

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

April 18, 2007

3:26 p.m.

**MEMBERS PRESENT**

Representative Kurt Olson, Chair  
Representative Mark Neuman, Vice Chair  
Representative Gabrielle LeDoux  
Representative Jay Ramras  
Representative Robert L. "Bob" Buch  
Representative Berta Gardner

**MEMBERS ABSENT**

Representative Carl Gatto

**COMMITTEE CALENDAR**

HOUSE BILL NO. 162

"An Act relating to mortgage lenders, mortgage brokers, mortgage originators, state agents who collect program administration fees, and other persons who engage in activities relating to mortgage lending; relating to mortgage loan activities; relating to an originator fund; relating to fees for mortgage loan transactions; and providing for an effective date."

- MOVED CSHB 162(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 226

"An Act repealing the termination of the state training and employment program; and providing for an effective date."

- MOVED CSHB 226(L&C) OUT OF COMMITTEE

SENATE BILL NO. 93

"An Act relating to licensed professional counselors; and relating to the unlicensed use of the title 'professional counselor.'"

- MOVED SB 93 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 162

SHORT TITLE: MORTGAGE LENDING

SPONSOR(s): REPRESENTATIVE(s) LYNN

02/28/07 (H) READ THE FIRST TIME - REFERRALS  
02/28/07 (H) L&C, FIN  
03/23/07 (H) L&C AT 3:00 PM CAPITOL 17  
03/23/07 (H) Heard & Held  
03/23/07 (H) MINUTE(L&C)  
04/11/07 (H) L&C AT 3:00 PM CAPITOL 17  
04/11/07 (H) Scheduled But Not Heard  
04/18/07 (H) L&C AT 3:00 PM CAPITOL 17

BILL: HB 226

SHORT TITLE: REPEAL TERMINATION OF STEP PROGRAM

SPONSOR(s): REPRESENTATIVE(s) COGHILL

03/27/07 (H) READ THE FIRST TIME - REFERRALS  
03/27/07 (H) L&C, FIN  
04/18/07 (H) L&C AT 3:00 PM CAPITOL 17

BILL: SB 93

SHORT TITLE: PROFESSIONAL COUNSELORS

SPONSOR(s): SENATOR(s) DAVIS

02/22/07 (S) READ THE FIRST TIME - REFERRALS  
02/22/07 (S) L&C  
03/06/07 (S) L&C AT 1:30 PM BELTZ 211  
03/06/07 (S) Heard & Held  
03/06/07 (S) MINUTE(L&C)  
03/08/07 (S) L&C AT 1:30 PM BELTZ 211  
03/08/07 (S) Moved SB 93 Out of Committee  
03/08/07 (S) MINUTE(L&C)  
03/09/07 (S) L&C RPT 3DP  
03/09/07 (S) DP: ELLIS, BUNDE, DAVIS  
03/21/07 (S) TRANSMITTED TO (H)  
03/21/07 (S) VERSION: SB 93  
03/22/07 (H) READ THE FIRST TIME - REFERRALS  
03/22/07 (H) L&C  
04/18/07 (H) L&C AT 3:00 PM CAPITOL 17

**WITNESS REGISTER**

MARK DAVIS, Director  
Division of Banking & Securities  
Department of Commerce, Community, & Economic Development  
Juneau, Alaska  
POSITION STATEMENT: Reviewed the changes embodied in CSHB 162,  
Version O.

REPRESENTATIVE JOHN COGHILL

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Spoke as the sponsor of HB 226.

CLARK "CLICK" BISHOP, Acting Commissioner

Department of Labor & Workforce Development

Juneau, Alaska

POSITION STATEMENT: During hearing of HB 226, highlighted the need for a sustainable funding source for [STEP].

GUY BELL, Assistant Commissioner

Office of the Commissioner

Department of Labor & Workforce Development

Juneau, Alaska

POSITION STATEMENT: During hearing of HB 226, answered questions.

HUGH GARRITY, Apprentice Coordinator

Alaska Laborers' Training School

Fairbanks, Alaska

POSITION STATEMENT: During hearing of HB 226, testified in support of STEP.

TIM SHARP, Union Trustee

Alaska Laborers' Training School

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 226.

JOHN BROWN, Member

Operating Engineers Local 302

(No address provided)

POSITION STATEMENT: Testified in support of HB 226.

RON AXTELL, Business Agent

Laborers Local 341

Anchorage, Alaska

POSITION STATEMENT: During the hearing on HB 226, testified as to the importance of the continuation of STEP.

REBECCA LOGAN, President

Associated Builders and Contractors, Inc. (ABC) Alaska Chapter

POSITION STATEMENT: Expressed concerns related to HB 226 and stated support of STEP.

THOMAS OBERMEYER, Staff  
to Senator Bettye Davis  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Presented SB 93 on behalf of Senator Davis,  
prime sponsor.

