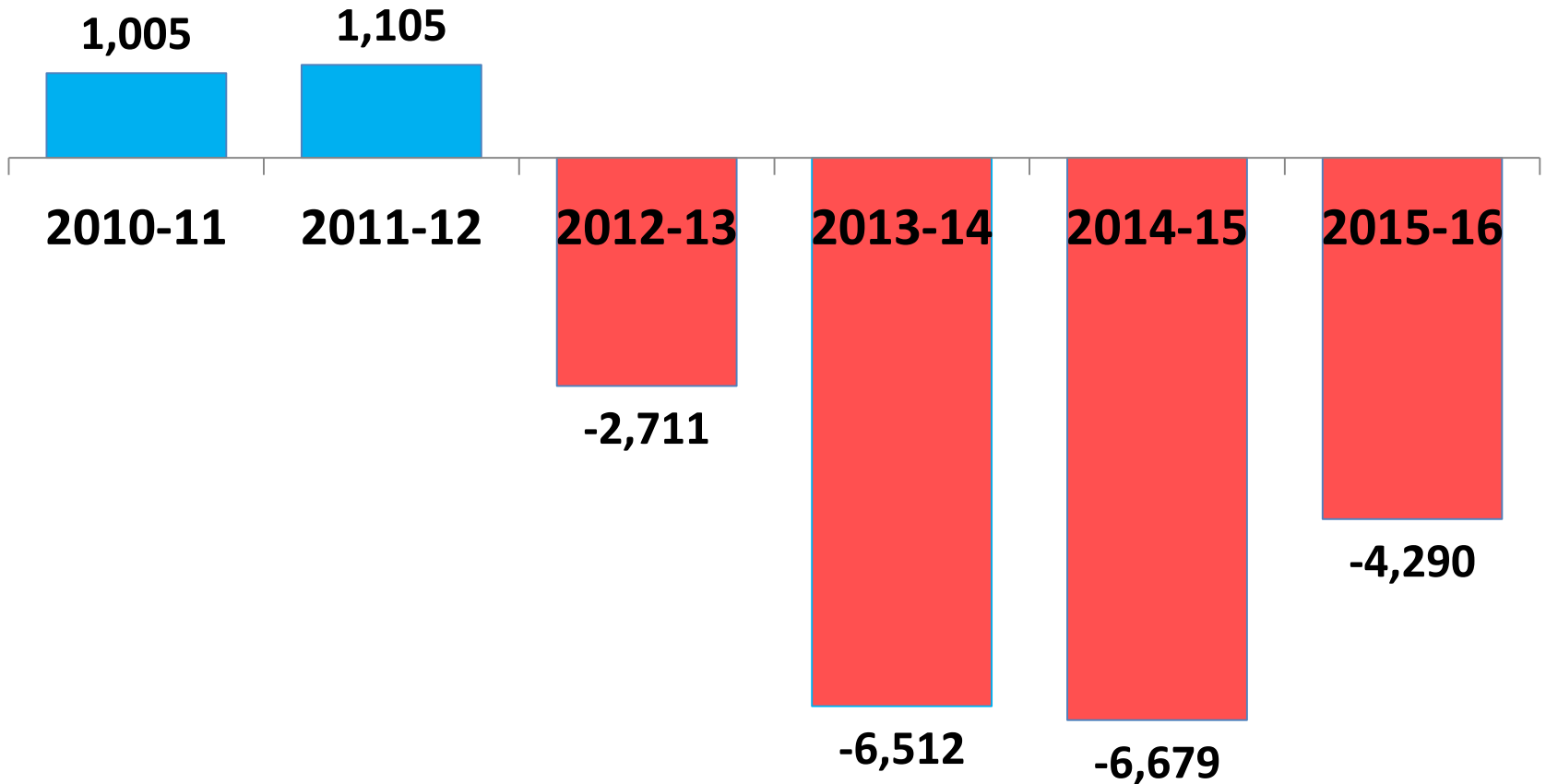
# AK's Population Grew Lots During The Great Recession But Now Slowing

(2016 population was 739,828)

