

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 13, 2007
1:31 p.m.

MEMBERS PRESENT

Senator Johnny Ellis, Chair
Senator Gary Stevens, Vice Chair
Senator Bettye Davis
Senator Con Bunde

MEMBERS ABSENT

Senator Lyman Hoffman

COMMITTEE CALENDAR

Overviews: Rural Economic Development and Workforce Development
Issues

PREVIOUS COMMITTEE ACTION

No previous action to consider

WITNESS REGISTER

JULIE KITKA, President
Alaska Federation of Natives
POSITION STATEMENT: Presented rural economic update.

ALICE ROGOFF, Chair
Alaska Native Arts Foundation
Anchorage AK
POSITION STATEMENT: Presented Alaska Native Arts Foundation
update.

KAREY IRWIN BROW, Executive Director
Alaska Native Arts Foundation
POSITION STATEMENT: Presented Alaska Native Arts Foundation
update.

MIKE ANDREWS, Director
Alaska Works Partnership Inc.
Fairbanks AK
POSITION STATEMENT: Commented on workforce development.

WENDY REDMAN, Vice President
Statewide University System
Anchorage AK

POSITION STATEMENT: Presented University overview on workforce development.

CLICK BISHOP, Commissioner-Designee
Department of Labor & Workforce Development
Juneau, AK 99802-1149

POSITION STATEMENT: Commented on workforce development.

ACTION NARRATIVE

CHAIR JOHNNY ELLIS called the Senate Labor and Commerce Standing Committee meeting to order at [1:31:09 PM](#). Present at the call to order were Senators Stevens, Davis, Bunde and Ellis.

Overview: Rural Economic Development

CHAIR ELLIS said the committee would begin a series of very important briefings, first on rural economic development, and followed by workforce development issues. He said they would also cover energy issues at a later time and have more workforce development conversations. These are three of the focus areas for this committee during the next two years. He began with Julie Kitka.

JULIE KITKA, President, Alaska Federation of Natives, said that creating value jobs is important to Alaska Natives. She asked the committee to listen to some of her ideas for creating them.

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First, she asked the legislature to support high-speed telecommunications and access to high-speed broadband for rural communities as both a national and a state priority to improve the ability for people to be connected to the wealth of information and business opportunities that are available via the Internet. She urged them to continue having the infrastructure to support state-of-the-art telecommunications for Alaska because it will give Alaskans a competitive edge in the global economy. She suggested looking at models in other states such as Portland, Oregon, where all citizens have free access to high-speed broadband to give them an economic edge.

Secondly, she asked them to consider legislation that would change the state's investment climate, particularly in rural

villages. She said that right now the state has a lot of business activity, but not much based in the villages. The simple reasons are their remoteness, isolation, difficulties, small population and the high cost of transportation. The role of government in creating incentives to improve the investment climate is important because those incentives will attract business opportunities and foster job creation in the villages. Businesses in the state and others that might want to relocate to the state need economic incentives to use the rural workforce.

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Third, she asked them to consider feasibility studies for demonstration projects in Alaska looking at opportunities created by using economic clusters. The more experimentation in the economic arena, the better, she said, because the ideas that work can be fine-tuned and broadened; the ones that don't work can be discarded.

One area in particular needs a feasibility study, she said - a free trade zone piloted in Alaska. This might require a partnership with the U.S. Congress, but she felt Alaskans need the same tools that other people have to be competitive in the global economy and some hubs around the world are using free trade zones for outsourcing and for growing business opportunities.

Her fourth recommendation was to consider legislation to create a "knowledge economy" which means basically public policy choices being made at the legislative level that support business and government needs for information and communications. Having the telecommunications network and the correct investment climate tax policy would allow people to access the knowledge economy and turn their hubs into competitive areas in the world. She said some of these components can be taken on by the University of Alaska.

She emphasized creating pilot projects in rural areas that demonstrate how people can compete in the global economy. People from Barrow discussed a demonstration project called an Arctic Knowledge Village this past summer with Native people from Canada, Russia, and Greenland. The idea is to connect people across the north and get them into international trade.

MS. KITKA suggested demonstration projects on workforce development specifically targeted for the knowledge economy saying people in rural economies should have all the skills that

any young people can aspire to. She looked forward to developing a future where young people will want to remain in the state.

