

STATE OF ALASKA

Department of Labor and Workforce Development
Employment Security Division

Frank Murkowski, Governor

Alaska Workforce Investment Office
3301 Eagle Street, Suite 106
Anchorage, AK 99503-4188
PHONE: (907) 269-4651
FAX: (907) 269-4661

March 13, 2003

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SEATTLE

Ms. Emily DeRocco
Assistant Secretary for Employment and Training
200 Constitution Avenue, N.W. Room S-2307
Washington DC 200210

Dear Ms. DeRocco:

On February 3, 2003, Governor Murkowski submitted Alaska's Workforce Investment Act (WIA) waiver plan containing two waiver requests. Since that submission both Local WIA boards have exhausted nearly all Program Year (PY) 2002 WIA Adult program funding necessitating our request of an additional waiver.

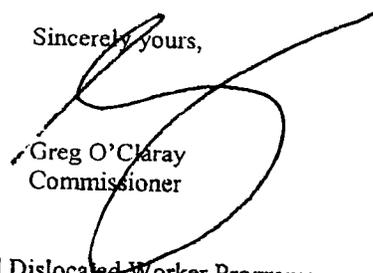
Alaska is requesting waiver of WIA Section 133(b)(4) and 20 CFR Section 667.140 limiting transfer of funds between the Adult and Dislocated Worker programs to no more than 20% of a program year's allocation. This waiver would provide the ability to transfer up to 100% of a program year's allocation between these two programs. At the February 25, 2003, meeting of the Alaska Workforce Investment Board the board voted in favor of submitting a waiver request.

During PY01 the number of Alaskans enrolled our WIA Adult program increased approximately 150% compared with PY00 owing to a general downturn in the economy. This trend continues during PY02. Utilizing discretionary funding sources Alaska was able to accommodate the basic needs of these additional clients. However, the resources for Adult services have decreased overall and local Boards are facing tough decisions regarding staffing and service levels in their Adult programs.

Alaska's diversity of geography, economy and cultures compels us to take an innovative approach to the development of a sustainable statewide workforce. Maximum flexibility with regard to allocation of funds would assist in assuring that both Adult and Dislocated Worker services are maintained at a level sufficient to meet the needs of Alaska's workforce. We appreciate the opportunity to tailor workforce investment resources to more closely meet these needs.

The enclosed waiver, prepared under 20 CFR 661.420, improves the statewide workforce investment system primarily by meeting client needs and conforming to the economic realities of our state. If you have any questions concerning this request, please contact my office. Thank you for your positive support and consideration of our waivers.

Sincerely yours,



Greg O'Claray
Commissioner

Attachments:

Waiver: Transfer of WIA Funds between Adult and Dislocated Worker Programs

**STATE OF ALASKA
WORKFORCE INVESTMENT ACT
WAIVER REQUEST:
TRANSFER OF WIA FUNDS BETWEEN ADULT AND DISLOCATED
WORKER PROGRAMS**

The Alaska Department of Labor and Workforce Development (AK DOL), the state administrative entity for the Workforce Investment Act (WIA), is requesting a waiver of the legal requirement limiting transfer of funds between the Adult and Dislocated Worker programs to no more than 20% of a program year's allocation. This waiver would provide the ability to transfer up to 100% of a program year's allocation between these two programs. Should this waiver be granted, AK DOLWD will be able to ensure that the critical workforce needs of our two local Boards are met.

Dealing with this issue in anything less than a systemic manner will not make much of a difference. This waiver request is being written in the format identified in WIA Section 189(i)(4)(B) and WIA Regulation 661.420(c).

A. Statutory Regulations to be Waived

WIA Section 133(b)(4), 29 USC Section 2963(b)(4) and WIA Final Regulations at 20 CFR Section 667.140, provide that with the approval of the governor, Local Workforce Investment Boards (LWIBs) may transfer up to 20% of a program year's allocation for Adult employment and training activities, and up to 20% of a program year's allocation for Dislocated Worker employment and training activities between the two programs.

The Alaska Workforce Investment Board (AWIB) was chartered to facilitate the process necessary to create and maintain an efficient, effective, and integrated human resource investment system. The Board is appointed by the Governor, and includes the Lieutenant Governor and the Commissioners of Labor & Workforce Development, Community & Economic Development, Education & Early Development and Health and Social Services. Other members represent business and labor organizations, Native organizations, educational institutions and employment service providers.

For the largest state in the nation, Alaska has identified only two local workforce areas: The Anchorage/Matanuska-Susitna ("Mat-Su"), and the Balance of State. The Anchorage/Mat-Su workforce investment area contains 26,235 square miles, and is the urban area that approximately 51% of the state's total population calls home. The Balance of State encompasses all of Alaska except the Anchorage/ Mat-Su Borough, and comprises the remaining 49% of the State's population.