Annual gains



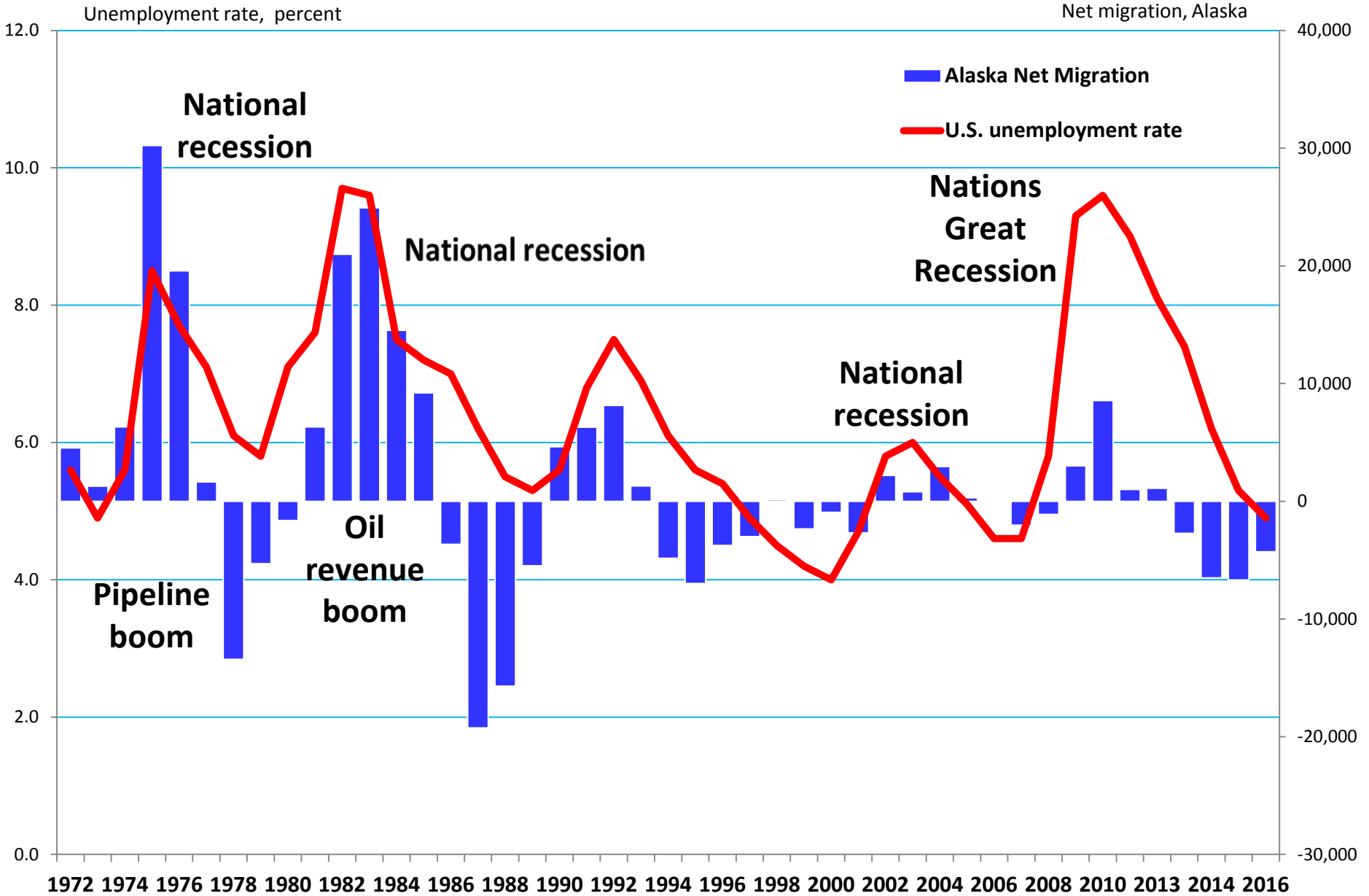
# AK's Migration Story



**2016 =41,435 moved in and 45,725 moved out for net loss of -4,290**

# A Definite Historical Relationship

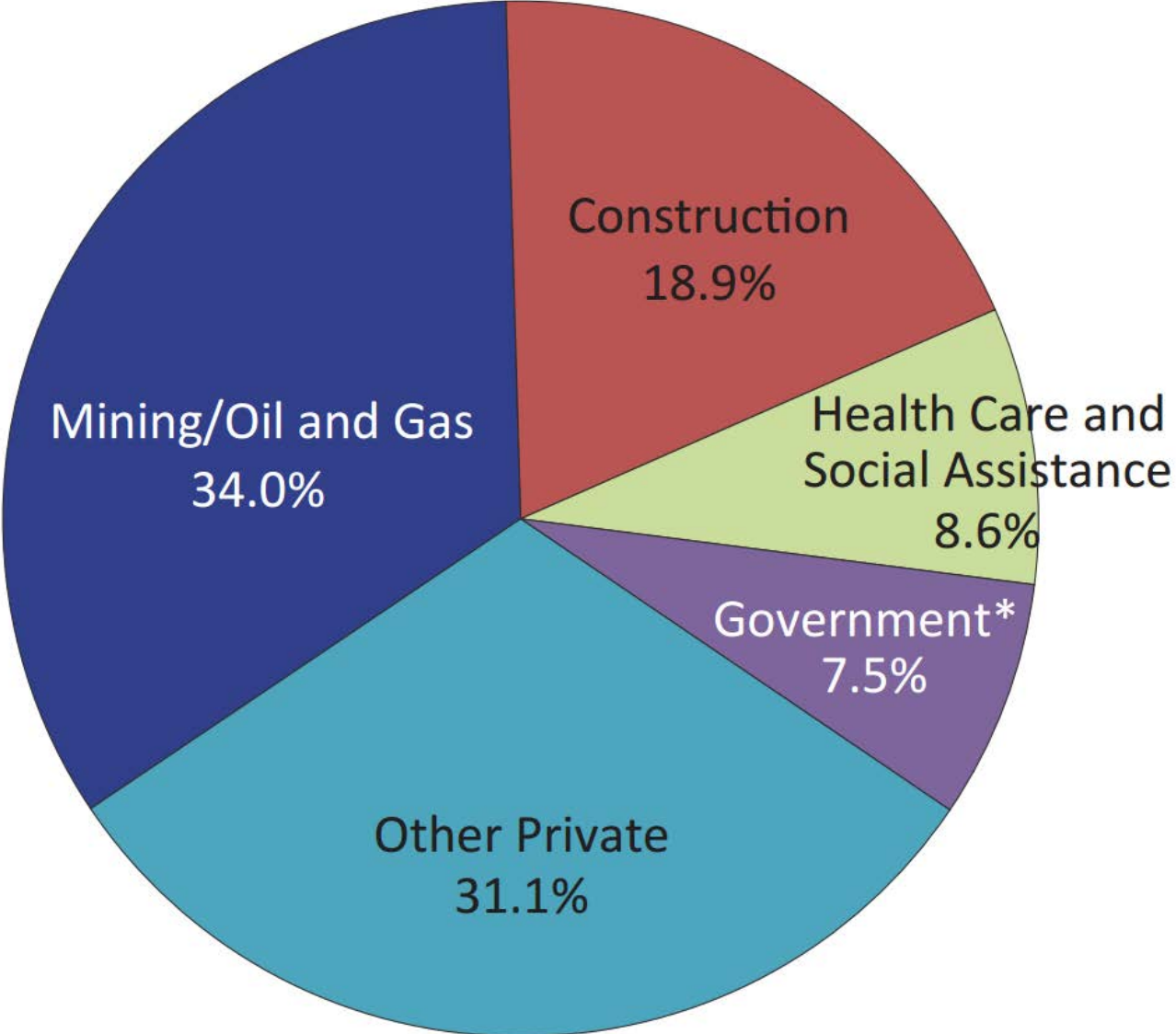
## Alaska net migration and U.S. unemployment rates