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MS. KITKA also recommended providing diagnostic support for communities that want to develop an economic plan saying:

There needs to be some really cutting edge technical assistance provided by the state partnering with the private sector on that to be able to give that kind of diagnostic help to our communities so that they can fine-tune some of their plans and, again, have more success as opposed to investment in good money after bad and have failures.

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MS. KITKA said she wanted to spend a little bit of time telling the committee about the development of commerce and workforce in the Native community, because Natives had not testified before the legislature for a while.

She related that the Native community has had tremendous development over the last several decades particularly in the areas of governance and community building, economic and social development and in resource management. They have a growing sense of inter-connectedness between urban and rural Alaska.

The Alaska Native Claims Settlement Act (ANCSA) companies have synthesized Native knowledge into development projects and are developing models for both Native and non-Native commercial cooperation in joint ventures. They are doing activities that promote sustainable development, government procurement and contracting in meeting some of the toughest standards that the United States has set up. They are involved in engineering and construction services, oil and gas exploration, pipelines, mineral exploration, mining development, wildlife management, hurricane and disaster recovery, telecommunications and information technology, tourism, the business of arts and crafts - making that an economic activity that supports jobs at the local level. They are developing expertise in working in harsh and remote environments, worker training, ocean and coastal management, forestry and fishing.

The non-profit sector has developed a lot of world-class models, like the telemedicine model and the community health aide model, which provides 80 percent of the direct health care to people in villages.

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MS. KITKA said that Natives make up about 21 percent of the state's population providing a tremendous potential for state and private sector collaboration. So, instead of letting competition tear people apart or make different regions in the state go into conflict with each other, she said, people can look at ways to totally expand the range of opportunities available for all Alaskans.

She closed saying a recent 30-year trend analysis completed by the University of Alaska about how Native people have been doing indicated that tremendous improvement has been made. Infant mortality and total death rates have gone down, life expectancy has gone up and there are tremendous signs that living conditions have improved. Native income has increased every decade, even after adjusting for inflation, even though Native income remains far below that of non-Natives.

MS. KITKA said the University study showed that 30 years of attention by the federal and state governments and Natives, themselves, decreased the Native poverty rate from 60 percent to 20 percent. She is targeting her effort this next decade on closing the disparity that remains between Alaska Natives and other Alaskans who are at 12 percent.

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CHAIR ELLIS said the committee is looking for specific issues to change in statute, budgetary recommendations and regulation changes. He summed up that Ms. Kitka was encouraging the state to support high-speed telecommunications, to write legislation to change the investment climate at the local or village level, to do a feasibility study for a free trade and outsourcing zone, to consider a knowledge-based economy eco-system, to support a demonstration project for an Arctic knowledge village and to provide technical assistance, workforce development and economic diagnostic support and for local communities.

MS. KITKA added that she is interested in the state trying to help put things in place that will help prepare people for the future and other ideas could be put on the table. The investment climate would help create economic opportunities for young people; improved telecommunications would help Alaska to stay on the cutting edge where it used to be. At this point, Alaska is in danger of going backwards because technology is passing us by.

CHAIR ELLIS thanked her and asked to have people send him their thoughts on further developing these ideas.

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ALICE ROGOFF, Chair, Alaska Native Arts Foundation, presented a film produced by Andrew McClain from Barrow, who is getting his Masters degree at New York University. It contains profiles of native artists. She showed the committee the fourth profile on the film of a Native artist from the Northwest region of Alaska stating that she hoped to do profiles of artists from around the state with additional funding.

KAREY IRWIN BROWN, Executive Director, Alaska Native Arts Foundation, helped with tech issues.

The video ran from [1:54:10 PM](#) to [2:02:36 PM](#).

MS. ROGOFF said this video has been shown at several film festivals and will be aired on both French and German public television. She explained that the Foundation is the newest in a long line of non-profit entities that have tried to market Alaska Native art. It has been in existence legally since 2002, but it has been fully functioning in only the last 2 - 3 years with a website that allows them to seriously grow sales in the Lower 48 states.

She said that she is from the East Coast, but she owns a home in Anchorage. The Foundation began with a very small group of four people, herself, Barbara Overstreet, Veronica Slager, and Willie Hensley. She and a friend were flown around Alaska by Pheron Smith, an Aleut chief pilot for Alaska Airline, and his wife, Terry Ellis-Smith, from the Ellis Airlines family in Southeast. The original group decided it could help market Alaska Native art by virtue of the fact they were located on the East Coast and that they could somehow put together the right balance of Alaska Native artists and leaders in Alaska and people on the East Coast who had access to and knowledge of art retail and marketing circles.