These two boards provide a variety of services to individuals and groups of Dislocated Workers so that they may obtain and retain employment at a self-sufficient level. A strong state and local partnership has resulted in our exceeding 14 of the 17 negotiated

WIA performance measures for PY01 and the current effort to meet all performance outcomes for PY02.

During PY01 the number of Dislocated Worker and Adult enrollments increased approximately 150% compared with PY00 owing to the general downturn in the economy. This trend continues during PY02 to date. Utilizing discretionary funding sources Alaska has been able to accommodate the needs of these additional clients. However, the resources for Adult services have decreased overall and local Boards are facing tough decisions regarding staffing and service levels in their Adult programs. Maximum flexibility with regard to allocation of funds would assist in assuring that both Dislocated Worker and Adult services are maintained at a level sufficient to meet the needs of Alaska's workforce.

B. Goals to be Achieved by the Waiver

The Workforce Investment Act (WIA) provides increased flexibility to states and local areas in implementing reforms to the workforce development system in exchange for state and local accountability for results, including improved programmatic outcomes. Approval of this waiver will balance Alaska's desire to achieve our WIA strategic planning objectives with the need to demonstrate compliance with the statutory and regulatory requirements for each of the individual programs in our unified plan.

The specific goals to be achieved by the waiver are to:

- (1) Improve the ability of local Boards to respond to changes within their local areas;
- (2) Increase local control for program delivery;
- (3) Increase employer/Board collaboration to address industry needs and worker training;
- (4) Increase accountability of local service providers;
- (5) Provide greater flexibility to local Boards in designing and implementing WIA programs

C. State or Local Statutory or Regulatory Barriers

There are no State or local statutory or regulatory barriers to implementing the proposed waiver. Alaska Workforce Investment Board and AK DOLWD policies are in compliance with current Federal guidelines. Upon notification of approval of this waiver request, AK DOLWD policy will be amended to comply with the terms of the waiver.

D. Description of Waiver Goals and Programmatic Outcomes

Need for Waiver

Alaska requests to waive the legal requirement limiting transfer of funds between the Adult and Dislocated Worker programs, allowing us to transfer up to 100% of a program year's allocation between these two programs.

During PY02 both local Boards have exercised their option under WIA to transfer the maximum 20% of their Dislocated Worker Program funds to their Adult programs but will soon exhaust their increased Adult funds. Because of Alaska's diverse population and differences in urban and rural workforce demographics, WIA customer needs vary greatly from one local area to another. Increased flexibility and control to transfer funds between the Adult and Dislocated Worker programs would allow each local area to further customize service delivery and maximize use of limited funds.

The role of local Boards is to plan, oversee, and evaluate the delivery of workforce training and services delivered by their One-Stop centers. Boards need to be encouraged to design innovative programs unique to local needs and priorities. Such customized programs result in increased local and service provider accountability. The State Workforce Investment Board supports the local Boards in these efforts by providing continued funding, technical assistance and oversight.

E. Description of Individuals Impacted by the Waiver

Alaskans find themselves in a unique set of circumstances, both with regards to employment, and to their physical environment. There are 622,000 Alaskans inhabiting Alaska's 586,000 square miles living in 350 communities. Of these, 311 locations are home to fewer than 1,000 residents. Only 100 of Alaska's towns and cities are accessible by paved or unpaved roads. Access to, and daily transportation within, is limited to airplane, boat or all terrain vehicles in two thirds of all Alaskan communities.

Alaska's economic profile is diverse. Natural resources are the base for major industries. However, there are dramatic economic differences between urban and rural communities. Urban areas such as Anchorage, Juneau and Fairbanks rely year-round on private sector service (45%), public utilities (26%), and federal, state and local government employment (13.7%).

Year-round employment is limited in rural Alaska where nearly half the state's population resides. Available year-round wage work is either in public or service industry jobs that are often part-time. Rural communities depend upon the seasonal industries of fishing and tourism, and cyclical industries such as mining and logging. Alaska's unemployment rates reflect the seasonal nature of the state's economy. During summer months, the rate dives to a low of 6.3% and then soars to 21% in the winter months to become one of the highest unemployment rates in the nation.

Participant characteristics and family values drive Alaska's workforce. Many Alaskans, especially in rural Alaska, lack formal training/certifications to qualify for jobs. For these Alaskans, obtaining training to place them in seasonal work near or in their community would be an advancement in life that could lead to long term seasonal employment.