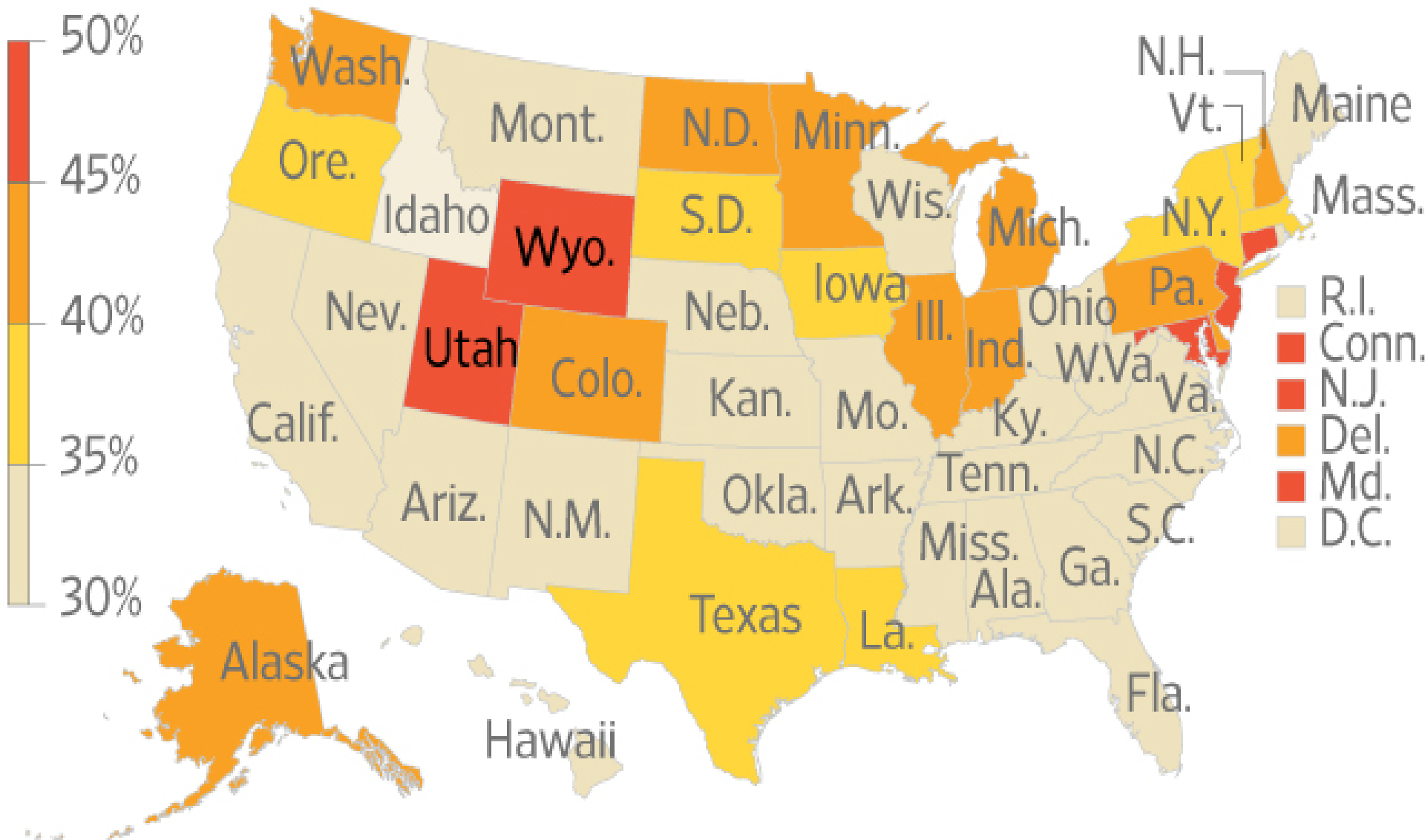


# Alaska's High Earners Under Thirty

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# Percentage of jobs held by noncollege graduates paying more than \$35,000 a year



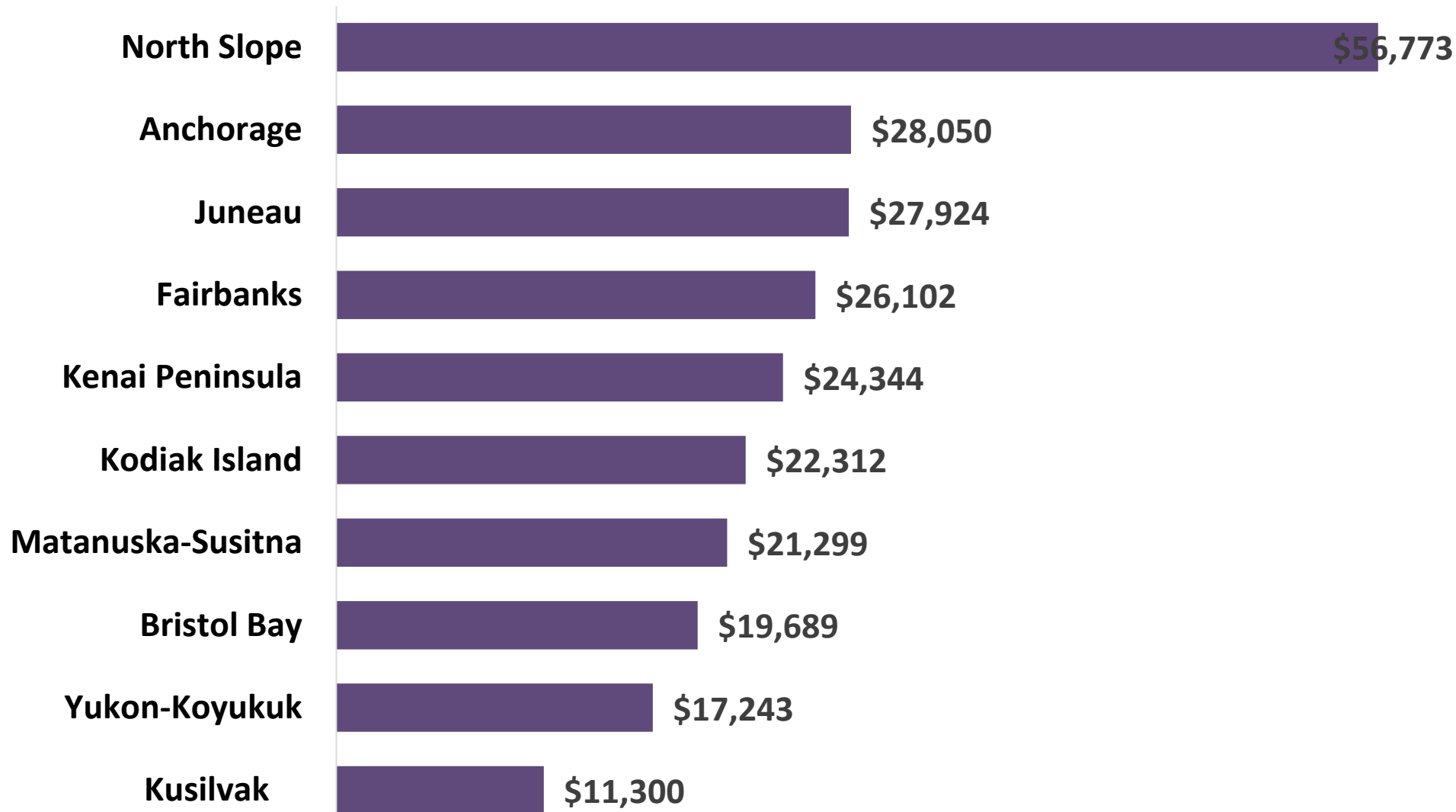
Source: Georgetown University Center on Education and the Workforce

Top Occupations for Top Young Earners		
Alaska, 2014		
Occupation	Number of Top Young Earners	Percent of Young Workers in Top 5%
Construction Laborers	260	9.6%
Registered Nurses	229	29.9%
Derrick, Rotary Drill, and Service Unit Operators, Oil, Gas, and Mining	217	46.9%
Construction Equipment Operators	214	31.2%
Roustabouts, Oil and Gas	177	35.2%
Electricians	175	34.5%
Miscellaneous Engineers	145	56.9%
Pipelayers, Plumbers, Pipefitters, and Steamfitters	131	29.2%
Driver/Sales Workers and Truck Drivers	124	8.8%
Carpenters	118	15.6%
Engineering Technicians	104	19.0%
Petroleum Engineers	100	91.7%
Mining Machine Operators	97	49.5%
Heavy Vehicle and Mobile Equipment Service Technicians and Mechanics	93	49.7%
Welders, Cutters, Solderers, and Brazers	89	28.3%
Miscellaneous Plant and System Operators	83	49.1%
Police Officers	77	24.3%
Miscellaneous Managers	71	25.0%
Helpers, Construction Trades	69	7.1%
Industrial Machinery Installation, Repair, and Maintenance Workers	67	44.1%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

