

HOUSE FINANCE COMMITTEE
March 16, 2020
3:37 p.m.

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CALL TO ORDER

Co-Chair Johnston called the House Finance Committee meeting to order at 3:37 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Jennifer Johnston, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Andy Josephson
Representative Gary Knopp
Representative Bart LeBon
Representative Kelly Merrick
Representative Colleen Sullivan-Leonard
Representative Cathy Tilton
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Representative Adam Wool, Sponsor; Ashley Carrick, Staff,
Representative Adam Wool.

PRESENT VIA TELECONFERENCE

Teri Cothren, Associate Vice President, University of Alaska, Anchorage; Julie Queen, Vice Chancellor, Administrative Services, University of Alaska Fairbanks, Fairbanks; Anupma Prakash, Provost, Executive Vice Chancellor, University of Alaska Fairbanks, Fairbanks; Hannah Lager, Administrative Services Director, Department of Labor and Workforce Development, Office of Management and Budget, Office of the Governor; Miles Baker, Legislative Liaison, University of Alaska; Lacey Sanders, Administrative Services Director, Department of Education and Early Development, Office of Management and Budget,

Office of the Governor; Nicole Kimball, Pacific Seafood Processors Association, Anchorage; David Rees, Facilitator, Alaska Business Education Compact, Eagle River; Shannon Carroll, Trident Seafoods, Girdwood; Doug Walrath, Northwestern Alaska Career and Technical Center, Nome; Paula Cullenberg, Executive Director, Alaska Research Consortium, Anchorage; Anishia Elbie, Executive Director, Southwest Alaska Vocational and Educational Center, King Salmon.

SUMMARY

HB 235 AK WORKFORCE INVESTMENT BOARD:ALLOCATIONS

HB 235 was HEARD and HELD in committee for further consideration.

Co-Chair Johnston reviewed the meeting agenda.

#hb235

HOUSE BILL NO. 235

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

Co-Chair Johnston invited the bill sponsor to the table.

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REPRESENTATIVE ADAM WOOL, SPONSOR, was before the committee to discuss the re-authorization of the Technical Vocational Education Program (TVEP). He reviewed the bill. He noted there were testifiers online to answer questions.

Representative Wool read the Sponsor Statement:

In 2000, the Alaska Legislature established the Technical Vocational Education Program (TVEP). This program is administered by the Alaska Workforce Investment Board and utilizes a portion of Unemployment Insurance receipts to provide grants to career and technical education providers across the State. The TVEP program impacts thousands of students by offering industry-specific training opportunities that help Alaskans get to work.

HB 235 would re-authorize the TVEP program for an additional three years until fiscal year 2023. The program currently has ten recipients which include the University of Alaska, the Alaska Vocational Technical Education Center, the Alaska Technical Center, as well as other technical education providers across the State. These programs train Alaskans for industry-specific jobs in sectors such as fishing, transportation, health, mining, and construction.

Please join me in supporting House Bill 235 to re-authorize the TVEP program and keep thousands of Alaskans ready for the high-demand careers our State has to offer.

Representative Wool noted that the University of Alaska (UA) was the largest recipient of the bill. He indicated that some changes had been made in the House Labor and Commerce Committee he did not wish to keep. He preferred to return to the original version. The unemployment contribution rate was changed because the unemployment insurance fund was considered overfunded. He felt that the problems brought on by the coronavirus could necessitate using all the funding and he did not favor making any changes to the Unemployment Insurance (UI) benefits.

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ASHLEY CARRICK, STAFF, REPRESENTATIVE ADAM WOOL, presented the PowerPoint presentation titled "HB 235: Technical Vocational Education Program (TVEP) Re-Authorization" dated March 13, 2020.

Ms. Carrick turned to slide 1 titled "TVEP Program History:"

- Established under AS 23.15.830
- Created in 2000 to provide non- competitive grant assistance to education entities in Alaska that delivered specific vocational/ technical training.
- In 2014, the Legislature increased the amount of funds diverted to TVEP from 0.15% of unemployment insurance to 0.16%.

Ms. Carrick continued to slide 2 titled "Types of Training TVEP Recipients Offer:"

- Aviation
- Fisheries
- Construction
- Renewable Energy
- Mining
- Information Technology
- Transportation
- Health Care
- Other Vocational Training

Ms. Carrick drew attention to slide 3 titled "How TVEP Funding Gets Distributed." She pointed to the box on the right side of the flow chart and noted that it contained the employee portion of funding for the TVEP program.

