

**ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS
STANDING COMMITTEE**

February 6, 2003
8:05 p.m.

MEMBERS PRESENT

Representative Carl Morgan, Chair
Representative Kelly Wolf, Vice Chair
Representative Tom Anderson
Representative Mike Chenault
Representative Ralph Samuels
Representative Sharon Cissna

MEMBERS ABSENT

Representative Albert Kookesh

OTHER LEGISLATORS PRESENT

Representative Richard Foster

COMMITTEE CALENDAR

CONFIRMATION HEARING

Commissioner, Department of Community & Economic Development

Edgar Blatchford - Anchorage

- CONFIRMATION(S) ADVANCED

PREVIOUS ACTION

No previous action to record

WITNESS REGISTER

Edgar Blatchford, Commissioner
Department of Community & Economic Development
Anchorage, Alaska

POSITION STATEMENT: Testified as the appointed commissioner of the Department of Community & Economic Development.

REPRESENTATIVE RICHARD FOSTER
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Related his belief that Commissioner Blatchford could do much good for Alaska.

ACTION NARRATIVE

TAPE 03-2, SIDE A

Number 0001

CHAIR CARL MORGAN called the House Community and Regional Affairs Standing Committee meeting to order at 8:05 p.m. Representatives Morgan, Wolf, Anderson, Samuels, Chenault, and Cissna were present at the call to order. Representative Foster was also in attendance.

CONFIRMATION HEARING

Commissioner, Department of Community & Economic Development

CHAIR MORGAN announced that the only order of business would be the confirmation hearing on the appointment of Edgar Blatchford as commissioner of the Department of Community & Economic Development (DCED).

Number 0223

EDGAR BLATCHFORD, Commissioner, Department of Community & Economic Development, related that he considers it an honor and a pleasure to serve in state government. Public service is probably the highest calling one can have in the community. Commissioner Blatchford informed the committee that he was born in Nome, but has spent most of his life in the Seward area where he remains a resident. Mr. Blatchford reviewed his educational background, which is specified in his resume in the committee packet. After obtaining his Juris Doctor in the School of Law at the University of Washington, Commissioner Blatchford returned to Alaska, where he felt he could make the greatest contribution. At that time the Alaska Native Claims Settlement (ANCSA) was being implemented and Commissioner Blatchford was involved through his regional corporation, Chugach Natives, Inc. At that time, the intent of ANCSA seemed to revolve around trying to do something with the resources to create economic activities for local people and to develop opportunities and jobs for the class of people at which ANCSA was aimed. Commissioner Blatchford noted that [he helped create economic activities] by purchasing a small newspaper in Seward.

COMMISSIONER BLATCHFORD informed the committee that in 1990, Governor Hickel invited him to be a member of his cabinet. He served as the commissioner of the Alaska Department of Community & Regional Affairs (DCRA) for four years. Although that position was taxing at times, it was always very fulfilling and rewarding. After leaving the state's service, he taught at the University of Alaska - Fairbanks for a semester in rural development and then transferred to the University of Alaska with the Department of Journalism and Public Communications. He is now a tenured professor at the University of Alaska - Anchorage.

COMMISSIONER BLATCHFORD turned to his appointment as commissioner of DCED, which is a larger department than when he was commissioner of DCRA eight years ago. He pointed out that now DCED is charged with regulatory responsibilities through the Division of Insurance; the Division of Banking, Securities, & Corporations; and the Division of Occupational Licensing as well as being an advocate for a positive business climate in rural Alaska or other parts of Alaska, including the urban centers. Commissioner Blatchford viewed being an advocate and regulator as a unique opportunity to move forward with Governor Murkowski's initiative to create jobs and economic opportunities, which he viewed as a welcome challenge. He mentioned that earlier this week he was in Kotzebue attending the Northwest Arctic Economic Development Summit. The concerns [expressed at the summit] are similar to concerns across the state. He expressed the need to create local opportunities for local people.

COMMISSIONER BLATCHFORD pointed out that DCED provides many opportunities through the Division of Investments and the Division of Occupational Licensing. The responsibility of the Division of Banking, Securities, & Corporations is to work in a fair and honest manner with the corporations and the banking industry by always promoting the best interest of the consumer while ensuring that those in the industry are treated by government in a consistently fair manner.

COMMISSIONER BLATCHFORD highlighted that the responsibilities of the old DCRA come from the constitution, which specifies that there shall be a local government agency dedicated to delivering government services to the unorganized borough. The state legislature sits as the assembly for the unorganized boroughs and DCED is the administrator. This is a large responsibility, he said. He added that these responsibilities also include

business development, whether working with local communities or local businesses or people.

Number 0937

COMMISSIONER BLATCHFORD turned to the Division of International Trade and Market Development, which has the mission of promoting Alaska's products. He pointed out that Anchorage is within eight or nine hours of 70 percent of the earth's population. Therefore, there is the opportunity to review how to serve other countries with Alaska's products [and services.] He then moved on to the Division of Insurance, which is a regulatory division that is charged with protecting the consumer and ensuring that the industry is treated fairly. The Division of Administrative Services is the watchdog of the department; and this division is audited closely by the legislature. Commissioner Blatchford noted that [the entire department] has 500 employees throughout the state, with a budget of approximately \$150 million, of which only 2 percent comes from the general fund.

COMMISSIONER BLATCHFORD commented that as one looks to the future framed with what is happening with the [state's] revenues, one realizes that population of the state continues to grow. Furthermore, the responsibilities of government need to be maintained. Commissioner Blatchford offered to answer questions.

