

HOUSE FINANCE COMMITTEE  
February 04, 2004  
3:03 P.M.

TAPE HFC 04 - 19, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 3:03 P.M.

MEMBERS PRESENT

Representative John Harris, Co-Chair  
Representative Bill Williams, Co-Chair  
Representative Kevin Meyer, Vice-Chair  
Representative Mike Chenault  
Representative Eric Croft  
Representative Hugh Fate  
Representative Richard Foster  
Representative Mike Hawker  
Representative Reggie Joule  
Representative Carl Moses  
Representative Bill Stoltze

MEMBERS ABSENT

None

ALSO PRESENT

Representative Mary Kaspner; Tim Benintendi, Staff,  
Representative Carl Moses; Greg O'Claray, Commissioner,  
Department of Labor; Guy Bell, Director, Division of  
Administrative Services, Department of Labor & Workforce  
Development

PRESENT VIA TELECONFERENCE

Janelle Vanasse, Executive Director, Yuut Elitnaurviat,  
Inc., People's Learning Center, Bethel; Dr. Erie Johnson,  
Executive Director, Southwest Alaska Vocational Education  
Center, King Salmon; Bryce Edgmon, Chief of Operations,  
Bristol Bay Economic Development Corporation, Dillingham;  
Dave McClure, Executive Director, Bristol Bay Housing  
Authority, Dillingham; Steven Angasan, President of Naknek  
Board, Naknek

SUMMARY

HB 123      An Act relating to the allocation of money  
                 appropriated to the Alaska Human Resource

Investment Council; and providing for an effective date.

HB 123 was HEARD and HELD in Committee for further consideration.

#HB123

HOUSE BILL NO. 123

An Act relating to the allocation of money appropriated to the Alaska Human Resource Investment Council; and providing for an effective date.

Co-Chair Harris MOVED to ADOPT work draft #23-LS0620\H, Kurtz, 2/3/04, as the version of the legislation before the Committee.

Representative Joule OBJECTED for an explanation regarding the differences between the two pieces of legislation.

Co-Chair Williams explained that Yuut Elitnaurviat, Inc., the People's Learning Center, had been removed from the version being considered and that the percentages had been changed.

Representative Joule WITHDREW his OBJECTION.

Co-Chair Williams noted that it was not his intent to move the bill out of Committee at this meeting.

TIM BENINTENDI, STAFF, REPRESENTATIVE CARL MOSES, explained that committee substitute would change the effective date on Page 2, Section 2. The bill also reflects the name change of the board from the Human Resources Investment Council to the Alaska Workforce Investment Board. He added that the version before the Committee would drop the Bethel Center.

Mr. Benintendi noted that the bill would add the Southwest Alaska Vocational & Education Center in King Salmon to the roster of entities that could gather federal funds. It would change the University's share from 63% to 59%.

The Southwest Alaska Vocational & Education Center has officially been in existence since May 2002, serving over 900 students. The average active student count is about 45 individuals per month.

Funding for the program is through the Technical Vocation Education Program (TVEP) and comes from 1/10<sup>th</sup> of 1% assessed from each employee under the State's Unemployment Insurance Program. This action does not create a new general fund expenditure but would share in the pool of what is appropriated from that program.

The Center at King Salmon is a struggling regional training center in the heart of the worst failed salmon fishery in Alaska. He emphasized that the bill would require the expenditure of no new money.

Mr. Benintendi continued, the King Salmon Center provides on-going skill development and retraining services in several areas of potential re-employment for local residents, including skills in the construction trades, energy development, heavy equipment operation, computer hardware, commercial operator licenses and the refrigeration and welding trades. The center is positioned to train the workforce likely needed to support oil and gas development identified in that region.

GREG O'CLARAY, COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, offered to answer questions of the Committee.

Co-Chair Harris inquired if the programs had been listed during the past six fiscal years. Commissioner O'Claray explained that the programs were created and made effective on July 1<sup>st</sup>, 2000. The facilities listed in the bill were primarily vocational and technical training centers.

