

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

January 23, 2009

3:02 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Mark Neuman, Vice Chair
Representative John Coghill
Representative Bob Lynn
Representative Robert L. "Bob" Buch
Representative Lindsey Holmes

MEMBERS ABSENT

Representative Mike Chenault

OTHER LEGISLATORS PRESENT

REPRESENTATIVE Kyle Johansen

COMMITTEE CALENDAR

IN-STATE LABOR AND WORKFORCE DEVELOPMENT OVERVIEW

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CLARK BISHOP, Commissioner
Department of Labor & Workforce Development (DLWD),
Juneau, Alaska

POSITION STATEMENT: Presented and answered questions during an overview of the workforce development.

GUY BELL, Assistant Commissioner
Office of the Commissioner
Department of Labor & Workforce Development (DLWD)
Juneau, Alaska

POSITION STATEMENT: Presented answered questions during a PowerPoint overview of Workforce development.

FRED ESPOSITO, Director
Alaska Vocational Technical Center (AVTEC)
Division of Business Partnership
Department of Labor & Workforce Development (DLWD)
Seward, Alaska

POSITION STATEMENT: Presented and answered questions during an overview of the Alaska Vocational Technical Center (AVTEC).

MARK HAMILTON, President
Statewide Programs & Services
University of Alaska (UA)
Anchorage, Alaska

POSITION STATEMENT: Presented and answered questions during an overview on the University of Alaska.

FRED VILLA, Associate Vice-President
Workforce Programs
University of Alaska Fairbanks (UAF)
Fairbanks, Alaska

POSITION STATEMENT: Presented a PowerPoint overview of the UA Alaska Vocational Technical Center (AVTEC) program.

ACTION NARRATIVE

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CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 3:02 p.m. Representatives Buch, Holmes, and Olson were present at the call to order. Representatives Neuman, Coghill, and Lynn arrived as the meeting was in progress.

Overview: In-state Labor and Workforce Development

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CHAIR OLSON announced that the first order of business would be an overview on in-state Labor and Workforce Development with presentations by the Department of Labor & Workforce Development.

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CLARK BISHOP, Commissioner, Department of Labor & Workforce Development (DLWD), began by introducing Guy Bell, Assistant Commissioner of the DLWD. Commissioner Bishop offered to

provide a succinct overview and read a portion of a letter to President Hamilton that he wrote several months ago to clarify and solidify the DLWD's commitment to the legislature and the State of Alaska. He characterized the letter's purpose as an example of the DLWD's good faith effort in working with the University of Alaska on workforce development. He read:

I'm seeking your support to develop a strategy for the postsecondary systems for career and technical education in the state to assure they are aligned to train and educate our citizens without needless duplication of programs and investments. I hope you will join me in this endeavor to make sure that we position the State of Alaska; to place the right programs in the right places to assist Alaskans in getting quality jobs in Alaska, maximizing Alaska resident hire, and reducing the wages that are leaving our state: 1.7 billion dollars last year.

COMMISSIONER BISHOP stated that the letter continues with additional discussion on the Alaska Gas Inducement Act (AGIA) training plan, and the K-12 linkage agreement to higher learning for postsecondary and university. Additionally, the DLWD met in August with President Hamilton and statewide chancellors to discuss delivery of training in the state. He stated he also works closely with Department of Education and Early Development (EED) Commissioner LeDoux on workforce development issues. He asked Assistant Commissioner, Guy Bell, to present a handout of PowerPoint slides titled "Alaska Department of Labor & Workforce Development".

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GUY BELL, Assistant Commissioner, Office of the Commissioner, Department of Labor & Workforce Development (DLWD) referred to slide 2, titled "Our Mission". He explained that the DLWD consists of two functions: regulatory and workforce development. He indicated that the Workforce development component produces labor market information including projections and analysis. He stated that the department produces unemployment estimates, including issuing a monthly press release on unemployment.

MR. BELL pointed out that while the number of unemployed is rising, the state has seen some annual job growth, although it has slowed. He noted that the DLWD provides employment assistance through the Job Center Network and training and

education through the Alaska Vocational Technical Center (AVTEC). Additionally, training is offered to trainers from a variety of funding sources. Further, the DLWD's Division of Vocational Rehabilitation (DVR) provides unemployment insurance benefits compensation and assists people with disabilities to obtain and maintain employment.

MR. BELL outlined the DLWD's regulatory component such that the DLWD assures workers are paid fair compensation for work performed. Additionally, the Occupational Safety and Health program helps to assure that workers have a safe workplace. Other DLWD regulatory functions include inspections of mechanical devices including pressure vessels, boilers, and elevators for safety. He offered that the Division of Workers' Compensation and Workers' Compensation Appeals Division helps to assure a fair adjudication of workers' compensation disputes between workers and employers. Lastly, the DLWD also collects and monitors unemployment insurance taxes, he stated.

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MR. BELL explained that slide 3, titled "Alaska's Dynamic Labor Market", focuses on what is happening in the labor market. He highlighted substantial activity in the labor market not just with the number of jobs, but also with changes in the labor market. He pointed out that while Alaska employers hired over 250,000 "new-to-the-firm" workers, about 87,000 individuals moved in and out of Alaska during the period from July 1, 2006 to June 30, 2007. He indicated that Alaska has a significant seasonal economy. In some job sectors, a 15 percent change is realized in the number of workers between January and July each year. He cautioned that Alaska has an aging workforce illustrated by the approximately 18 percent of Alaskan workers between the ages of 51 and 65 who will soon retire.

