

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS COMMITTEE

March 20, 2001

3:10 p.m.

MEMBERS PRESENT

Senator Gene Therriault, Chair
Senator Randy Phillips, Vice Chair
Senator Drue Pearce
Senator Bettye Davis

MEMBERS ABSENT

Senator Rick Halford

COMMITTEE CALENDAR

SENATE JOINT RESOLUTION NO. 17

Relating to requesting that President Bush renounce and reverse Clinton Administration anti-gun-ownership policies and reorient the United States Department of Justice towards policies that accurately reflect the intent of the Second Amendment to the United States Constitution to grant individual Americans the right to keep and bear arms.

MOVED CSSJR 17 (STA) OUT OF COMMITTEE

SENATE BILL NO. 126

"An Act establishing a right of action for a legal separation; and amending Rule 42(a), Alaska Rules of Civil Procedure."

MOVED CSSB 126 (STA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

SJR 17 - No previous action recorded.

SB 126 - See State Affairs minutes dated 3/15/01.

WITNESS REGISTER

Joe Stewart
Staff for Senator Donley
Alaska State Capitol Room 508
Juneau, AK 99801-1182

POSITION STATEMENT: Presented SJR 17

Kara Moriarty
Staff for Senator Wilken

Alaska State Capitol, Room 514
Juneau, AK 99801-1182

POSITION STATEMENT: Answered questions on SB 126

Sharon Barton
Department of Administration
PO Box 110200
Juneau, AK 99811-0200

POSITION STATEMENT: Introduced Steve Goodrich

Steve Goodrich
President, Center of Organizational Excellence
Dallas, TX

POSITION STATEMENT: Gave presentation on Alaska's workforce

ACTION NARRATIVE

TAPE 01-14, SIDE A

Number 001

CHAIRMAN GENE THERRIAULT called the Senate State Affairs Committee meeting to order at 3:10 p.m. Present were Senators Phillips, Pearce, Davis and Chairman Therriault.

The first order of business was SJR 17.

#SJR 17

SJR 17-FEDERAL GUN POLICIES

JOE STEWART, staff for Senator Donley, said SJR 17 requests that President Bush renounce and reverse the Clinton Administration anti-gun ownership policies and reorient the United States Department of Justice toward policies that accurately reflect the intent of the Second Amendment granting the individual rights of Americans to keep and bear arms.

The legislation stems from a 1998 district court case in Tom Green County, Texas - a divorce case in which the wife put a restraining order on her husband. Because he owned a firearm, he was found to be in violation of Title 18, Section 922G8 of the U.S. Code, which states that anyone under a restraining order may not own a firearm. Because this was a federal violation, the case was transferred to federal district court where the judge ruled Title 18 of the U.S. Code unconstitutional because it violates Second Amendment rights. This was appealed to the Fifth Circuit in New Orleans where the U.S. attorney argued that the Second Amendment does not protect Second Amendment freedoms for individuals but gives a blanket

protection to recognized groups such as the National Guard. In response, the National Rifle Association (NRA) sent a letter to the solicitor general asking whether the attorney had, in fact, accurately represented the position taken by the United States. The response was, "He had indeed." It was the opinion of the Department of Justice that there are no Second Amendment freedoms guaranteed for individual Americans.

CHAIRMAN THERRIAULT introduced the work draft, CS 22-LS0443\B Luckhaupt 3/19/01, which melds the two "whereas paragraphs" on page 2, lines 4-9. He asked whether Senator Donley, sponsor of the resolution, had seen the new language and the position he was taking on the rewording.

MR. STEWART said the change is acceptable to Senator Donley.

SENATOR PEARCE moved the CS for SJR 17, B version by Mr. Luckhaupt 3/19/01, as the working document.

CHAIRMAN THERRIAULT added that the committee substitute (CS) also directs a copy to be sent to the minority leader of the U.S. Congress.

The CS was adopted with no objection.

There were no other amendments offered, no questions, and no further testimony on SJR 17.

