

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 11, 2017

1:31 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Shelley Hughes, Vice Chair
Senator Kevin Meyer
Senator Gary Stevens
Senator Berta Gardner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 49(FIN)

"An Act extending the termination date of the Board of Certified Direct-Entry Midwives; and providing for an effective date."

- HEARD & HELD

SENATE CONCURRENT RESOLUTION NO. 10

Proclaiming 2018 to be the Alaska Year of Innovation.

- MOVED CSSCR 10(L&C)

SENATE BILL NO. 85

"An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 49

SHORT TITLE: EXTEND BOARD OF DIRECT-ENTRY MIDWIVES

SPONSOR(S): REPRESENTATIVE(S) KITO

01/18/17 (H) READ THE FIRST TIME - REFERRALS

01/18/17 (H) L&C, FIN

02/01/17 (H) L&C AT 3:15 PM BARNES 124
 02/01/17 (H) Heard & Held
 02/01/17 (H) MINUTE(L&C)
 02/03/17 (H) L&C AT 3:15 PM BARNES 124
 02/03/17 (H) Moved HB 49 Out of Committee
 02/03/17 (H) MINUTE(L&C)
 02/06/17 (H) L&C RPT 6DP 1DNP
 02/06/17 (H) DP: SULLIVAN-LEONARD, STUTES, WOOL,
 JOSEPHSON, BIRCH, KITO
 02/06/17 (H) DNP: KNOPP
 03/06/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/06/17 (H) Heard & Held
 03/06/17 (H) MINUTE(FIN)
 03/31/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/31/17 (H) Moved CSHB 49(FIN) Out of Committee
 03/31/17 (H) MINUTE(FIN)
 04/03/17 (H) FIN RPT CS(FIN) 8DP
 04/03/17 (H) DP: GARA, THOMPSON, WILSON, ORTIZ,
 GRENN, TILTON, SEATON, FOSTER
 04/07/17 (H) TRANSMITTED TO (S)
 04/07/17 (H) VERSION: CSHB 49(FIN)
 04/10/17 (S) READ THE FIRST TIME - REFERRALS
 04/10/17 (S) L&C, FIN
 04/11/17 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SCR 10

SHORT TITLE: ALASKA YEAR OF INNOVATION

SPONSOR(s): COSTELLO

04/07/17 (S) READ THE FIRST TIME - REFERRALS
 04/07/17 (S) L&C, STA
 04/10/17 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)
 04/10/17 (S) Heard & Held
 04/10/17 (S) MINUTE(L&C)
 04/11/17 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)

BILL: SB 85

SHORT TITLE: AK WORKFORCE INVESTMENT BOARD; FUNDS

SPONSOR(s): LABOR & COMMERCE

03/10/17 (S) READ THE FIRST TIME - REFERRALS
 03/10/17 (S) L&C, FIN
 03/23/17 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 03/23/17 (S) -- MEETING CANCELED --
 03/30/17 (S) L&C AT 9:00 AM FAHRENKAMP 203
 03/30/17 (S) -- MEETING CANCELED --
 04/04/17 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

04/04/17 (S) <Bill Hearing Canceled>
04/11/17 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)
04/11/17 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

CRYSTAL KOENEMAN, Staff
Representative Sam Kito
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 49 on behalf of the sponsor.

KRIS CURTIS, Legislative Auditor
Legislative Audit Division
Legislative Agencies and Offices
Juneau, Alaska

POSITION STATEMENT: Reviewed the audit report for direct-entry midwives during the hearing on HB 49.

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

POSITION STATEMENT: Provided information related to HB 49.

JOHANNA CROSSEH, direct-entry midwife representing herself
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 49.

MADI NOLAN GRIMES, Director
Juneau Family Health and Birth Center
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 49.

DEBORAH SCHNEIDER, Chair
Board of Certified Direct0Entry Midwives
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 49.

SUSAN TERWILLIGER, President
Midwives of Alaska
Eagle River, Alaska

POSITION STATEMENT: Testified in support of HB 49.

WESTON EILER, Staff
Senate Labor and Commerce Committee

Alaska State Legislature

POSITION STATEMENT: Reviewed the changes between version D and version J for SCR 10 and delivered opening remarks on SB 85.

GREG CASHEN, Deputy Commissioner
Department of Labor and Workforce Development
Juneau, Alaska

POSITION STATEMENT: During the hearing on SB 85, delivered a PowerPoint overview of the Technical and Vocational Educational Program.

PALOMA HARBOUR, Director
Division of Administrative Services
Department of Labor and Workforce Development (DOLWD)
Juneau, Alaska

POSITION STATEMENT: During the hearing on SB 85, answered questions related to the Technical and Vocational Educational Program.

FRED VILLA, Associate Vice President
Workforce Programs
University of Alaska Fairbanks
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 85.

