

**ALASKA STATE LEGISLATURE
JOINT MEETING
SENATE LABOR AND COMMERCE STANDING COMMITTEE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

January 26, 2011

3:19:05 p.m.

MEMBERS PRESENT

SENATE LABOR & COMMERCE STANDING COMMITTEE

Senator Dennis Egan, Chair
Senator Bettye Davis
Senator Linda Menard
Senator Cathy Giessel

HOUSE LABOR & COMMERCE STANDING COMMITTEE

Representative Kurt Olson, Chair
Representative Craig Johnson
Representative Paul Seaton
Representative Dan Saddler
Representative Steve Thompson
Representative Lindsey Holmes
Representative Bob Miller

MEMBERS ABSENT

SENATE LABOR & COMMERCE STANDING COMMITTEE

Senator Joe Paskvan, Vice Chair

HOUSE LABOR & COMMERCE STANDING COMMITTEE

All members present

COMMITTEE CALENDAR

OVERVIEW OF THE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CLARK "CLICK" BISHOP, Commissioner
Department of Labor and Workforce Development (DOLWD)
Juneau, AK

POSITION STATEMENT: Gave an overview of the Department of Labor and Workforce Development

Tom Nelson, Deputy Commissioner
Department of Workforce and Labor Development
Juneau, AK

POSITION STATEMENT: Explained what the DWLD currently does to aid Alaska's small businesses.

ACTION NARRATIVE

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CHAIR DENNIS EGAN called the joint meeting of the House and Senate Labor and Commerce Standing Committees to order at 3:19 p.m. Present at the call to order were Senators Menard, Davis, Giessel, and Egan and Representatives Seaton, Thompson, Holmes, Miller, and Olson.

Overview of the Department of Labor and Workforce Development

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CHAIR EGAN announced the business before the committee was to hear an overview from the Department of Labor and Workforce Development.

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CLARK "CLICK" BISHOP, Commissioner, Alaska Department of Labor and Workforce Development (DOLWD) introduced some of his staff in attendance: Deputy Commissioner, Tom Nelson; Assistant Commissioner, Guy Bell; and Special Assistant, Paula Scavera. He said the mission of the DOLWD is to provide safe and legal working conditions for the men, women, and youth in the state of Alaska. They deliver that mission through three core service areas. First, DOLWD protects workers through wage and hour, child labor law enforcement, mechanical inspection, occupational safety, and health compliance enforcement inspections. Second, they develop Alaska's workforce through the operation of 23 job centers throughout the state of Alaska. They also have an online labor exchange system that connects job seekers and employers. This online service has job training and support services which include serving Alaskan's with disabilities and adult basic education. He said that at the DOLWD he signs 1,500 or more General Education Diplomas (GED) per year. The Alaska Vocational Technical Center (AVTEC) is also run through the

DOLWD which gives kids, who are not on a traditional pathway to a four-year college program, a good alternative.

Finally, he said, the DOLWD offers incomer placement through unemployment insurance programs, social security disability determination services, and by ensuring fair workers' compensation benefit pay payments to injured workers. The department has had successes despite the downturn in the United States' economy and has had a significant impact on the general picture of Alaska's employment.

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REPRESENTATIVE CRAIG JOHNSON joined the committee.

COMMISSIONER BISHOP said in the area of worker protection there was a nine percent reduction in lost work due to illnesses and injuries between FY09 and FY10. Workers' compensation premiums declined in 2010 for the third year in a row. He said that the DOLWD should take some credit for this because it has reinvigorated the Governor's Safety Council. This is an annual convention in Anchorage where safety professionals come together to host workshops on workplace safety.

He continued that the Trends Magazine now includes a safety minute in each publication. DOLWD has also become more proactive in public safety announcements, such as crane safety and seatbelts. This will help lower accident and injury rates in the workplace, which allows the DOLWD to keep the work premium rates lower.

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REPRESENTATIVE DAN SADDLER joined the committee.

COMMISSIONER BISHOP continued that in the area of youth safety, DOLWD is partnering with K-12 schools by bringing consultation officers into the classroom to discuss youth safety and employment. Labor Standards of Safety did an outreach in 2009 to 5,300 students and approximately 5,100 students in 57 schools in 2010. The number of work-related incidents for minors dropped from 169 in 2008 to 38 in 2010. He said that when work place safety is engrained at a young age that will hopefully transition throughout the rest of the person's life.

In the area of income replacement, he said that despite the historically high claims for unemployment benefits, Alaska's Unemployment Insurance Trust remains solvent. The December 31, 2010 fund balance was \$243,900,000. This, he explained, is

excellent news given that 30 states have had to collectively borrow \$40 billion from the Federal Government in order to continue giving unemployment insurance (UI) checks. He said that Alaska is one of the only states in the union where the employee pays a portion of the UI tax.