MR. BELL referred to slide 4, titled "Nonresident Workers - Resident Opportunities," and highlighted that in 2006, nonresident workers earned \$1.7 billion in wages, which represents approximately 13 percent of total wage and salary earnings in the state. He explained these figures were calculated using the permanent fund dividend data. He clarified that these jobs were not just low wage jobs, but also included high wage jobs. He noted that the oil and gas industry employs approximately 29 percent nonresident workers who earned approximately \$365 million.

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COMMISSIONER BISHOP reiterated that \$1.7 billion in wages "left the state" last year. He offered his belief that while the state cannot capture all the nonresident earnings, it can do a better job. He said, "I think we could grow our economy in the time of recession if we can get more residents into these jobs." He recalled conversations he held with business owners around the state who would like to sell more goods and services in-state. He opined that the state could set a target to try to recapture \$700 million in wages currently being earned by nonresidents. He emphasized his strong advocacy for apprenticeship programs.

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MR. BELL referred to slide 5, titled "Alaska's Skills Mismatch, The case for training". He explained that 22,000 Alaskans are seeking jobs each month, which includes the unemployed, and the underemployed. He defined the underemployed as those who are completely outside the workforce for a variety of reasons including those who do not think that a job exists for them. Meanwhile, he lamented the state is importing workers to the tune of about \$78,000 per year. He stated that nearly 20 percent of Alaska's workers are nonresidents. He surmised that training is needed for Alaskans to qualify for the jobs currently held by nonresidents, especially the skilled jobs. He noted that one of the department's roles is to provide training, whether the training is through the UA system or is offered by other training providers.

MR. BELL referred to slide 6 titled "Alaska's Youth". Previously, the DLWD did not engage with Alaska's youth, but over the past 4 or 5 years the DLWD has been increasingly more active in investing and preparing youth for careers, he stated. He offered statistical information, such that 11,000 new Alaskan 18-year-olds enter the workforce each year, while at the same time, 4,000 Alaskan youth, ages 16-19 are not in school and are not working. He cautioned that problems also exist with in-state graduation rates. Additionally, only 62 percent of high school graduates remain in the state for training or employment, while the rest leave the state. He emphasized that once a student leaves the state to attend college or for training that he/she is less likely to return to the state.

MR. BELL noted that student migration information can be tracked through the permanent fund dividend applications. Thus, he opined providing the education or training in the state for

Alaskan students can result in a significant return on the investment. He stated that a significant number of Alaskans over the age of 18 do not possess a high school diploma or a General Equivalency diploma (GED). However, he noted that the DLWD works to assist students in obtaining adult basic education (ABE) services.

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COMMISSIONER BISHOP interjected, recalling his experience in statewide travel to places like Barrow and Kenai last fall, that the ABE offices are working at maximum capacity to assist students obtain their GED.

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MR. BELL referred to slide 7 titled, "FY 10 Operating Budget is \$175.2 million", which he said illustrates that the General Fund (GF) portion of the DLWD operating budget represents a very small portion of the overall GF budget. He said that slide 8, titled "Training System at a Glance" is a pictorial representation of the DLWD training system, which he characterized as focused entirely on jobs. He stated that the K-12, secondary, postsecondary education, employment service, grantees, and Workforce Investment Board are all about getting people into jobs. Therefore, the partnerships with industry are so critical since industry is also focused on same core: getting people into jobs and careers, he noted. Slide 9, titled "State Entity Partnerships" expands on the partnerships within the state such that the University of Alaska uses DLWD data and projections, he stated. He further noted that the DLWD reports on overall system performance through its annual training program performance report. He suggested the report would be forthcoming to the legislature in February 2009. He pointed out that the department has a significant involvement in the coordination of training and articulation agreements. He noted that Mr. Villa will later explain how his students can articulate to university programs.

MR. BELL highlighted partnerships with the Department of Education and Early Development (EED). He explained that the DLWD has been involved more extensively than in the past in career and technical education and training. While he pointed out that the activity is largely through grants, career and technical education and training is also offered through construction academies scattered throughout the state. The DLWD

also distributed legislatively funded career guides to schools, he advised.

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COMMISSIONER BISHOP pointed out that the DLWD and EED have been traveling together in-state to promote workforce development. He related that last fall he traveled with the EED commissioner to dedicate a new school in White Mountain, then traveled on to Nome to dedicate new housing for student living at the Northwest Campus - NacTech. He reported that the Nome facility offers a great model such that educators can bring students in from the region for two to four week intensive training programs and also house them in the same facility. He opined that the NacTech facility also affords exceptional shop space.

