

HOUSE FINANCE COMMITTEE
January 25, 2002
2:47 PM

TAPE HFC 02 - 16, Side A

CALL TO ORDER

Representative Con Bunde, Vice-Chair called the House Finance Committee meeting to order at 2:47 PM.

MEMBERS PRESENT

Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Bill Hudson
Representative Ken Lancaster
Representative Carl Moses

MEMBERS ABSENT

Representative Eldon Mulder, Co-Chair
Representative Bill Williams, Co-Chair
Representative Richard Foster
Representative John Harris
Representative Jim Whitaker

ALSO PRESENT

Ed Flanagan, Commissioner, Department of Labor and Workforce Development;

PRESENT VIA TELECONFERENCE

There were no teleconference testifiers.

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GENERAL SUBJECT (S):

Missions and Measures:

Department of Labor and Workforce Development

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 22nd Legislative Session, contact 465-2156. After the 22nd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
	TAPE HFC 02 - 16 SIDE A	DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

000	ED FLANAGAN, COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT	Discussed the Employment Security Division. He noted that there has been an increase to 34.7 percent of the number of registered clients that are receiving service through an Alaska Job Center. He noted that the centers are largely self-service.
	Commissioner Flanagan	Noted that some of the federal measures are useful but some do not reflect performance according to state needs.
19	Commissioner Flanagan	Provided members with a copy of their Strategic Plan for the Employment Security Division (copy on file). The overall mission is to exceed the expectations of Alaskan employers, workers and job seekers.
34	Commissioner Flanagan	Reviewed the timeliness of first payments issued within 35 days. The federal benchmark is 95 percent. They are at 97.2 percent.
52	Commissioner Flanagan	Referred to measures on training adult job participants. The federal target is for 66 percent placement. They are at 60 percent. He felt that the measure could be improved. He observed that only the baseline has been established. They projected a 1 percent increase.
99	Commissioner Flanagan	He maintained that the measure: the percentage of survey respondents rating the UI services adequate or higher needed to be changed.
118	Commissioner Flanagan	He observed that a new survey would discover the number of employers satisfied.
150	Commissioner Flanagan	Reviewed measures for the Division of Administrative Services. He observed that the number of late penalties incurred for payroll or vendor payments have been less than .1 percent or 33 - 34 out of 33,400.
164	Commissioner Flanagan	Observed that the average time taken from a workers' Compensation hearing has decreased. The department intends to attempt to add an additional Citizen's Panel.
190	Vice-Chair Bunde	Questioned if the results of the panels' hearings would be helpful to the subcommittee.
202	Commissioner Flanagan	Noted that the state is only accountable for cases concerning state employees. The decisions are approximately 50/50.
210	Commissioner Flanagan	Noted that there has been progress on Fishermen's Fund claims. Claim processing

		time has been reduced from 68.7 to 23.7 days.
229	Commissioner Flanagan	Noted that the number of uninsured injury cases have been decreased from 117 in FY98 to 19 in FY01. They project 15 cases in FY02.
251	Commissioner Flanagan	Second injury fund determination has been reduced. He explained that insurers pay into the Fund to remove the disincentive to hire a previously injured employee. The beginning salary for injured rehired employees comes from the Fund. The money comes from insurers and penalties.
279	Commissioner Flanagan	Reviewed measures for the Division of Labor Standards and Safety. He noted that lost workday injury and illness has been targeted. The number of lost workdays is difficult to account due to different definitions. Lost workday incidents are measurable; however there is a time lag on the data. They only have numbers for 1999. An additional research analyst in the OSHA program would allow them to have their own measure. He noted that the number is being reduced by approximately 3 percent a year.
322	Vice-Chair Bunde	Questioned if the reduction in the logging industry was considered [as a contributing factor]. Commissioner Flanagan responded that they try to account for that in the number of incidents. More discussion ensued regarding the measure. Illness rates are per 100 full-time workers.
345	Commissioner Flanagan	Discussed the percentage of wage claims settled. He observed that 50 percent of the claims are settled with a collection. Employers go out of business or leave the state in some incidences. The program is general fund supported and there is a lack of resources. He did not know the number of cases per year. He explained that many of the employers have gone bankrupt.
378	Commissioner Flanagan	Noted that the number of boiler and pressure vessel inspections completed compared to the backlog has not gone beyond 65,000. He acknowledged the need to reduce the backlog. One plumbing inspector has passed qualifications to assist with boiler inspections. He stressed the importance of assuring safety. He expressed concern with

		elevator inspections. There is only one inspector. There are 850 - 900 elevators with a backlog of 300 elevators. There is a plan to address the issue under legislation introduced by Representative Murkowski. The untapped revenue from backlog could pay for two positions.
422	Representative Hudson	Questioned if inspections could be contracted to relieve the backlog.
429	Commissioner Flanagan	Noted that there are some contractors for the large vessels, which the state certifies. The cost is greater for contracting than it would be for in-state inspectors.
431	Representative Hudson	Expressed concern with the safety factor.
439	Commissioner Flanagan	Noted that the economy of scale would not allow the state to get out of the business.
441	Commissioner Flanagan	The wages of clients served by the Division has increased from \$17,000 in 1998 to \$20,425 in FY01. The Division anticipates a 2 percent annual increase.
469	Commissioner Flanagan	Noted that the disability determination service has had a backlog. The backlog has been decreased. There is not currently a measure to track this item.
489	<u>ADJOURNMENT</u>	The meeting was adjourned at 3:30 PM

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