In the area of workforce development, the non-resident hire rate dropped from 19.6 percent in 2008 to 19.1 percent in 2009. This represents a modest improvement, as Alaska still exported \$1.8 billion in wages paid to non-residents. He said that it continues to be his goal to get Alaskans trained to take the jobs that are available.

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COMMISSIONER BISHOP said he would highlight several successful training programs. First is the Core Driller Program. He explained that one responsibility that he has is to sign foreign labor certifications to allow foreign workers to come into the state to work. One particular day he had to sign for 20 individuals to work in Alaska, and their average salary would be \$100,000 per year. With unemployment rates in Alaska ranging from 8-20 percent, depending upon the geographic location, he realized the need to improve training for Alaskans. Working collectively, he explained, the DOLWD brought the mining industry, the drilling industry, the University of Alaska (UA) Mine Training and Petroleum Division and the Federal Office of Apprenticeship together in Anchorage. After eight months, they had designed a curriculum for the first registered Core Driller Program in the United States or Canada. Thirty-six students from rural Alaska (Kotzebue, Bethel, and the Donlin Creek area) were trained the first year of the program. They are now in the second year of the program and he will be going to another major mine in hopes of including it in the Core Driller Program. He mentioned that this program can reach across a lot of different industries.

COMMISSIONER BISHOP said that another area the DOLWD has been working in is in corrections. He said he would like to work on a pre-apprenticeship model in the prison system. They have had some successes with this, but he would like to expand what they are doing. He said that he recently visited the new prison facility at Goose Creek to look at what the prison had in regards to classroom and shop space. He was impressed with the amount of space for hands-on educational training, as well as shop and classroom space.

He gave the example of the Southern California Carpenters, who engaged in a similar program, where they indentured 94 inmates into the Southern California Carpenter's Apprentice Program. He explained that 97 percent of the individuals who participated in this pre-apprenticeship program remained out of prison one year after release. His belief is that these individuals need to be given an education and a skill set to try and make their lives better.

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COMMISSIONER BISHOP continued with the fire fighting program at Department of Natural Resources (DNR). There are a number of individuals that come from out of state for the fire season. He explained that Alaska has the work force to do this job, what they need is training. For this reason, they funded an entry level fire fighting training program with over 100 students who trained in the first year. This is another way that the DOLWD has been able to reach out to rural Alaskans and give them an opportunity to be successful. The program was successful this past year and it will be in the budget again for 2011.

Another program he is proud of is the Law Cadet Program at Mount Edgecombe High School in Sitka. This is a cadet program for law enforcement. There is still a need for both Village Public Safety Officers (VPSOs) and law enforcement needs and it is important to produce Alaskans who can take up these positions within the state.

He continued with some legislative items of interest for the DOLWD. HB 104 and SB 43 would provide sustainable funding for Alaska performance scholarships to high school seniors with annual awards of up to \$4,755 for those who chose to pursue a university or technical training career in Alaska.

He said that the DOLWD will be working on workers' compensation legislation: there is a need for a medical fee schedule to be put into place and a fee schedule for transportation costs. He thanked Representative Olson for introducing this legislation.

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REPRESENTATIVE THOMPSON asked him to touch on what is happening with the second entry fund.

COMMISSIONER BISHOP replied he couldn't answer right then, but he'd make an appointment with the division director and follow up with an answer.

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REPRESENTATIVE HOLMES said that she has been impressed with what the prison system is doing in regards to the vocational training for inmates. She said that another issue that has been raised is the Prisoner Employment Program (PEP) which has been phased out. This program included a variety of employment opportunities such as laundry facilities, furniture making, and sewing that are being phased out of the Department of Corrections. She asked for his views and the extent to which DOLWD might be able to help in reinstating some of those programs.

COMMISSIONER BISHOP offered to follow up and have a more in-depth conversation on the issue.

REPRESENTATIVE HOLMES asked what is happening with employment on the North Slope, in the support industry, and with Alaska residents versus out of state residents.

COMMISSIONER BISHOP answered DOLWD has been working to get the numbers in those three areas. Employment numbers are up overall, and he'd seen different sets of numbers for the different industries and hoped to shortly be able to answer questions at length.

REPRESENTATIVE HOLMES said she, too, had seen a variety of numbers, and it would be helpful to get as much specific information as possible.