DR. PEARL BROWER, President
Ilisagvik College
Barrow, Alaska

POSITION STATEMENT: Testified in support of amending SB 85 to include a five-year extension that the House passed.

KATHY LEARY
Ilisagvik College
Barrow, Alaska

POSITION STATEMENT: Testified in support of SB 85.

ANISHIA ELBIE, Co-Executive Director
Southwest Alaska Vocational and Education Center
King Salmon, Alaska

POSITION STATEMENT: Testified in support of amending SB 85 to include a five-year extension that the House passed.

DOUGLAS J. WALRATH, Ph.D., Director
Northwestern Alaska Career and Technical Center
Nome, Alaska

POSITION STATEMENT: Testified in support of SB 85.

ACTION NARRATIVE

[1:31:28 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Gardner and Chair Costello. Senators Hughes, Meyer, and Stevens arrived during the meeting.

HB 49-EXTEND BOARD OF DIRECT-ENTRY MIDWIVES

[1:31:59 PM](#)

CHAIR COSTELLO announced the consideration of HB 49. She stated that the intent is to hear from the sponsor, take questions and public testimony, and hold the bill for further consideration. [CSHB 49(FIN) was before the committee.]

[1:32:19 PM](#)

CRYSTAL KOENEMAN, Staff, Representative Sam Kito, Alaska State Legislature, explained that HB 49 extends the Board of Direct-Entry Midwives for six years, to 2023. Legislative Audit recommended a four-year sunset extension and the House Finance Committee recommended a six-year sunset. The sponsor is comfortable with the finance recommendation with the understanding that the board's deficit will be paid off. Also, extending the audit the additional two years will reduce costs to the state.

[1:33:28 PM](#)

KRIS CURTIS, Legislative Auditor, Division of Legislative Audit, Legislative Agencies and Offices, stated that the division conducted a sunset audit of the Board of Direct-Entry Midwives to determine whether it is serving the public interest and should be extended. The last sunset audit of this board was conducted in 2014. At that time the division found that the investigative staff of the Division of Corporations, Business and Professional Licensing (DCBPL) was not actively pursuing investigations. This posed a public safety risk and the board was given a two-year extension. The 2016 audit found that the board was serving the public interest and was effectively licensing and regulating direct-entry midwives. A four-year extension was recommended.

She said Legislative Audit made three recommendations in the last audit.

Recommendation 1: The Division of Corporations, Business and Professional Licensing, in consultation with the board, should increase licensing fees to address the operating deficit.

Ms. Curtis noted that in 2014 the deficit was about \$115,000 and in 2016 the deficit had grown to just over \$183,000. Fees were increased during this time but were insufficient to cover the board's operating costs.

Recommendation 2: The director of the Division of Corporations, Business and Professional Licensing should take steps to ensure that license records are accurate.

Ms. Curtis explained that audit test work found two errors. The wrong license was listed as on probation in the online database, and a consent agreement that the board had approved had the wrong year listed.

Recommendation 3: The legislature should consider alternate forms of regulating the midwifery profession.

She said this is an unusual recommendation that is made in light of the rising deficit and the small number of licensees. To address the deficit DCBPL management plans to increase licensing fees significantly. By 2020 fees are expected to be about \$4,000 for direct-entry midwives and about \$2,000 for apprentice midwives. Legislative Audit believes this fee structure poses a barrier to entry into the profession and could result in a lower number of midwives available to the public.

[1:36:51 PM](#)

CHAIR COSTELLO asked if this was the first time Legislative Audit the legislature look at alternate forms of licensing a profession.

MS. CURTIS said they have made that recommendation in the past and have also recommended terminating due to a large deficit. She directed attention to the Department of Commerce, Community and Economic Development (DCCED) response on page 21 of the audit. DCCED concurred with the first two recommendations and had no position on the third recommendation but did acknowledge that merging the board with a similar profession would improve its fiscal situation. The board's response is on page 23. They concur with recommendations 1 and 2, but strongly disagree with recommendation 3. They point out that midwifery is a unique profession and other boards would have difficulty regulating it. The suggestion to combine with the Board of Nursing or the

Physician's Board would be problematic because those boards are in direct competition with the CDM profession. They fear being regulated out of practice and strongly believe that neither of these boards would want midwives to have any role in regulating their profession.

[1:37:31 PM](#)

SENATOR HUGHES joined the committee.

[1:38:38 PM](#)

CHAIR COSTELLO said she understands that similar suggestions have not been successful.

[1:38:59 PM](#)

SENATOR STEVENS joined the committee.

CHAIR COSTELLO asked if it is unusual for a board to carry a deficit for a decade, as this board has.

MS. CURTIS said she can't confirm that this board has been in deficit for a decade, but prior audits indicate that licensing fees have been a consistent problem. The board has also experienced investigative costs.

