

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

January 24, 2012

9:01 a.m.

**MEMBERS PRESENT**

Senator Bill Wielechowski, Chair  
Senator Joe Paskvan, Vice Chair  
Senator Kevin Meyer  
Senator Cathy Giessel

**MEMBERS ABSENT**

Senator Albert Kookesh

**COMMITTEE CALENDAR**

SENATE JOINT RESOLUTION NO. 10

Proposing an amendment to the Constitution of the State of Alaska relating to deposits to the constitutional budget reserve fund from surplus oil revenue.

- HEARD & HELD

SENATE BILL NO. 150

"An Act relating to applying military education, training, and service credit to occupational licensing and certain postsecondary education and employment training requirements; and providing for a temporary occupational license for qualified military service members."

- HEARD & HELD

SENATE BILL NO. 130

"An Act establishing in the Office of the Governor an advisory council for the preservation, restoration, and revitalization of Alaska Native languages."

- SCHEDULED BUT NOT HEARD

SENATE BILL NO. 136

"An Act providing a tax credit for employing an Alaska veteran that may be taken against a liability for the tax on corporation income; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SJR 10

SHORT TITLE: CONT. AM.: BUDGET RESERVE FUND

SPONSOR(s): SENATOR(s) WIELECHOWSKI

01/17/12 (S) PREFILE RELEASED 1/6/12  
01/17/12 (S) READ THE FIRST TIME - REFERRALS  
01/17/12 (S) STA, FIN  
01/24/12 (S) STA AT 9:00 AM BUTROVICH 205

BILL: SB 150

SHORT TITLE: MILITARY TRAINING CREDIT

SPONSOR(s): SENATOR(s) WIELECHOWSKI

01/17/12 (S) PREFILE RELEASED 1/13/12  
01/17/12 (S) READ THE FIRST TIME - REFERRALS  
01/17/12 (S) STA, L&C  
01/24/12 (S) STA AT 9:00 AM BUTROVICH 205

**WITNESS REGISTER**

SAM GOTTSTEIN, Staff  
Senator Bill Wielechowski  
Alaska State Legislature  
Juneau, AK

**POSITION STATEMENT:** Presented the changes made in version D of SJR 10 on behalf of the sponsor.

SCOTT GOLDSMITH, Professor of Economics  
University of Alaska, Anchorage (UAA)  
Institute of Social and Economic Research (ISER)  
Anchorage, AK

**POSITION STATEMENT:** Testified in support of SJR 10 and answered questions.

STEPHEN HAYCOX, Professor Emeritus of History  
University of Alaska, Anchorage (UAA)  
Anchorage, AK

**POSITION STATEMENT:** Testified in support of SJR 10.

KENDRA KLOSTER, Staff  
Senator Bill Wielechowski  
Alaska State Legislature  
Juneau, AK

**POSITION STATEMENT:** Presented SB 150 on behalf of the sponsor.

DIANE BARRANS, Executive Director  
Post-Secondary Education Commission  
Department of Education and Early Development (DEED)  
Juneau, AK  
**POSITION STATEMENT:** Answered questions regarding SB 150.

MARK SAN SOUCI, Military Liaison  
U.S. Department of Defense  
Washington, D.C.  
**POSITION STATEMENT:** Testified in support of SB 150 and answered questions.

RIC DAVIDGE, President  
Vietnam Veterans of America  
Anchorage, AK  
**POSITION STATEMENT:** Spoke in support of SB 150.

CHRIS CHRISTENSEN, Associate Vice President  
State Relations  
University of Alaska (UA)  
Anchorage, AK  
**POSITION STATEMENT:** Shared the University's involvement with SB 150.

DON HABEGGER, Director  
Division of Corporations, Business, and Professional Licensing  
Department of Commerce, Community, and Economic Development  
(DCCED)  
Juneau, AK  
**POSITION STATEMENT:** Answered questions about licensing issues regarding SB 150.

