

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 17, 2015

1:29 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Cathy Giessel, Vice Chair
Senator Gary Stevens
Senator Johnny Ellis

MEMBERS ABSENT

Senator Kevin Meyer

COMMITTEE CALENDAR

OVERVIEW: ALASKA MARITIME WORKFORCE DEVELOPMENT PLAN

- HEARD

SENATE BILL NO. 41

"An Act relating to criminal history record checks for psychologists and psychological associates; and providing for an effective date."

- MOVED SB 41 OUT OF COMMITTEE

SENATE BILL NO. 33

"An Act relating to remittance of tire fees; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 34

"An Act relating to investment of the power cost equalization endowment fund; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 41

SHORT TITLE: PSYCHOLOGIST & ASSOC CRIM HISTORY CHECKS

SPONSOR(s): SENATOR(s) GIESSEL

02/04/15 (S) READ THE FIRST TIME - REFERRALS
02/04/15 (S) L&C, JUD
02/17/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 33

SHORT TITLE: FEES FOR TIRES

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/30/15 (S) READ THE FIRST TIME - REFERRALS
01/30/15 (S) L&C, FIN
02/17/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 34

SHORT TITLE: PCE ENDOWMENT FUND INVESTMENT

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/30/15 (S) READ THE FIRST TIME - REFERRALS
01/30/15 (S) L&C, FIN
02/17/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

VINCE O'SHEA, Vice President

Pacific Seafood Processors Association (PSPA)

Anchorage, Alaska

POSITION STATEMENT: Presented the Alaska Maritime Workforce Development Plan.

MATT ALWARD Vice President

Homer Marine Trades Association (HMTA)

Homer, Alaska

POSITION STATEMENT: Provided supporting testimony for the Alaska Maritime Workforce Development Plan.

JULIE DECKER, Executive Director

Alaska Fisheries Development Foundation

Anchorage, Alaska

POSITION STATEMENT: Provided supporting testimony for the Alaska Maritime Workforce Development Plan.

DOUG WARD, Director

Shipboard Development

Vigor Alaska

Ketchikan, Alaska

POSITION STATEMENT: Provided supporting testimony for the Alaska Maritime Workforce Development Plan.

JANE CONWAY, Staff
Senator Cathy Giessel

POSITION STATEMENT: Provided a sectional analysis for SB 41.

SARA CHAMBERS, Acting Director
Division of Corporations, Business and Professional Licensing
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Discussed the fiscal note for SB 41.

ALAN LEVY, L.P.A., Chair
Board of Psychologist and Psychological Associate Examiners
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 41.

DR. PHILLIP BAKER, Chair
Alaska Psychological Association
Anchorage, Alaska

POSITION STATEMENT: Testified that he cannot endorse SB 41 until all licensed psychologists have reviewed the bill.

ANNA KIM, Chief of Revenue Operations
Tax Division
Department of Revenue (DOR)
Juneau, Alaska

POSITION STATEMENT: Introduced SB 33 on behalf of the administration.

BRANDON SPANOS, Deputy Director
Tax Division
Department of Revenue (DOR)
Anchorage, Alaska

POSITION STATEMENT: Provided supporting testimony for SB 33.

PAM LEARY, Director
Division of Treasury
Department of Revenue (DOR)

POSITION STATEMENT: Introduced SB 34 on behalf of the administration.

GARY BADER, Chief Investment Officer
Trusts and Portfolio Management
Department of Revenue (DOR)

POSITION STATEMENT: Provided supporting testimony for SB 34.

ACTION NARRATIVE

[1:29:30 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:29 p.m. Present at the call to order were Senators Ellis, Giessel, Stevens, and Chair Costello.

Overview: Alaska Maritime Workforce Development Plan

[1:31:10 PM](#)

CHAIR COSTELLO announced the first order of business would be a presentation on the Alaska Maritime Workforce Development Plan.

[1:31:34 PM](#)

VINCE O'SHEA, Vice President, Pacific Seafood Processors Association (PSPA), stated that PSPA is a trade association of nine member companies that own and operate 25 seafood processing plants in Alaska. Collectively, they purchase about 70 percent on the seafood landed in the state.