#### **ACTION NARRATIVE**

**CHAIR KURT OLSON** called the House Labor and Commerce Standing Committee meeting to order at [3:26:44 PM](#). Representatives Olson, Ramras, Buch, and Gardner were present at the call to order. Representative LeDoux and Neuman arrived as the meeting was in progress.

#### HB 162-MORTGAGE LENDING

[3:28:07 PM](#)

CHAIR OLSON announced that the first order of business would be HOUSE BILL NO. 162, "An Act relating to mortgage lenders, mortgage brokers, mortgage originators, state agents who collect program administration fees, and other persons who engage in activities relating to mortgage lending; relating to mortgage loan activities; relating to an originator fund; relating to fees for mortgage loan transactions; and providing for an effective date."

REPRESENTATIVE RAMRAS moved to adopt CSHB 162, Version 25-LS0070\0, Bannister, 4/14/07, as the working document. There being no objection, Version 0 was before the committee.

[3:29:11 PM](#)

REPRESENTATIVE RAMRAS requested an explanation of the changes made by Version 0.

[3:29:50 PM](#)

MARK DAVIS, Director, Division of Banking & Securities, Department of Commerce, Community, & Economic Development (DCCED), detailed the major changes embodied in Version 0. He pointed out that Version 0 exempts companies already licensed under Alaska's Small Loan Act [on page 1, line 4]. Version 0 also includes a modification of exemption language for federally regulated financial institutions. Mr. Davis informed the committee that yesterday the U.S. Supreme Court decided the case

Waters v. Wachovia Bank and determined that a subsidiary or operating subsidiary of a national bank was exempt from state examination powers. The language of Version O would allow a national bank or national bank holding company to certify to the Division of Banking & Securities that they are exempt, based upon a letter or other documentation from the three federal regulatory agencies. The aforementioned doesn't address the matter of affiliates. Pages 14-15 of the U.S. Supreme Court [decision] specify that affiliates of a national bank that engage in "nonbanking" activities, such as securities or insurance, would need state licensure. However, [the decision] didn't address a situation in which an affiliate engages in bank activities and nonbanking activities. For example, the state currently has the right to examine Wachovia Securities, an affiliate of Wachovia Bank.

MR. DAVIS then pointed out that Version O includes changes [regarding the notification] where there's a change in control of a corporation or limited liability corporation (LLC). Version O includes language in AS 06.60.065(3)(E) that clarifies that the basis for denial of an originator license includes a violation of a regulation adopted under the chapter or an order of the department under the chapter. The work draft includes proposed AS 06.60.157 and .159 in order to ensure that all licensees perform origination services through an originator. Version O also specifies that a licensee may not represent that he/she has a professional certification that he/she doesn't actually have.

MR. DAVIS noted that the change in proposed AS 06.60.370(b)-(d), in order to ensure that all the misdemeanors are class A misdemeanors, was requested by the Department of Law (DOL). Version O also changes the definition of "escrow account" in proposed AS 06.60.990(5)(D) in order to clarify that money disbursed from an escrow account must be in accordance with a written agreement. Mr. Davis mentioned that the remaining changes in Version O were largely requested by DOL and were due to drafting differences between DOL and Legislative Legal and Research Services.

REPRESENTATIVE RAMRAS expressed appreciation for the work done by Mr. Davis.

[3:34:42 PM](#)

REPRESENTATIVE GARDNER asked if the division has had a chance to respond to the statement by AARP.

MR. DAVIS replied that the division, through Version O, has responded to some of the [concerns] stated by AARP, including a provision that provides for restitution as a requirement for relicensing. He pointed out that AARP is also concerned with predatory lending practices, which he feels is best handled with a predatory lending statute. The way such statutes work in most states is that there is a series of licensing and the predatory lending law applies to all who aren't licensed. Until Alaska has more licensing it will be difficult to draft a predatory lending law that makes sense, he opined.

REPRESENTATIVE GARDNER drew attention to AARP's concern with the "express private right of action".

MR. DAVIS said that he disagrees with AARP's legal analysis of the aforementioned. He pointed out that the legislation specifies that in addition to all of the remedies one may make a claim on the surety fund. The aforementioned means that one doesn't have to go to the surety fund. As a former practicing attorney, Mr. Davis related his belief that a client with a substantial loss will sue if the person making the loss has money, but will go for the surety fund if that person doesn't have many assets or the case is small.

REPRESENTATIVE GARDNER highlighted that AARP [expressed concern] with the statute of limitations of two years since the standard in most states is three years from discovery.

MR. DAVIS replied that [the statute of limitations] is two years from discovery. He opined that two years will work, but deferred to DOL, which hasn't suggested such a change.

REPRESENTATIVE GARDNER turned to AARP's desire for making stronger the capping of claims against a single originator at \$50,000 irrespective of the actual damages to the borrower and the apportionment among the borrowers.