SARA CHAMBERS, Professional Licensing Program Coordinator  
Division of Corporations, Business, and Professional Licensing  
Department of Commerce, Community, and Economic Development  
(DCCED)  
Juneau, AK  
**POSITION STATEMENT:** Answered questions about SB 150.

#### **ACTION NARRATIVE**

9:01:09 AM

**CHAIR BILL WIELECHOWSKI** called the Senate State Affairs Standing Committee meeting to order at 9:01 a.m. Present at the call to order were Senators Giessel, Paskvan, Meyer, and Chair Wielechowski.

**SJR 10-CONT. AM.: BUDGET RESERVE FUND**

[9:01:22 AM](#)

CHAIR WIELECHOWSKI announced that the first order of business to come before the committee was SJR 10, a Constitutional Amendment intended to ensure that the legislature continues to save during times of surplus.

CHAIR WIELECHOWSKI reviewed the purpose of SJR 10. He said that with a large projected surplus this fiscal year and next, now is the time to talk about savings.

SENATOR PASKVAN moved to adopt the proposed committee substitute (CS) for SJR 10, labeled 27-LS1091\D, as the working document.

CHAIR WIELECHOWSKI objected for discussion purposes.

[9:02:43 AM](#)

SAM GOTTSTEIN, staff to Senator Wielechowski, sponsor of SJR 10, discussed changes made in version D. He said the first change is on page 1, line 14; the words "in population" were removed to keep the \$6 billion threshold from increasing too rapidly. The second change is on page 1, line 15; the words "on July 1" were removed to allow time to calculate actual annual unrestricted oil revenue. The third change is on page 2, lines 7-8; language was added to ensure that the proposed amendment will not apply to Permanent Fund royalty payments.

MR. GOTTSTEIN stated that Alaska has benefited from substantial budget surpluses in recent years largely as a result of high oil prices. Alaska has the greatest amount of savings in the nation with about \$16 billion in savings accounts and reserve funds. Oil revenue, which makes up about 90 percent of the state's revenue, is a non-renewable resource. Although Alaska depends on a non-renewable resource, it is possible for the oil revenue to be used like a renewable resource. If Alaska saves money now, it will be in a better position to have oil wealth in the future.

He said the legislature is constitutionally required to develop Alaska's resources to the maximum benefit of its people. This includes managing resources for future generations.

MR. GOTTSTEIN maintained that existing savings accounts do not save enough for the future. He described Alaska's three main savings accounts: the Permanent Fund, the Statutory Budget Reserve, and the Constitutional Budget Reserve. The Permanent

Fund is the largest of the accounts, currently valued at approximately \$39 billion. Dividends from the fund go to Alaska residents each year, and the earnings from the fund have not been used to fund public services. Putting more money into the account would not count as a way to save for the state's future budgetary needs.

MR. GOTTSTEIN continued to say that the Statutory Budget Reserve (SBR), substantially smaller than the Permanent Fund, is currently valued at approximately \$2.6 billion. Since the SBR's funds can be accessed by a simple majority, it is not likely that this fund will sustain the state in the future.

MR. GOTTSTEIN related that the Constitutional Budget Reserve (CBR) is considered Alaska's rainy day fund. Established in 1991 through a constitutional amendment, the CBR acts as a stabilization fund. It was initially funded through settlements with oil and gas companies, and the value of the fund has grown from just under \$600 million to approximately \$10.3 billion today. Under most circumstances the CBR requires a three-quarters majority vote from both houses to access the fund for general fund use. After taking out the money, the legislature is obligated to pay it back, along with any non-appropriated funds, at end of any given fiscal year. Both requirements keep the legislature from appropriating money from the CBR unless it is a necessary stop gap measure. In years of high oil revenue, there is currently no automatic mechanism to appropriate additional funds into the CBR. SJR 10 would change that. Through this legislation, the constitution would ensure that the legislature continues to save for the future.