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Ms. Carrick turned to slide 4 titled "TVEP Recipients Over Time:"

In 2000:
 University of Alaska: 52% Kotzebue Training Center: 16%
 Alaska Vocational Technical Center: 32%

In 2001:
 University of Alaska: 63% Kotzebue Training Center: 11%
 Alaska Vocational Technical Center: 22%
 Galena Project Education Training Center: 4%

In 2004:
 University of Alaska: 55% Kotzebue Training Center: 11%
 Alaska Vocational Technical Center: 22% Galena Project Education Training Center: 4%
 Southwest Alaska Vocational Education Center: 4% Yuut Elitnaurviat, Inc., People's Learning Center: 4%

Ms. Carrick continued to additional recipients over time on slide 5:

In 2008:
 University of Alaska: 45%
 Kotzebue Training Center- Alaska Technical Center: 9%
 Alaska Vocational Technical Center: 17%

Galena Project Education Training Center: 4% Southwest
Alaska Vocational Education Center: 3% Yuut
Elitnaurviat, Inc., People's Learning Center: 9%
Delta Career Advancement Center, Partners for Progress
Delta, Inc.: 3%
Amundsen Educational Center: 2%
Northwestern Alaska Career and Technical Center: 3%
University of Alaska Southeast: 5%

Ms. Carrick moved to slide 6 titled "Current TVEP
Recipients:"

In 2014 and again in 2017:
Statewide: University of Alaska: 45%
Kotzebue: Alaska Technical Center: 9%
Seward: Alaska Vocational Technical Center: 17%
Galena: Galena Project Education Training Center: 4%
Dillingham: Southwest Alaska Vocational Education
Center: 3% Bethel: Yuut Elitnaurviat, Inc., People's
Learning Center: 9% Delta: Partners for Progress
Delta, Inc.: 3%
Kenai: Amundsen Educational Center: 2%
Nome: Northwestern Alaska Career and Technical Center:
3%
Utqiagvik: Illisagvik College: 5% (Added in 2014)

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Ms. Carrick advanced to the chart on slide 7 titled "TVEP
Distributions Original Bill." She relayed that the chart
showed the TVEP distributions from FY 2018 through the
proposed distribution in FY 2021, which was included in the
House Labor and Commerce Committee version [prior committee
and current version] of the bill. Ms. Carrick addressed
slide 8 titled "TVEP Distributions Version M," the current
version of the bill. She reviewed the explanation of
changes document from Version A to Version M:

The proposed committee substitute makes three substantive
changes to the original A version of House Bill 235:

- In Section 1, it changes the TVEP contribution rate
from .16 to .18 percent. This adds to the overall
available pool of TVEP funds. This change is found on
page 1, line 7 of version M.

- In Section 2, it extends the sunset date an additional 2 years. The program would now sunset on June 30, 2025, rather than 2023 as proposed in the A version. This change is found on page 1, line 13 of the M version.
- In Section 2, the M version proposes to add one new allocation at 1.925% to the Kodiak Seafood and Marine Science Center. This change is found on page 2, line 13.
 - Allocations for other institutions, aside from the University of Alaska, are slightly decreased. These changed allocations are found on page 2, lines 4-12.
 - While allocations for most existing statutorily designated institutions are reduced by 3.5% from their current statutory amount, the change to the TVEP rate found in Section 1 allows each institution to see an increase in overall funds disbursed. See attached Table #1.
 - Section 3 adds a new subsection to AS 23.15.835. This new subsection (i) directs that the University of Alaska administer the funds allocated to the Kodiak Seafood and Marine Science Center for programing and capital improvements consistent with AS 16.52.020. AS 16.52.020 spells out the duties of the Kodiak Seafood and Marine Science Center. This change is found on page 2, lines 14-18.

There is one additional change to the A version in the retroactivity clause (section 4). All sections of the bill, including the newly proposed changes in Section 1 and Section 2, and the added Section 3, will take effect retroactively if the bill does not take effect by June 30, 2020.