MR. DAVIS clarified that is correct if one is going through the surety fund. Again, if one has a major loss, he said he would assume that individual wouldn't go through the surety fund. The surety fund, he pointed out, has to have a cap so that it won't run out of money.

[3:38:19 PM](#)

REPRESENTATIVE GARDNER moved to report CSHB 162, Version 25-LS0070\0, Bannister, 4/14/07, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 162(L&C) was reported from the House Labor and Commerce Standing Committee.

The committee took an at-ease from [3:38:46 PM](#) to 3:42:09 PM.

HB 226-REPEAL TERMINATION OF STEP PROGRAM

[3:42:10 PM](#)

CHAIR OLSON announced that the next order of business would be HOUSE BILL NO. 226, "An Act repealing the termination of the state training and employment program; and providing for an effective date."

[3:42:19 PM](#)

REPRESENTATIVE JOHN COGHILL, Alaska State Legislature, sponsor, explained that HB 226 would make the state training and employment program (STEP) - currently a temporary program - a permanent program. He highlighted that when the Baby Boomer generation leaves the workforce there will be a large gap. He opined that the state has some responsibility to encourage the best training possible. This program has proven itself, although he acknowledged that there has been some controversy, including the union/nonunion debate. He specified that he is neither for nor against the union, but opined that they should be able to share fairly.

CHAIR OLSON asked if the sponsor had any ideas on how to address those concerns.

REPRESENTATIVE COGHILL replied that he has much confidence in the commissioner-designee for Department of Labor & Workforce Development (DLWD). He related that he's open to suggestions regarding the grants, but emphasized that [the legislature] is interested in what would provide the most "bang for the buck." He opined that the entire program shouldn't be held under a negative light due to concerns of the [Associated Builders and Contractors (ABC) Alaska Chapter].

[3:47:46 PM](#)

REPRESENTATIVE NEUMAN requested that Representative Coghill expand on the difference between ABC's and DLWD's view on the issues.

REPRESENTATIVE COGHILL replied that there is some tension regarding the integrity of the granting process and whether the union or nonunion [shops] received more [in the way of grants]. He shared his belief that although the aforementioned is a legitimate debate, he wasn't sure that it [should determine] whether this [proposal] is authorized. He emphasized that the program should move forward due to the training possibilities.

[3:49:36 PM](#)

REPRESENTATIVE LEDOUX highlighted that STEP was started in 1989. She asked why it would take a program such as this so long to become permanent.

REPRESENTATIVE COGHILL said that unfortunately this program gets caught up in other labor/"nonlabor" issues. However, the training provided by STEP is done well and the program shouldn't have remained a pilot program.

CHAIR OLSON related his intent to move HB [226] from committee today, but noted that he is trying to develop some sideboards, such as a sunset date.

REPRESENTATIVE COGHILL remarked that he would rather not have a sunset date, because once a program is placed in statute it's the legislature's responsibility to "pay attention to it." He shared his belief that a report back to the legislature is probably the best way to [provide legislative oversight]. However, he acknowledged that between December and February he receives 300-plus annual reports. He reiterated that STEP is a tool that can be used well or poorly by a commissioner.

REPRESENTATIVE NEUMAN related his view that sunsets allow the legislature to take a closer look at programs.

REPRESENTATIVE COGHILL opined that as a pilot program STEP has been highly scrutinized and has been authorized six times by the legislature. He further opined that at this point, the areas of controversy are known and the continued record of success is more appropriate than a sunset.

REPRESENTATIVE LEDOUX shared her understanding that sunset provisions are typically for boards and commissions, and asked if this is correct.

REPRESENTATIVE COGHILL replied that it's not unusual to sunset a program.

[3:56:32 PM](#)

REPRESENTATIVE BUCH mentioned that he attended all the House Finance Subcommittee meetings on Labor & Commerce. When the subcommittee addressed STEP, its track record was reviewed. He opined that STEP had proven its success in every regard. Furthermore, for the amount of money spent, the state received a large return on its investment. The Department of Labor & Workforce Development (DLWD), he recalled, testified that STEP is one of its valued programs.

REPRESENTATIVE COGHILL added that Alaska's unemployment insurance laws place many in tension as folks are expected to move off the welfare rolls after 60 months. Therefore, [STEP] provides an avenue offering some relief to that tension.

[3:58:32 PM](#)

CLARK "CLICK" BISHOP, Acting Commissioner, Department of Labor & Workforce Development (DLWD), related that during a transition team meeting he made the comment that for the state to move forward with job training there needs to be a sustainable funding source for training that all people can access. He opined that at this time, STEP is the best vehicle to accomplish the aforementioned. Acting Commissioner Bishop related that he has charged the department with placing more STEP dollars on the street than ever. He then shared his belief that 18 years is long enough for this program to be considered a pilot program. He shared a recent experience touring the STEP classroom and viewing how the hands-on experience was applied.