Co-Chair Harris asked if those monies would be used for retraining. Commissioner O'Claray explained that the money could be used for retraining and first-time employment. The Department also directs the Workforce Investment Act allocation for training individuals that are affected by the downturn in the fishing industry. The money could be used for programs and/or capital improvements.

Co-Chair Harris asked the number of students that would be affected in each of the areas. Commissioner O'Claray noted that the numbers are available and would be provided to Committee members.

Co-Chair Harris questioned if the percentages were accurate in comparison to the number of students involved. Commissioner O'Claray did not know.

Co-Chair Harris asked why Yuut Elitnaurviat, Inc., the People's Learning Center had been removed from the list. Co-Chair Williams understood that the State vocational center was supported through the Governor's Office and noted that it could be added back in.

Commissioner O'Claray pointed out that the Administration supports the addition of the Southwest Alaska Vocational and Education Center because of the approaching potential of oil and gas development in that region.

Representative Joule countered that the Legislature is an independent body from the Governor. He emphasized that the lower Yukon-Kuskokwim has high unemployment and requested further hearings on the bill.

Vice Chair Meyer understood that the University would be receiving 8% less money. He asked which projects would not happen losing those funds. Commissioner O'Claray did not know how that would affect the University.

Representative Croft inquired how much funding was being discussed. Commissioner O'Claray explained that this is a portion of the Employee Contribution Insurance and the total for FY04 was \$4.615 million dollars.

In reference to a query by Co-Chair Harris, Mr. Benintendi advised that there have been approximately 900 people passing through the program to date.

Co-Chair Harris inquired if the University of Alaska had a branch in Bethel.

REPRESENTATIVE MARY KAPSNER replied that there is a satellite branch of the University of Alaska-Fairbanks located in that area.

Co-Chair Harris inquired if they offer training similar to what the People's Learning Center offers. Representative Kapsner explained that it is "somewhat" similar but not exactly. She indicated the on-line testimony that would further clarify these details.

Representative Fate asked how the allocations had been divided. Commissioner O'Claray stated that the Legislature actually had established the allocations.

JANELLE VANASSE, (TESTIFIED VIA TELECONFERENCE), EXECUTIVE DIRECTOR, YUUT ELITNAURVIAT, INC., THE PEOPLE'S LEARNING CENTER, BETHEL, expressed concern over the omission of the People's Learning Center in the draft committee substitute. The Yukon-Kuskokwim region is the poorest in Alaska with high unemployment. The gap between education and training in the local workforce is large. She noted that what is unique about the Center is the multi-organizational approach to address education and workforce needs of the people. The partnership does include the University and the local campus. She continued discussion of local skills training and that bridging is essential if the people of that area are to fill the jobs of that region and address current importation of workers. She stressed that it is an issue.

The partnership does address the importance of the training. The partnership includes the:

- Alaska National Guard
- Association of Village Council President
- AVCP-Regional Housing Authority
- City of Bethel
- Coastal Village Region Fund
- Calista Corporation
- Kuskokwin Campus - University of Alaska/Fairbanks
- Lower Kuskokwin School District
- Yukon Kuskokwin Health Corporation

Ms. Vanasse noted that Governor Murkowski does support the Yuut Elitnaurviat project. Commission Sampson and Commissioner Blatchford have indicated that it could be a model for the State.

Ms. Vanasse highlighted health career training. As services are expanded in rural Alaska, it becomes more "tragic" that there are nursing positions with no one to fill them. She maintained that they should be filled with local persons from those regions. She urged reconsideration of the People's Learning Center in the proposed legislation.

Co-Chair Williams noted that amendments would not be taken at this meeting but that the bill would be held in Committee for further consideration and amendments.

Co-Chair Harris asked how much involvement does the University of Alaska have with that campus in retraining programs. Ms. Vanasse responded that there is significant involvement. The region is finding that retraining successfully means more than just traditional education courses. It must also include transitional skills. In the Yukon-Kuskokwin region, it often means language development for those with English as a second language, basic skills development and basic workplace training. Through a partnership, the University does what they do best, bringing in other partners to provide alternate skill training.