He explained that the Workforce Development Plan is a collaborative effort between the University of Alaska, the seafood industry, and key state agencies such as the Department of Labor and Workforce Development (DOLWD) and the Alaska Department of Fish and Game (ADF&G).

MR. O'SHEA said Alaska is a maritime state and there is significant demand for skilled workers across the maritime industry and therefore important job opportunities for appropriately trained Alaskans. These opportunities exist in fish harvesting, seafood processing, maritime transportation, shipbuilding and repair, fisheries science and management, and mariculture. The goal of the plan was to better link the maritime employer needs with the entities and agencies responsible for workforce development. The notion was to enable more Alaskans to be able to compete for these jobs. The plan identifies critical labor needs and skills as reported by the industry and it describes the initial steps toward improving the alignment between the potential workforce, the industry, and training providers. Increasing career awareness at the K-12 as well as high school graduates as well as military veterans is an important component of the plan.

He emphasized that this is not about spending more money to do more things. It's about working smarter using existing resources

for education and training. The goal is to drive outcomes that improve maritime related job opportunities for Alaskans while strengthening economic competitiveness of Alaskan maritime industries.

[1:35:17 PM](#)

SENATOR STEVENS commented that he's the only committee member who represents the fishing industry but he believes that more people from Anchorage work in the industry than in his district. He asked Mr. O'Shea to discuss the prospects in the next 20-30 years for value added in the seafood industry.

MR. O'SHEA confirmed that the largest concentration of Alaskan limited entry is held in the Anchorage area. He said high labor costs are an impediment to finish processing, but the future is bright nevertheless. The trend likely will be toward mechanization and automation and the workforce plan is focused on high tech training so Alaskans will be able to operate and maintain that machinery.

SENATOR STEVENS said he'd like it on the record that there is a major processor in Anchorage that employs some 300 people.

MR. O'SHEA added that the name is Copper River Seafoods.

[1:37:33 PM](#)

CHAIR COSTELLO asked for suggestions on strengthening school/business partnerships to at least expose students to opportunities in the maritime industry before they leave high school.

MR. O'SHEA replied the Workforce Development Plan clearly outlines goals to increase communication at the high school level. Much of it starts at the Board of Education because it sets priorities within the local school districts. Not everybody is best suited to go to college and many young people would fit into the high paying jobs that require technical training, he said.

[1:40:07 PM](#)

MATT ALWARD Vice President, Homer Marine Trades Association (HMTA), discussed what HMTA has been doing to develop a trained workforce in Homer working through the high school. Every week one trade business visits the school and sits down with the kids and gives them an honest view of what the trade involves, the entry-level pay, opportunities with developing skills, and the

soft skills they are expected to bring. About 15 students have attended the first four classes, which is hopeful.

CHAIR COSTELLO asked how the students have reacted.

MR. ALWARD replied they don't ask too many questions but they pay attention. His high school son has passed along that these sessions have been a positive topic of conversation among students. He described one learning period in which students were able to use a laptop in the classroom to shut off cylinders and run diagnostic tests on a diesel engine that was running outside. Boat builders came to the last learning period and brought a modeling program that got the students' attention. The idea is to show the students that technology skills are a necessary part of the trades today.

CHAIR COSTELLO asked him to discuss the necessary skills.

MR. ALWARD cited CAD skills, work ethic, and staying out of trouble. He tries to let the kids know that trade schools are a viable option.

[1:43:53 PM](#)

JULIE DECKER, Executive Director, Alaska Fisheries Development Foundation, provided an example of implementing the plan through a local project. Wrangell received help from the state to build a boatyard and marine service center. It's in place and the economic development committee, the businesses working in the marine service center, and the high school shop teacher are starting to collaborate. She related an instance when students were acting ambivalent until a visiting fisherman told them that he paid the diesel mechanic who work on his boat this year \$100/hour. She emphasized that it's important to communicate that these are very good jobs "high dollar, blue collar jobs" that are needed in the local community. The challenge and one of the reasons for the statewide plan is to encourage collaboration so that things that are successful on the local level can be scaled up to a regional or statewide basis.