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MR. BELL continued his presentation by characterizing the WorkKeys® assessments and the career readiness certificate (CRC) as yet another successful partnership between the EED and DLWD. He explained that the DLWD provides WorkKeys® assessments through the Job Center Network, a comprehensive employability skills assessment tool designed to help employers and individuals develop better work skills. He noted the DLWD has seen some progress and success by students who have developed their skills through the preparatory work. He explained that the WorkKeys® assessments in reading, applied math, and locating information provides workers with skills that translate into work readiness for employers. He commented that a number of employers currently recognize the certificate as a valuable component of the student's resume. He further noted that the DLWD works with the Department of Commerce, Community, & Economic Development (DCCED) and also with the Department of Transportation & Public Facilities (DOTPF) on workplace development issues. He pointed out that Commissioner Bishop also advocates for apprenticeship opportunities on public construction projects.

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COMMISSIONER BISHOP expanded on the apprenticeship programs. He offered that the DLWD has been successful in helping to review the formula for apprenticeship on DOT/PF projects containing Federal Highway Administration (FHWA). He offered his belief that the requirement on DOTPF projects represents the only mandatory apprenticeship utilization in the state. He further

outlined that his goal is to expand the scope of apprenticeships into the Federal Aviation Administration (FAA). This will take federal legislation to accomplish, but the department has been working on apprenticeship utilization at the FAA for over a year, he related.

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MR. BELL referred to slide 10, titled "Private Sector Partnerships", noting that the DLWD has also developed close relationships with a number of private sector partners. The slide lists a small number of partnerships, which he reviewed. He pointed out the Workforce Investment Board is private sector driven and sets the overall workforce development policy for the state. The Regional Advisory Councils provide region-specific input to the Workforce Investment Board, he stated. He highlighted that the gasline training steering committee helped Commissioner Bishop to develop the Gasline Strategic Training Plan (GSTP), which has been developed largely by the private sector.

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COMMISSIONER BISHOP explained that the DLWD brought two new entities to the table: the Denali Pipeline Group and TransCanada Alaska Pipeline Group to participate in the Gasline Strategic Training Plan (GSTP) as the state moves forward with the planning process.

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MR. BELL explained that the construction academies are partnerships between school districts, Associated General Contractors (AGC), and local homebuilder associations whose purpose is to deliver construction training to high school students and adults after hours in the same facilities. He praised the partnerships, stressing the importance of these partnerships to make the construction academies work. He stated that thus far the academies have been successfully implemented in Anchorage, the Matanuska-Susitna Borough, Fairbanks, Kenai, Juneau, and Ketchikan. He offered that the DLWD is beginning to use the Denali Training Fund with the help of the Denali Commission. The Denali Commission is an innovative federal-state partnership designed to provide critical utilities, infrastructure, and economic support throughout Alaska. He stated that DLWD hopes to deliver the same type of training in rural Alaska. Thus, the model fits both urban and rural

settings, he stated. The State Training and Employment Program focuses on partner contributions to the training efforts in the program. He pointed out the DLWD also tracks industry contributions. In FY 08, the department received over \$5 million from industry for training, he noted. He then turned to the Division of Labor Standards & Safety, Occupational Safety & Health and commented that its role is focused on compliance. He acknowledged that enforcement is also important. He commended the program's record in reducing workplace injuries and the cooperative relationships that help address workplace safety. Another example of close relationships with the private sector is the Medical Services Advisory Committee, which offers advice on medical cost control with respect to workers' compensation, he stated.

MR. BELL referred to slide 11, titled "FY 08 Key Program Accomplishments", and reviewed the workforce development accomplishments. He informed members that last year the Alaska Job Center Network connected 31,274 Alaskans with jobs, provided training opportunities for over 6,000 people, and 94 percent of trained participants entered employment. He mentioned other accomplishments of the DLWD such as the Division of Vocational Rehabilitation (DVR) assisted 529 people obtain jobs. He surmised that represented the highest record for the division; over 1,500 General Equivalency Diplomas (GEDs) were issued, while the Alaska Vocational Technical Center (AVTEC) trained nearly 900 Alaskans. Finally, he noted that the department published an Alaska Gasline Inducement Act Training Plan.

MR. BELL outlined the DLWD accomplishments on the regulatory side of the department. He applauded the significant reduction, down by 21 percent in accidental injuries and illnesses. He offered his belief that the reduction in accidental injuries and illnesses is partially attributed to the DLWD workplace safety efforts as well as the reduced cost of workers' compensation. Additionally, he noted that incentives to employers also encourage them to focus on a safe workplace to reduce workers' compensation costs.

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COMMISSIONER BISHOP added that the DLWD has ramped up its audio and visual public service announcements (PSA). Additionally, the department now includes a safety trends minute in each of its Alaska Economic Trends publications. He characterized the DLWD as being very aggressive in raising the awareness of workplace safety.

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MR. BELL said the DLWD is also proud of its Wage and Hour Program's enforcement activity. He informed members that the legislature added funding for a Fraud Investigation Section within the Division of Workers' Compensation, which has been quite successful in identifying uninsured employers and uninsured injuries. He noted that the Workers' Compensation Benefits Guaranty Fund has also provided some measure of compensation for persons injured when the employer is unable to cover the costs.