[4:02:03 PM](#)

CHAIR OLSON reiterated his earlier suggestion for a six-year sunset, and inquired as to the commissioner's thoughts on such.

ACTING COMMISSIONER BISHOP said he would be amenable to [a sunset].

CHAIR OLSON commented that if the department could develop some sideboards that accomplish the same thing as a sunset, he would speak on its behalf in the House Finance Committee. He stated his desire for HB 226 to move from committee today with some sideboards.

[4:03:45 PM](#)

ACTING COMMISSIONER BISHOP reiterated that he could live with a six-year extension.

REPRESENTATIVE COGHILL restated his preference for a report, but left it to the will of the committee.

REPRESENTATIVE NEUMAN, referring to the fiscal note, asked if it would need to be increased during the upcoming years of declining revenues.

GUY BELL, Assistant Commissioner, Office of the Commissioner, Department of Labor & Workforce Development (DLWD), explained that the fiscal note the department prepared reflects the expected revenue that was received [from] this particular funding stream. The source of revenue for STEP is an allocation of the employee contribution to unemployment insurance. Therefore, it's a set aside of employee contributions to unemployment insurance. The only factor that might change the amount of funding the department requests from the legislature would be if the revenue generated is more than projected in the fiscal note.

REPRESENTATIVE NEUMAN asked if applicants are allowed to go through STEP more than once. He then inquired as to how the commissioner will ensure that all training programs will have equity.

ACTING COMMISSIONER BISHOP replied that currently, through the Request for Grant Applications (RGA) process, the money is made available for anyone who applies. He then related his understanding that there's a \$10,000 limit in the amount of funds an individual can receive, but offered to confirm that information. He mentioned that there may be an exception allowing a waiver on a case-by-case basis.

[4:08:47 PM](#)

REPRESENTATIVE RAMRAS stated support for STEP. He then inquired as to what programs the department hopes to steward for [nonunion workers].

ACTING COMMISSIONER BISHOP emphasized that STEP is available to everyone, union or nonunion. He recalled that 70 percent of the STEP recipients were not union workers.

REPRESENTATIVE RAMRAS said that the information he has doesn't seem to indicate that.

REPRESENTATIVE GARDNER interjected that she posed the same question to DLWD. Of the 23 entities offering training, almost half are union and the other half are nonunion. However, the entities with the most participation seem to be the labor unions. She related her understanding that to be trained in STEP, one doesn't need to be a [union] member.

ACTING COMMISSIONER BISHOP emphasized that he doesn't want this to be a union/nonunion debate. He noted that he visits those entities offering STEP training, union and nonunion alike.

REPRESENTATIVE RAMRAS expressed his desire for union and nonunion shops to flourish in Alaska.

ACTING COMMISSIONER BISHOP informed the committee that STEP is a competitive grant award that he is attempting to make more user friendly and efficient for all entities, including those from a one-man shop.

[4:15:16 PM](#)

REPRESENTATIVE RAMRAS inquired as to how many grant applications are made per year and the percentage of grants awarded. He also inquired as to whether there is an active effort to solicit nonunion shops.

MR. BELL offered to provide that information to the committee. He estimated that roughly speaking, twice as many grant applications are received than grants awarded. The [awarding of grants] is managed by scrutinizing individual award amounts and ranking applicants overall. Historically, the department has engaged members of the Alaska Workforce Investment Board during the review process, and thus there's a private person engaged in the scoring of the applications. The solicitation is done by the standard solicitation process, which includes public notice in the form of a general announcement of the availability of

awards. The award period, he related, is usually open for about 30 days.

4:17:20 PM

REPRESENTATIVE NEUMAN asked if there is departmental staff available to help with the grant application process. He further asked where the department posts information.

MR. BELL replied that from time to time, the department has offered technical assistance to grantees through technical assistance sessions. The aforementioned affords potential grantees the guidance and advice of the STEP administrator through work sessions. After the request for proposals (RFP) is issued, there will be the opportunity for anyone interested to call in with questions and request technical assistance related to preparing grant applications. Mr. Bell related that broad advertising, such as over the radio, hasn't been utilized. He then highlighted that the STEP dollars are available through the job centers throughout the state. Those dollars allow individuals to come directly to the job centers for additional training in order to receive employment.

4:19:46 PM

REPRESENTATIVE LEDOUX inquired as to the percentage of entities that have applied for grants in the past five years have received grants.

MR. BELL replied that he would provide this information to the committee.