MR. GOTTSTEIN continued that after reaching a threshold of \$6 billion in unrestricted oil revenue for a fiscal year, SJR 10 provides that two-thirds of the remaining surplus would be deposited into the CBR. The \$6 billion threshold would be adjusted annually for inflation. Unrestricted oil revenue includes royalties, production taxes, corporate income taxes, and property taxes for the oil industry. Unrestricted oil revenue, for the purpose of this legislation, would not include royalty payments to the Permanent Fund.

[9:07:47 AM](#)

MR. GOTTSTEIN addressed the potential fiscal impact of SJR 10. He maintained that if this policy were in place today, Alaska would have over \$7.5 billion of unrestricted revenue for general fund use and the ability to deposit over \$1.475 billion into the CBR this year, while maintaining a \$600 million surplus. The

amount of the deposit would depend on the size of a given year's oil revenue surplus. For example, for the next three years, under current Department of Revenue projections, the state would deposit over \$800 million into the CBR.

MR. GOTTSTEIN stated that the goal of the legislation is to create a framework for saving. The Department of Revenue has not always been right about oil revenue projections. For example, back in 2008, the department's forecast ended up 47 percent lower than the prediction. Conversely, the department has also estimated revenue to be substantially higher than what it actually was. The goal of this legislation is not to deposit more money into the CBR every year. The goal is to deposit money into the CBR in years of high revenue surpluses.

MR. GOTTSTEIN concluded that it is not the sponsor's intent to solve all of the state's fiscal problems with this legislation. It is the first step toward managing a non-renewable resource, such as oil wealth, like a renewable resource.

[9:09:31 AM](#)

SENATOR MEYER asked for clarification regarding the figure of "two-thirds of the surplus after \$6 billion."

MR. GOTTSTEIN explained that it is a policy call. The amount of \$6 billion has been adequate in the past. "Two-thirds" shows a commitment to savings after obligations are met.

SENATOR MEYER speculated that the number could be changed.

CHAIR WIELECHOWSKI stressed that all figures used are policy calls. Two-thirds is enough to meet financial obligations. In years with large surpluses, one-third is enough for capital projects and the remainder could go into savings.

SENATOR MEYER noted the bigger policy call is how best to protect savings.

Chair Wielechowski replied that the bill was his attempt to allocate savings for future generations, but he agreed that the issue should be discussed further.

[9:12:41 AM](#)

SENATOR PASKVAN observed that the \$2.6 billion in the SBR is subject to access by a simple majority for immediate needs; however, there is an overlying constitutional requirement to save when there are excess dollars.

CHAIR WIELECHOWSKI recalled that when the CBR was established, there was a desire to make it hard to access. He agreed that the SBR is more accessible. He said he thought the people of Alaska like having a savings account that is harder to get to.

SENATOR GIESSEL asked how long this type of plan would be in effect, based on oil revenue forecasts. She also inquired if changing the constitution would require a vote of the people.

MR. GOTTSTEIN affirmed that it would require a vote of the people. He explained that under current projections, \$800 million would be put into the CBR for three years. He added that those projections are questionable due to many factors. He gave a hypothetical example. The goal of the legislation is to create a framework for years into the future.

SENATOR GIESSEL clarified that there would be a large surplus for just three years.

MR. GOTTSTEIN agreed, under current projections. Projections are fairly simple today, but the goal is to create a framework to balance the highs and lows of revenue surpluses and deficits.

SENATOR GIESSEL asked how much interest the fund would accrue.

MR. GOTTSTEIN addressed the main account vs. the subaccount and various scenarios. He said the earnings from the CBR would be about a 4 percent rate of return in order to make sure the funds are available immediately.

[9:17:45 AM](#)

SENATOR GIESSEL asked what the current rate of inflation was.

MR. GOTTSTEIN believed it was projected to be 2.5 percent for this model.

SENATOR GIESSEL speculated that the profit would be about 1.5 percent.

MR. GOTTSTEIN agreed.