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She related that the Foundation buys the art work for cash at "what we insist on being fair market prices in Alaska directly from artists." The art is sold both through its retail gallery in Anchorage and through wholesale activities to museum shops and beginning in 2009 to art galleries and auction houses around the country.

MS. ROGOFF said that two critical pieces have proven to be surprisingly challenging. One is to spread the word to more artists so their work can be purchased by the Foundation and marketed. To date 900 Alaska Natives have registered with the Foundation as artists. This is because the Foundation wants to sell each piece of art with the permission of the artist, a biography and a photograph of the artist. This is not generic work, but rather one-of-a-kind work by highly talented people.

She explained the Foundation's philosophy is that it pays the artists more for their works than others do and mark those prices up uniformly by just 100 percent to help defray the Foundation's costs. The artists have no problem at all with the markup to get their work where it can be sold.

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She showed the committee an example of a whale-bone covered bowl with ivory whale's tail saying that not only is the Foundation challenged by needing to develop the Outside collector market, she is often confronted by people inside the state who have been used to buying these works at very low prices. And while they might get some feedback about that, she reasoned if the artist lives in Savoonga and his fuel bill is \$5,000, it's only fair that he gets more of the profit for his art. "And that's why we're here. This is first-person economic development - as we like to say."

MS. ROGOFF said that artists know how to use high-speed broad band to send her e-mails with digital pictures of the work that is for sale. She said the Foundation typically has up to 2,000 pieces for sale at any one time. Its mission is to keep on buying even if the inventory has to be carried for a long time. Cash is paid for close to 98 percent of their inventory so artists can pay their bills.

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CHAIR ELLIS asked her to submit specific recommendations for statute or regulation changes - anything her experience would feel could improve the situation.

MS. ROGOFF responded that for now the state government as a whole could remember to add an arts marketing component to everything that it does.

This is as much an economic engine in the villages as gaslines and gold mines and lead zinc mines and yet the state government has resources all around the

country through the Permanent Fund Managers - it grows exponentially. There are contacts everywhere. So, if by nothing else than an e-mail chain, that word could be communicated to every one that the state of Alaska does business with outside. The faster we grow this market, the more cash will be in the villages.

Alaska Workforce Development

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CHAIR ELLIS thanked her and announced the committee would move on to discuss Alaska workforce development.

MIKE ANDREWS, Director, Alaska Works Partnership, Inc., said it is a non-profit that specializes in construction workforce development. He wanted to focus on the supply and demand issue for the construction workforce today and to report that while there is a continuing gap, a lot of things have been accomplished - particularly with the help of the legislature in the last couple of years.

He said the 2006 construction workforce plan that was adopted by the Alaska Workforce Investment Board lays out eight strategies across the spectrum from career pathways for folks in secondary education and high school all the way through training adults and pipeline training. He emphasized the plan because it was put together with the state's largest construction associations including the Associated General Contractors of Alaska and the Associated Building Contractors of Alaska. The Homebuilders Association played a part as well as the statewide system of Universities, AVTEC and other post-secondary institutions. Organized labor, the constructions trade unions and their apprenticeship programs were involved, as well.

The plan said, for example, let's do more in terms of connecting young people to the workforce and last year the legislature provided funding for the Anchorage Construction Career Academy, which is a clear example of working with industry to help young folks in high school get additional courses for career exploration. A pilot night school at the King Career Center for adults is also doing well. The school district has reported that it already expects over 700 vocational education courses to be taken by high school students in the Anchorage area and the program has expanded from three high schools offering some after-hours courses to eight high schools in the district. Over 300 adults are taking courses nights and weekends.

MR. ANDREWS said along with the planning and information, it takes a commitment from employers to follow through and employ people who have been trained. In Alaska, the largest evidence of that is registered trade apprenticeship. He pointed out that in the last five years while construction jobs have grown by about 11 percent, apprenticeships have grown by 18 percent. Five years ago there were about 1,000 and now there are over 2,000 registered apprentices in the construction trades. This is where employers look to bring in new workers they can train and retain in the industry. He said the combined contributions of both government and industry have gone a long way to moving Alaskans into the workforce.