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TERI COTHREN, ASSOCIATE VICE PRESIDENT, UNIVERSITY OF ALASKA, ANCHORAGE (via teleconference), highlighted the "University of Alaska Technical Vocational Education Program" PowerPoint presentation dated March 16, 2020. Ms. Cothren moved to Slide 2 titled "UA Provides 92 Percent of Postsecondary Education in Alaska." She offered that UA was the most comprehensive provider of workforce

development in the state through three separately accredited universities and 13 community campuses depicted on the map. She turned to Slide 3 titled "UA TVEP Process:"

- Competitive RFP Process
- Funding Priorities:
 - Aligned with TVEP statutes
 - Responsive to industry
 - Strategic one-time infrastructure/equipment investments
 - Develops and enhances partnerships

Ms. Cothren indicated that UA managed the TVEP funds as a single allocation to the UA system and was administered through a competitive Request for Proposal (RFP) process by the UA Workforce Development Committee. The committee included representatives from each university and the Alaska Workforce Investment Board executive director. The proposals must demonstrate the ability to generate match funding and a plan to maintain the program beyond TVEP funding. The TVEP funds were short-term and meant to initiate or enhance workforce development programs.

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Ms. Cothren addressed the pie charts on Slide 4 titled "UA FY 19 TVEP \$4.9M Funding Distribution." She pointed to the pie chart on the right and highlighted that the funding supported high priority industries. She offered that the health industry received the largest percentage at 34 percent, which was in alignment with the industry being the fastest growing in the state in 2019. The Resources and Energy category represented 18 percent and included oil, gas, and mining industry support. She noted the 14 percent distribution to the Fisheries, Seafood, and Maritime category. She mentioned the graph on the right side of the slide that showed TVEP support in all of Alaska's economic regions.

Ms. Cothren discussed Slide 5 titled "UA TVEP FY 19 Outcomes:"

- Adults served = 4,216
- High school students served = 276
- Total students served = 4,492

- Supports UA's ability to be responsive to Alaska's high-demand industries
 - Oil & Gas
 - Mining
 - Health
 - Aviation
 - Maritime

Ms. Cothren remarked that the following slides provided specific examples of how TVEP supported UA's ability to be responsive to high demand industries. She qualified that the TVEP funding was not the only funding UA invested in support of the industries.

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Ms. Cothren continued to Slide 6 titled "Oil & Gas - TVEP Investments & Outcomes:"

INVESTMENTS

- Expand access to fabrication, manufacturing, And 3D printing
- Improve welding program alignment across campuses
- Develop/deliver BS degree in Occupational Safety & Health
- Lease of state-of-the art shop and classroom space for process technology
- Well Control training

OUTCOMES

Time Period	FY 17 through FY 19
TVEP Investment	\$1.9 million
Graduates	1,937

Ms. Cothren turned to Slide 7 titled: " Oil & Gas - Student Success:"

UAF Process Technology Student Ryan McCarty

As a journeyman carpenter, Ryan was looking to change careers and interested in becoming a process operator. After completing his first two semesters in the program Ryan interned over the

summer with Alyeska at Pump Station 9, gaining valuable experience. During his third semester, Ryan applied and was hired by Petro Star at their new Fairbanks fuel terminal. He will be graduating with a Process Technology A.A.S. degree spring 2020 while already working in the industry.

Ms. Cothren moved to Slide 8 titled "Mining - TVEP Investments and Outcomes"

INVESTMENTS

- Delivery of hard skills mine training camps
- Millwright program expansion - dual Enrollment and statewide delivery through partnerships

OUTCOMES

Time Period	FY 17 through FY 19
TVEP Investment	\$704 thousand
Graduates	335

Ms. Cothren spoke to Slide 9 titled "Health Sciences - TVEP Investments and Outcomes:"

INVESTMENTS

- High-demand health program development and/or expansion
- State-of-the-art simulators and instructional technology
- Student-centered advising, tutoring, and summer bridge programs
- Pre-medicine programs

OUTCOMES

Time Period	FY 17 through FY 19
TVEP Investment	\$4 million
Graduates	2,011

Ms. Cothren noted that Health Care was one of the state's largest expanding industries and UA was working diligently to meet the demand. The TVEP funding contributed

significantly to the success of graduating over 2000 students in nursing and health science programs.