4:20:36 PM

HUGH GARRITY, Apprentice Coordinator, Alaska Laborers' Training School, related that he has been an instructor with the aforementioned school since 1994. During that time the job market has shifted to mining and now seems to be shifting to the pipeline. All of the aforementioned requires compliance training for federal and state agencies, on which the organization has focused. Mr. Garrity commented on the generational shift that's also occurring, such that employees of the Trans-Alaska Pipeline System (TAPS) are becoming younger. He related that over the last few years, the Alaska Laborers' Training School has provided considerable training for village housing. In conclusion, Mr. Garrity related his support of the continuation of STEP as it has provided the opportunity to

practice on the equipment that will be used and results in a safe, well-trained workforce.

4:23:21 PM

TIM SHARP, Union Trustee, Alaska Laborers' Training School, stated support for HB 226. Mr. Sharp characterized [STEP] as a bridge to training in Fairbanks. He informed the committee that the school provides pipeline training, home building training, and hazardous waste training in the villages. In fact, last week a tanker overturned in Prudhoe Bay and five people from Tanacross with STEP training were sent in response. With regard to union versus nonunion training, Mr. Sharp related his understanding that the unions have received the majority of the focus because the Knowles and the Murkowski Administrations tended to reward success. The unions have been particularly effective, in part, because they don't train for the sake of training. Training is performed in order to move people to employment in the areas with high unemployment and the unions have done a great job. In fact with the recent BP pipeline incident, about 100 people were mobilized and much of the training occurred with STEP funds. In terms of the suggestion of a sunset, Mr. Sharp opined that STEP has proven itself time and again since 1989.

4:27:32 PM

JOHN BROWN, Member, Operating Engineers Local 302, said that he would address the need for training. He informed the committee that in January 2005, the Department of Labor & Workforce Development (DLWD) held a construction labor summit, and he indicated that at that time, operating engineers ranked fifth among occupations "for priority training." He stated that 45 percent of operating engineers are over the age of 45 and 26 percent of them are over 50. He emphasized the need to train for the future and said STEP is a good way to do it. He related that the training programs for operating engineers are primarily funded through employer contributions. He offered further details. He said STEP has allowed the Operating Engineers Local 302 to reach out further into rural Alaska, because it provides transportation for people all over Alaska to get to the training facility in Palmer. He explained that operating engineers operate heavy equipment, and it would cost more to transport the equipment to the rural areas for that training. He provided numbers illustrating the increasing number of trainees over the years, and emphasizing the high percentage of those trainees who

have found work. He encouraged the committee members to pass HB 226 out of committee.

[4:31:30 PM](#)

RON AXTELL, Business Agent, Laborers Local 341, said the union represents over 2,100 in Southcentral Alaska. He emphasized the importance of the continuation of STEP, calling it a "vital part of training for all Alaskans that strive for a better way of life." He said training is necessary in order to keep people in Alaska and working.

CHAIR OLSON asked if there was anyone else who wished to testify. [There was no response.]

[4:32:29 PM](#)

REPRESENTATIVE RAMRAS said after hearing from all the testifiers he is curious what percentage of the training done with STEP dollars is done with union members and what percentage is done with nonunion members. He expressed concern that there may be an under-represented group. He also said he would like to see a comparison of union dollars spent versus State of Alaska dollars.

MR. BELL replied that the STEP dollars do not supplant other dollars that are available, and he said, "We take steps through the application and review process to [ensure] that this supplanting does not occur."

REPRESENTATIVE RAMRAS responded:

I appreciate that it's an augmentation; I'm just wondering how ... many people were being trained and what the scope of the augmentation is. ... [For example], does it represent 25 percent of the ... outcome, or is it 10 percent, is it 50 percent? ... Ever since I read the book, Freakonomics, I question everything that's statistically or numerically driven, because numbers just consistently offer false representation ....

REPRESENTATIVE NEUMAN asked, "When you're considering the grants, do you consider the funds that are already going to a program from outside the STEP program?"

[4:36:37 PM](#)

MR. BELL said the department tries to use state dollars to leverage private funding for training. He said the federal Office of Apprenticeship keeps statistics such as [whether or not] "the number of people enrolled as [apprentices] were to give an indication about the number of people engaged in that type of apprenticeship activity, at least, at any one time." He offered to provide that information.

CHAIR OLSON said the committee would like to receive it.

[4:38:04 PM](#)

REPRESENTATIVE LEDOUX in regard to state dollars being used to augment union training programs, inquired as to whether most trainees are union members prior to training or are unemployed, unskilled workers.

MR. BELL replied that one requirement for eligibility to STEP is that the individual either be unemployed or be in danger of losing his/her job due to lack of training. STEP gives people an entry-level opportunity.

REPRESENTATIVE LEDOUX surmised that STEP benefits the state and employees much more than it benefits the unions.

MR. BELL responded, "That's the whole intention of the program." He reported an earning growth of 23 percent in one year for those who have completed STEP. Furthermore, he said in that same period of time, there was a "reduction in 23 percent of unemployment benefits paid to those that participated."

REPRESENTATIVE LEDOUX asked how unions benefit from the existence of STEP.