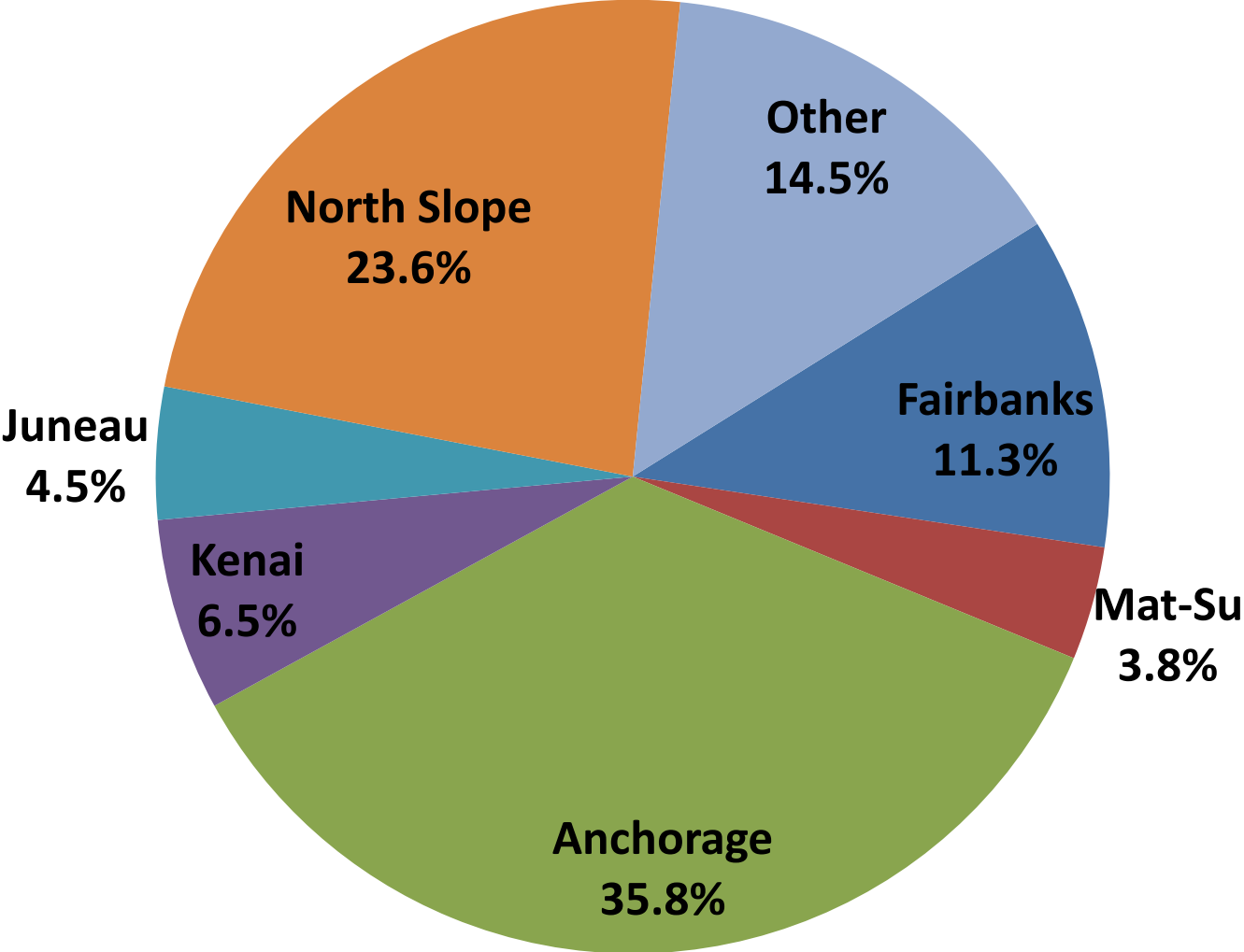
# Highest Earnings for Young Alaskans in North Slope

Earnings by selected borough and census area for 20-34 year olds, 2015



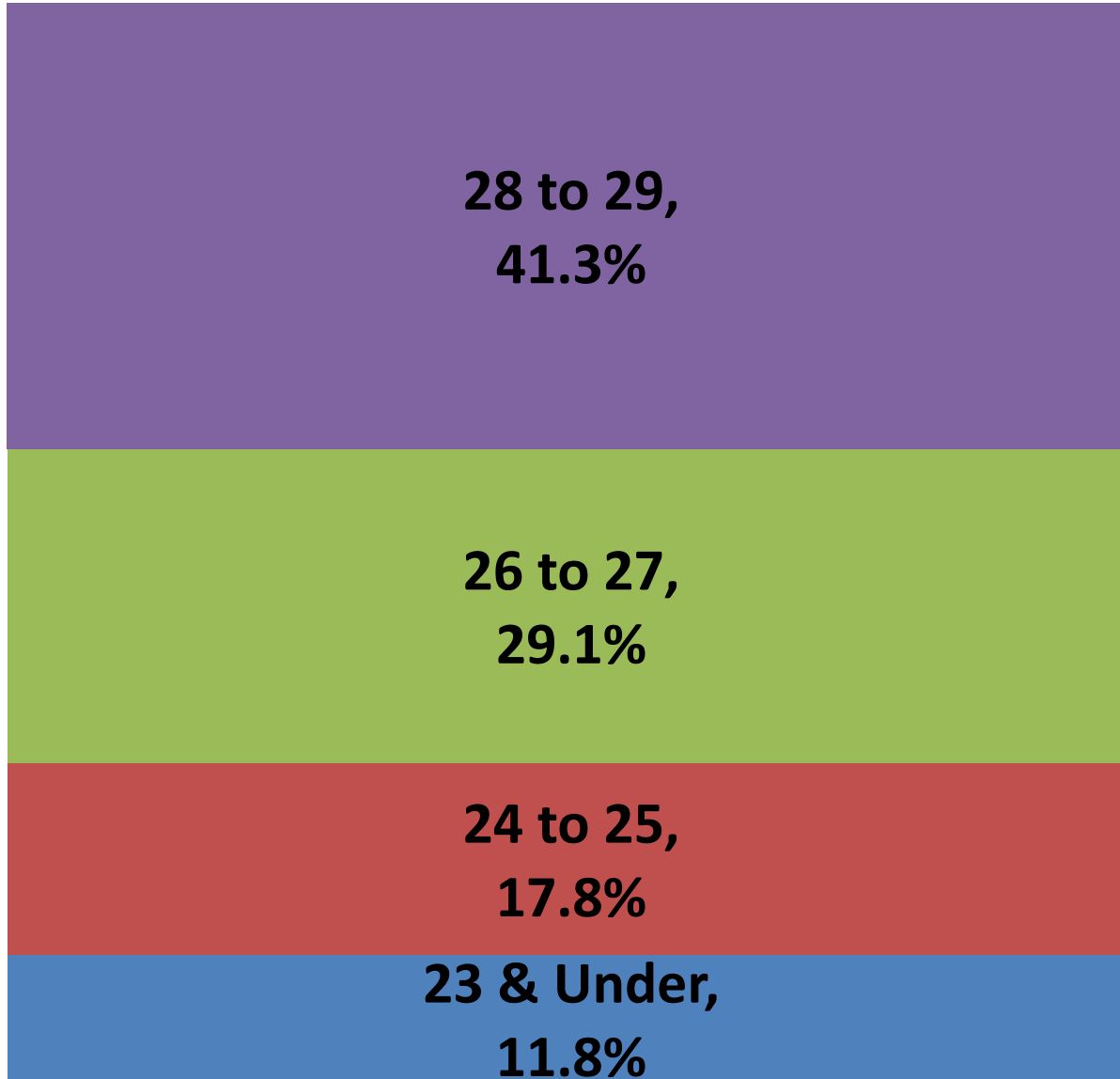
# Anchorage, North Slope Provide Most Jobs