CHAIR COSTELLO asked Ms. Chambers to comment on the audit and anything else the committee should know.

[1:40:47 PM](#)

SARA CHAMBERS, Deputy Director, Division of Corporations, Businesses and Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), Juneau, said the division concurred with the first two recommendations and has been working with the board to eliminate the deficit. Statute requires all licensing programs to cover their expenses, including investigations of unlicensed activity. This is a very sensitive public health profession and their investigative and legal costs are quite high relative to the number of licensees. Licensing fees have been increased to about \$3,800 to cover costs going forward and to eliminate the debt.

CHAIR COSTELLO asked what the licensing fees are for nurses, physicians and chiropractors.

MS. CHAMBERS said a physician's license is \$300 a nurse's license is \$165, and a chiropractor's license is \$450. The fees generally reflect the number of people who support the overhead

and costs. Physicians and nurses have large boards whereas the chiropractor board is smaller.

SENATOR GARDNER commented that if the board objects to being merged with either the Board of Nursing or the State Medical Board, it is deciding that its membership will pay the high fees.

MS. CHAMBERS acknowledged the comment.

SENATOR HUGHES asked if there had been any conversations with either the Board of Nursing or the State Medical Board. She surmised that those boards wouldn't support the merge.

MS. CHAMBERS said there have been no formal conversations but anecdotally the top concern is how the fees would be managed if the program is bringing in a deficit. She added that it isn't unprecedented for multiple professions to be housed under one board.

[1:45:52 PM](#)

SENATOR MEYER joined the committee.

SENATOR GARDNER asked if the committee will hear from members of the board.

CHAIR COSTELLO said yes.

[1:46:22 PM](#)

CHAIR COSTELLO opened public testimony on HB 49.

[1:46:45 PM](#)

JOHANNA CROSSEH, representing herself, said she is a direct-entry midwife in Juneau who is testifying in support of HB 49. She stated, "We like our board so much that we're willing to pay the \$3,800 licensing fee in an effort to get us out of this debt situation we've gotten ourselves into."

CHAIR COSTELLO asked her to comment further on the board's willingness to address the deficit within the current membership.

MS. CROSSEH maintained that she and other midwives are willing to pay the fees because they understand how unique their profession is. Anecdotal reports from nurses and doctors indicate a lack of support for merging with a board that is operating in a deficit, she said.

CHAIR COSTELLO asked the cost of a home birth.

MS. CROSSEH said most midwives in Juneau charge \$3,500 and Medicaid pays about \$1,200 for the same home birth.

CHAIR COSTELLO asked what a hospital birth costs.

MS. CROSSEH said she didn't have exact figures, but the midwife option certainly saves the state money.

SENATOR GARDNER asked if there is an accredited program for midwives in Alaska.

MS. CROSSEH said nothing is offered in-state but accredited distance programs are available. The birth center where she works in Juneau offers the internship portion of the accredited training. Many birth centers and private midwives in Anchorage also offer apprenticeships.

[1:50:09 PM](#)

MADI NOLAN GRIMES said she is a direct-entry midwife and the director of a local birth center in Juneau who is speaking in support of HB 49. She echoed Ms. Crosseh's comments that midwives as a profession acknowledge that they are willing to pay down their debt and will continue to pay the elevated fees.

SENATOR GARDNER asked if the \$3,800 fee is a barrier to entry for starting midwives.

MS. NOLAN GRIMES said the hope is that the licensing fees will even out as the deficit is addressed.

[1:51:57 PM](#)

DEBORAH SCHNEIDER, Chair, Board of Direct-Entry Midwives, Wasilla, said she is testifying in support of HB 49. She said midwives have been licensed in Alaska for more than 20 years and they have worked hard to provide good, safe care. The licensing fees have fluctuated up and down over the years and the current licensees are committed to paying down their deficit. The board is also working with multiple state agencies to prevent protracted and expensive investigations that the board has faced in the past. The first two recommendations from the audit have been addressed but the board does not agree with the third recommendation to address the deficit by merging with another board.

[1:54:34 PM](#)

SUSAN TERWILLIGER, President, Midwives Association of Alaska said she is a certified direct-entry midwife who has an office in Eagle River and does home births. She is speaking for the membership in support HB 49. They agree to pay the high fees to eliminate the deficit. The uniqueness of the profession underscores the importance of this board overseeing the midwifery profession and protecting public safety.

CHAIR COSTELLO asked if she knows the range of costs for a hospital birth.

MS. TERWILLIGER said no, but the packets should have information showing how much direct-entry midwives save the state in Medicaid payments.

[1:57:12 PM](#)

At ease

[1:57:28 PM](#)

CHAIR COSTELLO reconvened the meeting and advised that the document is online but not in the packets.