He asked for the will of the committee.

Number 466

SENATOR PEARCE moved CSSJR 17(STA) and zero fiscal note from committee with individual recommendations. There were no objections.

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#SB 126

SB 126-RIGHT OF ACTION FOR LEGAL SEPARATION

CHAIRMAN THERRIAULT introduced the L Lauterbach 3/19/01 version of the proposed CS for SB 126. He reminded committee members that they had discussed a requirement for the court system to report information to the Division of Vital Statistics (DVS) during a previous meeting. Sections 5 and 6 on page 6 adds language dealing with reporting. Information is supplied to the DVS and they are directed to submit a report to the legislature by January 15, 2005

on whether they think the statutes need to be modified or how the information relating to legal separations should be organized.

He asked whether Senator Wilken, the bill sponsor, had looked over the new language.

KARA MORIARTY, staff for Senator Wilken, said there were no objections to the new sections.

CHAIRMAN THERRIAULT said that legal counsel recommended changes to make it clear that separation actions that were initiated prior to passage of the bill would be reported.

MS. MORIARTY said the Legislative Legal drafter suggested adding the applicability language found on page 5, lines 30 and 31. In the original bill there was language for an effective date for the complaint for legal separation but not for the order for legal separation to be effective. Added is, "and orders of legal separation issued on or after the effective date of this Act."

SENATOR PEARCE moved the L version as the working document.

CHAIRMAN THERRIAULT asked for amendments. There were none.

He noted there was a zero fiscal note from the Attorney General's Office. He asked for the will of the committee.

SENATOR PEARCE moved CSSB 126 (STA) and zero fiscal note from committee with individual recommendations.

CHAIRMAN THERRIAULT asked whether there was objection.

SENATOR PHILLIPS objected.

CHAIRMAN THERRIAULT called for a roll call.

Senators Davis, Pearce and Chairman Therriault voted yea and Senator Phillips voted nay.

CSSB 126(STA) moved from committee with individual recommendations.
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SHARON BARTON, Director of Personnel for the Department of Administration, testified that the number one management problem in state agencies is recruitment and redemption of qualified employees. Given the state demographics and strong state and national economies, "What we see today is just the tip of the iceberg." Workforce planning and development must be addressed in

earnest so that necessary State services can continue to be provided to Alaskans.

Steve Goodrich, President of the Center for Organizational Excellence in Washington, was invited for a two-day consultation to help the State start on an action plan.

He was asked:

- To put Alaska's workforce situation in perspective relative to the other 49 states.
- To identify the issues that compel workforce planning.
- To describe actions other state and federal organizations are taking to resolve or mitigate workforce issues.
- To describe the workforce planning process and how it should fit into other statewide agency and planning activities.
- To help develop a strategic action plan.

STEVE GOODRICH said that workforce planning is no longer about transactional lines in trying to fill a given position or dealing with a vacancy. Workforce planning is the strategic perspective of a workforce that is viewed as an asset that needs to be grown and maintained. Growth refers to the quality of the workforce that must be maintained and therefore addresses retention and making sure the right people are doing the right job at the right time.

He asked committee members their ideas on the major issues that will be impacting the State of Alaska in coming years.

CHAIRMAN THERRIAULT said one issue is finding the revenue to pay for projects.

SENATOR PHILLIPS said there needs to be a ten-year plan of which this is part. K-12 and post secondary education, vocational schools and apprenticeship programs, gas line and Arctic National Wildlife Reserve (ANWR) needs must be projected out ten years then "move everything back and do it in two year increments."

MR. GOODRICH said this is how to plan for needs and figure out how to pay for it all. It's an interesting concept because many organizations have traditionally treated their workforce as an expense rather than as an asset. "This changes the mind set in how we focus on that."

Whether you're dealing with a pipeline or unemployment issues or with an initiative to deal with alcoholism in the state, you must determine the kind of workforce you need as well as ensuring that they are there when you need them.