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Ms. Cothren discussed Slide 10 titled "Aviation - TVEP Investments and Outcomes:"

INVESTMENTS

- Airplanes, equipment, and technology upgrades
- Flight simulator
- Aviation maintenance apprenticeships

OUTCOMES

Time Period	FY 17 through FY 19
TVEP Investment	\$290 thousand
Graduates	382

Ms. Cothren offered that 82 percent of Alaskan communities were not served by roads and relied heavily on aviation as a primary source of transportation.

Ms. Cothren moved to Slide 11 titled "Maritime - TVEP Investments and Outcomes:"

INVESTMENTS

- Maritime program development and expansion
- Development of career awareness resources
- Equipment and technology upgrades
- Portable maritime training to expand access

OUTCOMES

Time Period	FY 17 through FY 19
TVEP Investment	\$2 million
Graduates	3,000

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Ms. Cothren highlighted Slide 12 titled "Maritime - Student Success:"

UAF Alaska Sea Grant
Seafood Processing Leadership Institute Completer Sam
Nothstine

Sam Nothstine, an expediter at Kwik'pak Fisheries in Emmonak, Alaska, received professional development in seafood processing to enhance his leadership skills in preparation for advancement in the industry.

Ms. Cothren provided concluding remarks associated with Slide 13 titled "Conclusion:"

UA strongly supports the reauthorization of TVEP (HB 235) This allows us to address Alaska's workforce needs by:

- Creating and supporting pathways to postsecondary education
- Delivering high-demand programs
- Providing professional development for the existing workforce

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Representative Sullivan-Leonard noted the maritime investments. She asked where the training took place. She wondered whether the Alaska Vocational Technical Center (AVTEC) provided the training. Ms. Cothren responded that AVTEC was a TVEP recipient that provided maritime training. She furthered that UA provided maritime training through the Ketchikan campus, Bristol Bay Campus in Dillingham, Kodiak Community College, Homer through the Kenai Peninsula campus, Prince William Sound, and Mat-Su Community Colleges. The maritime training program was dispersed over the states 34,000 miles of coastline.

Representative Sullivan-Leonard mentioned that the Kodiak Seafood and Marine Science Center (KSMSC) was listed as a new recipient. She wondered whether it was the same entity as Kodiak College and if the entity would be competing for funding with the college. Ms. Cothren answered that the center was part of University of Alaska Fairbanks, College of Fisheries and Ocean Science. The programs offered at the center was through the Alaska Sea Grant. She indicated that it was a complimentary program and not in competition with other programs. The program had been in existence and offered training in seafood processing.

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Co-Chair Foster referred to the Kodiak Seafood Marine Science Center and asked if the center was funded by UA. Ms. Cothren responded in the affirmative. She reminded the committee that over the years the Sea Grant program received TVEP funding through UA's internal process, for programs that were delivered through KSMSC. Co-Chair Foster asked how much the Kodiak Science Center received from the University and what the total budget was. Ms. Cothren deferred the answer.

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ANUPMA PRAKASH, PROVOST, EXECUTIVE VICE CHANCELLOR, UAF, FAIRBANKS (via teleconference), indicated that the Kodiak Seafood Marine Science Center had four UA faculty and staff members that provided training and workforce development support for small business, seafood processing, and fisheries sciences support. The direct TVEP funding had ranged from \$1.3 million to \$1.7 million.

Co-Chair Foster referred to the conclusion on the slide deck and noted that UA strongly supported reauthorization of TVEP. He wondered if the University had taken a position on the newest bill version, adding the KSMSC as a direct recipient. Provost Prakash responded that the TVEP program had benefitted the university in supporting workforce development. The center had been a beneficiary of the TVEP funding. She emphasized that UA was supportive of reauthorization of TVEP funding and for a longer duration. She reiterated that UA had an internal management process and a competitive process for the funding. She understood that the science center was added as a separate line item.

Co-Chair Foster commented that KSMSC was added in the prior committee. He expressed concern that previously UA supported the center and with its addition as a separate line item, UA's allocation was not decreased. He reported that the separate line item appropriation resulted in all the other vocational technical schools taking a 45 percent reduction. He asked the sponsor to comment.