MS. TERWILLIGER read from the document she referenced. In 2015, Medicaid payments per birth by CDNs was \$1,168 and the Medicaid payment for a low-risk hospital birth was \$3,171.

CHAIR COSTELLO asked if midwives have adjusted their charges based on their licensing fees.

MS. TERWILLIGER said no.

[1:59:39 PM](#)

CHAIR COSTELLO closed public testimony on HB 49 and held the bill in committee for further review.

[2:00:15 PM](#)

At ease

SCR 10-ALASKA YEAR OF INNOVATION

[2:02:27 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SCR 10.

[2:03:03 PM](#)

SENATOR HUGHES moved to adopt the work draft CS for SCR 10, labeled 30-LS0618\J, as the working document.

CHAIR COSTELLO objected for discussion purposes.

2:03:27 PM

WESTON EILER, Staff, Senate Labor and Commerce Committee, Alaska State Legislature, reviewed the following changes in version J for SCR 10:

Page 1, line 1. The title reads, "Proclaiming 2018 to be the Year of Innovation in Alaska."

Page 1, line 16 through page 2, line 3. Several new categories of Alaskan innovators were added including: indigenous peoples, Alaska Natives, teachers, entrepreneurs, students, and all hard-working Alaskans.

Page 2, lines 14-31. Five new paragraphs were added that expand on the economic development and innovation currently happening in the state. Collaboration between regional and statewide economic development organizations is highlighted; entrepreneurial and innovation ecosystems are emphasized; the importance of intellectual property and university research is cited; and it emphasizes that a strong innovation ecosystem depends on promotion from existing companies, new industries, and strategic ventures.

Page 3, lines 9-10, conform to the title change.

MR EILER concluded that the resolution was expanded to include comments from members. The changes help start a conversation that is in line with what this committee and the Senate has worked on this session.

SENATOR GARDNER suggested changing the language on page 1, line 16, to replace "indigenous peoples, Alaska Natives" with "Native peoples, pioneers, scientists, builders". This acknowledges the diversity and variation among early Alaskans and provides a timeline.

MR. EILER said that same idea is what precipitated including "indigenous people" on page 1, line 16.

2:08:21 PM

CHAIR COSTELLO asked for clarification that she was suggesting saying "Native peoples, pioneers, explorers" and then continue with the existing language starting with "miners" on page 2, line 1.

SENATOR GARDNER said yes.

CHAIR COSTELLO said she would consider that a friendly amendment. She asked if there was objection.

SENATOR STEVENS said he didn't object but he didn't believe that Alaskans are any more innovative than other Americans. "We're Americans first and I think it's unnecessary to say all these glowing things about us when, in fact, I don't know if it's necessarily true."

CHAIR COSTELLO said she didn't intend to compare Alaskans to anyone else.

SENATOR GARDNER said she believes a lot of people come here with a spirit of adventure that isn't necessarily found in other places. It's not unique because it does exist elsewhere, but there's more of it here.

[2:11:12 PM](#)

SENATOR HUGHES observed that in that same paragraph there are other things than geography and climate that Alaskans respond to. She suggested including the word "challenges" to reflect more innovative ways.

CHAIR COSTELLO, noting that an amendment was not offered, reminded members that she asked them to look closely at that paragraph. She said she was happy with the existing language and solicited other comments.

SENATOR HUGHES said, "I'm okay."

[2:12:38 PM](#)

SENATOR HUGHES moved to report the CS for SCR 10 from committee with individual recommendations and attached fiscal note(s).

[2:12:55 PM](#)

SENATOR GARDNER objected to ask if her amendment was accepted.

CHAIR COSTELLO said yes.

SENATOR GARDNER removed her objection.

CHAIR COSTELLO asked Senator Hughes to restate the motion to reflect the amendment.

[2:13:07 PM](#)

SENATOR HUGHES moved to report the CS for SCR 10, as amended, from committee with individual recommendations and attached fiscal note(s).

[2:13:48 PM](#)

CHAIR COSTELLO announced that without objection, CSSCR 10(L&C) moved from the Senate Labor and Commerce Standing Committee.

[2:13:56 PM](#)

At ease

SB 85-AK WORKFORCE INVESTMENT BOARD;FUNDS

[2:18:02 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 85. She explained that this is the sunset reauthorization for the Alaska Technical Vocational Education Program, and the House passed the companion bill on Sunday. The intention today is to hear the introduction of the Senate bill and take public testimony.

[2:19:09 PM](#)

WESTON EILER, Staff, Senate Labor and Commerce Committee, Alaska State Legislature, stated that SB 85 extends the Alaska Technical and Vocational Education Program (TVEP). Funds for the program come from employee contributions to the Unemployment Insurance Trust Fund and are used for vocational education and workforce development. The legislature established TVEP in 2000 and the distribution of the funds was split between the University of Alaska, the Kotzebue Training Center, and the Alaska Technical Center (AVTEC). The list has expanded since then to include 10 training centers, including the University of Alaska that receives 45 percent of the funds generated from the assessments. For FY2017 this is estimated to be about \$13.2 million. The committee is sponsoring the bill at the request of the administration.