[1:46:03 PM](#)

SENATOR GIESSEL voiced support for the list of soft skills listed on page 16. Following instructions, functioning in stressful situations, working independently, self-motivation are things you learn in life, hopefully from parents.

CHAIR COSTELLO asked Mr. Alward if he assesses habit of mind skills such as being prepared, following through, and being timely.

MR. ALWARD confirmed that they emphasize that they're looking for people with those kinds of skills.

[1:47:46 PM](#)

DOUG WARD, Director, Shipboard Development, Vigor Alaska, reported that they operate both the Ketchikan and Seward shipyards. He described one high school student with particular promise who was referred to the shipyard by her welding teacher. She went through the various industrial processes and spent time with each of the supervisors. Students do more than just job shadow; they're given what's called structured on-the-job training. The intent is to develop a performance-based apprenticeship program in shipbuilding and repair; the student would test out through different processes and move up through the ranks. He noted that there are other success examples in Seward.

SENATOR STEVENS asked how many people are employed at the peak.

MR. WARD replied they have about 150 employees now and 97 percent are from Ketchikan. They'll hire another 150 between Ketchikan and Seward as they start building the two new state ferries. He expressed confidence that the training plan is solid and based on good practices. He noted that the waiting list of young people applying for entry-level jobs is long.

SENATOR STEVENS asked if Vigor Alaska could submit a bid to replace the Tustumena.

MR. WARD said yes; they're looking at that project with great interest.

CHAIR COSTELLO thanked the presenters and encouraged members to read through the Alaska Maritime Workforce Development Plan.

[1:52:25 PM](#)

At ease

SB 41-PSYCHOLOGIST & ASSOC CRIM HISTORY CHECKS

[1:53:31 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 41. "An Act relating to criminal history

record checks for psychologists and psychological associates; and providing for an effective date."

SENATOR CATHY GIESSEL, sponsor of SB 41, stated that this legislation provides the opportunity for the regulatory board for psychologists and psychological associates to perform criminal background checks. There have been no problems but this will help ensure that the professionals working in this area are reputable.

[1:54:42 PM](#)

JANE CONWAY, Staff, Senator Cathy Giessel, provided the following sectional analysis for SB 41.

Section 1 amends AS 08.86.070 by adding new subsections.

AS 08.86.070(b) imposes a duty on the Board of Psychologist and Psychological Associate Examiners to require applicants for licensure as psychologists or psychological associates to submit fingerprints and fees necessary to obtain criminal justice information and a national criminal history record check. The Subsection authorizes the board to adopt regulations requiring applicants for renewal of a license to submit fingerprints and a fee as required in the subsection.

AS 08.86.070(c) requires the Department of Commerce, Community and Economic Development to submit the fingerprints and fees to the Department of Public Safety to obtain criminal justice information and a national criminal history check under AS 12.62.

Section 2 adds licensure as a psychologist or psychological associate under AS 18.86 to the list of licensed professions for which the Department of Public Safety may process criminal history records checks.

Section 3 makes it applicable to applications for license or renewal filed on or after the effective date of the act.

Section 4 provides an effective date of July 1, 2015.

[1:56:17 PM](#)

SENATOR STEVENS asked if the bill has any requirement other than a fingerprint.

MS. CONWAY replied the fingerprint is required as part of the formal application process and it is submitted to the Department of Public Safety (DPS) for a background check. Responding to a further question, she said the idea is to check for a criminal record.

CHAIR COSTELLO asked why this hasn't been done before.

MS. CONWAY replied a number of people have asked that because a number of other professions that deal with vulnerable populations are required to have criminal background checks. She suggested that Mr. Levy might provide an historical perspective.

CHAIR COSTELLO asked Ms. Chambers to discuss the fiscal note.

