

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

January 30, 2003

1:35 p.m.

MEMBERS PRESENT

Senator Con Bunde, Chair
Senator Alan Austerman
Senator Ralph Seekins
Senator Bettye Davis
Senator Hollis French

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

Confirmation Hearing - Greg O'Claray, Commissioner, Department
of Labor and Workforce Development
CONFIRMATION ADVANCED

PREVIOUS ACTION

No previous action to record.

WITNESS REGISTER

Commissioner-designee Greg O'Claray
Department of Labor & Workforce
Development
PO Box 21149
Juneau, AK 99802-1149

ACTION NARRATIVE

TAPE 03-2, SIDE A

CHAIR CON BUNDE called the Senate Labor and Commerce Standing Committee meeting to order at 1:35 p.m. Present were Senators Seekins, French and Chair Bunde. Senators Davis and Austerman arrived shortly thereafter.

He announced the purpose of today's meeting is to conduct a confirmation hearing for Commissioner Greg O'Claray.

MR. GREG O'CLARAY, Commissioner-designee of the Department of Labor and Workforce Development (DOLWD), joined the committee and submitted answers to questions he was asked at the previous hearing. He also reviewed the March 2002 DOLWD publication entitled, Alaska Economic Trends, which contains information regarding age distribution in the workforce.

COMMISSIONER-DESIGNEE O'CLARAY gave a brief synopsis of the biographical information contained in his resume and told members he became a professional mariner before he graduated from high school. His maritime career spanned several decades and included membership in the Seafarer's International Union, the Inland Boatmen's Union of the Pacific and the Marine Engineers Beneficial Association (AFL-CIO). That group represents off-shore licensed marine engineers, captains and mates who crew the boats that haul ANS crude to market from Valdez, as well as Alaska Marine Highway System workers. He said he has also been involved in civic activities that deal with economic development. He told members, "The maritime industry is very pro-active in terms of jobs in the economy. Alaska is a non-contiguous maritime state that relies heavily on surface transportation so anything that affects Alaska's economy affects maritime."

He said he recently represented the Greens Creek Mining Company with respect to a long-term law that restricted access to the face of the mine, which is underground. He helped modernize the law to meet today's working conditions. He also lobbied for the Fairbanks Gold Mining Company regarding work hours. He no longer represents those clients; he now is a public servant for the State of Alaska for the first time in his life.

CHAIR BUNDE noted the Governor indicated some internal performance audits would be done in some departments and asked how that was going.

COMMISSIONER-DESIGNEE O'CLARAY replied that the audit would determine things that could be changed immediately and there would be a systematic evaluation of all programs following the missions and measures guidance set up by the Legislature. He said he would also like to set up a measuring device that mirrors the one used by the Denali Commission to track training grants. The Governor wants dollars to be spent on training as well as placement to provide real jobs at good pay

COMMISSIONER-DESIGNEE O'CLARAY explained the department has a vacant internal auditor position because that employee filled a

vacant position in the administrative service directorship. The department was recruiting for the auditor position as of that day. He also had the Department of Labor hallways cleared of accumulated furniture after the recent re-carpeting and he ordered OSHA inspections. There were no life-threatening hazards within the building, but some things needed to be addressed and those would be done by the end of May.

He said he was trying to address the perception that the department is not friendly to employers and he has reached out to employers, businesses and labor by meeting with Commonwealth North, the Anchorage Chamber of Commerce, the Anchorage Economic Development Council and employer groups that are attached to the various workforce investment boards.

The Commissioner-designee explained that Governor Murkowski issued an executive order creating the Division of Business Partnerships and renaming the service delivery side of the old Employment Security Division to the Division of Workforce Services. Catherine Farnam from BP Exploration was recruited and brings experience in reorganization and direct industry contact.

COMMISSIONER-DESIGNEE O'CLARAY said the Governor is also concerned about the size of the boards that administer the workforce investment programs and their travel expenses to attend meetings. The thought is that the number of boards could be reduced. He also found that industry was weary of the boards' bureaucratic system and was frustrated about how slow the process is to get grants on the street that actually train people for jobs.

He noted that almost 30 percent of workers in most industries would retire or leave in the next five years. The construction industry is gearing up for that now, but needs additional assistance and funding for apprenticeship programs. Most industries in Alaska recognize this problem and he advised that his department could play a major role in filling that gap through the Workforce Investment Act. He stated, "The vocational training must start even as early as the elementary years and K-12."

1:58 p.m.

COMMISSIONER-DESIGNEE O'CLARAY explained that in the last 20 years our school system has moved away from vocational training, particularly in Bush areas. That change is due to the addition of soft skills training for things like appearance, hygiene, and

time/budget management skills. He said the Governor asked him to partner with the Department of Health and Social Services and the Department of Corrections to see if they could complete the welfare-to-work initiative. He acknowledged the overcrowded conditions in state correctional facilities and said [the administration] would like to bring the offenders that are incarcerated in Arizona back to Alaska.

CHAIR BUNDE said he would do anything he could to get the Legislature to help "restore the dignity of working with your hands." He emphasized the need for the school-to-business partnership.

SENATOR ALAN AUSTERMAN agreed with the need for vocational education and said he would like to see it extended to K-14 to include the university system.

SENATOR SEEKINS said he employs 120 people and all of them are required to read, write and do mathematical calculations. If they know how to communicate, they can be taught just about everything else they need to know. He asked if the commissioner sees the department as a conduit to the educational system to put emphasis on obtaining the basic skills that employers require regardless of whether those skills are obtained through a college degree program or vocational program.