MR. EILER stated that Section 1 extends the program through June 30, 2020. Page 1, line 11, through page 2, line 6, lists the recipients and percentage each receives as assigned by statute. The funds are allocated as follows:

University of Alaska	45 percent
Galena Interior Learning Academy	04 percent
Alaska Technical Center	09 percent
Alaska Vocational Technical Center	17 percent
Northwestern Alaska Career & Technical Center	03 percent
Southwest Alaska Vocational & Education Center	03 percent
Yuut Elitnaurviat, Inc. People's Learning Center	09 percent
Partners for Progress in Delta, Inc.	03 percent
Amundsen Educational Center	02 percent
Ilisagvik College	05 percent

Section 2 addresses retroactivity to ensure there isn't a gap in funding.

[2:23:24 PM](#)

GREG CASHEN, Deputy Commissioner, Department of Labor and Workforce Development, Juneau, thanked the committee for inviting Paloma Harbour and himself to give an overview of the Technical and Vocational Education Program (TVEP).

He explained that SB 85 reauthorizes the allocation of TVEP funds for three years. This program was established by the legislature in 2000 to enhance the quality and accessibility of job training throughout the state and to align training with regional workforce demands. The program is funded through employee contributions to the Unemployment Insurance Trust Fund. The purpose is to ensure a statewide training infrastructure for unemployed individuals, adults and youths, who may need training to return to work. TVEP funds are distributed to technical and vocational education training entities as designated by statute. The program supports operating costs for training centers across the state, including rural Alaska, and provides a range of vocational training from entry-level courses to associate degrees. In FY2016, the ten TVEP recipients were allocated \$12.5 million and served 10,295 Alaskans. This translates to \$1,215 per participant.

MR. CASHEN said TVEP effectively decreases unemployment and increases graduation rates, employment and earnings, and Alaska hire. He opined that a statewide network of training providers is critical to developing an Alaska workforce and SB 85 is necessary to educate and train Alaskans for Alaska jobs. He displayed a chart showing the number of Alaskans that completed the program in FY2012-FY2015 and the number that were employed within a year of completing their training. He said success in these programs gives students the skills and confidence needed to start employment or seek additional training. Oftentimes

students will advance from one training provider to another as they advance their skills.

MR. CASHEN displayed a chart showing the median wage for TVEP participants 7-12 months after they exited the program. He highlighted that many participants continue their training and only work part time, which brings down the average. In FY2016, the average earnings per participant one year before entering TVEP training was \$19,080 compared to \$24,293 one year after training. On average, the salary increase is 27 percent. The cumulative earnings one year after TVEP training was \$26 million more than one year before TVEP training. Slides 8 and 9 list the 23 occupations of TVEP participants. He explained that the TVEP program does not categorize the jobs as training related because many of the trainings are broad employment skill programs that will benefit the participant in a range of jobs. He cited the examples of driver's education and Microsoft Excel.

[2:29:09 PM](#)

CHAIR COSTELLO referenced slide 9 and asked how he'd explain that 30 people are employed in "unknown or unavailable" occupations.

MR. CASHEN said he would follow up with an answer after consulting the research and analysis section, but his guess is that it wasn't possible to match the training with an occupation.

CHAIR COSTELLO referenced slide 8 and noted that the highest number of employed are in office and administrative support occupations. She asked if the employment numbers reflect the area the participants received training.

PALOMA HARBOUR, Director, Division of Administrative Services, Department of Labor and Workforce Development (DOLWD), Juneau, said several training providers offer office support training. Training such as business and office technology, Microsoft Excel and Word, and medical office assistants might be put in the administrative support category.

MR. CASHEN displayed a chart showing the TVEP distribution by recipient from FY2015-FY2018. He explained that the FY2018 distribution assumes the current statutory allocation and is based on the projected revenue in the fund. He highlighted that when employment decreases, the revenue to the fund also decreases.

MS. HARBOUR clarified that the \$13.2 million cited when the bill was presented was the estimate based on the original governor's budget. It's closer to \$12 million, based on revised revenue projections. Revenue is down significantly because overall employment is down.

SENATOR STEVENS asked which entity is the Seward Skill Center.

MS. HARBOUR said it's the Alaska Vocational Technical Center or AVTEC.

SENATOR MEYER asked if University of Alaska refers to the system and funds go to all the campuses.

MS. HARBOUR said it's for the system and the university prepared a report that breaks down the amount of money that is awarded to each of the campuses.