[1:58:18 PM](#)

SARA CHAMBERS, Acting Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), said the fiscal note reflects the current \$51.50 cost of fingerprinting through DPS multiplied by the anticipated number of licensees going through the program the first and subsequent years.

CHAIR COSTELLO clarified that there is no impact to the state because of receipt authority. The applicants will absorb the cost of the background check.

MS. CHAMBERS agreed. Responding to a further question she clarified that the current \$51.50 fee is subject to the regulatory fee change process.

CHAIR COSTELLO asked if this will affect the division's ability to manage the overall fee structure for the professional licenses in the state.

MS. CHAMBERS replied she sees no conflict or concern.

[2:00:22 PM](#)

SENATOR GIESSEL asked if this board is in deficit or has funds that would cover any additional costs.

MS. CHAMBERS said she didn't have the figures, but this board and the division work well together to ensure that revenues cover expenses.

[2:01:00 PM](#)

ALAN LEVY, L.P.A., Chair, Board of Psychologist and Psychological Associate Examiners, stated that he is also employed as a therapist in private practice in Anchorage. In response to the question about why the board doesn't already have this authority, he explained that psychology as a licensed profession was created by the legislature in the 1960s when background checks were expensive and difficult to do. The checks were typically reserved for military and high governmental functions that required security clearance.

He explained that for the past eight years the Psychology Board has been trying to get the authority to do background checks, but the Department of Law (DOL) opined the board doesn't have the authority to enact regulations to give itself this power. SB 41 would change the statutes and grant the board the authority. Background checks are considered best practice and an essential part of protecting the public.

SENATOR STEVENS asked if licensure exams are required to become a psychologist.

MR. LEVY explained that a bachelors, masters and Ph.D. are required and applicants must have graduated from an accredited institution and meet the criteria laid out in statute and regulation. The extensive application process includes a self-disclosure and the board would like the ability to double check that and look into criminal matters.

He reported that the board is in good fiscal shape. It has had a budget surplus of over \$300,000 for the last several years and has been working with Ms. Chambers to reduce that surplus while preserving a cushion.

MR. LEVY informed the committee that 34 states and the District of Columbia require criminal background checks for psychologists but Alaska is one of the 17 states that doesn't have that requirement. He pointed out inconsistencies in Alaska's licensure requirements. Licensed family and marriage therapists, licensed clinical social workers, and licensed psychologists are not required to have a criminal background check but the new licensed profession of behavior analysts are required to undergo criminal backgrounds checks. He suggested that at the very least it makes sense to hold psychologists to the same standard as behavior analysts.

[2:08:13 PM](#)

DR. PHILLIP BAKER, Chair, Alaska Psychological Association, testified that he cannot endorse SB 41 until all licensed psychologists have reviewed the bill. The concern is that the language in the bill isn't specific and the limitations aren't clear as to what will be done with the information that is collected for the criminal investigation. The board does support licensing all psychologists and psychological associates and believes that the end of June would be a good time to add this requirement for new and renewal applicants. He offered to work to flesh the bill out so that everyone who has to submit to it is more comfortable.

[2:12:27 PM](#)

SENATOR GIESSEL explained to Dr. Baker that the bill provides the authority for the board to write a regulation to require a criminal background check.

DR. BAKER interjected that the language isn't clear.

SENATOR GIESSEL explained that there are specific laws governing the way the background checks can be used. The FBI requires the background check to be held only by the psychology regulatory board. It cannot be used or shared with anyone else and must be kept in a locked facility. The details will be fleshed out later, not in statute.

CHAIR COSTELLO noted that the bill has a judiciary referral.

MR. LEVY clarified that he is not a doctor.

[2:15:31 PM](#)

CHAIR COSTELLO closed public testimony.

SENATOR STEVENS said he was comfortable moving the bill.

[2:15:54 PM](#)

SENATOR STEVENS moved to report SB 41, labeled 29-LS0170\H, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that, without objection, SB 41 is reported from the Senate Judiciary Standing Committee.

[2:16:18 PM](#)

At ease

SB 33-FEES FOR TIRES

[2:18:20 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 33. "An Act relating to remittance of tire fees; and providing for an effective date." She noted that the bill was introduced at the request of the governor.