## Young top earners by Borough and Census Area

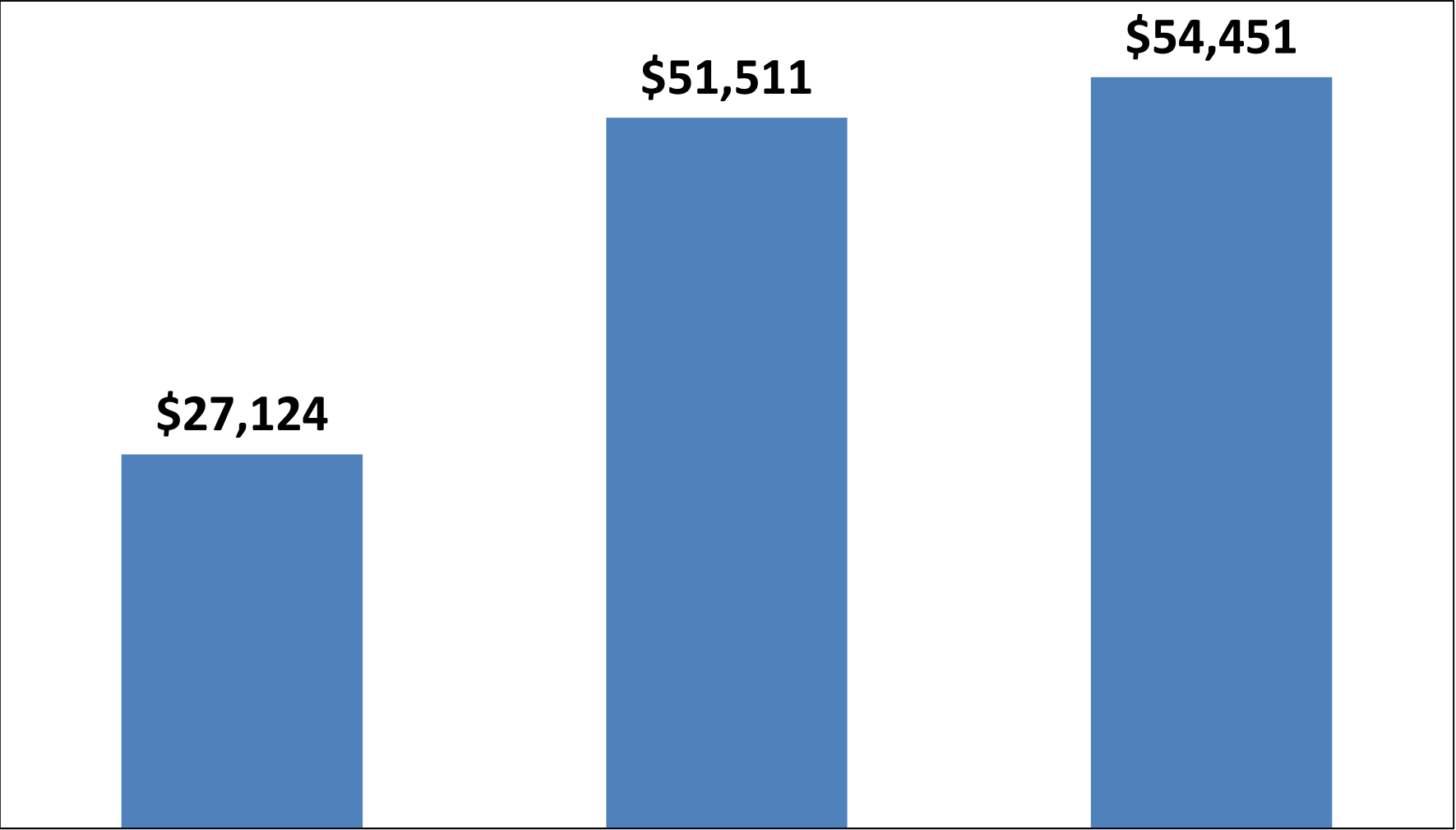


# Oldest Of The Young Best Represented

## Top Young Earners by Age



# Earning Increase With Age

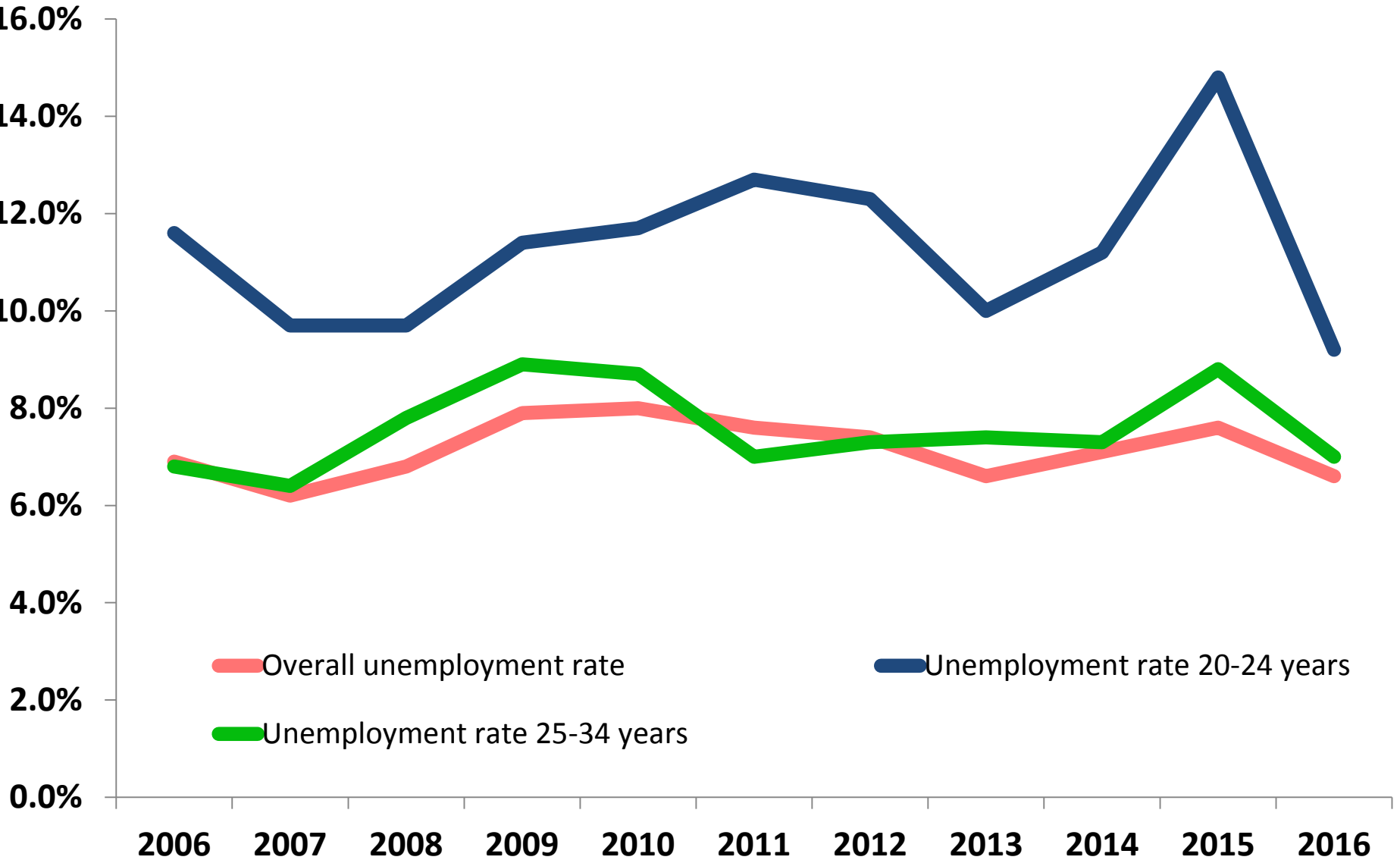


**20-34**

**35-49**

**50+**

# The Younger You Are, the Higher Your Unemployment Rate...