SENATOR HUGHES asked if a student could use TVEP funds at Northern Industrial Training or other private sector training programs.

MS. HARBOUR said the State Training and Employment Program (STEP) provides workforce development grants to training entities, and it provides grants to individuals to attend various training programs. TVEP funds only go to the entities listed.

CHAIR COSTELLO clarified that STEP is a competitive grant program and the recipients of TVEP funds are listed in statute. She understands there is some overlap.

[2:34:59 PM](#)

MR. CASHEN displayed slide 11 that provides performance details by recipient, including the amount distributed and the number of Alaskan adults and students served in FY2016.

CHAIR COSTELLO asked him to comment on the variation in the funding. For example, the Amundsen Educational Center receives 2 percent of the funding and it serves 17 participants whereas the Galena Interior Learning Academy receives 4 percent of the funding and serves 260 participants.

MR. CASHEN said the department doesn't compare the individual training centers for performance; they simply report the numbers as required by statute.

CHAIR COSTELLO said the King Career Center in the Anchorage School District doesn't receive any TVEP funds but K-12 students in Galena and NACTEC are receiving assistance through TVEP. "Why are we giving some training outfits money outside the BSA while others have to perform within the base student allocation that the legislature provides?"

[2:37:47 PM](#)

MS. HARBOUR restated that the purpose of the TVEP program is to ensure a statewide training infrastructure. Through conversations with prior commissioners she understands that it wasn't affordable to have a career center like KCC in every rural site, but conforming a boarding school with the vocational technical infrastructure was a viable option. Students from rural locations come to a central site to get workforce development type training at a more affordable rate to the state.

CHAIR COSTELLO asked why, despite the reporting requirements in state law, the performance data on slide 12 includes no information from the Galena Interior Learning Academy. She asked if the information is missing because the recipients of these state grants are public school students.

MS. HARBOUR said that's correct. Federal privacy laws prevent the sort of matching that is done for the rest of the programs.

SENATOR STEVENS commented that it's an interesting point. It was stated that the purpose of the program is retrain individuals who are unemployed, but training high school students is a little different. He asked how that combination can be justified.

MS. HARBOUR clarified that the focus of the TVEP program is to ensure a training infrastructure across the state, although it can be used to retrain the unemployed. The idea is to train people to replace the aging workforce as well as to retrain individuals or keep them employed. For example, Ilisavik College does a lot of retraining of individuals who are currently employed but need to renew their certification.

CHAIR COSTELLO asked if the data on slide 12 is based on general employment or employment in the area where the training was received. She described that as an important distinction for measuring the success of the institution.

MR. CASHEN said the data represents general employment. Because some of the training is general workforce readiness, it's difficult to match with an occupation.

CHAIR COSTELLO observed that one of the institutions receives over \$14,000 per student but just 50 percent are employed 1 year after exiting the program. She asked if there's a way to link the money spent per student with the success of the program to keep an institution from using the money for things other than training, such as replacing a roof.

MS. HARBOUR said the statute requires the money to be distributed to the entities at listed percentages. The department simply prepares a report to inform the legislature of the performance of each institution. It is solely within the legislature's purview to make any changes.

MR. CASHEN concluded the PowerPoint presentation and reminded members that the annualized median wage after exit data is an estimate of an annual salary. He also noted that the FY2016 TVEP report in the packets provides more detail per recipient. It also includes other performance outcomes such as improved graduation rates and college credits earned while in high school.

[2:45:06 PM](#)

CHAIR COSTELLO opened public testimony on SB 85.

[2:45:36 PM](#)

FRED VILLA, Associate Vice President, Workforce Programs, University of Alaska Fairbanks, encouraged the committee to reauthorize the TVEP program. He described it as a critical investment in Alaska's future, particularly in economic and workforce development. Responding to the Senator Meyer's question, he explained that the university receives a single allocation to the UA System. The funds are used to shape and enhance workforce development programs and to help graduates find employment once they complete both credit and noncredit programs. These include occupational endorsements, certificates, associate and bachelor degrees, as well as some post-graduate degrees and certifications.

He explained that the university has established some guidelines for investing in programs for workforce development for the state. The first area is pre-college programs that connect youth with career paths that help prepare them for the academic rigors associated with technical education and training in the

postsecondary arena. The second area is in academic certification and degree programs that prepare students for careers. The third area is professional development and continuing education for those people who already have careers and those looking to transition to another career. To this end, the university provides grants to high-demand career and technical education programs and partnerships for industry-specific, on-the-job and classroom training.

MR. VILLA explained that the primary criterion for the investment is that it is a high-demand job identified by the Alaska Workforce Investment Board. They also look at the economic and community development priorities for different regions across the state. Another consideration is career pathways that provide a series of connected education and training programs and support services to prepare individuals for a career and to advance successfully to higher levels of education and employment.

