

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 1, 2011

1:32 p.m.

MEMBERS PRESENT

Senator Dennis Egan, Chair
Senator Joe Paskvan, Vice Chair
Senator Linda Menard
Senator Bettye Davis
Senator Cathy Giessel

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

EXECUTIVE ORDER 115: REALIGNING THE OVERSIGHT AUTHORITY OF THE ALASKA AEROSPACE CORPORATION

- EXECUTIVE ORDER 115 ADVANCED

SENATE BILL NO. 59

"An Act extending the termination date of the Board of Dental Examiners; and providing for an effective date."

- MOVED CSSB 59(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 59

SHORT TITLE: EXTEND BOARD OF DENTAL EXAMINERS

SPONSOR(s): LABOR & COMMERCE

01/21/11	(S)	READ THE FIRST TIME - REFERRALS
01/21/11	(S)	L&C, FIN
02/01/11	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

DANA OWEN

Staff to the Senate Labor and Commerce Committee

Alaska State Legislature

Juneau, AK

POSITION STATEMENT: Commented on EO 115 and SB 59.

SUSAN BELL, Commissioner
Department of Commerce, Community and Economic Development
(DCCED)
Juneau, AK
POSITION STATEMENT: Supported EO 115 and SB 59.

DALE NASH, CEO
Alaska Aerospace Corporation
Kodiak, AK
POSITION STATEMENT: Supported EO 115.

CRAIG CAMPBELL, President and COO
Alaska Aerospace Corporation
Kodiak, AK
POSITION STATEMENT: Supported EO 115.

MCHUGH PIERRE, Deputy Commissioner
Department of Military & Veterans Affairs (DMVA)
Anchorage, AK
POSITION STATEMENT: Supported EO 115.

DAVID LOGAN, Chair
Legislative Committee
Alaska Dental Society
Anchorage, AK
POSITION STATEMENT: Supported SB 59.

PAT DAVIDSON, Legislative Auditor
Division of Legislative Audit
Alaska State Legislature
POSITION STATEMENT: Supported SB 59.

DON HABEGAR, Director
Division of Corporations, Business and Professional Licensing,
Department of Commerce, Community and Economic Development
(DCCED)
Juneau, AK
POSITION STATEMENT: Answered questions regarding SB 59.

ACTION NARRATIVE

[1:32:03 PM](#)

CHAIR DENNIS EGAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Giessel, Paskvan, and Chair Egan.

CHAIR EGAN reviewed committee procedures.

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**Executive Order 115: Realigning The Oversight
Authority Of The Alaska Aerospace Corporation**

CHAIR EGAN announced the first order of business to be EO 115.

DANA OWEN, staff to the Senate Labor and Commerce Committee, said that executive orders are an "odd duck for the legislature." He explained that typically if the committee does nothing at all, an executive order (EO) will go into effect 60 days after the governor introduced it. In the past, it has been typical for committees like this to write a memo stating what happened in the meeting to the Senate Secretary, but this year for more structure a committee report form is being used. The major difference from other committee reports is that there is no place for individual recommendations, but rather a place for one committee recommendation and it has no neutral option. Any disapproval would require a special concurrent resolution to be drafted in order to forward the EO.

MR. OWEN said the issue of Aerospace authority came up in their overview of the Department of Commerce, Community and Economic Development and it seemed that at least one of the committees from the Senate should review this EO. It has also been assigned to the State Affairs Committee. Unlike a bill, executive orders don't go to committees sequentially; both committees receive them at the same time.

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SUSAN BELL, Commissioner, Department of Commerce, Community and Economic Development (DCCED), said the department supports the development and growth of the Alaska Aerospace Corporation and this industry in this state. They are very proud of the growth and successes Alaska Aerospace has had since its inception in 1995 including the very successful Air Force launch this last November.

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SENATOR DAVIS joined the committee.

COMMISSIONER BELL said her department looks at economic and community benefits that an entity like the corporation can bring to the state, and recent independent studies from Northern Economics and McDowell Group have found that Alaska Aerospace's

contributions to the economy totaled nearly \$30 million in direct and indirect spending, 235 jobs and a payroll of more than \$12 million. That same year more than 250 independent Alaskan firms provided goods and services to the corporation, and at many times when the tourism industry is winding down.

COMMISSIONER BELL said that Alaska Aerospace diversifies the state's economy with high-tech high-wage jobs. It's a particularly unique market in terms of serving both commercial and military customers. She shares the opinion in the EO that the Alaska Aerospace Corporation needs to be positioned in the Department of Military and Veteran's Affairs (DMVA) where it's most likely to succeed and achieve its core mission. The DMVA has the ability to help provide access to federal military contracts for both sustainable funding and future launches. And while the opportunities for commercial launches won't be diminished, this will help strengthen the organization so its success will be more assured.