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MR. BELL referred to slide 12, titled "A Note about Apprenticeship". He emphasized that this slide recaps the DLWD's apprenticeship efforts. He explained that apprenticeship refers to a registered program within the state through the Bureau of Apprenticeship and Training (BAT), a federal agency responsible for the administration of the National Apprenticeship System in the United States. He outlined that in order to become a registered program, an employer must register, set up an approved wage scale, and offer a specific curriculum of instruction. He emphasized the process to become a registered apprenticeship. He characterized that the DLWD's goal is to increase apprenticeship opportunities, particularly in non-traditional fields such as the mining industry. He commented that Deputy Commissioner Stone, DLWD, as well as other staff, have been working very closely with the mining industry to develop specific apprentice opportunities and occupations within the mining industry. He noted that the DLWD has a coordinator and is proud to have achieved an apprenticeship data sharing agreement with the U.S. Department of Labor (USDOL). He said he anticipated a forthcoming Alaska Economic Trends Report will capture the last 10 years of apprenticeship data. Finally, he offered that apprenticeship works by keeping residents working in Alaska and by offering wages on which a family can live, as well.

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COMMISSIONER BISHOP reiterated the DLWD's efforts that went into securing the data sharing agreement with the USDOL, which represents more than a year's worth of effort. He also offered his belief that Alaska is the only state to have formalized this specific agreement with the USDOL in order to conduct research.

He characterized the DLWD's relationship with the federal agency as good. He pointed out the 10-year result is that over 91 percent of the 3,439 active or completed apprentices are Alaska residents and are currently working.

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MR. BELL also referred to slide 13, titled "Key Legislative Issues". He offered that this slide touches on two key legislative issues: the State Training and Employment Program (STEP) and Workers' Compensation medical costs. He explained that the STEP is in the Division of Business Partnerships (DBP). He explained that the program includes a required set-aside from employee contributions to an unemployment insurance account. Additionally, the FY 10 budget includes \$8.5 million for job training and assistance for underemployed and unemployed. He estimated this funding would support training for approximately 2,500 Alaskans who are unemployed or underemployed. The program is set to expire on June 30, 2010, unless it is extended by the legislature, he advised. He pointed out that last session the program was extended with the caveat that the DLWD bring together a task force comprised largely of private sector members to provide advice on how the STEP should be structured or restructured. He said he anticipates that legislation will be introduced shortly as a result of the task force recommendations.

MR. BELL referred to slide 13, titled "Key Legislative Issues". He highlighted the "Workers' Compensation Medical Cost" portion of the slide. He pointed out the current medical fee schedule, which was based on a Consumer Price Index (CPI) adjustment to the existing medical fee schedule that is set to expire on March 31, 2009. He further cautioned the committee that unless the medical fee schedule is extended by the legislature, that there will be no statutory or regulatory cost controls on workers' compensation medical charges.

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CHAIR OLSON advised that bills would be introduced soon in both bodies to address the issue of workers' compensation medical cost.

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MR. BELL referred to his last slide, slide 14, titled "The Training Continuum", which he said shows a snapshot of all

training offered by the DLWD, the number of people served, and the funding source for the training. He characterized the slide as a one page summary of the DLWD's entire training program ranging from secondary and postsecondary training to on the job and re-employment training.

COMMISSIONER BISHOP offered to provide further details to any members who wished to have more information.

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REPRESENTATIVE COGHILL asked for clarification on slide 3, with respect to the figure of 250,000 new workers each year. He gave his understanding that the total workforce in Alaska is comprised of only 315,000 workers.

MR. BELL agreed that the figure also caught him by surprise. He explained the DLWD's process to calculate new workers such that it reviews the unemployment insurance database to track new hires. The question the DLWD considers is whether an individual has been employed in the past four quarters by a firm. If not, the person is counted as a new hire. Thus, the figure not only tracks job growth, but also job turnover. He characterized the state's job turnover as tremendous. However, he surmised that many of the jobs that turnover are the lower entry level positions. He offered to provide a further breakdown of the statistical figures in order to give a different perspective.

REPRESENTATIVE COGHILL acknowledged that he would like to see further detail to examine whether people are changing jobs to take opportunities for advancement or if people are laterally changing jobs from one grocery store to another, which he opined, would not be good.

MR. BELL reiterated his offer to provide the committee with additional information on the labor market.

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COMMISSIONER BISHOP, in response to Representative Neuman agreed to meet with him for further discussion.

REPRESENTATIVE NEUMAN also inquired as to the primary industry for the 80,000 nonresident jobs.

COMMISSIONER BISHOP answered that 29 percent of the nonresidents were employed in the oil & gas industry, and that figure is down

less than 1 percent; the mining industry employs between 20 to 44 percent of the nonresident, depending on the mine location. He noted that large numbers of nonresidents are also employed in the seafood and tourism industries. However, the DLWD will target capturing high skills, high wage jobs for Alaskans that are currently being held by nonresidents. This will allow Alaskans to make a good living in jobs in construction, health care, oil and gas, and mining industries, he asserted.

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REPRESENTATIVE NEUMAN acknowledged that many jobs in the seafood and tourism industry range are lower paying jobs, in the \$7-8 dollar range. He surmised that many Alaskans choose to avoid the lower paying jobs. He offered his support for the DLWD goal to target better jobs so Alaskan workers can afford to raise a family. He expressed interest in knowing how the labor and university system come together to improve the lower paying jobs in the industries. He asked President Hamilton to elaborate on the cooperative partnerships between agencies in his presentation on the University of Alaska's (UA) workforce development efforts.