[2:19:39 PM](#)

ANNA KIM, Chief of Revenue Operations, Tax Division, Department of Revenue (DOR), introduced SB 33 explaining that the bill would change the deadline for vendors to pay the tire fees they collected. Tire fee payments currently are due 30 days following the last day of the calendar quarter but that has caused confusion because three of those quarters have months with 31 days. The bill proposes to align the due date to submit the fees with the end of the month.

She provided the following sectional analysis:

Section 1 changes the quarterly payment due dates to the last day of the calendar month.

Section 2 aligns the payment date used to determine timely pay credit with the new due dates in Section 1.

Section 3 applies the due date changes to the first calendar quarter after the date of the Act.

Section 4 provides an immediate effective date.

MS. KIM said the fiscal note is zero.

[2:21:15 PM](#)

SENATOR STEVENS asked if there was any opposition.

MS. KIM replied she didn't know of any and believes that taxpayers would appreciate more consistency.

[2:21:40 PM](#)

BRANDON SPANOS, Deputy Director, Tax Division, Department of Revenue (DOR), stated that he was unaware of any opposition to the bill. The language in statute causes confusion which results in late filers. By filing one day late, the taxpayer loses up to a \$900 credit and receives a five percent penalty for each 30-day period. The proposed change removes the ambiguity.

[2:23:02 PM](#)

CHAIR COSTELLO closed public testimony and stated she would hold SB 33 for further consideration.

SB 34-PCE ENDOWMENT FUND INVESTMENT

[2:23:25 PM](#)

CHAIR COSTELLO announced the consideration of SB 34. "An Act relating to investment of the power cost equalization endowment fund; and providing for an effective date."

[2:23:41 PM](#)

PAM LEARY, Director, Division of Treasury, Department of Revenue (DOR) explained that the fund purpose is to annually fund the power cost equalization endowment fund and the rural electric capitalization fund, and to reimburse the cost of managing the fund. The amount that can be appropriated is seven percent of the monthly average of the fund for the previous three fiscal years. The annual appropriation is used to fund the cost of energy in areas that are experiencing high energy costs.

The fund was established in 2000 with a \$100 million appropriation from the Constitutional Budget Reserve. It received an additional \$89.6 million in 2002 from the proceeds of the Four Dam Pool project. There were two additional appropriations: one in 2007 for \$182.7 million and the second in 2012 for \$400 million. On January 31, 2015 the fund had a balance of \$950.7 million.

SB 34 removes the 7 percent stated nominal return target from statute and allows the revenue commissioner to invest the fund at potentially a lower rate while still meeting the objectives of the program. The bill has a zero fiscal note and additional funds will not be required to continue to manage the fund.

[2:23:45 PM](#)

GARY BADER, Chief Investment Officer, Trusts and Portfolio Management, Department of Revenue (DOR) advised that the goal is to achieve the highest rate of return with the lowest risk possible. Current law directs the revenue commissioner to achieve a specific return without regard to risk. He directed attention to the page in the packet titled 2015 Capital Market Expectations from Callan Associates that estimates what is likely to be achieved over the next ten years in the capital market. It demonstrates that in order to achieve a 7 percent return, the commissioner of revenue would have to adopt an asset allocation that is almost entirely equities. The projected risk or standard deviation means it could drop 20 percent to 30

percent in one year. That is very risky and no way to run an investment program, he said.

He summarized that SB 34 would allow the commissioner to meet the goals of the program without having to try to achieve a 7 percent nominal return.

[2:30:49 PM](#)

SENATOR STEVENS asked if the fund has achieved 7 percent in recent history.

MR. BADER answered yes; the fund has done very well. He offered to follow up with the numbers.

CHAIR COSTELLO asked the genesis of the legislation.

MR. BADER replied this legislation has been proposed before and supported by previous commissioners.

[2:32:03 PM](#)

CHAIR COSTELLO announced she would hold SB 34 in committee.

[2:32:49 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:32 p.m.