The high cost of living in rural Alaska often requires families to live subsistence lifestyles. While many Alaskan's strive for long-term, self-supporting jobs, the reality of living off the land through a subsistence life style still remains true in most of rural Alaska. While the majority of jobs are available during the summer months, the subsistence-hunting season is generally during the winter months. Today's subsistence hunter requires modern day supplies, like fuel and parts for snow machines, four wheelers or boats, high powered rifles, scopes and ammunition, along with food and clothing for winter survival.

For many Alaskans, in the rural communities in particular, survival is a matter of patchwork. Alaskan's often piece together the income from seasonal employment opportunities with their Alaska Permanent Fund Dividend checks, (a family of four collected approximately \$6,200 in 2002) subsistence hunting and fishing (which could account for a large percentage of the food consumed by the family) and perhaps dividends from regional or local native corporations to survive.

Throughout Alaska many of our clients are seeking seasonal work, as they may not require, or demand as much money on a year round basis, as a large portion of their food may be harvested from the sea or local hunting grounds. These people have become accustomed to living off the land and do not require a year round job to survive. Due to the limited daylight hours, Alaska climate and cold extended winter season it is hard for many occupations to stay operational year round. This is a major reason construction and capital projects offer mostly seasonal work. Even if our clients wanted to work year-round the weather and climate prohibits this.

All stakeholders and customers involved in WIA services will be positively impacted by the approval of this waiver. This includes customers eligible for an Individual training Account (ITA), training providers, businesses, organized labor, and local Workforce Investment Boards.

F. Description of the Process Used to:

Monitor Progress

AK DOLWD has a Federally recognized monitoring and performance accountability system that measures and evaluates results for job seekers and employers accessing Alaska's network of One-Stop centers. The Commissioner of the Alaska Department of Labor and Workforce Development and staff will monitor progress on the goals outlined in B., above. On an annual basis, comprehensive compliance monitoring is conducted

onsite utilizing outcome reports generated from statewide databases. Should this waiver request be granted, AK DOLWD would ensure regular review of the Adult and Dislocated Worker programs to monitor outcomes and impacts of the additional fund transfer authority.

Waiver Plan Development, Notification, Coordination and Implementation

AK DOLWD actively sought the input of local Boards during the development of this waiver request. Over a period of several months, AK DOLWD met with local Board directors to review their expenditure levels and program needs, and ultimately received unanimous support for the submission of this waiver plan. The draft waiver plan was provided to businesses, organized labor, Balance of State (BOS) Local Workforce Investment Board (WIB), the Municipality of Anchorage / Mat-Su Borough WIB, and public officials for comment. This was accomplished to ensure both local Board's involvement in the plan's development and local Board's consensus for the plan.

The initial elements of the waiver plan were presented to the AWIB at its board meeting during February 26, 2003 and the AWIB approved the waiver implementation plan by signed resolution. The draft waiver plan was also submitted to Region VI, ETA, DOL for review March 7, 2003. Comments were received back from Region VI, ETA, DOL and those comments were incorporated into the waiver plan.

The waiver plans development process involved citizens from every region of Alaska working through their One-Stop's Local Advisory Committee (LAC) with their respective local area. The majority of these citizens were from business and private sector employers, with representatives from organized labor, education, community based organizations, Alaska Job Corps, US DOL ETA, Alaska Bureau of Apprenticeship, Alaska Natives, persons with disabilities, tribal and community colleges, the University of Alaska, State agencies, private industry, council members and both LWIBs.

The finalized waiver document was published March 26, 2003, for 30 days, on the public web site maintained by the State, allowing for public comment on its content and potential impact. In addition, copies of the waiver were available for public inspection at AK DOLWD offices, and electronic copies of the waiver were sent via e-mail to local Job Centers for posting. If comments are received they will be provided shortly after April 28, 2003.

G. Conclusion:

Granting this waiver will allow Alaska to continue to meet its goal of "building connections that put Alaskan's into good jobs." A good job is one that has adequate pay, benefits and career advancement opportunities that can sustain an individual and their family economically without reliance on public subsidy. Additionally, this waiver will:

- (1) Provide employment, education, training and support services to assure Alaska employers have a skilled workforce and Alaska workers have employment choices.
- (2) Promote a healthy Alaskan economy and strong communities by increasing employment opportunities and private sector activities that develop, strengthen, stimulate and diversify Alaska's economic base.
- (3) Provide local Boards added flexibility to design programs based on local needs and priorities that enhance participant benefits.
- (4) Provide more customers with access to core, intensive, and training services.
- (5) Improve use of State and Federal resources, leading to greater effectiveness and efficiency.