Alaska has a retirement rate that will approach 19 percent in the next several years. This tends to be a bit lower than some states and organizations. For instance, the federal government is approaching 50 percent retirement in the next three or four years. It's the "baby bust" from the baby boomer generation. This needs to be combined with how to get a pipeline in and what a pipeline means to the state in terms of court systems and road systems and schools. How do you get there?

At the same time, there's a leveling of the playing field with private industry. At one time, private sector employees and government employees were considered separately and they didn't necessarily compete with one another. However, with tight labor markets they compete fairly heavily.

Although there is much written about a downturn in the economy and about layoffs, this country is still adding about 150,000 jobs per month. This shows that the economy is still in a growth spurt and, in some cases, there are still labor shortages. The big question is how we deal with those kinds of issues.

To get to Senator Phillip's point, it's in a strategic model at present. This means that when you look at any organization you examine - purpose, performance, customers and how you deal with external influences - where does the workforce figure in and how does it connect to the strategic imperatives of the organization?

The workforce isn't an isolated activity and it's not a transactional activity, it's a transformational activity. First you must decide what you want to achieve with a workforce plan. This can be very comprehensive and a large component of the strategic plan or narrowly focused. A narrowly focused plan is successful in a narrow area.

If the workforce is treated as a strategic asset it's more involved. This is more than having the right people in the right place at the right time; it is creating an integrated and ongoing strategy for ensuring that an organization is prepared with the appropriate human capital. The term capital is used rather than resources because it's about knowledge capacity. Part of the "baby bust" is also part of the brain drain. Many organizations are losing their knowledge bank at a very rapid rate.

Workforce planning is used for everything from budget justification to looking at creating a virtual organization. It is making sure the resources are available and understanding the quality of the assets in the workforce.

The average age of new employees in this state is 38. This means those individuals are entering the workforce with 16 to 18 years of experience. Do they apply some of those same competencies or do they have other competencies that can be tapped? Do we know the capacity of the workforce? You certainly want to go through hiring and retention and developing strategies around those issues. Management strategies should allow department managers to look at their workforce as an asset and get the most out of that workforce while providing a good workplace environment. Attention should also be paid as to whether there is a more flexible way to manage the workforce. Instead of hiring additional personnel, ask whether it's possible to borrow from another division or department to meet temporary needs. How do you find those people? How do you deal with a nursing shortage? Are there stopgap measures while you're working on a more long-term strategy?

The process of going through workforce planning is multi-stepped and can be rather involved. First, you need an overview of the current organization to identify key issues such as:

- Is there a stable mission and series of functions in the organization and are they clearly defined?
- What is the current scope and distribution of staff?
- What is the source and quality of data on the workforce?

Leadership commitment is very important because workforce planning isn't a human resources or personnel endeavor; it's a leadership function within an organization. They set up the purpose, the direction, what they want to achieve and make sure they're involved.

Workforce planning looks at technology and introduces the planning concept to the staff. Sometimes staff views the planning as some type of adverse action when it's really about growing and strengthening the workforce.

Next, you profile the existing workforce. You look at competencies, distribution, demographics, age, length of service, attrition and accession patterns, in house versus outsourcing. How much of the work of core government functions is provided in house and what is being outsourced to contractors? Staffing ratios, such as supervisory and support staff, must be examined. Work force planning cannot be separated from how work gets done. If it's inefficient, it won't be possible to optimize or maximize the workforce. The performance and productivity within an organization must be understood.

Future requirements are addressed next. For instance, what is a new pipeline going to demand? What are some of the initiatives that are internal to the state such as the current nursing shortage? Are there issues such as individuals leaving the state after being educated at the state universities? What will be the driving issues? What will be the mission or strategy changes, workload changes, productivity or new program initiatives? What's the conventional thinking? They've done some scenario planning because you don't want to plan against anything that doesn't have a long tenure.

Labor market influences and issues will also be examined. Is there a labor pool decline or any reform that's going on? You try to understand the market that you're in. To meet workforce needs, you can develop people's skills, you can hire new personnel or you can borrow them from another department or agency. Your strategy may include all three methods. For example, if you need many geologists for a short time for pipeline work do you put them on the payroll or borrow them from another state?