MR. BELL replied that there is a need to fill the jobs, whether union or non-union, and there is a significant nonresident component to the workforce - about 20 percent in the construction field. He mentioned recruitment and retention.

[4:41:49 PM](#)

REPRESENTATIVE BUCH, in response to an earlier question by Representative Ramras, indicated that of the STEP participants in 2005, 11 were nonunion and 12 were union. In response to a former question from Representative LeDoux, he stated:

One of the vehicles that this STEP program administers to is the fact that there's no means to which to get these people who need this training to where the training is available. So, it's used for transportation and housing in many instances, and therefore, it becomes a vehicle for [whoever] wants to train them. And that's why you can say that it is used for both union and nonunion. The unions have no means by which to transport people to get that training, either. So, that is not a function of the training that they provide.

[4:43:17 PM](#)

REBECCA LOGAN, President, Associated Builders and Contractors, Inc. (ABC) Alaska Chapter, expressed support of STEP. She encouraged the increase of the contribution rate to two-tenths of a percent, explaining that in the future, general fund money will not be available for workforce development and STEP will "truly be the one creative way to fund workforce development." She said ABC Alaska also supports Governor Sarah Palin's intention, stated during her October 2006 campaign press release, to "take the STEP program, correct the deficiencies in it, and return it to its original intent." She said she does not think the issue needs to be divided between union and nonunion. She said the legislature has not yet seen the data for FY 06 or [the beginning of FY 07]. She continued:

1,336 people were to be trained, according to the RFPs awarded; 1,120 of those people were union members. And in that round, the majority of those union members were already apprentices or journeymen. In fact, one of the ... applicants stated that 250 of the people to be trained were union journeyman.

... And in regard to Mr. Bell's testimony about an increase in wages: that is one of the questions that we think the Department of Labor [& Workforce Development] needs to explain a little more clearly. I think you have a sheet that shows a percentage increase in wages. And when you are speaking about an apprenticeship program or a journeyman who's covered by a collective bargaining agreement, the application of the STEP grant to that person's training program does not increase their wages. That happens on their own. An apprenticeship program is a program that has staggered increases, so, regardless of having the STEP

grant, if you are training apprentices using STEP dollars, those people are going to receive an increase in their wages. So, I think that there's some clarification the department needs to make there.

The same is true with journeymen who are covered by a collective bargain agreement. The application of the STEP grant to their training doesn't naturally increase their wages.

Now, to the side bar issue: Again, we would like to see this ... be a permanent program, increased, but we think there are some things that need to be fixed. We filed the complaint against the Department of Labor [& Workforce Development]. I have 30 of these that I have had the privilege of reviewing, so I'm very familiar with the data.

Here are things that we see: The supplanting issue that Mr. Bell brought up. In 2005, the actual RFP itself had an assurance point where the grantees had to assure the Department of Labor [& Workforce Development] that they were not supplanting funds. And it lists off about six different things that they couldn't supplant. One of those was training trusts.

Most of the applicants left that piece on there, and several of the applicants took out the word "training trust" and then signed off on the applications. That's an issue. That's been an issue since 2000. It was an issue brought up by the Legislative Budget & Audit Committee in 2002 about what "supplant" means. I think the department needs direction on exactly what that means.

Another issue is the people to be served. In statute, very, very strict regulations about what people are STEP eligible. In the material that we reviewed, when the department did an audit of the 2006 award recipients on pulled, random files, to see if there was information there that showed somebody was STEP eligible, every file they pulled was missing that information. There was not information to show that somebody was STEP eligible .... That has to be taken care of.

One of the more interesting things: In the title, it says that grantees must dispose of grant proceeds in accordance with intended use of the program. So, two kind[s] of more interesting things that we've found were that somebody used STEP funds to buy an athletic club membership and hire personal trainers for people in their program, and I think that people would find that questionable. And somebody also used STEP grant funds to fly a trustee and his wife to Las Vegas. And so, those are the more extreme issues; things like that do exist.

... The administrative costs: the statute clearly states that 20 percent is the cap, and in almost [every] grant that we looked at, the administrative costs were higher than 20 percent. And the final thing the commissioner mentioned - the competitive process for the RFP: kind of true. The RFPs are put out in the street. People who are applying are told that there's a committee that reviews those, and that the committee ... actually grades those and attaches a score to them and makes a recommendation on who should receive awards.

What actually happens is that that happens, and then the Department of Labor [& Workforce Development] staff takes that and they kind of mess around with it. So, if you look at what happened this year - and this shows you that this is ... not a union/nonunion issue - people who scored very highly did not receive grants, and people who scored ... terribly - and some of those were nonunion programs - got grants. So, there's no method to the madness. ... That really needs to be corrected.

In regard to applications that are denied: There are people who show on the performance reports that they have some of the best performance, and yet they are not receiving grants now ....