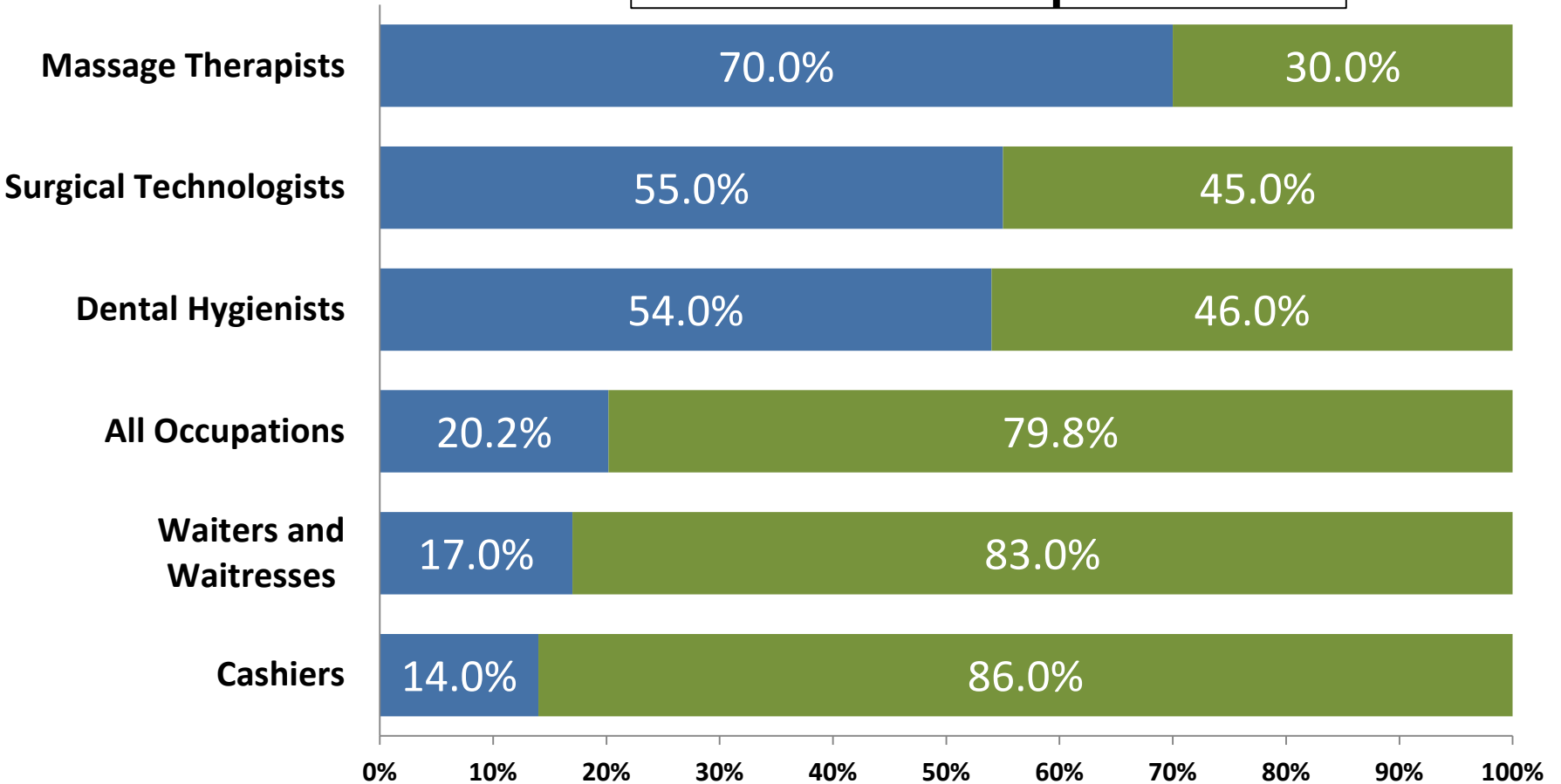




# New Jobs vs. Replacement Openings (Select Occupations)

Alaska, 2014 to 2024

**■ Growth** **■ Replacements**



Note: Occupational categories are based on the federal Standard Occupational Classification Manual.