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REPRESENTATIVE BUCH offered his appreciation for the expertise and continuity that Commissioner Bishop has brought to the administration. He also stressed his interest in interdepartmental cooperation and creativity, particularly between the Department of Education and Early Development (EED), the DLWD, and the UA, to provide opportunities to Alaskans, especially given the downturn in the economy.

REPRESENTATIVE JOHANSEN also expressed his interest in agency cooperative efforts. He commented that he is a member of one of the House Finance Committee's subcommittees, which will give him additional information on programs. He expressed gratitude for the construction academy in Ketchikan, which he characterized as successful and helpful to the outlying areas such as Prince of Wales Island. He informed members that the apprenticeship program for mining is ongoing. He stressed the importance of mining to his community. He inquired as to what regional training sites currently exist and their locations.

COMMISSIONER BISHOP answered that training is being conducted throughout the state ranging from rural Alaska communities such as Galena, King Salmon, and Fort Yukon to cities such as

Fairbanks and Anchorage, and in the maritime communities of Sitka, Seward, and Ketchikan. He related his goal to visit all school district sites in the state and noted that he has nearly reached that goal. He closed with the comment that each committee member can help to inspire Alaskan youth in his/her home districts. He emphasized the importance of encouraging Alaskan youth to complete school and also become aware of the job opportunities available to them.

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MR. BELL, in response to Representative Johansen, agreed that the figures on slide 7 are in millions of dollars.

REPRESENTATIVE JOHANSEN stressed his interest in meeting with the Commissioner Bishop to review the "massive amount of money that's going towards workforce development." He expressed further interest in learning how this dovetails with proposed gasline work. He noted Chancellor Pugh's presence and noted that he saw this as an opportunity to promote Ketchikan. He opined that his community has all the necessary tools for Alaskans to build up the workforce development, from students including a branch UA campus, to industrial shipyard area owned by Alaska Industrial Development and Export Authority (AIDEA). He further highlighted his high expectations for the DLWD and his hope that the UA's efforts will put Alaskan youth from all areas of the state to work on gasline projects.

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FRED ESPOSITO, Director, Alaska Vocational Technical Center (AVTEC), Division of Business Partnership, Department of Labor & Workforce Development (DLWD), began his presentation by giving a brief overview of AVTEC. He stated AVTEC's tagline of "great careers" and noted that AVTEC has been training Alaskans since 1969. He commented that the main office and vocational training facility is located in Seward, but AVTEC also provides Allied Health Care training at its Anchorage facility. Additionally, the AVTEC has worked to develop distance learning opportunities over the past six-seven years. He pointed out that the average age of students has reduced from 26 years to 25 or possibly even 24 this year, with about 70 percent male and 30 percent female student enrollment. While every region and every community are among AVTEC's graduating students, about half of the students are from Southcentral, he noted. He offered statistics such that 83 percent of AVTEC students graduate, which is well above national average. Students must have adequate math and reading

skills, he stressed. He said that when he visits schools that he counsels students to graduate from high school. He pointed out that students can enroll and also receive 28 credits toward an associate degree in a related program at the university due to the strong articulation agreements in the Tech Prep program. He offered that the AVTEC program is nationally accredited by the Council on Occupational Education, which will also undergo accreditation renewal this spring. He offered that all the programs are industry certified, as well as that students are eligible to apply for federal PELL grants.

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MR. ESPOSITO referred to a handout dated January 23, 2009, which lists the available AVTEC training programs. He reiterated AVTEC training helps workers obtain the high skill, high wage industry jobs discussed earlier in fields such as transportation, construction, health care, hospitality, and information technology. Thus, the training covers a broad range of programs that feed a wide range of industries. He mentioned that one of the newer programs expands the pipe welding program in Seward, increasing from training about 4 pipe welders per year to 15 pipe welders per year. Additionally, the AVTEC will also create a medium to heavy duty truck training program designed to feed the registered apprenticeship program for truck mechanics. He noted the AVTEC also developed green energy training with the addition of a hydroelectric and wind turbine program. He offered that AVTEC provides housing and food service, recreation, tutoring, learning resources, and counseling for its students. Therefore, AVTEC provides all of the services to get in school, stay in school, and graduate, along with placement services to connect students with good jobs, he asserted.

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MR. ESPOSITO, in response to Representative Holmes, agreed that many students who drop out of high school lack adequate reading and math skills would not qualify for the AVTEC trade programs. However, he offered that while students must test to assure they meet the entry level requirements, students who don't meet the minimum requirements can obtain tutoring through AVTEC or are referred to the local Adult Basic Education (ABE) program to acquire the necessary skills. He further reiterated that AVTEC works with high school students and encourages them to stay in school, graduate, and then apply to AVTEC or to another technical program for training.

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MR. ESPOSITO, in response to Chair Olson, answered that AVTEC runs programs year round in Anchorage, and nearly year round in Seward, with a break in July and half of August.

MR. ESPOSITO, in further response to Chair Olson, welcomed the committee to visit its Seward facilities during the legislative interim. He opined that a tour of all its Seward facilities would take about three hours.

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The committee took an at-ease from 3:58 p.m. to 3:59 p.m.

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CHAIR OLSON announced that the committee would now hear from the University of Alaska.