SENATOR PASKVAN asked what proportions will be military and commercial in the short term. He asked if that is the impetus behind EO 115.

COMMISSIONER BELL answered she has learned that the military needs to be a core element of Alaska Aerospace not only for launches but for the sustainability funding.

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DALE NASH, CEO, Alaska Aerospace Corporation, said he had been with the corporation for four years and CEO for the last three. He supported the realignment in EO 115. He said last night he lost his president and chief operating officer, General Tom Case who left to become chancellor of the University of Alaska Anchorage, but he has the good fortune to have been able to talk former general and lieutenant governor, Craig Campbell, into taking that position.

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SENATOR MENARD joined the committee.

MR. NASH said one of the key things he saw work extremely well on the space shuttle program when he worked for United Space Alliance, a company that builds the solid rocket boosters, was to have someone with aerospace expertise in one of the top two positions and the other as an astronaut. He used that model in bringing General Case, and now General Campbell on, mostly

because Alaska Aerospace's customer is primarily the Department of Defense, the Air Force and NASA.

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MR. NASH explained that he deals with Lockheed, Boeing, Northrop-Grumman, and ATK for the commercial launches, and they use contracts and accounting methods that are similar to the Department of Defense's. All of their 15 launches to date have been federal government in one form or another. The last one for the Space Test Program, S-26, was the most complicated launch that the Air Force has put up in 20 years. It had 7 satellites and 16 experiments from NASA and the Air Force, and at least 3 University satellites.

He said the corporation has done well under the Department of Commerce, Community and Economic Development, "but you really need to look to your customers like they want you to look." He explained that West Coast launches are polar launches going around the poles on the Earth. East Coast launches go on an equatorial heading from west to east, and those happen in Virginia and Florida. Sometimes Alaska Aerospace teams with California, and being administratively under DMVA facilitates their relationship with them and their other customers.

Alaska Aerospace has an MOA with Space Florida whose National Guard helps operate their range that he hopes to duplicate with the Alaska National Guard. They will control the rocket and make sure it flies safely and download all the data. Alaska Aerospace needs to look like a national range, he said. Their customers consider four ranges: Cape Canaveral/Kennedy Space Center, NASA's Wallops Highland Virginia on the East Coast, Vandenberg on the West Coast - and Alaska Aerospace. They want another backup on the West Coast, which is a key part of the infrastructure, and Kodiak is rapidly becoming recognized as that. Alaska Aerospace wants to fit into that niche - remaining state-owned and controlled, but able to tap into resources and assets that can be loaned and borrowed back and forth across the national space industry.

SENATOR MENARD asked if the goals and missions would remain the same.

MR. NASH answered yes. He explained that national space policy continues to be updated in the Commercial Space Act from the late 90s before cell phones came along when there were a lot of plans for launching a lot of commercial satellite constellations. But because cellular technology made it possible

to switch anywhere, and fiber optic connected everyone, that market disappeared. However, the market Alaska Aerospace Corporation continues to service and pursue is primarily military and federal government. It is not the thousands of satellites they all expected, but it is still a very good market. They have not changed their goals or objectives; it's the nature of the business that has changed.

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SENATOR PASKVAN asked if Alaska is sending the appropriate message to Alaska's customers by moving the Alaska Aerospace to the DMVA.

MR. NASH answered yes; they know how to launch military and NASA payloads. They are viewed in very high regard.

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SENATOR MENARD asked if this move would help increase economic development.

MR. NASH answered there are no guarantees, but he thought it would. The DMVA fits with their model better and opens up more markets for them. He said their next launch is tentatively in the first week of May, and he invited the committee to come out and watch it.

CHAIR EGAN welcomed former Lieutenant Governor Craig Campbell to comment.

CRAIG CAMPBELL, President and COO of the Alaska Aerospace Corporation, said his position will become effective on February 1 and that this is a great executive order. This corporation is on the cusp of being able to do some really good development in the aerospace industry in Alaska. Just being aligned properly will send the right message to their federal partners.

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MCHUGH PIERRE, Deputy Commissioner, Department of Military & Veterans Affairs (DMVA), said there is a lot of enthusiasm in this room for this specific corporation and for the mission, and rightfully so. Four states, including Alaska, participate in rocket launches, but Alaska has a unique polar orbit access that only competing nations have. No other state has this opportunity. "We support it and we won't let you down," he said.