CHAIR WIELECHOWSKI pointed out that some people would prefer to invest the CBR more aggressively. The bill is intended to be a framework. There are 33 or 34 new exploratory wells on the North Slope, as well as shale oil and heavy oil, not factored into future oil projections. He predicted that there would be an

explosion of oil production on the North Slope in the next three to five years and substantial new revenue to the state. He said he would like to see that revenue put into savings.

9:19:52 AM

SCOTT GOLDSMITH, Professor of Economics, University of Alaska, Anchorage, Institute of Social and Economic Research (ISER), testified as an individual, not as a representative of the university. He read from the following statement:

I am here to testify in support of the two concepts embodied in SJR 10 - a petroleum revenue spending cap and a sweep of the surplus into savings to meet the fiscal needs of future generations of Alaskans. If we are careful and lucky, the pipeline will be carrying 1 million barrels a day in 2020 and activity in the oil patch will be growing, generating more and more petroleum jobs for the next generation of Alaskans. Unfortunately that production will likely not be generating the level of petroleum revenues we have come to expect and depend upon.

Production of conventional oil, the basis for current revenues, has been falling for more than 20 years and that decline is projected to continue as the giant fields are depleted. Heavy oil and shale oil may supplant some of that decline, but because of high unit production costs, neither will generate large amounts of revenue. Likewise production from the OCS might help to keep the pipeline operational, but almost all its revenues will go to the federal government. Commercialization of gas seems to be permanently at least 10 years in the future—perhaps more than ever today as the world is awash in low cost natural gas.

We all recognize the need to save some current petroleum revenues for the future, but how much saving is enough? Our current strategy of putting away the leftovers after the current budget is built is not the answer. Rather, the answer pops out if we stand the question on its head and ask, "How much of our petroleum wealth can we afford to spend today?" This is the right way to pose the question because, as we all agree, our petroleum wealth is finite. The more we spend today, the less will be left for the next generation of Alaskans.

To answer the question of how much we can afford to spend today, we need to figure out how much our petroleum wealth is worth and we need to decide how much of that wealth we should share with the next generation of Alaskans. I have started to think about both of those issues and my thoughts are in some of the papers in the bill packet before you. Let me summarize each.

I have estimated state petroleum wealth to be \$140 billion. This consists of \$55 billion of financial assets derived from past petroleum revenues as well as \$85 billion in taxes and royalties on future production. The \$85 billion is the value of those future revenues if we could bank them all today rather than waiting for them to trickle in over the next decades.

Then how should we share this \$140 billion grubstake among current and future Alaskans? One answer is to take a page from the successful management of our fisheries, where we restrict the current harvest to maintain maximum sustainable yield. By doing that future fishermen get the same harvesting opportunities as current fishermen.

Applying that concept to our petroleum wealth, we could harvest, or spend, \$5.5 billion this year. That amounts to about \$7,000 for every Alaskan today and would guarantee that every future Alaskan would get the opportunity to spend an equal amount, \$7,000 adjusted for inflation. Of course, this is just a different way of saying treat the petroleum wealth like a permanent endowment, or as the British would say, never spend principle.

Is this a fair distribution? That is for all Alaskans to decide. But it is a discussion that needs to occur and this bill is a way to stimulate that discussion.

Capping spending from petroleum revenues has a number of other positive features. It will reduce the FISCAL BURDEN we are currently shifting to the next generation of Alaskans by spending petroleum revenues at a non-sustainable rate. It will force us to weigh the benefits of increased public spending against the

cost of new taxes to pay for them. It will give the governor and legislature a valuable tool to help instill fiscal discipline where none exists today.

Of course many people will argue that putting our wealth into saving is a mistake because that money is not working for us and that the funds would be better spent on investments to build our infrastructure, particularly roads and energy projects. Without getting into that discussion I would simple say there needs to be a considered balance between those investments and savings.

Saving for the future is never easy, as we all know from personal experience. But high oil prices have given us a second chance to do the right thing and we should not let this opportunity slip. Several times in the past we have taken the opportunity to create vehicles for saving when revenues were high and today we have the Permanent Fund, the Statutory Budget Reserve, and the Constitutional Budget Reserve.