This is all gathering and understanding data about the workforce and understanding those strategic issues that are going to be faced and how you build a workforce to support them.

Sometimes it is necessary and desirable to benchmark the organization against factors such as process, staffing levels and ratios and costs so that when you enter into strategy work you can do analysis against others. You work into strategic planning activity that is similar to business planning. Information is grouped according to process, issues that affect the size, scope and distribution of the workforce, development and competencies and then there are hiring recruitment and retention issues. It takes an involved and strategic session to come out with a specific implementation and communication plan.

Ideally, you ensure that technology tools are available so you don't have to repeat everything. It becomes live data. Managers may therefore make real time decisions on a case-by-case basis for program planning, budget planning and so forth.

The forgoing was a fairly comprehensive process for an organization. For a state the size of Alaska, this process would take between a year and 15 months to complete. If the State is interested in a comprehensive plan, they should do some of the data analysis that's the top level and then provide this to the individual departments and agencies and let them do their own strategy. Strategy should be done at the local level because you know what the needs are against what's coming; they know how work

is currently done. With consultant help, this is the most successful.

CHAIRMAN THERRIAULT asked whether he understood that this activity is specifically undertaken for an organization, which in this instance is the State or a department. When members say there's a need for a gas line, he wonders whether we're looking at the needs of the State and the State economy or State government and how it is going to support that economic activity.

MR. GOODRICH said it could be both, and that's what the State needs to decide. What is the focus of workforce planning? Looking at the statistics, you may determine that you have trouble recruiting in the State government. There's a 5.8 percent unemployment rate in the State. You ask whether the labor pool is there and qualified. Is it a desirable place to work and, if not, what could make it desirable.

He was reading that the pipeline was going to create 735,000 jobs. How many will be State jobs? Obviously it's desirable to hire as many Alaskans as possible. How you make that happen could be part of the strategy. Are the universities and technical schools getting ready for this and is there an incentive for graduating students to stay in State? This is part of an overall workforce plan.

The following Power Point presentation included random statistics from previous workforce planning activities and was presented to illustrate several points.

They first looked at average ages within departments of an organization. It showed the "baby bust" with individuals leaving service and few coming on board. This was a federal agency and less than 2 percent of federal employees are under 30 years old. This will be a very big issue in the next two to three years. Retirement typically averages about 4 percent per year and about 20 percent of those newly eligible to retire actually do so. Each department in an organization needs to ask whether you can bring those retirees back or retain them longer in order to transfer the years of knowledge to a younger group. It's a mistake to bring them back and leave them in the same job but you need to develop a program whereby they leave their knowledge.

Good data allows you to make strategic decisions. He showed graphs that examined:

- Supervisory & support staff ratios
- Attrition and accession
- Overtime rates

- Fulltime permanent employees over time compared to workload
- Contract labor cost performing core services
- Compare contract and in house labor

He's found that organizations don't typically maintain this kind of data or analyze their workforce in this manner.

Typical issues found in workforce planning are:

- There's no commitment or involvement from agency leadership
- Spending lots of money and getting nothing of value in return
- Piecemeal or half-hearted planning
- Expecting results too quickly
- Lack of complete and accurate data
- Not including agency employees
- Not part of an organization's strategy
- Contractor vs. agency staff
- Return on workforce investment

Some of the best practices:

- Creating flexible compensation system
- Pay for performance: Specific objectives tied to organizational results
- Hiring and retention bonuses
- Human resources department
- Having a chief people officer that represents the people
- Organization
 - Create a virtual company
 - Removing "stovepipes": Can you find a certain competency somewhere else in the government and borrow it?
- Performance based management
 - Clear goals
 - Leadership directly involved
 - Management tools exist and managers have the authority to use them
 - Accountability for people development and growth

CHAIRMAN THERRIAULT asked about the data from the State of Alaska.