He highlighted that all the programs the university invests in have an industry advisory committee to guide the programs, ensure they meet employer requirements, and help graduates gain employment. Some of the priority careers the UA TVEP funding supports include health sciences, mining process technology, manufacturing occupations, and transportation distribution and logistics. The university is also investing in the culture of education and teacher preparation, and the agriculture, food, and natural resources cluster that encompasses fisheries, energy, and environmental sciences. The university is leveraging registered apprenticeship programs with competency-based training with university credits, and it is expanding its web-based and simulation technologies and growing other partnerships and concurrent enrollment opportunities for students to get into the workplace earlier.

The Alaska Department of Labor and Workforce Development projects that 65 percent of Alaskans will need postsecondary education or training to meet Alaska's workforce needs by 2025. If the university is to continue to develop the workforce of tomorrow, TVEP will be critical.

MR. VILLA referenced an earlier question about the data on slide 12 and enumerated the challenges of reporting that data. He said one challenge is that people employed in certain areas of government or the self-employed don't appear in DOLWD employment statistics. Another challenge is that a student may complete a course in one area but not graduate that year because their

degree is in another area and they haven't completed that course of study. He related the example of the process technology program that was developed in response to attrition of oil and gas workers on the North Slope. When the university looked at increasing the investment in that program they found that just 70 percent of graduates were employed out of the program. Further analysis showed that many of the program beneficiaries were employed in the mining industry, wastewater treatment, and power generation. Well over 85 percent were working in an industry with the knowledge and skills that they developed in the training program, but it wasn't in that individual industry sector. He described that as a major success and opined that it gives some clarity to the questions regarding the exit data.

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CHAIR COSTELLO asked if West High School's process technology program is funded through the university's TVEP grant or through the base student allocation.

MR. VILLA said the university doesn't provide any direct funding for that program but they have partnered with regional training centers. The Kenai Peninsula College process technology program is an example.

CHAIR COSTELLO asked him to comment on how the university's TVEP funds have changed over the years.

MR. VILLA said the percentage of TVEP funding the university has received has varied through the years, largely based on the number of recipients. Fortunately, the legislature helped to stabilize the funding by increasing the total amount of money available to the recipients. He opined that that employing that same mechanism could ensure that the identified training centers don't suffer a reduction should additional recipients be identified now or in the future.

CHAIR COSTELLO asked if he provided a list of entities that receive TVEP funding through the university.

MR. VILLA said no, but 50 grants were disbursed across the system in 2017, which included virtually every campus.

CHAIR COSTELLO asked if the university has a memorandum of agreement (MOA) with the Fairbanks Pipeline Training Center.

MR. VILLA said yes; in 2008 the legislature directed that a portion of the university receipts should pass through to that

organization. The allocation at that time was \$882,400. The MOA stipulates that the training center is accountable for reporting training data that is required in the current legislation.

SENATOR STEVENS asked where he could find the administrative and overhead costs of the programs that receive TVEP grants through the university.

MR. VILLA explained that the University System pays one support person \$130,000 to help administer the TVEP program. Beyond that there may be grants for faculty, equipment, and first-time, continuation, or one-time funding. First-time funding is usually to setup a program that has been identified as in high demand. Continuation funding is to test that program is viable and to find long-term funding. One-time funding is for technical and equipment upgrades to current standards. The university generally does not do capital funding.

SENATOR STEVENS asked if information about the administrative and overhead costs can be found in the reports of the grantees.

MR. VILLA indicated he didn't hear the question.

CHAIR COSTELLO said Senator Steven's asked if the university's TVEP grant recipients use any of the funding for capital projects.

MR. VILLA said not that he recalls in recent history.

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DR. PEARL BROWER, President, Ilisagvik College, Barrow, stated that Ilisagvik is Alaska's only tribal college and its only independent community college. Last fall Ilisagvik was rated the number two community college in the nation, and Alaska's number one community college. It is a public institution that is accredited by the Northwest Commission on Colleges and Universities.

DR. BROWER said she is testifying in support of SB 85 reauthorizing the Technical and Vocational Education Program, but for five years as stated in the House legislation. The five-year extension is important because it provides time for forward thinking and planning for the future. Ilisagvik joins the nine other organizations that are part of the program. The common mission is to provide quality workforce development education to support the needs of Alaskans. She reported that in FY2016, Ilisagvik served 696 unduplicated adult students and 32

unduplicated high school students. The 2016 performance measures show that 82.7 percent of their TVEP-funded students were employed one year after exit or the end of the program. The median wage was over \$24,000 7-12 months after exit.

Using the TVEP funding, Ilisagvik offers training opportunities across the state and provides residents the ability to be credentialed, to get a job, or to advance in their current job. She highlighted that many Ilisagvik students are employed and they need to be recertified to maintain employment. The college works directly with employers to assess need and provide a skilled workforce. Without the current structure of TVEP funding Ilisagvik could not reach as many Alaskans or provide as many workforce training opportunities as it does today. She emphasized the importance of continuing to make education a priority.