I think the best way to motivate the need to save more is to look to Norway and its \$300 billion Petroleum Savings Account. Just as we have an oil production goal of one million barrels in the pipeline in 2020, we could and should have a savings goal of \$100 billion by the year 2020. This bill is a first step toward achieving that goal. Let's get to work to make it happen. Thank you.

[9:26:00 AM](#)

CHAIR WIELECHOWSKI thanked Professor Goldsmith for his work.

SENATOR MEYER related that the Governor's current operating budget is \$8 billion and the capital budget is \$1.8 billion with additions probable. Under this legislation, he predicted cuts totaling \$4 billion would have to be made.

MR. GOTTSTEIN said he understood that the Governor had included \$2 billion to go into the SBR. He offered to get back to Senator Meyer regarding the other \$2 billion.

CHAIR WIELECHOWSKI pointed out that there were also matching federal funds. He asked Mr. Gottstein if he listed unrestricted oil revenue at \$7.5 billion.

MR. GOTTSTEIN reported that current revenue projections are for about \$8.2 billion of unrestricted oil revenue for this year.

CHAIR WIELECHOWSKI noted that sometimes money budgeted for savings gets counted as an operating number.

SENATOR MEYER agreed, but stressed that there would have to be a reduction in order to arrive at the \$6 billion figure.

[9:28:53 AM](#)

SENATOR PASKVAN requested a written copy of Professor Goldsmith's presentation.

SENATOR GIESSEL noted she reads Professor Goldsmith's publications. She inquired if he had looked for projected costs for education and health care in the budget. She pointed out that 50 percent of the budget is formula-driven, and that pending national health care programs will significantly increase it.

PROFESSOR GOLDSMITH said he hadn't looked at the most current projections, but agreed it was a major concern.

SENATOR GIESSEL pointed out that Norway does not pay dividends to its citizens from its permanent fund. She asked Professor Goldsmith to comment on Norway's substantial personal income tax rate of 50 percent.

PROFESSOR GOLDSMITH related that Norway's taxes were significant, and essentially all petroleum revenues were diverted into the permanent fund from which 4 percent is withdrawn to help support the cost of government.

[9:32:43 AM](#)

STEPHEN HAYCOX, Professor Emeritus of History, University of Alaska, Anchorage, spoke in support of SJR 10. He described his theory of colonial economics as it applies to Alaska. He spoke of the difficulties in addressing Alaska's long-term future and thought SJR 10 would help. He recalled the periods of flush and lean in Alaska's history. He called the CBR savings a responsible step.

[9:37:33 AM](#)

CHAIR WIELECHOWSKI thanked Professors Haycox and Goldsmith and closed public testimony.

CHAIR WIELECHOWSKI pointed out that the fiscal note shows a cost of \$1,500 to cover the cost of providing information about the amendment in the Official Election Pamphlet for the 2012 general election.

CHAIR WIELECHOWSKI stated that SJR 10 would be set aside.

**SB 150-MILITARY TRAINING CREDIT**

[9:39:15 AM](#)

CHAIR WIELECHOWSKI announced the consideration of SB 150. Speaking as the sponsor, he explained that the bill would help veterans get occupational and academic credit for military training and work experience. The United States Department of Defense has designated this effort as a top priority across the nation and has already passed similar legislation in Washington, Utah, Colorado, and West Virginia. Many other states have introduced similar legislation.

CHAIR WIELECHOWSKI said a committee substitute (CS) for SB 150, version E, was before the committee.

SENATOR PASKVAN moved to adopt CSSB 150, labeled 27-LS1117\E, as the working document.

CHAIR WIELECHOWSKI objected for discussion purposes.

[9:40:09 AM](#)

KENDRA KLOSTER, staff to Senator Bill Wielechowski, sponsor of SB 150, explained the changes in SB 150. Many of the changes are at the request of various departments. The first change is on page 2, lines 1-3; additional language was added stating a "temporary license is issued to a board which is already authorized to issue a temporary license". Previous language would have required all boards to issue temporary licenses that were not necessary.