MARK HAMILTON, President, Statewide Programs & Services, University of Alaska (UA), began his presentation by providing a brief overview of the University of Alaska (UA). He stated that the UA is involved in workforce development because the overwhelming majority of Alaska's workforce attends school at UA. He offered that UA currently graduates about 2,600 students specifically in workforce development jobs. He explained that the UA is unique in that UA also provides the community college system in Alaska. Additionally, the UA has initiated nearly 100 new programs during his 11-year tenure, with 85 programs consisting of two-years or less, he elaborated. Thus, those programs represent the workforce development programs normally offered at a community college.

MR. HAMILTON stressed the UA's involvement in the workforce development effort, which he said has been developed from information provided by the DLWD. He noted statistics such that in 1950, 20 percent of all jobs required a 4-year degree. However, in 2009 only 23 percent of jobs required a 4-year degree. However, he acknowledged that the other 77 percent of jobs generally required some postsecondary education, either through AVTEC or training acquired through a union hall. He stated that UA's mission is to develop and train workforce leaders in Alaska.

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MR. HAMILTON reiterated that the DLWD provides the UA with lists of jobs. Commissioner Bishop has joined him with concern over the \$1.7 billion that leaves the state in the form of nonresident payroll, he stated. He characterized the nonresident payroll as "rentals" and mentioned that many of the jobs are two weeks on and two weeks off. He pointed out that in those instances the worker's payroll check is spent out-of-state, plus most of these workers also retire out-of-state. Meanwhile, businesses are spending more to hire "rentals", who often cost more. For example, in the health care industry, contracts can cost up to three times the normal wage. He related a scenario in which Bartlett Memorial Hospital discovered it will save about \$250,000 a year due to the recent graduation of 2 radiology technologists in Juneau since the hospital previously had to contract for those services from a nonresident pool. MR. HAMILTON offered his belief that there is a desperate need to improve reading and math skills in the state. He opined that the UA is the only university in the country that has requested K-12 outreach as a priority in its operating budget in order to address workforce preparedness.

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FRED VILLA, Associate Vice-President, Workforce Programs, University of Alaska (UA), prefaced his PowerPoint overview by explaining that he has a large family so he has a vested interest in educating Alaska's youth. He provided a brief background of his work experience, noting that he has spent nearly 20 years working at the North Pole oil refinery. He said he has been with UA for nearly four years. He stressed that his work in the oil refinery has helped him bring an industry perspective to UA, including the hiring of interns and apprenticeships. He referred to a handout titled, "Workforce Programs." He explained that the UA's role in workforce development is threefold: First, the role is to support pre-college activities and career pathways, which are the building blocks of educational programs and courses that guide youth through elementary and secondary school. Second, the community college or university mission is to educate and prepare students for entry-level positions. Third, the community college or university role is to provide mechanisms and opportunities for professional growth. He offered an example, of military personnel who transition into the private sector and can use their skills to find employment. He referred to slide 4, titled "Award Levels", which summarizes the award levels offered at UA. The UA offers Occupational Endorsement: 9-29 credits;

Certificate Awards: 30 credits minimum, which focuses on industry standards; Associates Degree: 60 credits minimum, which also acts as a building block for the Bachelor of Arts (BA) degree: 120 credits minimum; the Master's degree which is a BA degree plus 30 credits minimum; and the Doctor's degree, with credit hours varying by program, he explained.

MR. VILLA further explained that the workforce development programs with a workforce or technical education emphasis are programs that consist of two years or less. However, these programs often bridge to the next level. He offered the example of the Construction Management Degree program that is a two-year Associates Degree program but is also offered in a four-year BA degree program. He highlighted that the UA offers 200 degree and award programs in its system. He noted that the DLWD's AGIA Training Plan identifies 113 occupations directly associated with the pipeline construction. However, the combined total of all university and campus programs system wide equates to 485 programs available in Alaska in those occupations, he stated. He offered his belief that the plan creates great opportunities for Alaskans.

MR. VILLA referred to slide 5, titled "Main Administrative Units", stating that the UA statewide has three administrative units: the University of Alaska Fairbanks (UAF), the University of Alaska Anchorage (UAA), and the University of Alaska Southeast (UAS). He offered that each main administrative unit, (MAU) lists the community and technical college campuses associated with the unit. Thus, UAA has the Anchorage main campus, plus a community college within it called the Community and Technical College which is comprised of the Chugiak-Eagle River campus, the Kodiak College, the Kenai Peninsula College, the Matanuska Susitna campus, military programs, and Prince William Sound Community College. The UAF has a broader geographic distribution, which consists of the Fairbanks Main Campus, the College of Rural and Community Development, which include the Bristol Bay campus, the Chukchi Campus, Cooperative Extension, Interior-Aleutians Campus, the Kuskokwim Campus in Bethel, the Northwest Campus in Nome, and Tanana Valley Campus. The UAS has the Juneau Main Campus including a marine campus, the Ketchikan Campus, and the Sitka Campus, he stated. He advised that each of the three MAUs was asked to highlight all of its programs and any contributions to the communities it serves. Mr. Villa encouraged members to look at the areas of emphasis in individual member's regions.