[4:49:09 PM](#)

REPRESENTATIVE RAMRAS asked why the bill is so brief if there are so many problems of which people have been made aware.

MS. LOGAN reiterated that ABC Alaska supports the bill but thinks it is premature to award the department before some of

the changes have been made. She added, "But I could see that with some side bars that kind of hold them to that commitment, that could be done." She said ABC Alaska met just last Friday with the department to discuss the possibility of settling a lawsuit and working out some issues.

REPRESENTATIVE RAMRAS opined that the House Labor and Commerce Standing Committee is the appropriate place to address these issues; therefore, he questioned why the bill would be moved out of committee before the aforementioned sidebars are decided upon.

CHAIR OLSON explained that there is a shortage of time and the sponsor is considering the sidebars. Nevertheless, he said he would follow the will of the committee.

REPRESENTATIVE BUCH said if there is a retort to the message the committee just heard [from Ms. Logan], he would like to hear it. [No one responded.]

[4:51:31 PM](#)

REPRESENTATIVE NEUMAN observed that the committee had not heard any of the complaints regarding HB 266 before the bill hearing, and he noted that Ms. Logan is usually good about being proactive in these matters. Now, he said, questions have come up that are casting doubt on the movement of HB 226, and they are good questions.

MS. LOGAN responded that she had not been aware of the department's intentions; ABC Alaska was not given notification. In response to a question from Representative Gardner, she offered her understanding that the 2002 audit is the most current audit.

REPRESENTATIVE LEDOUX stated her desire to see the bill "get moving."

REPRESENTATIVE RAMRAS stated his wish to see the bill held until the aforementioned concerns are addressed.

[4:52:58 PM](#)

REPRESENTATIVE BUCH called for the question.

REPRESENTATIVE COGHILL respectfully requested that the bill be moved out of committee, and he stated that he is amenable to the

six year sunset. He expressed his commitment to answering the concerns of the committee as the bill moves forward.

[4:54:46 PM](#)

CHAIR OLSON, in response to a question from Representative Neuman, said if the bill is heard and held, it would be doubtful it could be heard again by the committee for another week and a half.

[4:55:25 PM](#)

REPRESENTATIVE RAMRAS asked the sponsor what other sideboards he would consider apart from the six-year sunset.

REPRESENTATIVE COGHILL clarified that his preference is not a sunset date, but rather to have some kind of evaluation report. He indicated that most of the issues will be found in hindsight. He said the success or failure of a program is not always due to the program itself, but often has to do with the people running it. He posited that it is important to stay alert to that.

[4:58:24 PM](#)

REPRESENTATIVE RAMRAS expressed his trust in Representative Coghill, and he asked that an amendment be proposed regarding the six-year sunset. He related his concern that the legislation is "loose" rather than "tight."

REPRESENTATIVE COGHILL said he fears that if the bill is not passed this year, then there will be other issues related to the running of the program. He stated, "I think, at this point, ... the overriding interest of ... getting those who are either unemployable, unemployed, or needing retraining is worthy of the effort ... under this program." He questioned putting in the language about dividing 50/50; he said he thinks that would create problems beyond the intent of the program.

REPRESENTATIVE COGHILL, in response to Representative Gardner, suggested that the aforementioned report be designed to show all statistics related to grant recipients, the competitive process used, and the breakdown between union and nonunion.

[5:03:58 PM](#)

CHAIR OLSON, after discussion with Representative Coghill, offered his understanding that the question is whether to move HB 226 out of committee. He requested the roll be called.

A roll call vote was taken. Representatives LeDoux, Buch, and Gardner voted in favor of moving HB 226 from committee. Representatives Ramras, Neuman, and Olson voted against it. Therefore, HB 226 failed to be reported out of the House Labor and Commerce Standing Committee by a vote of 3-3.

CHAIR OLSON said, "At this point I'd entertain an amendment on the sunset provision."

[5:06:07 PM](#)

REPRESENTATIVE NEUMAN [moved to adopt] Conceptual Amendment 1, to place a 6-year sunset date on STEP.

[5:06:23 PM](#)

REPRESENTATIVE RAMRAS objected for discussion purposes.

REPRESENTATIVE NEUMAN stated his support of STEP. However, he reiterated that legitimate questions and concerns have been brought up which the members have not had a chance to discuss with the sponsor or with the acting commissioner. He offered his understanding that Ms. Logan was not aware that the bill was scheduled for a hearing, thus her concerns were not previously made known. In regard to Amendment 1, he opined that the concerns brought up today will most likely be concerns when the 6-year sunset date is reached.

REPRESENTATIVE COGHILL informed the committee that Ms. Logan was aware that he was moving forward with HB 226. He stated that her concerns were not made known to him. These concerns were made known to his staff, although to a lesser degree, he said.