COMMISSIONER BISHOP said, as an example, the DOLWD is forecasting 1,800 new jobs for the next year. However, he has seen other numbers in print from the press that state that the job estimates are 4,500-4,800. The good news, he said, is that employment numbers are up when they were expected to be down. The nonresident hire report will be out soon which will help to enlighten everyone.

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SENATOR MENARD asked what was being done to help keep small businesses from going into foreclosure and bankruptcy. She said Alaska is built on small businesses and in Wasilla a large number of businesses have folded. She has said that she has heard that there is not a program that works directly with them.

COMMISSIONER BISHOP answered the DOLWD has worked to make employees that are owed wages whole when the business they work for goes under. DOLWD is also involved in creating job clubs

with individuals who are knowledgeable of different types of businesses.

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TOM NELSON, Deputy Commissioner, Department of Labor and Workforce Development, explained that the DOLWD provides information and referrals for small businesses that come through the job center. They can also connect them with other essential state services, such as the Department of Commerce, Department of Community and Economic Development, and others. He continued by explaining that they also have connection to the Trade Adjustment Act. This means that if a small business has gone out of business because of, for instance, foreign competition they have the ability to help formulate a petition to the Federal Government. This can make them Trade Act eligible which will allow their employees to be eligible for services and retraining.

He continued that the DOLWD also has smaller programs that are designed for companies that have 50 employees or more or 49 employees or less. These programs are for lay off aversion and "rapid response." Rapid response allows them to pro-actively work a company before they completely shut down in order to provide them with information, referrals, and aid in beginning the process of retraining.

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SENATOR MENARD returned to the recent Trend Magazine publication that came out in 2011. At the bottom of the cover of the magazine it mentioned the growth rate that the Matanuska Valley is experiencing. She asked whether the commissioner had seen this article and could comment on it to better aid her colleagues in understand the growth rate they are experiencing.

COMMISSIONER BISHOP replied he would have to re-read the foot note and follow up with a response.

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REPRESENTATIVE THOMPSON asked if there are many companies in Alaska that are not purchasing workers compensation insurance.

COMMISSIONER BISHOP answered that, yes, they have found some companies that are not in compliance and the DOLWD has made sure that they have then purchased workers compensation insurance. However, it has not appeared to be an epidemic.

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REPRESENTATIVE MILLER said he has had several of the unions visit him in his office throughout the week. One prominent recurring concern is that it appears that when a general contractor is awarded a new contract, especially with new construction, they are sub-contracting independents. These independent folks are somehow not required or compelled to buy workers compensation. He asked if there is any way that this can be tracked, as there is no statute and no enforcement.

COMMISSIONER BISHOP replied that the DOLWD does have fraud investigators in regards to enforcement. However, he agreed that it is an issue though.

REPRESENTATIVE MILLER asked if this is just a question, then, of enforcement and if there are statues that could prevent this from happening.

COMMISSIONER BISHOP answered that he would need to defer to his division director.

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REPRESENTATIVE SEATON said that two years ago a program was set into place through the University of Alaska (UA) through the Kenai Peninsula College for pre-correction and pre-public safety officers. This allows rural residents of the area can qualify for those jobs in their rural areas. He said that he knows that the program has been full and one of the problems was ensuring that state and local agencies would give priority to people who have certificates. He asked if the commissioner has had any interactions on this issue and whether they are able to get local individuals hired for jobs available in their community, rather than bringing people from outside the area or the state.

COMMISSIONER BISHOP answered that he will do a follow up with Commissioner Schmidt. He said that he would like to know himself as to whether the state of Alaska is utilizing its graduates as intended by the legislation on education and training that was funded two years ago.

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COMMISSIONER BISHOP said that when the Alaska Gasline Inducement Act (AGIA) training plan was completed there were four broad strategies. Strategy two was to develop a comprehensive Career and Technical Education (CTE) plan for Alaska. In less than a year the CTE plan was completed. This plan was done in collaboration with the UA, the Department of Labor, and the Department of Education and Early Development. He explained that

one of his main goals is to try and increase the graduation rates and to eliminate the need for reeducation of students when they go to university. He said the UA Board of Regents, State Board of Education, and the DOLWD have all found it of value and he hopes that the body will find the document of value as well. He said they need to move forward and try and implement the CTE in order to try and increase the graduation rates.

He explained that he had a company tell him that one of the reasons they do not hire more Alaskans is they cannot find enough qualified Alaskans. He has been afforded a chance to talk to this company and plans on showing them how to increase their Alaska hire rates. This has been documented in the non-resident hire report, which fully embraces the concept of what the DOLWD is trying to implement. It can be done, and it does work.

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There being no further business to come before the committee, Chair Egan adjourned the meeting at 4:00 p.m.