COMMISSIONER-DESIGNEE O'CLARAY replied he expects to have "not only cross-pollination, but total integration of the philosophy of training a 21st century workforce that fits the industry needs...." Basic skill training has to start in the elementary years.

SENATOR SEEKINS informed the committee that he helped establish a joint training program with the Ford Motor Company at the University of Alaska Anchorage. Ford Motor Company provided the trainer while the University provided the facility and curriculum. A student can graduate with an associate degree in automotive technology after two years.

CHAIR BUNDE reiterated his support of teaching the "basics" in school.

SENATOR SEEKINS reemphasized the importance of getting the basic skills so that employers can "teach them the rest and keep you as an employee."

2:15 p.m.

SENATOR FRENCH questioned Commissioner-designee O'Claray about some of the details on his resume.

COMMISSIONER-DESIGNEE O'CLARAY explained that the AFL-CIO is like a federation that people are not required to belong to. Under the AFL-CIO constitution, officers are elected to give the organization representative status when lobbying issues in Washington D.C.

SENATOR FRENCH asked Mr. O'Claray to comment on his lobbying efforts for GCI, Greens Creek Mining Company and the Trial Lawyers on tort reform.

COMMISSIONER-DESIGNEE O'CLARAY said he represented the Trial Lawyers of Florida on an issue before Congress. A certain congressman was attempting to exclude foreign seamen from access to the United States tort system for either wage claims, damage claims or other claims that could not be adjudicated under a labor agreement or some other forum. Most of the foreign flagships operate out of Florida and that's where most of the tort business was on those claims.

With respect to his Greens Creek/Kennicott lobbying efforts, he said a law had been on the books since the 1920s that restricted access to below ground areas for more than eight hours a day. Greens Creek wanted to allow for a 10-hour day below the surface so it could offer a flex-schedule. They argued that it was a productivity issue. The type of work that miners do now is so different from the work miners did in 1920 that it made sense to update the law. In a joint venture with Reed Stoops and James Clark, he worked to convince the labor movement that this would assist the company into sustainability as a year-round employer. Before this legislation was offered, Greens Creek had gone into layoff for a year. The effort was successful and offered the additional benefit of making it worthwhile for people who lived in other areas to commute to Juneau and work in the mine.

COMMISSIONER-DESIGNEE O'CLARAY said the struggle between GCI and ACS is over which one controls telecommunications in Alaska. He, Mr. Stoops and Mr. Clark lobbied the Legislature on how the Public Utilities Commission (PUC) operated. He was "conflicted out" because GCI was a non-union company.

SENATOR FRENCH asked him to comment on cuts to the department in reference to a letter to the editor about them.

COMMISSIONER-DESIGNEE O'CLARAY replied that he couldn't give any specifics on the Governor's budget proposal. All departments were directed to look at reducing their budgets by 5 to 10 percent. He informed the committee that he requested scrutiny of the Independent Living Program, which provides services to disabled folks to get them into the job market or assistance so they can live independently of institutions.

TAPE 03-02, SIDE B

COMMISSIONER-DESIGNEE O'CLARAY said he proposed cutting just the general fund contribution of \$619,000. The budget review is not complete, but the lawmakers who originally funded the [Independent Living] program wrote him a letter supporting the funding and that letter somehow got publicized and made him look bad. He explained:

We were trying to evaluate the program. There will be cuts in almost all of our programs mostly made by efficiencies because we will continue to provide the service that they have...but I can't give you specifics. I'm not so sure that letter to the editor was accurate in terms of describing my personal feeling about disabled folks.

SENATOR FRENCH asked his position on Little Davis-Bacon wage issues.

COMMISSIONER-DESIGNEE O'CLARAY replied that the Little Davis-Bacon Act is the prevailing wage act that applies to the State of Alaska. He said:

The law requires on public funded projects that the prevailing wages of the region be paid to construction workers whether they be union or non-union. Those rates are required to be paid. I can tell you it has been a stabilizing effect on our economy because we are a construction state. I will not tell you that I favor doing anything that would harm that. Both our Governor and our congressional delegation are in support of the Davis Bacon...

SENATOR SEEKINS asked why this is called the "little" Davis Bacon Act.

COMMISSIONER-DESIGNEE O'CLARAY replied that the Davis Bacon Act is a federal act and the "little" Davis Bacon Act is that act tweaked to apply to Alaska.

SENATOR FRENCH asked him to give a short description of the Marine Engineers Beneficial Association.

COMMISSIONER-DESIGNEE O'CLARAY responded:

The Marine Engineers Beneficial Association is the oldest maritime union in the United States. It's over 126 years old. It was formed by a group of engineers - licensed marine engineers - in Chicago sometime in the late 1800s. What the organization does is it lobbies for and competes for, supports, trains workers for the American flag merchant marine. The Sealine ships that you see coming in and out of the Port of Anchorage are staffed by licensed marine engineers and licensed masters and mates, as well as the Seafarers International Union.

He added it is one of the smallest international unions, but it contributes a lot of hard and soft money to congressional campaigns because of the need for access to promote that industry.

SENATOR SEEKINS made a motion to forward Commissioner-designee O'Claray's name to the full body for consideration to confirm. There was no objection and it was so ordered.

CHAIR BUNDE adjourned the meeting at 2:30 p.m.