

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

January 22, 2003

3:04 p.m.

MEMBERS PRESENT

Representative Tom Anderson, Chair
Representative Bob Lynn, Vice Chair
Representative Nancy Dahlstrom
Representative Carl Gatto
Representative Norman Rokeberg
Representative Harry Crawford
Representative David Guttenberg

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

OVERVIEW: DEPARTMENT OF LABOR

TAPES

03-1, SIDE(S) A & B

CHAIR TOM ANDERSON called the meeting of the House Labor and Commerce Standing Committee to order at 3:04 p.m. Representatives Anderson, Lynn, Rokeberg, Crawford, and Guttenberg were present at the call to order. Representatives Gatto and Dahlstrom arrived as the meeting was in progress.

SUMMARY OF INFORMATION

CHAIR TOM ANDERSON introduced his chief of staff and committee aide Josh Applebee.

GREG O'CLARAY, Commissioner, Department of Labor & Workforce Development, said that Governor Frank Murkowski and agency personnel believe this department should be a labor and management partnership that includes all workers and businesses. He read the department's mission statement:

The Department of Labor is responsible to "foster and promote the welfare of the wage earners of the state,

improve their working conditions and advance their opportunities for profitable employment."

COMMISSIONER O'CLARAY said the mission of the department is changing because in 1998, Congress adopted the Workforce Investment Act. In turn, the Alaska State Legislature in 1999 passed HB 40; this law moved several functions from the former Department of Community and Regional Affairs to the Department of Labor, adding the title and programs of "Workforce Development" to the agency's name. The private sector will play a key role in advising state officials about the spending of federal dollars for training and retraining workers. He answered questions from Representative Guttenberg about the reorganization required by HB 40 and offered to follow up on various issues raised by other committee members.

COMMISSIONER O'CLARAY introduced officials of his department who in turn described their divisions' missions. He explained that Katherine Farnham, the director of the new Division of Business Partnerships, is absent because she is finishing up her private-sector job.

ED FISHER, Deputy Commissioner, Office of the Commissioner, Department of Labor & Workforce Development, observed that the department's Division of Business Partnerships will incorporate business people in the policy-making aspect of workforce development, identifying what skills the business community will need two or three years from now.

JOELLEN HANRAHAN, Acting Director, Division of Administrative Services, Department of Labor & Workforce Development, listed the three functions of her division: management services, labor market information, and data processing. The latter two functions pose special challenges to the department because technology is changing so rapidly and because the federal government requires faster turnaround on required reports.

PAUL GROSSI, Director, Division of Workers' Compensation, Department of Labor & Workforce Development, described the agency's three components: workers' compensation, the Second Injury Fund, and the Fishermen's Fund. Workers' Compensation in Alaska is a privatized system. The division resolves disputes, operates a retraining program, and administers the self-insurance program for larger agencies. He answered questions from Representatives Gatto, Anderson, and Rokeberg about declining accident rates, the number of controverted cases, the number and qualifications of hearing officers, and the impact of

increased benefits for injured workers on the insurance underwriting market. Representative Dahlstrom inquired whether reemployment determinations and the appeal process for injured workers adequately consider medical advice.

TED BURKE, Acting Director, Division of Employment Security, Department of Labor & Workforce Development, recounted how his agency operates 22 Job Centers in 18 communities. The division administers the following programs: employment services, job training, unemployment services, and adult basic education. Commissioner O'Claray mentioned that some employees from this division will be transferred to the new Division of Business Partnerships.

HALI DENTON, Acting Director, Division of Labor Standards & Safety, Department of Labor & Workforce Development, described the division's largest program of Occupational Safety and Health. Alaska has local oversight over federal regulations and works directly with Alaskan employers. The division also administers the Wage and Hour program that helps workers get unpaid or underpaid wages and that enforces the prevailing wage rates and employment preferences on public works projects. Division personnel conduct mechanical inspections and staff the Alaska Safety Advisory Council. She answered members' questions about child labor issues, including progress on implementing HB 128 [Approval for Employment of Minors], which passed in 2002 and reduced paperwork for hiring young farm workers.

DAVE QUISENBERRY, Acting Director, Division Vocational Rehabilitation, stated that the mission of the agency is to assist people with disabilities to return to work and to live independently. Of the eight components in the division, client services is the largest. Other division programs include vocational rehabilitation, independent living rehabilitation, disability determination, assistive technology, and administration of the federal Americans with Disabilities Act.

MR. QUISENBERRY and COMMISSIONER O'CLARAY fielded questions from Representatives Lynn, Guttenberg, and Dahlstrom about whether Access Alaska and other independent living facilities might be closed by budget cuts.

REPRESENTATIVE CRAWFORD voiced his concern that implementing the new workforce development program would move personnel away from the division's traditional services, such as courtesy safety inspections. From his personal experience, he said state workers are not in the field to the extent they were and the

Alaska workplace is not as safe as a result. He also urged the administration to support increased unemployment benefits. He said Alaska's replacement benefits are currently among the lowest in the country. The state is losing trained out-of-work employees who leave the state because they cannot financially survive the winter months.

REPRESENTATIVE ROKEBERG identified key issues that he will be addressing to the commissioner and the committee at the future meetings. His concerns are: whether increased funding for boiler and pressure vessel inspectors has cut into the backlog; how to resolve the "building-code war" caused by three departments involved in licensing the construction industry; the problems created by new department regulations that force private rural utilities to pay prevailing wages; the department's proposed adjustment in unemployment insurance; and how the department is using the employer tax under the STEP [State Training and Employment Program].

ANNOUNCEMENTS

CHAIR ANDERSON announced that future meetings of the House Labor and Commerce Standing Committee will begin at 3:15 p.m.

COMMITTEE ACTION

The committee took no action.

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:33 p.m.

NOTE: The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Third Alaska State Legislature, this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.