REPRESENTATIVE LEDOUX said she does not think Conceptual Amendment 1 is necessary, nor does she support it; however, she related that she would vote in favor of it, because she said, "It's apparent that that's the only way this bill is getting out of committee."

CHAIR OLSON commented that he was present when STEP was previously considered by the legislature. He opined that while not all problems have been addressed, progress is being made. He stated his intention to support Amendment 1.

REPRESENTATIVE RAMRAS maintained his objection. He explained that he would prefer a reporting requirement over a 6-year sunset date. He stated that it is not his intention to keep the bill from moving forward. He said "I think a report is a more constructive way to manage this. I fear that sunsets often are the equivalent of egg-timers. And egg-timers and unwatched pots of water don't work well."

REPRESENTATIVE LEDOUX offered her understanding that Representative Ramras would support an amendment to add reporting requirements, and that he would vote in favor of passing the bill from committee, were such an amendment adopted in place of Conceptual Amendment 1.

REPRESENTATIVE RAMRAS shared his understanding that the sponsor feels the reporting requirement is a better mechanism to address concerns. He stated that he is in support of STEP; however, there is concern that money is not being spent appropriately. He stated his intention to vote against the amendment and subsequently vote in favor of passing the bill from committee. He shared his hope that the sponsor would then have the opportunity to address concerns. He reiterated that he has "great trust" in Acting Commissioner Bishop and Representative Coghill.

CHAIR OLSON reiterated that his intent regarding the 6-year sunset date was to allow the bill to move forward in the legislative process. He then said that it is his intention to move the bill from committee, thus allowing the sponsor to develop an alternative approach before the bill is heard by the House Finance Committee. He stated that he would support any changes made by the sponsor, and would be willing to voice his support of the changes before the House Finance Committee.

REPRESENTATIVE RAMRAS indicated that based on Chair Olson's comments, he would be willing to withdraw his objection.

CHAIR OLSON reiterated that he does not see any other way to move the bill from committee.

REPRESENTATIVE COGHILL stated that he would have an appropriate amendment prepared prior to the aforementioned hearing in the House Finance Committee, and would distribute the amendment to members when it becomes available.

REPRESENTATIVE RAMRAS withdrew his objection. There being no further objection, Conceptual Amendment 1 was adopted.

[5:11:09 PM](#)

REPRESENTATIVE LEDOUX moved to report HB 226, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 226(L&C) was reported from the House Labor and Commerce Standing Committee.

The committee took an at-ease from 5:12:05 to 5:14:10.

SB 93-PROFESSIONAL COUNSELORS

CHAIR OLSON announced that the final order of business would be SENATE BILL NO. 93, "An Act relating to licensed professional counselors; and relating to the unlicensed use of the title 'professional counselor.'"

[5:14:13 PM](#)

THOMAS OBERMEYER, Staff to Senator Bettye Davis, Alaska State Legislature, presented SB 93 on behalf of Senator Davis, prime sponsor. He offered paraphrased excerpts from the sponsor statement, which read in entirety as follows [original punctuation provided]:

SB 93 amends two sections of the Alaska Statutes concerning professional licenses and insurance as regards Licensed Professional Counselors.

Section 1 of the bill amends AS 08.29.0100(a) regarding unlicensed use of the title, "professional counselor" and clarifies words, letters, or abbreviations reasonably confused with the titles of "licensed professional counselor," "professional counselor," and "licensed counselor." SB 93 better protects the public from unlicensed individuals misusing these titles and misrepresenting themselves as having the same qualifications of licensed professional counselors who must complete formal educational requirements with a master's degree or higher in this area; pass a license qualifying exam; and complete lengthy supervised practice for not less than two years.

Section 2 amends AS 21.36.090(d), the insurance provision that prohibits discrimination against licensed service providers under a group health insurance policy if that service is within the scope of the provider's occupational license. SB 93 adds Licensed professional Counselors to the long list of "providers" in this category. SB 93 will also increase access to needed services for some who formerly were excluded because Licensed Professional Counselors were not included with other health care professionals in the non-discrimination clause of insurance statute, AS21.36.090(d).

Licensed Professional Counselors (LPCs) make up about 1/3 of all mental health professionals in the State of Alaska and represent the same proportion of all counselors working in state funded mental health and substance abuse treatment facilities. Officially established ten years ago, last year the Legislature approved a statutory change to allow LPCs to practice "psychotherapy" and make Title 47 civil commitment evaluations.

SB 93 helps ensure third party billing parity for LPCs while it allows them to be included with other health care professionals in this area. SB 93 will better protect and better serve the public and has a zero (\$0.00) fiscal note.

[5:16:14 PM](#)

CHAIR OLSON, after ascertaining that there was no one to testify, closed public testimony.

[5:16:43 PM](#)

REPRESENTATIVE NEUMAN moved to report SB 93 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 93 was reported from the House Labor and Commerce Standing Committee.

#### **ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [5:17:05 PM](#).