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SENATOR DAVIS asked how much money the state has contributed so far.

COMMISSIONER BELL answered the initial funding was \$15 million and there is a \$4-million request in the FY12 budget. Part of that is signaling to this corporation that it's important for the state "to keep the doors open, the lights on." She reported that economic returns have been modest.

SENATOR DAVIS asked how long this program has been around.

COMMISSIONER BELL answered about 15 years.

SENATOR DAVIS asked how the state has benefited financially.

COMMISSIONER BELL answered through June 30, 2010 a total of nearly \$300 million has been generated by the Kodiak launch complex; Alaska funded \$30.5 million with federal capital investments of \$141 million. Third party studies found more than 235 jobs resulting from this as well as 260 firms that provided goods and services to the corporation - not only in the Kodiak area but the greater South-central area, as well.

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SENATOR PASKVAN moved to advance EO 115 from committee with unanimous consent. There were no objections and it was so ordered.

SB 59-EXTEND BOARD OF DENTAL EXAMINERS

[2:04:59 PM](#)

CHAIR EGAN announced SB 59 to be up for consideration.

[2:05:48 PM](#)

DANA OWEN, staff to the Senate Labor and Commerce Committee, sponsor of SB 59, said the Dental Society suggested 19 pages worth changes, so they thought it would be more expeditious to split the question in two. This bill extends the board for another five years, a number "that was pulled out of the air." He was not aware of the audit that had been done and it had recommended eight years instead of five. He said it would be highly recommended to accept the auditor's suggestion to extend it to eight years.

SENATOR MENARD commented that she appreciates the auditor's recommendation and was in favor of extending the Board of Dental Examiners for eight years.

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DAVID LOGAN, Chair, Legislative Alaska Dental Society, supported SB 59. He had no position on the length of time.

PAT DAVIDSON, Legislative Auditor, said the board is operating in an efficient manner. The audit had one recommendation to the division of timely investigation of complaints coming in, but the audit team did recommend an eight-year extension for the board.

SENATOR PASKVAN asked if she made suggestions to the division or had they made any responses to her as to how they were intending on handling the issue of timely response to complaints.

MS. DAVIDSON answered they looked at is how their case management system worked. She explained that when there is a big caseload, it's important to have a case management system that will have a "tickler file" associated with it. Their current data base didn't have that. They had been looking at replacing the system, but she didn't know if it had been purchased yet. She said they looked at six complaints and five cases for the Board of Dental Examiners; three of the six complaints and one out of five cases were inactive for more than six months. They need to be a little more up to speed where those individual cases are and data management would help in that area.

SENATOR PASKVAN said he had heard comments from dentists about an internal self policing capacity.

MS. DAVIDSON replied that investigation and complaints are not a board activity; they are a divisional activity. The board sit as a quasi-judicial arm. So the investigations are handled by the division that reports to the board. The board decides what action to take. Keeping on top of your own caseload is important, but data management is needed.

SENATOR GIESSEL said she had been involved with professional licensing board and that was issue with them as well. She thought they would get data management program a couple of years ago, and asked why. Is it an appropriation issue?

MS. DAVIDSON agreed that the department should answer, but added that this is a continuing issue with many boards and commissions.

DON HABEGAR, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), replied that the system (GL Suites) has been purchased, but they are still in the learning phase.

SENATOR PASKVAN asked him to more fully explain what goes on with complaints.

MR. HABERGER replied that investigations by statute are under the department's purview. They will capture the complaint that comes from the public; the investigation team will look at it and decide whether it merits further investigation. If it does and violates licensing laws, they will develop a case and at some point in time they will take a recommendation to the board. But before that they may have a dentist on the board review the case and make his recommendation.

COMMISSIONER BELL said 701 complaints were made for the 40 professions the division monitors. That resulted in a little over 500 actions and over 500 went to the next stage. About 350 resulted in some disciplinary action that could have been a fine, continuing education, or monitoring auditing.

SENATOR PASKVAN asked the backlog within the specific area of dentistry.

MR. HABEGAR said he couldn't answer specifically; the division has taken a number of proactive measures. When he joined the division it had a new chief of investigations, and knowing the audit reports have a recurring theme, they are looking for ways to manage that.

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SENATOR MENARD moved to amend SB 59 to extend the board from 2016 to 2019. There were no objections and it was so ordered.

SENATOR MENARD moved to advance CSSB 59 (L&C) from committee with individual recommendations and attached fiscal note(s). There were no objections and it was so ordered.

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Seeing no further business to come before the committee, Chair Egan adjourned the meeting at 2:24 p.m.