MS. KLOSTER described the second change on page 2, lines 13 and 14; the expediting language was removed. Another change on page 2, lines 12-15, came from the United States Department of Defense; the words "diploma or certificate" were added.

CHAIR WIELECHOWSKI requested an overview of the bill.

MS. KLOSTER explained that the United States Department of Defense has been working on a national effort to help alleviate the problem of military service members not receiving credit for

training received while they were in the service. As of June 2011 one million veterans were unemployed and the jobless rate for post-911 veterans was at 13.3 percent. Young male veterans experience an unemployment rate of 21.9 percent, according to the Department of Defense. The goal is to assist military veterans to find employment at a faster rate. It requires the Department of Education to accept military education, training, and service. It also requires the president of the University of Alaska, the Alaska Commission on Post-Secondary Education, and the Department of Labor to implement policies and procedures in order to accept military credit. This is already being done at the University of Alaska, Fairbanks, and the University of Alaska, Anchorage, in some circumstances.

[9:44:09 AM](#)

DIANE BARRANS, Executive Director, Post-Secondary Education Commission, Department of Education and Early Development (DEED), offered to answer questions about SB 150.

SENATOR PASKVAN asked if DEED was supportive of recognizing the diplomas issued by the military.

MS. BARRENS explained that the Post-Secondary Education Commission has not taken a position on the issue. She said she applauds the efforts of the committee to promote assessing and providing credits for military education and training. It is outside the norm of what the Post-Secondary Education Commission does, which is more of a consumer protection entity.

[9:47:03 AM](#)

MARK SAN SOUCI, Military Liaison, Department of Defense, Washington, D.C., spoke in support of SB 150. He thanked the committee for taking up the bill. He read from the following written testimony:

Mr. Chair and committee, thank you for this opportunity to express Department of Defense support for the veterans credit Senate Bill 150. My name is Mark San Souci, Department of Defense Regional Liaison for Military Families for the Northwest, working for the Deputy Assistant Secretary of Defense for Military Family and Community Policy. I'm sorry I can't be there in person today, but hope to be able to visit for future hearings on this issue.

First off, we thank you for sponsoring and considering SB 150. Last year, with one million veterans

unemployed; with a post 9/11 unemployment rate of 13.3%; and an unemployment rate for 18-24 year old veterans at 21.9%, the Department of Defense began supporting efforts in the states to ask states to give separating Service members credit, so that they may not be held back from finding employment or finishing a degree.

We are asking legislative leaders like you to establish policies that ensure separating Service members do not have to repeat requirements completed during their military career to obtain academic credit or an occupational license.

Last year, four states enacted new laws to help grant our veterans credit towards licensing and/or academic credit. So far for the 2012 session, there are 18 bills in 10 more states resembling the one before you today that we ask you to support.

It is important to us that you know we are not asking for direct licensure if it is not equivalent. In cases where the regulatory agency or board determines partial credit but it saves time and expense and helps get them there, even if not completely, that is what we seek. We only seek credit where credit is due.

A couple of other points to consider: You and I have already paid for this veteran's training within the Department of Defense schools and with years of experience while serving our Nation with our federal tax dollars. Also, the more credit given to a veteran towards licensing or a degree or certification, the more school slots can be made available to civilians, especially in programs where there may be waiting lists to get in.

This issue is now the top of the Top Ten Key Issues of the Defense State Liaison Office. The Department of Defense has many highly qualified schools which train service members in a wide variety of skills and occupations. The Department of Defense is also, right now, working feverishly with the US Department of Labor to link military occupations with training/experience programs that most closely align to private sector licensure requirements, while also asking some state regulatory authorities in pilot

states like Washington, to review select military occupations to determine whether the training and experience are sufficient to render licensing in that occupation.