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He wants to make sure that Alaskan residents will be able and ready to work on a gas pipeline and last year the Legislature provided about \$3 million to build a pipeline training facility in Fairbanks. The Alaska Works Project is heading up that project, which is moving along on schedule, but they will be seeking additional funding to finish it. He said it takes several years of people being on the job to build the skills to be qualified for those jobs.

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CHAIR ELLIS thanked him for his work through the years and for providing continuity on these issues. He asked him to bring the committee more specific information about budget requests for the Fairbanks facility or whatever they need.

MR. ANDREWS agreed to provide the committee with a breakdown on preliminary costs for the pipeline training facility.

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SENATOR BUNDE pointed out that a Labor and Commerce meeting a few years ago, Dick Cattnach had pointed out that it was difficult to find people who wanted to get training because of lack of work ethic and he asked if there is now more demand.

MR. ANDREWS replied the idea that people aren't interested in these jobs is a myth. King Career Center in Anchorage is totally packed. Students are even taking classes after school. It has three or four times more applicants than they have the ability to train. Both men and women want the opportunities.

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CHAIR ELLIS said the message has gotten through. Kids are clamoring for these kinds of classes.

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MR. ANDREWS stated that the demand is statewide.

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WENDY REDMAN, Vice President, Statewide University System, added that it's not true that vocational education is for students who don't want to go the college. The requirements to enter most of the apprenticeship programs are just as high as for most baccalaureate programs.

High school vocational programs provide math, reading and writing skills in an applied way "that students are resonating with." She said getting more money into the high school vocational programs is the most essential thing of all right now - "probably even more important than funding for the University."

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SENATOR BUNDE mentioned that you have to have a high school diploma to get into an apprenticeship program, but you can into a university without a high school diploma.

MS. REDMAN responded by explaining that while admission is open, a high school diploma is required when you apply for a program and a degree.

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MS. REDMAN said the University has been very active in the last eight years in responding to the high demand job occupations of the state. It focuses on programs that only the University can provide - primarily those programs that are offered for credit. They also do a lot of non-credit.

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She said the University does more in the oil, gas and mining areas than anybody. The Mining and Petroleum Training program out of the Kenai campus essentially is the go-to group for all of the mining training in the state. Last year it served almost 2,000 students statewide in credit and non-credit training. They have been very active in Juneau with Greens Creek and Kensington offering everything from safety to rescue and recovery - almost all non credit. The University has petroleum and mining engineering programs, baccalaureate, masters and PhD programs, as well, but the bulk of the work is really the non credit delivery.

When the oil industry became concerned about replacing oil workers on the North Slope about six years ago, a process industry consortium (APIC) program was established using industry money initially with help from the state. She said it's most important that the curriculum is up-to-date and that employers give preference to the students who have gone through the training. Two-hundred thirty-five students have graduated from that program and 95 percent of them are now employed in this state. This two-year program is run in Fairbanks, Anchorage and Kenai and has been a tremendous success.

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MS. REDMAN said the construction training for the gas line will be done primarily through apprenticeship programs. Industry wanted a construction management program and worked with her to develop its first two-year program. The first class graduated from UAA last year and all 40 students are now employed. The program is now getting started in Fairbanks and industry has given the University \$100,000 to develop the baccalaureate degree that will start in the fall 2007 semester. The skills needed to be a construction manager are so complex that they can't really be accommodated in a two-year degree. More business and logistics and better writing skills are needed.

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MS. REDMAN said that engineering is the other big push and she is working on doubling the number of those graduated. Enrollment is up 62 percent in Anchorage and 40 percent in Fairbanks. Graduation rates are also up, which is more difficult for engineering, because this is their most difficult curriculum. It is a five-year program and "that's working your rear off the whole way through." With engineering, in particular, they need to get to the students while they are still in junior high school. Anchorage and Fairbanks are the focus for the University's engineering programs. There is interest at the Juneau campus, which is starting a "one-plus-three program" this year. So students will be able to complete the first year here and move up to Anchorage or Fairbanks and complete the program.

Anchorage and Fairbanks have "two-plus-two programs" where they share curriculum and students go back and forth because Anchorage doesn't have the full compliment of all of the programs. These are the University's two big responses to the construction industry.