MR. GOODRICH said there's a lot of good data in the system already.

CHAIRMAN THERRIAULT said that he's aware that State government will experience a rapid retirement rate in upcoming years even though Alaska has a relatively young workforce. He asked whether there was any indication that Alaska would suffer as large a retirement

exodus as other states.

MR. GOODRICH said the average age for State workers is 45, which is low, while the entry age is 38 which is older than most. At a 19 percent retirement eligibility rate over the next five years, the State of Alaska compares favorably to other states. This doesn't, however, mean that this isn't an issue. Further examination is needed to determine which departments or agencies have the retirement age workers. If there is a weighting in one area, decisions need to be made to retain the knowledge.

SENATOR PHILLIPS asked whether Mr. Goodrich was speaking about Alaska State workers or private and State.

MR. GOODRICH said he was referring to State of Alaska workers when he gave statistics.

SENATOR PHILLIPS said he finds it hard to believe that the State is having difficulty attracting qualified people to enter the work force.

SENATOR DAVIS asked whether it was salaries that affected employment decisions.

MR. GOODRICH said he didn't know the reason.

SENATOR DAVIS asked whether he traveled from state to state with the information he'd just presented.

MR. GOODRICH said he was simply giving a presentation but his company does a lot of workforce planning for state, local and federal governments.

SENATOR DAVIS asked which states he'd assisted.

MR. GOODRICH said he's worked in Maryland, Virginia, Vermont, Texas, they're beginning in Indiana and they do a lot of federal government work. Frequently they work with individual agencies.

SENATOR PHILLIPS asked for his observations on the problems facing State government.

Side 2

MR. GOODRICH said that there might be fairly rigid rules on how people are hired, compensated and retained in State government. He doesn't know whether State institutions are producing the kinds of people that will be needed in the workforce. He wondered whether

the State could give certain incentives such as loan forgiveness or low interest rates on loans to keep new graduates in the State. He believes there's a nursing shortage but this is a nationwide shortage, not just this State. This is primarily exacerbated by the privatization of health care.

He asked what the pipeline would mean for the court systems and highways and social services. It's necessary to make sure the State is ready for this. What does it mean if the economy turns down and the tax base drops off and the need for services increases? Is the State ready for this? Not just in terms of financial resources, but is the workforce ready?

SENATOR PHILLIPS said Alaska is always the opposite of the Lower 48. When the Lower 48 is in a downturn, Alaska is in an upturn and vice versa.

MR. GOODRICH said Alaska also has one of the highest unemployment rates.

SENATOR PHILLIPS said it's always been that way. Currently, unemployment is the lowest it's ever been.

SENATOR DAVIS asked who brought Mr. Goodrich to Alaska.

MS. BARTON said the Department of Administration invited him to present a base of knowledge about the process of workforce planning and to give some indication of how Alaska stands in comparison to other states. He's here to raise awareness. She met him at the National Association for State Personnel Executives' winter meeting where he was giving a presentation.

CHAIRMAN THERRIault referred to the recommendation that employees should be viewed as a resource. If they've been trained in the system then the knowledge should be retained. When school systems and the State went through the retirement incentive programs, he was told that there was considerable benefit in getting rid of "dead wood." The brain drain or loss of experience was considered acceptable weighed against getting rid of individuals that really weren't contributing. He asked Mr. Goodrich for his comments on a rigid workforce where you can't move individuals around and you can't let them go.

MR. GOODRICH suggested working with unions and creating flexible systems. Retirement incentive programs typically cause a loss of the best and brightest while the "dead wood" remains. This doesn't happen when a very strong and powerful performance management system is in place with good support services. Next, let people

retire but don't let their knowledge leave. Develop succession-planning systems and bring them back as trainers and mentors or have them operate in this capacity for the last several years on the job.

CHAIRMAN THERRIAULT thanked Mr. Goodrich for the presentation.

[A copy of the March 2001 State of Alaska Workforce Profile is available in the committee file.]