Representative Wool replied that the center was a facility and not a program by itself. He expounded that there were TVEP funds already going into programs offered at the facility. He was "apprehensive" with the additional line item. In order to fund the line item increase, UI was increased from .16 percent to .18 percent. All the other

recipients took a deduction in percentages, but due to the "overall pot of money" increasing other recipients funding increased despite the loss of a fraction of a percentage point. He preferred keeping the original line items with the initial percentage breakdown. He pointed out that originally, the university's TVEP funding had been reduced over time from 55 percent to 45 percent. Each time a new recipient was added funding was taken from the university. He noted that UA funded many recipients. He understood that TVEP had a seafood processing component and believed that it could be more "robust." There would be other programs that would receive seafood processing funding and pointed to the seafood processing management component. He was not an expert in the funding details and wanted to adopt the original appropriations. He voiced his opposition to increasing the draw from the UI pool.

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Representative Josephson clarified that the adjustment to the amount of employee contribution made in the prior committee was a fraction of one percent. Representative Wool responded that the employee contribution would not change rather the amount drawn from the overall pool of money. He further explained that the UI fund was paid into by employers and .16 percent of the funds were for TVEP. The prior committee raised the percentage rate to .18 percent to increase the pool from \$13.4 million to \$15.1 million. The larger sum enabled "reducing all the recipients a fraction of a percentage" to fund KSMSC. Representative Josephson asked what the impact was. He wondered if the action acted as a surtax on employees' wages or increased the draw from the fund. Representative Wool responded that it impacted the draw from the overall fund. Representative Josephson asked if the bill was sustainable. Representative Wool replied that according to testimony from Department of Labor and Workforce Development (DOL) the increase was considered sustainable. However, he worried that things had changed recently with the Coronavirus outbreak and he thought a lot more people could become unemployed. Representative Josephson expressed confusion. He cited language that suggested the amount collected from employees increased. He read the words "shall collect from each employee." He deduced that the amount collected from the employees increased. He wondered how the language was interpreted.

Co-Chair Johnston indicated someone from Department of Labor and Workforce Development was available.

Representative Wool acknowledged the language. He referred to the flow chart on his presentation. He commented that a portion of the wages were capped and was recalculated each year. He deferred to DOL to provide the answer.

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HANNAH LAGER, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR (via teleconference), responded that under the legislation the employee TVEP portion would increase from .16 percent to .18 percent. She referred to the flow chart on slide 4 of the sponsor's presentation that showed the employees paycheck would not be affected. The increase changed the split between the TVEP portion and the UI fund portion.

Representative Josephson interpreted the answer as "the check to the unemployed person would decrease."

Representative Wool ascertained that the portion for TVEP increased, causing the amount for UI to decrease. The net result of the paycheck did not change. He asked Ms. Lager to confirm his statement. Ms. Lager responded in the affirmative.

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Representative Merrick asked how many new recipients applied for the TVEP funding and how KSMSC was chosen. Ms. Carrick responded that applying for TVEP funding was a non-competitive process for the recipients. However, the university distributed its portion via a competitive proposal process. She deferred to the university to further answer the question.

Representative Merrick understood that there were many more institutions that wanted to be added to the list. She wondered how many had applied and why the Kodiak center was chosen. Representative Wool replied that the list in statute had not changed in several re-authorization cycles. The legislature added new recipients to the list. He furthered that UA could distribute its TVEP funding within the university system in any manner it desired. He

reiterated that the center was added in the prior committee.

Ms. Carrick added that if Representative Merrick's question was whether there were other programs that wished to be added to the list Representative Wool's office had not received any new requests other than the center in Kodiak. However, the office had heard from program recipients across the state requesting increased funding.

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Co-Chair Foster asked for the rationale of the previous committee as to why KSMSC was singled out of the University's allocation and rather than reduce the University's appropriation every other entity had their allocation reduced. Representative Wool replied that it was the desire of individuals in Kodiak to fund the program through the center itself. He commented that UA had not funded the specific program slated for the funding at the center, so the allocation was not from UA's TVEP funding. He deferred to Ms. Cothren for further clarification.

Ms. Cothren responded that UA had funded some programs at the center through its competitive internal process since 2012. She listed the programs. She offered that one was the Alaska Seafood Leadership Institute and the other program was the Seafood Processing Training Program funded in 2015. In the current year's process, an additional request was submitted for coordination and additional curriculum development and training through the Kodiak center. It had been recommended for funding and would go through the UA president as part of the approval process.

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Co-Chair Foster wondered why funding was decreased from everyone except for the University. He argued that if there was going to be a reduction everyone should at least share the reduction. He agreed with returning to the prior version of the bill.