As you very well know, Alaska is home to thousands of veterans, and is a desired location for separating and retiring military members when choosing where to live after leaving the military. A 2010 Defense Manpower Data Center Study reported that Alaska had 1,286 military separate or retire to Alaska in Fiscal Year 2010. At roughly 1,286 annually, and more to come with draw-downs, we can expect that highly qualified ex-military people will continue to enjoy Alaska's quality of life, and many will continue to choose Alaska when transitioning into civilian careers.

Finally, I'm frequently asked what other states are doing in this area. In 2011, Washington state passed two bills - one for medical occupations and one for non-medical occupations, into law as of July 22nd. Washington modifies the statutory chapters of 21 commercial occupations and 14 healthcare related occupations. It is considered by us as Best Practice legislation. Your bill is modeled after Washington State and also would be a Best Practice. Washington State's Department of Health and Department of Licensing accepted this challenge in legislation last year with 'zero' as fiscal notes, and they have the demands of a big military state with over 6,000 veterans annually choosing to separate or retire from the military and live there.

We ask this committee and this legislature in Alaska to join the other ten states, rising now in session, and considering this help for our veterans, along with the four (WA, UT, CO, WV) that did it last year. Thank you for taking up this issue so quickly, and for your consideration. I stand by for any questions you may have.

[9:53:23 AM](#)

SENATOR PASKVAN said he understood that about 1,300 military personnel per year retired to Alaska and asked if those numbers would change due to the pending "drawdown".

MR. SAN SOUCI termed the projections speculative, and he suggested sticking with around 1,300 as the number.

SENATOR PASKVAN said he thought SB 150, a best practices legislation, would make retired military personnel more employable more quickly.

MR. SAN SOUCI agreed.

9:56:30 AM

RIC DAVIDGE, President, Vietnam Veterans of America, Anchorage, Alaska, testified in support of SB 150. He thanked the committee for considering the bill. He reported that the University of Alaska is already embracing the idea of credit for military training and experience. Some military personnel have better, more current training than that found in some vocational schools.

SENATOR GIESSEL wondered which occupations are impacted by the legislation.

MR. SAN SOUCI offered to provide the committee with that information. He read from a national list of occupations: air conditioning mechanics, automotive repair, barbering, boiler operators, contractors, cosmetologists, dental hygienists, electricians, emergency medical services, harbor marine pilots, home inspection investigators, license practical nurses, nutritionists, dieticians, oil and solid fuel technicians, personnel employment, professional planners, plumbers, private security, radiologists, respiratory care, roofing, and sanitarians.

10:00:30 AM

MS. KLOSTER addressed Senator Giessel's question. She gave an example of a person in the nursing field who had difficulty transferring her nursing experience in the service for credit.

SENATOR GIESSEL suggested the individual take the issue to the University Board of Regents. She spoke of the difficulty of credit transfer between university campuses.

MS. KLOSTER said that the university has accepted over 15,000 military credits, but a concern remains whether the credits can be used for a degree program or just as electives. A system is currently in place at UAF.

MR. SAN SOUCI offered to provide further information about occupations covered under Washington State's new law.

SENATOR GIESSEL declined.

10:04:06 AM

CHRIS CHRISTENSEN, Associate Vice President, State Relations, University of Alaska (UA), addressed Section 2 of the bill. He emphasized that the university is committed to offering quality educational experiences to active military veterans and their dependents. He said G.I. JOBS, a magazine and web portal, identified UAA and UAS as military-friendly institutions. Only 15 percent of all colleges and universities and vocational schools received that designation.

MR. CHRISTENSEN agreed that transfer of credits is a big issue. The university has extensive policies and procedures in place for accepting credit, including military credit. The Board of Regents has adopted a written policy that the campuses accept and transfer as much credit as is appropriate to a student's new degree and graduation requirements. All campuses have established transfer credit policies designed to give maximum credit for courses and training taken elsewhere, including in the military. He said to keep in mind that a degree from an institution is a representation to a potential employer and to others that the holder has learned what the institution has deemed important for the degree. He concluded that awarding appropriate credit for military training is one of the university's core responsibilities and a way to show commitment to recruit and retain military students. The university is working on a matrix which shows what each campus offers.