<sup>1</sup> Growth openings are new jobs

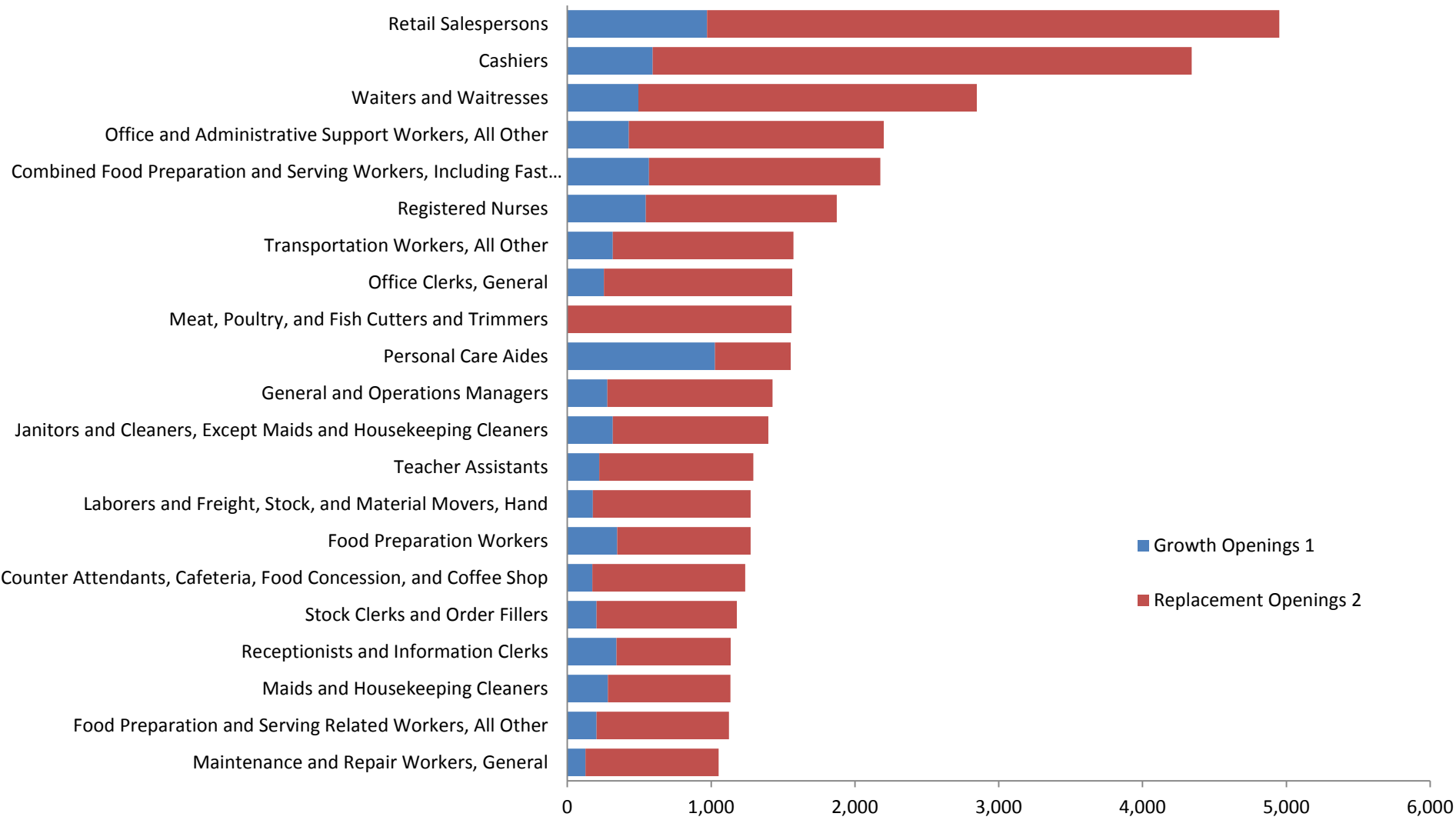
<sup>2</sup> Replacement openings result from vacancies left by workers who retire or permanently leave an occupation.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# Growth and Replacement Openings by Specific Occupations

Alaska, 2014 and 2024

Occupation



■ Growth Openings 1  
■ Replacement Openings 2

Number of Openings

Note: Occupational categories are based on the federal Standard Occupational Classification Manual.

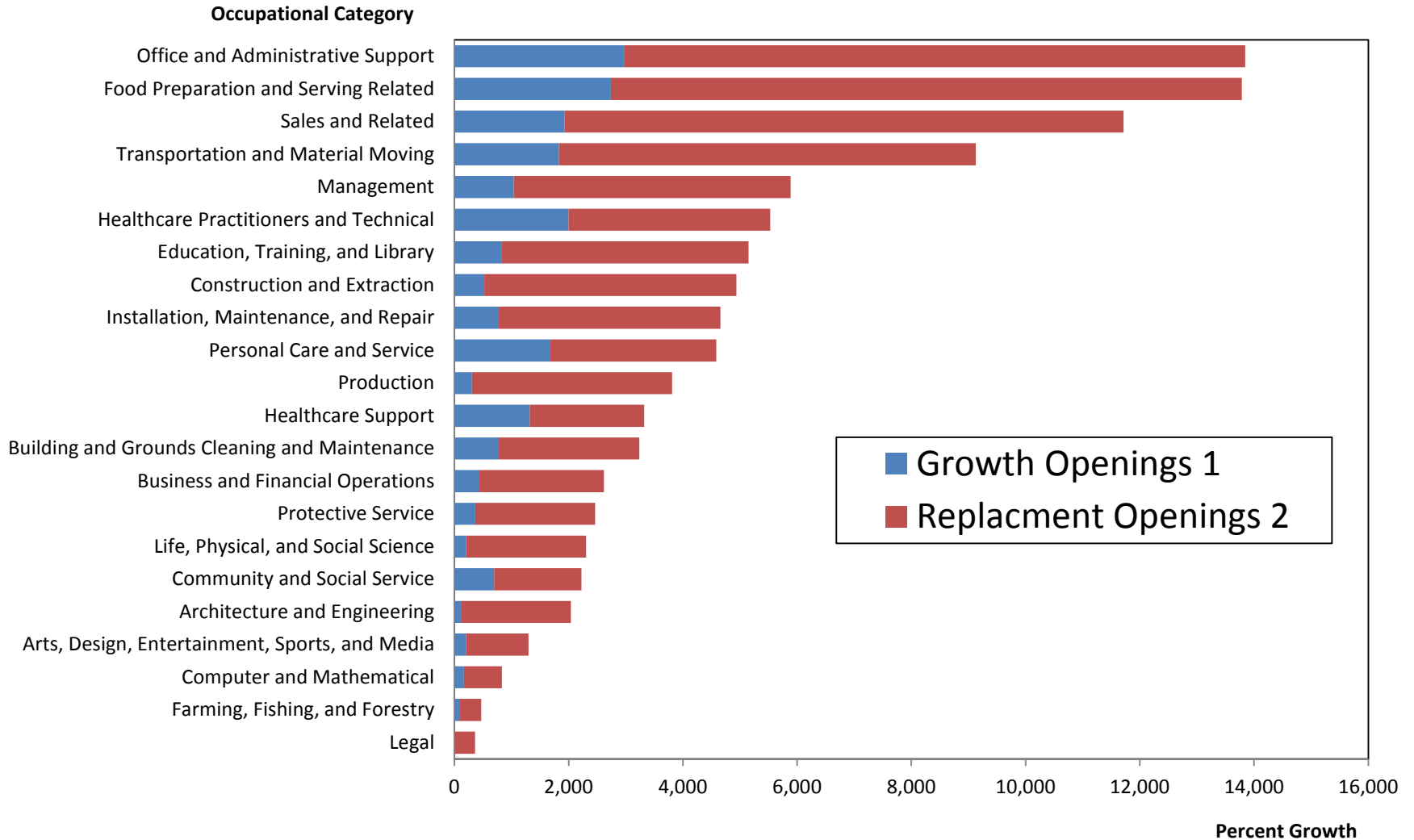
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Source: Alaska Department of labor and Workforce Development, Research and Analysis Section