Vice-Chair Ortiz asked whether the previous committee offered the other recipients an opportunity to speak to the 3.5 percent reduction and how it would impact their programs. Representative Wool explained that even though the percentages were reduced, their amounts still increased

due to the increase to .18 percent that increased the overall "pot of money." However, he reiterated the importance of not reducing the fund at the current time. Vice-Chair Ortiz asked how the additional funding would support the center and whether the prior committee engaged in the discussion. Representative Wool did not recall that many program details were provided.

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Co-Chair Foster acknowledged that the .18 percent increase increased all the recipients funding; however, the vocational school in his district (Northwest Alaska Career and Technical Center in Nome) had asked for an increased allocation from 3 percent to 5 percent for many years. He relayed that he advised against "cracking open the formula" and noted having to hold back his district's increase requests through the years. Currently, the previous committee had "cracked open" the formula and created issues. He relayed discussions with a Senator [not named] and they concluded the best path forward was to "keep the bill clean" and slightly increase the funding percentage for everyone. The addition of a new recipient meant the increase was not as large as expected. He asserted that all recipients should share in the same reduction percentage, but ultimately, he preferred a "clean bill."

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Representative Tilton asked if it were the intention of UA to further allocate funding to the Kodiak Seafood and Marine Science Center even though the entity would have its own line item or allow them to operate solely on its line item funding. Additionally, she wondered what other entities on the statutory participant list UA funded out of its 45 percent TVEP allocation. Ms. Cothren responded that the University had a "successful" internal process that welcomed applications from any programs from within the university system. She added that the line item situation and how it would be managed was new to the university. The university needed to consider how best to manage the situation and maintain the intent of TVEP to provide workforce training. She noted that the university partnered and leveraged resources with the other TVEP recipients but maintained its 45 percent allocation within university programs.

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Ms. Lager referred to [FN 2 (DOL)] the published Department of Labor and Workforce Development (DOL) fiscal note allocated to the Workforce Investment Board. She reported that \$4.690 million was included in the governor's FY 21 amended request and \$649 thousand was associated with the legislation. She referred to page 3 of the fiscal note analysis that contained a chart of updated TVEP funding distribution.

Ms. Lager moved to [FN 3 (DOL)] the published DOL fiscal note allocated to Workforce Development. [Secretary Note: Ms. Lager mistakenly referred to the fiscal note as number 4.] She reported that the \$80.9 thousand appropriation remained unchanged from the original version of the bill.

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MILES BAKER, LEGISLATIVE LIAISON, UNIVERSITY OF ALASKA (via teleconference), referred to the fiscal note by the University of Alaska [FN6 (UA)]. He delineated that the governor's amended budget already included \$6.225 million based on the current statutory TVEP formula. However, the current version of the legislation would add a statutory allocation for the Kodiak Seafood and Marine Science Center (KSMSC), which is a component of the College of Fisheries and Ocean Science (CFOS) at University of Alaska Fairbanks (UAF). Therefore, the changes in the prior committee added \$1.006 million to the university's appropriation for a total of \$7.231 million. The amount was projected out to 2025.

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LACEY SANDERS, ADMINISTRATIVE SERVICES DIRECTOR, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR (via teleconference), referred to the fiscal note [FN1 (DEED)] by the Department of Education and Early Development (DEED) allocated to Student and School Achievement. She explained that the governor's amended budget included an appropriation of \$553 thousand in grant funding to the Galena City School District for the Galena Interior Learning Academy based on the current statutory allocation of 4 percent. The bill reduced the statutory distribution to Galena Interior Learning Academy from 4 percent to 3.860 percent, but the

action resulted in an overall increase of \$41.6 thousand bringing the fiscal note total to \$595 thousand.

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Co-Chair Johnston OPENED Public Testimony.

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NICOLE KIMBALL, PACIFIC SEAFOOD PROCESSORS ASSOCIATION (PSPA), ANCHORAGE (via teleconference), supported the current version of the bill. She spoke to the significant economic impact that the seafood industry had on the state. She emphasized that it was imperative for the industry to have a skilled workforce available in rural communities throughout the state. She indicated that the industry endeavored to fill the highly skilled positions with Alaskans and the "key" to accomplish in-state hire was the availability of local training. She referred to a letter by the association in members' packets (copy on file) She revealed that the industry was requesting that the seafood worker TVEP contributions were "more aligned" with the funding spent on seafood training. She reported that TVEP funding currently spent on seafood training was approximately 10 percent of the annual contribution; seafood workers contributed \$600 thousand annually and only \$60 thousand was spent on seafood training. She believed that the line item designation to KSMSC ensured more funding for seafood processing training. She assumed that the legislature was familiar with the facility, which was built in the 1990's. She detailed that the center's mission was established by the legislature to provided research and training for the seafood industry and was the only training center of its kind in the state.