10:08:03 AM

MR. CHRISTENSEN explained that the credit transfer process is managed at the campus level. All three campuses accept transfer credit based on recommendations made by the American Council of Education (ACE), which has an agreement with the Defense Department to review military training and experience for the award of equivalent college credit. The three university campuses are also members of the Service Members Opportunity Colleges (SOC), a consortium of about 1,900 colleges and universities that enroll military veterans and dependents in special degree programs. The purpose is to let service members earn a degree, not just accumulate credits.

He related that UAA is currently accepting an average of about 51 credits for military veterans who have attended an accredited

military institution. He gave examples of the number of military credits needed for specific degrees. Neither UAA nor UAF has a limitation on the number of military credits accepted. UAF is working on developing a minor based on typical military credits. Last year, UAA awarded over 15,000 military transfer credits. The university reflects prevailing social values in welcoming and honoring the military.

CHAIR WIELECHOWSKI asked if the university has a position on the bill.

MR. CHRISTENSEN responded that it would take a position shortly.

[10:12:39 AM](#)

SENATOR GIESSEL pointed out that the university is already implementing the goals stated in the bill.

MR. CHRISTENSEN agreed that Alaska is fully on board with the program and the bill probably addresses a bigger picture - states that do not offer military credit. He did not know what would really change in Alaska. He concluded that it might address the perception of a problem.

CHAIR WIELECHOWSKI recalled many instances of students having trouble with credit transfers.

MR. CHRISTIANSON agreed. He said there is an attempt to track down such stories and solve the problems. He requested that the committee let him know about credit transfer problems.

SENATOR GIESSEL asked if the university was advertising this service.

MR. CHRISTENSEN replied he believed so. He said he had seen many pages on the university's website.

SENATOR PASKVAN inquired whether SB 150 manifests a statewide goal of best practices. He stressed the importance of having a state goal.

[10:17:58 AM](#)

DON HABEGER, Director, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community, and Economic Development (DCCED), supported the intent of SB 150. He voiced concern about Section 1 and the words "the department or applicable board shall accept". The way it is written, DCCED interprets it to mean that if the person has training that

cannot be determined to have met Alaska standards, then the person receives licensure.

CHAIR WIELECHOWSKI said his staff had been working with the department and will continue to do so. He asked for an alternative to the problem language. He suggested his office and the department continue to work together.

CHAIR WIELECHOWSKI addressed the fiscal note. He pointed out that all other states have zero fiscal notes. He inquired if the department expects the note to be zero, also.

[10:22:12 AM](#)

SARA CHAMBERS, Professional Licensing Program Coordinator, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community, and Economic Development (DCCED), addressed the department's fiscal note for SB 150. She spoke of what was needed to get the structure in place.

SENATOR WIELECHOWSKI asked if there was more to do to zero out the fiscal note.

MS. CHAMBERS agreed to work in that direction.

SENATOR PASKVAN agreed that the language "shall accept" in Section 1 was important. He pointed to language on line 9 of Section 1, "equivalent to some or all of the qualifications" and explained that his expectation was that equivalent or better military education, training, and service would be acceptable as credit.

[10:24:58 AM](#)

MR. HABEGER said the problem is determining what level of training is acceptable. Senator Paskvan suggested the language is giving the university president wide latitude. He questioned if the state should be setting a separate goal.

CHAIR WIELECHOWSKI suggested "shall accept relevant".

SENATOR GIESSEL spoke of outstanding healthcare providers. She wished to illuminate the purpose of the regulation of 67 professions.

MR. HABEGER understood the regulations were for public protection; an expectancy for standards of care within professions.

CHAIR WIELECHOWSKI closed public testimony and set SB 150 aside.

10:28:51 AM

There being no further business to come before the committee, Chair Wielechowski adjourned the Senate State Affairs Committee at 10:28 a.m.