CHAIR COSTELLO advised that the House bill reauthorizes the program for five years, whereas SB 85 has a three-year extension.

SENATOR STEVENS asked what jobs Ilisagvik graduates get for \$24,000 7-12 months after exit.

DR. BROWER suggested Kathy Leary respond to the question. She said in general, most of the students are already employed and attend school to get certification or continuing education for things like wastewater treatment or water treatment or in the health field.

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KATHY LEARY, Ilisagvik College, Barrow, said she doesn't know the formula that is used to determine the median wage, but many of the jobs that students receive after they finish their training are short-term and project-specific. If they were employed full time the reported wage would probably be higher.

SENATOR STEVENS said he might ask the department what "annualized median wage after exit" means because \$48,000 is substantial.

MS. LEARY added that Ilisagvik College tries to maximize costs by putting as many people in a class as possible, including people who are also working and paying into the fund.

CHAIR COSTELLO asked Ms. Leary if she had general testimony on the bill.

MS. LEARY stated that whenever possible Ilisagvik shares the cost of instruction with employers. She cited training for jobs in wastewater treatment as an example. She explained that they support the five-year extension because it provides more stability and helps with scheduling programs.

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ANISHIA ELBIE, Co-Executive Director, Southwest Alaska Vocational and Education Center (SAVEC), King Salmon, said she is speaking in support of SB 85 to reauthorize the funding for the Alaska Workforce Investment Board, but with the five-year extension that the House passed. She pointed out that as taxable wages decline, TVEP will have a \$1.2 million shortfall. Should the 3 percent distribution continue, SAVEC's receipts will decrease \$39,600 in FY2018. She said that as taxable wages decline throughout the state and workers are displaced, it will be more important for workforce training to continue. She highlighted that fishing and support industries are critical to Alaska's economy. SAVEC is working to improve seafood processing industries and is emphasizing Alaska hire. This has been a problem in the Bristol Bay region. The Bristol Bay Borough has 93.8 percent nonresident hire, Dillingham has 84.6 percent nonresident hire, and the Lake and Peninsula Borough has 91.3 percent nonresident hire. She estimated that is more than 3,300 jobs and \$29 million that could have stayed in the state and multiplied in local and state economies.

She listed the entities that SAVEC partners with to fund workforce training. Since fall 2016, SAVEC has trained 198 adults in 28 separate courses. She noted that the committee heard that 74.8 percent of SAVEC trainees are employed 1 year after exit. SAVEC training has contributed greatly to the local and state economy. According to the state's September 14 wage report, SAVEC's 115 HAZWOPER refresher trainees contributed over \$5 million to the state's economy in the first year after training. SAVEC and the other regional training centers are committed to training Alaskans for Alaskan jobs.

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DOUGLAS J. WALRATH, Ph.D., Director, Northwestern Alaska Career and Technical Center (NACTEC), Nome, Alaska, testified in support of reauthorizing TVEP. He stated that the regional training center network that is supported through TVEP funding provides autonomy and flexibility to meet the unique needs of each region's priority industries.

He said NACTC's approach is unique and was developed at the grassroots level about 15 years ago to meet the regional needs and address high dropout rates. The approach was to develop vocational and workforce development training at the high school level. Five years before TVEP funding was available to NACTC, the graduation rate in the Bering Strait School District averaged 39 percent.

Addressing the question about cost per student in urban versus rural areas, he pointed out that students from the 15 villages outlying Nome would be without the opportunity to receive vocational training if it weren't for the Regional Training Center network. The average cost to fly from a regional village to Nome for training is \$485.

DR. WALRATH explained that NACTC partnered with the Norton Sound Health Corporation to meet their needs for certified nurse aides (CNA) and village health aides. A series of courses were developed to expose students to health care careers in high school that lead to vocational training programs and certification for CNA and ETT (emergency trauma technician). The success rate for certification and summer employment is 93 percent. Without this partnership, students would need to leave the area for this training. This is an opportunity for local training that has a high success rate.

DR. WALRATH said another high priority in the region is driver education training. Responding to the earlier question about matching training to the specific area of employment, he related that two health aides and a village police safety officer (VPSO) took Driver Education training from NACTEC and got the licenses that were required for their work, but their area of employment doesn't match that training. He concluded his comments emphasizing the importance of the outreach to high school students in this region. "It's a wise use of funds."

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CHAIR COSTELLO informed members that the bill packets have copies of the TVEP report. Northwestern Alaska Career and Technical Center is on page 18.

[CHAIR COSTELLO held SB 85 in committee.]

[3:25:52 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 3:25 p.m.