MS. REDMAN said that UAS has a one and a two-year program in construction technology, which has been very successful. The

Interior Aleutians campus in Fort Yukon has a federally funded program working primarily with Native non-profits training people in the villages. This has been very successful, but it is very regionalized. The University is working on making sure the skills that people are learning in these programs are transferable. She wants to make sure that all the construction-related programs are integrated and linked with the apprenticeship programs. She said:

The fact is if anybody is going to really move into construction, they are going to be in one of the unions eventually. So, we want to make sure they are not going to waste any time so that the training they are taking is going to be able to be transferable to the apprenticeship program and they will get the appropriate credit when they move in.

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She said the University has a very good relationship working with the unions, particularly in Fairbanks, but it is getting better all the time in Anchorage, as well. They share facilities and faculty members because they have to. "None of us have enough resources at this point."

All of the workforce training programs have industry advisory councils that are made up of people that are there to look at the curriculum and to look at the standards to make sure that everything is being taught according to industry standards and that credits are transferable from one campus to another as well as from the University to the apprenticeship programs.

MS. REDMAN said the University has an interesting program that hasn't had a lot of takers yet, but she anticipates it will get better - an apprenticeship-to-university training program. She said that most of the apprenticeship programs are extremely intense and some need only take 12 credits in order to get their AA.

Partnerships with schools are of the most help to the University and it has a close relationship with the Hutchison Career Center in Fairbanks, the King Career Center in Anchorage, the regional voc tech centers and most of the smaller high schools in the state. They are trying to make it easier for the younger students to move on.

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She said that summer camps and career awareness programs are fabulous opportunities and she urged the legislature to continuing supporting them. She emphasized that the adult basic education programs that are funded through Department of Labor and Workforce Development (DOLWD) are really essential, because they pick up the adult learners. A huge population needs English as a second language and a GED so they can be trained. This got a little money last year, but it needs a lot more. She concluded by urging them to help get more money into high school vocational programs and noted that the University has about \$900,000 worth of requests in its operating budget.

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SENATOR BUNDE said he thought that Commissioner Sampson, Department of Education and Early Development (DEED), should be here because he has mentioned trying to reach the middle school students. He also mentioned that having faculty work with business people is not a new approach. "We do that in community college all the time. If the legislature hadn't destroyed the community college at the behest of the University 20 years ago, we'd be ahead of the game right now."

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CHAIR ELLIS thanked Ms. Redman for her presentation and invited Click Bishop to speak to the committee on workforce development.

COMMISSIONER-DESIGNEE, CLICK BISHOP, Department of Labor and Workforce Development (DOLWD), acknowledged there has been a great effort by industry and education to get together. He said that Alaska's construction workforce exceeds 30,000 individuals. Over 20 percent are non-resident according to Permanent Fund data. Total industry wages are over \$1 billion per year. Non-resident wages total \$150 million per year. The construction industry needs to add 1,000 new jobs every year through 2012. The average annual wage for resident construction workers is \$37,000 per year.

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COMMISSIONER-DESIGNEE BISHOP stated that there needs to be more apprenticeship opportunities across the spectrum and across the state. Other businesses need to think about the apprenticeship model for bringing people into the work force because "It works." More Alaskans need to be employed in the industry, both urban and rural.

He said more jobs need to be created. "If you've got jobs, your workforce development follows hand in hand." He supported

engaging high schools in preparing students for post secondary vocational education training and expanding the university and other post-secondary degree and non degree programs.

He related how he partnered the diesel heavy equipment program at the Tanana campus with the University 16 years ago and how building relationships like that are important. Unemployment in rural Alaska is too high and they need to work closer with the Alaska Native organizations to improve Alaska Native hire. Other successful training programs need to be funded.

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SENATOR BUNDE asked him to comment on the workforce demand for the gas pipeline.

COMMISSIONER BISHOP said he would talk with him about that at his leisure.

CHAIR ELLIS inserted that they should share any updated information with the committee.

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MS. REDMAN added one thing - that Ms. Kitka brought up an issue of tremendous importance for the University as well as the K-12 system - dealing with the telecommunications infrastructure in the state.

It needs some focus.... Nobody seems to be interested. It's a huge problem and it will make a tremendous difference for job training, for education, for economic development....

CHAIR ELLIS agreed to focus on that issue because it overarches a lot of different areas. There being no further business to come before the committee, he adjourned the meeting at [2:53:49 PM](#).