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MR. VILLA continued. He acknowledged that attending UA is not right for everyone. However, he noted that many campuses have small centers affiliated with them such as the Copper River Basin Center in Glenallen, the extension center in Cordova, Kachemak Bay in Homer, the McGrath center in McGrath, the Nenana Center in Nenana, the Tok Center in Tok, and several others in the Kuskokwim associated with the Interior Aleutians Campus. Additionally, he noted that the UA also has a presence on the military installations in the state, including Eielson Air Force Base, Elmendorf Air Force Base, Fort Richardson, and Fort Wainwright. He stressed that programs are offered throughout the state in close proximity to Alaskan citizens.

MR. VILLA referred to slide 9, titled "Alaska's Pathways to Successful Careers." He pointed out that the model identifies career clusters or groups of careers that require the same levels of need in math and science. He explained that the UA reviewed its programs and organized them into clusters to identify and demonstrate a career pathway. He offered a scenario, such that a student interested in environmental science could examine the programs that the university provides by degree level. Mr. Villa emphasized that the student could translate this into tangible credits needed to qualify for a job. Further, the person could also clearly identify a career path, the additional education and number of credits needed to qualify for the next higher program. He explained that UA developed every program, including career clusters with pathways for the entire college and community college system. Mr. Villa held up a binder and noted it contains all UA programs, pathways, including recommended high school courses, degree options, required time to complete the program, all requirements, and electives. He further noted that a copy of this binder was sent to every high school and middle school in Alaska.

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MR. VILLA stressed the importance of providing this information to students. He pointed out that the information contained in the binder is also posted online. He acknowledged that summarizing and preparing this information was possible due to funding provided by the legislature last year in House Bill 2, which provided funding for vocational and technical education program.

MR. VILLA referred to slide 10, titled "Program Highlights, K-12 Outreach. He explained that the UA Tech Prep Program provides a dual credit program in which students take two courses at the secondary level and a third course that articulates into a program at the postsecondary level. He noted that last year Tech Prep was involved in 30 school districts, with 1,200 high school students statewide that were designated as Tech Prep students, while an additional 340 students completed their high school courses and subsequently enrolled in UA courses. He highlighted that the Tech Prep program represents UA's outreach and provides a bridge between high school and college. He pointed out that UA often partners with EED and DLWD in outreach activities. He mentioned other outreach categories, including the career academies located in communities such as Ketchikan, Sitka, and Juneau. He stated the UA provides faculty, staff, or facilities in order to assist the academies.

MR. VILLA pointed out that in Fairbanks, the construction academies provide flexible schedules to provide education according to student availability such as during holiday, spring, and summer breaks, as well as on weekends. He highlighted this student-centric approach is different than the typical faculty-centric approach. Thus, the schedule is adjusted for when students are available. He offered that the construction academies offer process technology, painting, construction, electrical, drywall, and heavy equipment. He stressed the UA's goal is not to take over all training, but rather to provide assistance and support for these trades. He noted the UA promotes students in rural Alaska to obtain training and education and return to their home community to teach. He explained that the Future Farmers of America (FFA) and 4-H, a youth organization administered by the Cooperative State Research, Education, and Extension Service (CSREES) of the U.S. Department of Agriculture (USDA) are considered part of the UA due to its land grant status. He applauded the 4-H program that requires youth to learn leadership skills, perform public service, public speaking, documentation, and create business plans.

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MR. VILLA noted that the UA sponsors 4-H and FAA students to come to Juneau during the legislative session. He also mentioned that engineering programs are increasing, in part due to the Alaska Native Science and Engineering program, and Lego robotics competitions which also spur youth to go into engineering and math. He added that the pre-engineering program

encourages high school students to sign up for courses. As a result, nearly 150 students participate in the program at Dimond High School, 50 students at Lathrop High School, and 30 to 40 students at the Juneau-Douglas High School, he stated. He noted that the UA supports the program with faculty and facilities.

MR. VILLA mentioned that a third area of the UA workforce development is professional development. He pointed out that UA Corporate Programs (UACP) provide training for regulatory and workforce development in mining and petroleum. He added that the service provides timely training at the demand of the employer, and at the employer's work site. He characterized UACP as UA's marketing arm for workforce development such that it produces a quarterly publication, UA @ Work. He offered to provide members with a copy of the publication if members have not already received it in the mail.

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MR. VILLA turned to slide 15, titled "Workforce Programs Performance Summary, Technical Vocational Education Program, FY 01- FY 08." He stated that the UA received \$25.9 million from the Technical and Vocational Education Program (TVEP). He emphasized that the UA's investments and priorities are guided by the Workforce Investment Board. As a result, enrollment has increased 47 percent. Additionally, graduation rates have risen to 48 percent, he stated. He provided current distribution of the funds: UAA received about 55 percent, UAF received 25 percent, UAS 18 percent, and Corporate Programs and Mining and Petroleum Programs received about 2 percent of the funds.

MR. VILLA referred to slide 17, titled "Workforce Programs Performance Summary, Technical Vocational Education Program, FY 01 - FY 08." He expanded on the program distributions, explaining that about 17 percent supported the Allied Health programs, with the remainder spread to Information Technology, Transportation, Nursing, Early Childhood, and Process Technology programs.