Co-Chair Harris asked if any of the money that the University currently receives from Unemployment Insurance (UI), was going into the Bethel Campus at this time. Ms. Vanasse did not know.

Co-Chair Harris understood that the University does not have a problem allocating 4% of their funds to the People's Learning Center. Ms. Vanasse stated that the University has indicated that they support inclusion of the People's Learning Center in the bill.

DR. ERIE JOHNSON, (TESTIFIED VIA TELECONFERENCE), EXECUTIVE DIRECTOR, SOUTHWEST ALASKA VOCATIONAL EDUCATION CENTER, KING SALMON, reiterated comments made by Ms. Vanasse. He noted

that Southwest Alaska Vocational Education Center is in partnership with the regional agencies. The Board is made up of seven regional agencies. He stressed that the economy of that area has "gone through the floor" as it had been a fishing economy. Many of the young working age people are leaving the areas, as there is limited employment. There has not been adequate skill training for them to assume their role in the work place. HB 123 would provide a "basic level" in operational use in order to maintain the regional facility-training center.

Dr. Johnson stressed that the agency has addressed skill-training needs in the area. During the first couple years of operation, they have successfully created partnerships and have been able to address the skill training needs of nearly 900 people. A high percent are Alaska Natives who are interested in learning new professional skills that will enable them to take jobs that are available in that area in order to decrease dependency on imported labor. Equally important are great opportunities for employment with the upcoming oil and gas development in the region.

Dr. Johnson continued, the intent is to also move toward opening mines in the area within the next few years, which could provide nearly 1,000 jobs. He stressed the need for the training of local residents. The proposed funds will stabilize the Center and allow them to concentrate on developing more local partnerships in order to provide the quality training. He offered to answer questions of the Committee.

BRYCE EDGMON, (TESTIFIED VIA TELECONFERENCE), CHIEF OF OPERATIONS, BRISTOL BAY ECONOMIC DEVELOPMENT CORPORATION, DILLINGHAM, testified in strong support of HB 123. He noted that the fishing industry in that area "has seen its better day". In 1985, there were 39 companies in the area that bought salmon, whereas, in 2004, that number has declined to 7. The current price is down to 27-cents per pound. The mainstay economy of the area has diminished. He pointed out the opportunities in the mining sector.

Mr. Edgmon emphasized that training regional residents to take the upcoming jobs is important. He highlighted the shallow gas drilling opportunities proposed for the area. Mr. Edgmon urged support of HB 123 and that it move quickly from Committee.

DAVE MCCLURE, (TESTIFIED VIA TELECONFERENCE), EXECUTIVE DIRECTOR, BRISTOL BAY HOUSING AUTHORITY, DILLINGHAM, voiced support for the proposed legislation. He pointed out that their building was constructed in 2000 in partnership with the Bristol Bay Housing Authority (BBHA). He noted the success of that construction project. Mr. McClure noted

that the area looks forward to developing local skills to develop the local work capacity.

STEVEN ANGASAN, (TESTIFIED VIA TELECONFERENCE), PRESIDENT OF NAKNEK BOARD, NAKNEK, voiced support for the legislation. He stated that grants had been written in 1997 with no positive results and then in 1988, a \$2 million dollar Housing and Urban Development (HUD) grant provided money to remodel and finish the building currently used. Final completion of the building was in 2002.

Mr. Angasan echoed concerns with the decline of fishing happening over the past five years. He urged support and adoption of HB 123, emphasizing that the bill would provide for the survival of the Southwest Alaska region. Mr. Angasan pointed out the Governor's focus on oil and gas development and that without the Center's training program, those jobs will not be available to the people of that area.

Co-Chair Williams stated that HB 123 would be HELD in Committee for further consideration.

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#### ADJOURNMENT

The meeting was adjourned at 3:44 P.M.