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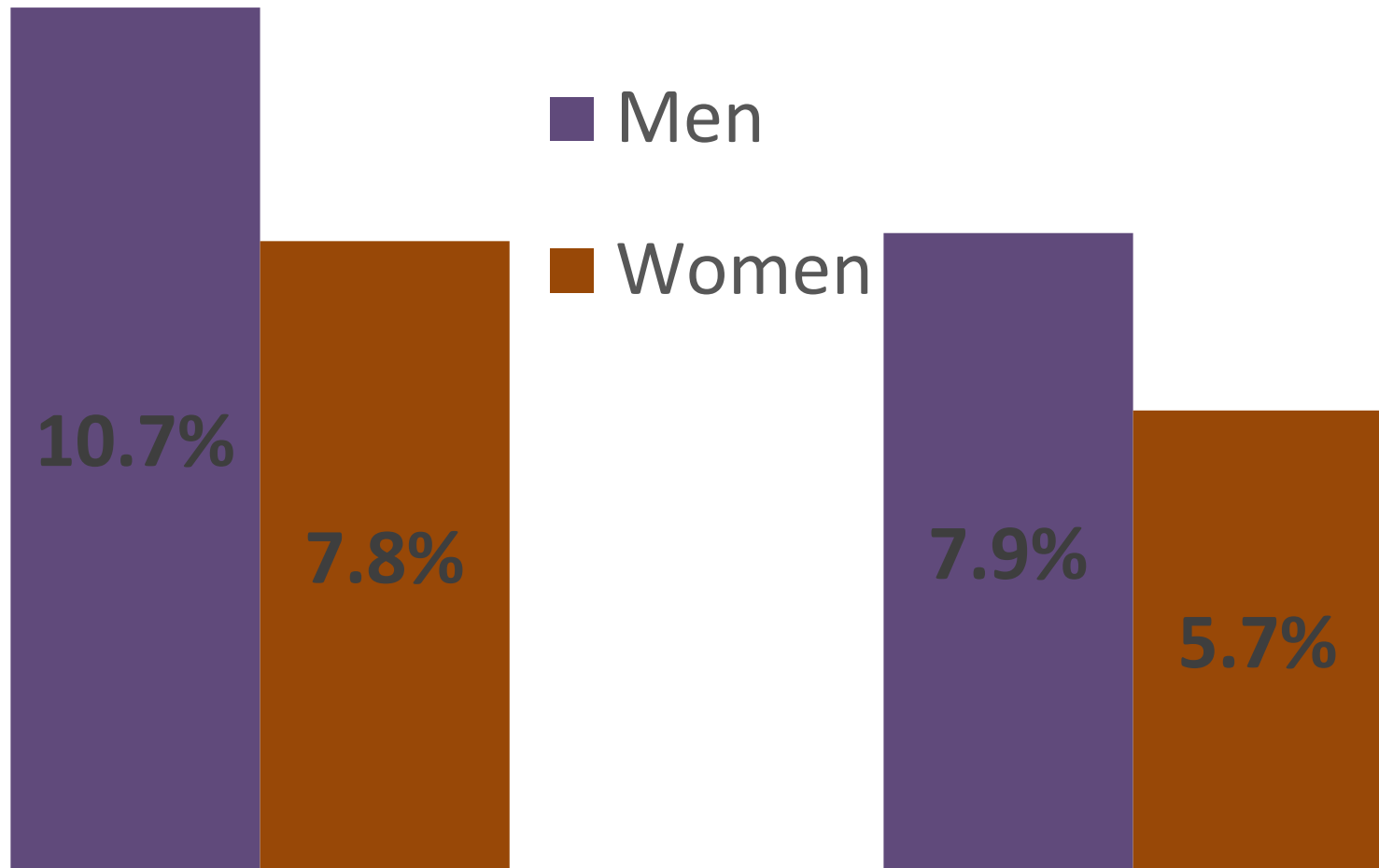
<sup>1</sup> Growth openings are new jobs

<sup>2</sup> Replacement openings result from vacancies left by workers who retire or permanently leave an occupation.

Source: Alaska Department of labor and Workforce Development, Research and Analysis Section

# Higher unemployment rates for young men

Unemployment by age and gender, 2016

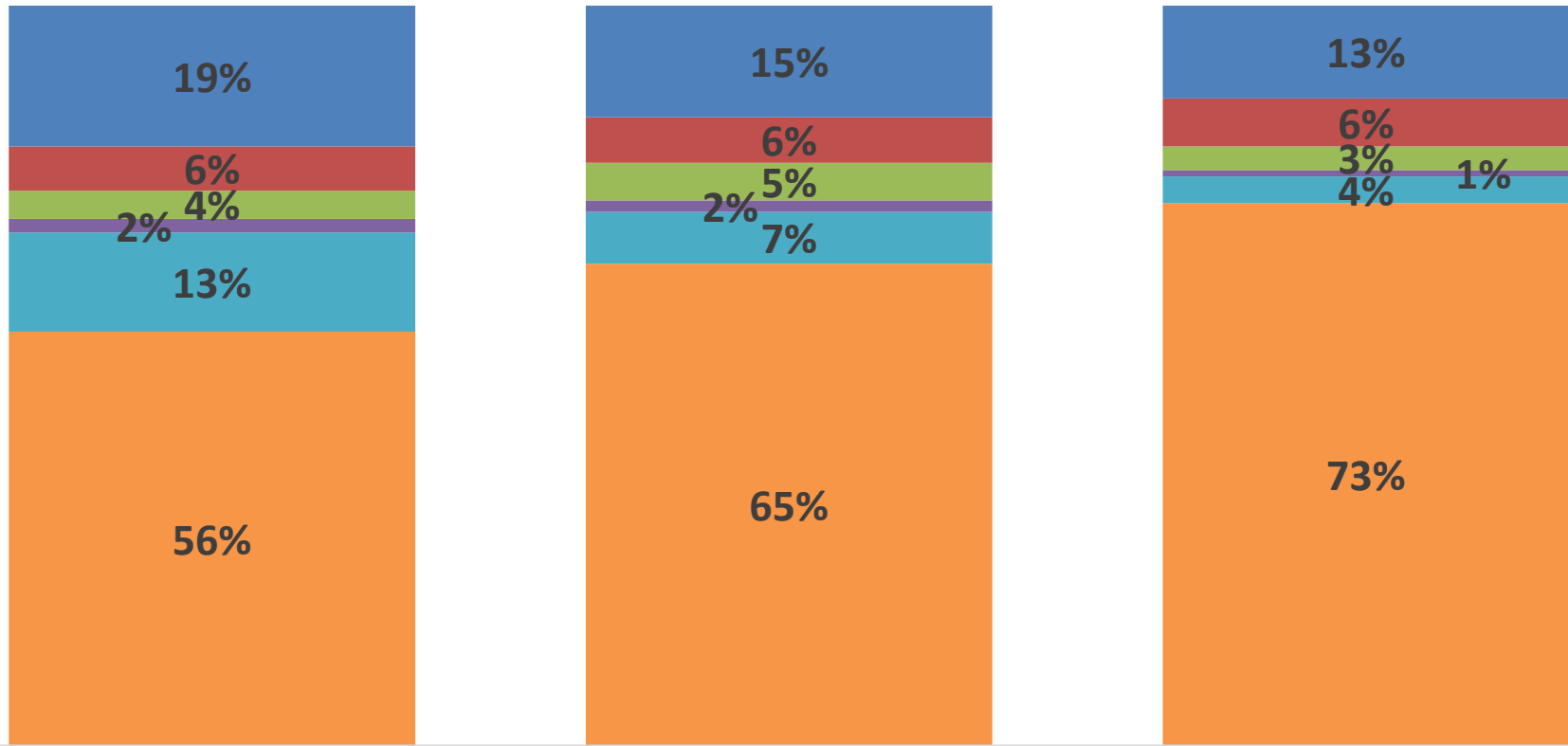


20 to 24 years

25 to 34 years

# Increasing Diversity with Decreasing Age

Percent of population by race and age, 2015



0-19

20-34

35+

White

Native Hawaiian or Other Pacific Islander

Asian

Two or More Races

Black or African American

Alaska Native or American Indian