MR. VILLA referred to slide 18, titled "Program Performance, High Demand, High Growth Occupation, Degree Production." He explained the number of degrees in each category ranging from 407 degrees issued in its Allied Health and Nursing programs and 46 degrees issued for its Construction programs. He stressed that the UA has developed partnerships which have created "a buzz within the university system" with its alignment to address important issues. He mentioned a scenario, in which the DLWD

decided to produce a publication for high school students to demonstrate opportunities in the health industry. The UA worked with the DLWD to produce a publication to provide high school students with "hot jobs", which also identifies where students could obtain specific training. He pointed out that industries such as health or welding identify the apprenticeship jobs they need, while the UA develops the program and education to fit the needs of the industries. He noted that beginning in April, the UA will offer a 15-week Nondestructive Testing (NDT) training course that will help people obtain jobs much more quickly. He further noted that the UA relies on the statistical and research data produced by the DLWD in order to understand the demographics of where students work and their specific job. Mr. Villa explained that a person who holds a degree in Process Technology may work in the oil and gas industry. However, the technical skills acquired in another field may be used and applied to the position he/she currently holds.

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MR. VILLA moved on to slide 13, titled "UA Private Sector Partnerships in Workforce Training." He asked to touch briefly on them, mentioning the Alaska Workforce Investment Board identifies the state's priorities for workforce needs as well as setting guidelines and policies for workforce development. The UA has a close relationship with the Alaska Commission on Postsecondary Education (ACPE), ranging from the scholarships it issues to the management of its Alaska Learning Exchange System (ALExSys). He informed members that every program within the UA system associated with workforce development has an advisory council based on community and industry advisors.

MR. VILLA referred to slide 14, titled "Campuses and Regional Training Centers." He noted that the DLWD met with regional training centers to understand and align their respective interests. He stated that every training center has a university campus with which it is closely affiliated, such as the Partners for Progress in Delta and the Tanana Valley Campus. He said, "I attend the Regional Training Center meetings on behalf of the university and all our campuses. They recognize that our campuses that are in those regions also serve as regional training centers in partnership." He opined that it is "incredibly smart" to share faculty, facilities, and programs whenever possible.

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MR. HAMILTON, in response to Representative Neuman, agreed that the 4-H program is a wonderful program in that it can reach youth. He acknowledged the reality that programs are prioritized according to available budget levels. Thus, many programs are underfunded since many higher priorities exist. He reiterated his belief that the experimental farm in the Matanuska-Susitna valley is important to the region.

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REPRESENTATIVE BUCH congratulated Mr. Hamilton on the service and success of the UA system. He suggested that the legislature should consider reinstating the forgiveness clause on student loans to assist Alaskan students and provide for their future. He closed by offering his genuine appreciation for the community oriented university that the UA system represents.

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MR. HAMILTON, in response to Chair Olson, welcomed the committee to visit the UAF campus. He stated that partnerships and the workforce development programs represent the most expensive programs in the UA system. He explained technical instructors are expensive; that welding classes must be small with the typical class size serving about 8 students instead of serving 120 students in an auditorium being taught by one professor. He acknowledged that the equipment and technology must be relevant or students enter the workplace with little familiarity with the latest technology. He said, "You train the workforce today in all of these areas that we're dealing with; you're entering into something that is going to cost money. It's going to pay off enormously when Alaskans get Alaskan jobs. That's the goal." In further response to Chair Olson, Mr. Hamilton provided Mr. Villa's binder for the committee library.

[4:51:00 PM](#)

MR. HAMILTON, in response to Representative Buch, agreed to give a "smart board" demonstration to the committee.

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MR. VILLA, in response to Representative Coghill, noted that scholarships and grants are available to students for travel and tuition for programs. He explained another transitional piece available is through grants to students, which was established in legislation that passed last year. He further explained that

an individual vocational education account is set up and administered through the DLWD which allows students to apply for competitive grant funds for job specific vocational education. Additionally, he noted that scholarships are also offered by industry and businesses.

MR. VILLA, in response to Representative Coghill, offered that it is challenging to keep counselors up-to-date on vocational educational training and grant opportunities since most high school counselors have heavy work loads.

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COMMISSIONER BISHOP interjected that one of the outcomes of the AGIA Training Plan is to identify all of the segments of training and to identify all training providers ranging from the UA to the private sector for the public. He emphasized the necessity to provide a "one-stop shop" as part of the AGIA Training Plan outcomes. He reiterated his support to gather, compile, and analyze the details to "put the meat on the bones." He said, "It's a great question and I just wanted you to know we're on that."

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REPRESENTATIVE COGHILL inquired as to whether Alaska is competitive on a national and international basis and whether Alaska will be able to be an exporter of education.

MR. HAMILTON responded not at higher levels since the UA only offers about 66 percent of the BA degrees, 50 percent of the Master's Degrees, and about 20 percent of the Doctorate Degree programs that other states offer. He reiterated that the UA lags behind at the upper half of the spectrum, since it does not have the full spectrum of degrees. However, he offered his belief that with respect to workforce development, Alaska's UA program is "absolutely the best in the west. We have the best workforce development program of any university in any state in this union. There's no question about it," he said.

[5:00:03 PM](#)

MR. VILLA, in response to Chair Olson, offered to provide a copy of the binder previously distributed, which contains all UA programs, pathways to each of the legislative offices for constituent use.

5:01:11 PM

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:01 p.m.