Number 1194

REPRESENTATIVE WOLF inquired as to Commissioner Blatchford's thoughts on the development of regional branding programs such as the Kenai Wild program.

COMMISSIONER BLATCHFORD said that the department is supportive of any program that ensures local opportunities are enjoyed by local residents. With the fishing industry in its current state of crisis, all aspects of the fishing industry have to be analyzed. Commissioner Blatchford reiterated his support of programs in which the locals enjoy the opportunities and protection of the habitat and resource. Therefore, he announced his support of "that" [the development of regional branding programs].

Number 1292

REPRESENTATIVE CISSNA requested that Commissioner Blatchford discuss the breadth of the definition of "industry and economic

growth." She related that in her district the industries of health and education are [prominent]; yet those industries [haven't] exported their knowledge because of larger problems. She pointed out that the Division of Occupational Licensing plays a part in regard to how industries' workers relate to the citizens of the state. Also, the Division of Insurance has some important roles to play.

COMMISSIONER BLATCHFORD remarked that much attention is given to health care in Alaska due to the [related] social problems. He pointed out that Alaska is the wealthiest state in the U.S., even during these budget shortfalls. Furthermore, Alaska has had the opportunity to be creative in addressing problems that seem to migrate from rural Alaska to the urban centers. Commissioner Blatchford related his belief that the best social program is a job. With regard to health care, Alaska has a unique opportunity with the delivery of health care services. Alaska could be a model in the delivery of health care services, he said.

COMMISSIONER BLATCHFORD informed the committee that the Department of Labor & Workforce Development projects that rural Alaska's population will increase to about \$200,000 by the year 2020 or so, which is a huge increase. At one time, all residents of rural Alaska were employed with jobs related to subsistence activities. However, when the number of jobs are reduced, the government has an obligation to replace those jobs with another economic activity. Without the basic infrastructure [in rural Alaska] for jobs and economic development, there is an escalation in unemployment as well as social ills. Therefore, economic development must be a two-fold approach with the delivery of health care services and the creation of jobs and economic development, both of which must work hand-in-hand.

Number 1629

COMMISSIONER BLATCHFORD highlighted that the state shouldn't build barriers to employment opportunities. In DCED there are licensing boards, which include industry folks and professional folks who always work toward the best interest of the people. In rural Alaska there is a shortage of health care professionals and many of the problems of Alaska originate in rural Alaska, he said. Therefore, the health care profession must be reviewed closely. He mentioned that the insurance industry is watching Alaska closely.

Number 1689

CHAIR MORGAN inquired as to how Commissioner Blatchford viewed the consolidation of DCRA and DCED. He asked if Commissioner Blatchford felt it was working.

COMMISSIONER BLATCHFORD reiterated that the merging of the departments created a merging of functions. From DCRA came the function of an advocate for the unorganized borough while DCED's main function was as a regulator. Commissioner Blatchford said that he hasn't had time to do an in-depth analysis with regard to whether the consolidated department works well. However, he assured the committee that the department does its best to create a healthy business climate while representing the municipalities and the unorganized boroughs. He emphasized that government is a large player/business in Alaska.

REPRESENTATIVE WOLF related that Governor Murkowski made a wonderful choice with Commissioner Blatchford.

REPRESENTATIVE ANDERSON noted that he has worked with Commissioner Blatchford for many years and was excited to hear that Commissioner Blatchford was appointed. He also noted his support of Commissioner Blatchford's confirmation.

Number 1924

REPRESENTATIVE RICHARD FOSTER, Alaska State Legislature, expressed his pride in having Commissioner Blatchford back. Representative Foster said that he knew Commissioner Blatchford could do much good for the state.

CHAIR MORGAN recalled that Governor Murkowski had mentioned that he wanted to work with Alaska National Interest Lands Conservation Act (ANILCA) corporations, which are one of the largest private landholders in the state. He inquired as to how Commissioner Blatchford viewed working with the various entities, whether the entity is a village corporation or a major regional corporation.

COMMISSIONER BLATCHFORD said that he never forgets that he works for the governor and at the will of the governor, his immediate superior. With regard to Alaska's Native corporation, Commissioner Blatchford said that they have an awesome responsibility in which state and federal government plays a large role. Commissioner Blatchford noted that he was eager to accept this appointment, in part, because of his commitment to

assist the land-based [Native] corporations in Alaska. He pointed out that Alaska Native corporations are one of the largest employers in the state. Without the regional or village corporations, there would be a large unemployment rate in the state. Commissioner Blatchford explained that DCED would first approach the corporations and ask if they have any priorities and whether the state can do anything for them. Governor Murkowski has consented to consolidate three departments to form a sub-cabinet in order to review ways to ensure economic development and opportunities, Commissioner Blatchford related. He further related that Governor Murkowski has instructed the cabinet departments of DCED, the Department of Transportation & Public Facilities, and the Department of Natural Resources (DNR) to meet and review ways in which the departments can assist land-based corporations if invited to do so. Commissioner Blatchford said that he would work closely with the other commissioners and have people assigned in the department to review ways in which to streamline government regulations, and perhaps review what the Division of Investments can do.

Number 2194

REPRESENTATIVE WOLF moved that committee recommend that the committee's recommendations with regard to Commissioner Blatchford's appointment to DCED be forwarded to the full House.

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:37 a.m.