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DAVID REES, FACILITATOR, ALASKA BUSINESS EDUCATION COMPACT, EAGLE RIVER (via teleconference), spoke in support of the bill. He reported that the compact explored ways of tying the education system with workforce needs and was familiar with all the training centers in the state. He spoke about the benefits of the TVEP program reaching every part of Alaska and noted that the funding kept the training updated and relevant. He exemplified TVEP's contribution to transitional training to military "graduates" and the dual credit program for high school students. The compact

strongly supported the TVEP program and the partnerships its supported to "get Alaskans into Alaskan jobs."

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SHANNON CARROLL, TRIDENT SEAFOODS, GIRWOOD (via teleconference), called in support of the CS version of the bill. He reported that Trident was a family owned business that operated 10 shore based facilities throughout the state and employed 6 thousand workers annually. He concurred with Ms. Kimball's testimony. He noted that the state TVEP funding received a "substantial contribution from seafood workers" in the amount of approximately \$600 thousand annually, but seafood training funding was minimal; only 10 percent of the total contribution. He believed that increased TVEP funding for the state's seafood workforce allowed the industry to hire more Alaskans and benefit the long-term economy of Alaska's costal communities and the entire state.

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Representative Carpenter asked if the training was done in partnership with industry. He wondered if his business contributed to some of the seafood training. Mr. Carroll answered that he could only speak to his company and indicated that Trident had provided in-kind contributions or paid "upfront" for training opportunities at KSMSC and characterized the involvement as a partnership with the center.

Representative Wool asked Mr. Carroll about the potential effects the increased UI draw would place on the unemployment needs of the industry. Mr. Carroll was unable to accurately comment and believed it was a policy decision for the legislature. He noted the industry's support to maintain a skilled workforce. He understood that the situation created some "tradeoffs."

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DOUG WALRATH, NORTHWESTERN ALASKA CAREER AND TECHNICAL CENTER, NOME (via teleconference), supported HB 235 and thanked the bill sponsor and his staff for putting the bill forward. He relayed that TVEP provided essential funding and support to a "network" of regional training centers that provided autonomy and flexibility to meet regional

industry needs. He appreciated the increase in the contribution. He was concerned that the addition of a new UA program would "counter the impact of a UI increase" that distributed the burden across the regional network. He contended that the Alaska Workforce Investment Board was better suited to make recommendations for adding other recipients. He informed the committee that UA programs were designated as UA TVEP recipients while DOL recognized regional training centers such as AVTEC as exempt recipients. He recommended eliminating the new addition of a UA program as a separate TVEP recipient and believed the action created an inequity. He favored the TVEP reauthorization.

Vice-Chair Ortiz asked if Mr. Walrath supported the distribution in the current CS. Mr. Walrath supported the UI percentage increase but did not support the addition of a new entity to the training centers' distribution. He thought that the distribution amount would decrease due to the impending economic downturn caused by the COVID 19 virus since the UI contribution was based on the amount of employment. He furthered that due to the downturn in oil and gas in 2017, the distribution was decreased in 2018 and 2019 and still had not returned to 2017 levels.

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PAULA CULLENBERG, EXECUTIVE DIRECTOR, ALASKA RESEARCH CONSORTIUM, ANCHORAGE (via teleconference), indicated that the consortium was formed 3 years prior to support the seafood industry and the KSMSC in response to the university's proposal to close the science center. The university ultimately decided to maintain the center spurred in part by the legislature's support via HR 10 [HR 10 - Kodiak Seafood and Marine Science Center - House Resolve 10 - 10/05/2018]. She delineated that the mission of the center established in Title 16 was to support the state's economy through training and research in support of the seafood industry. She indicated that the group proposed the addition of the science center as a direct recipient of TVEP funding in support of its mission. She relayed the struggles of trying to carry out the mission and develop core and stable funding for a seafood workforce development program. She reported that the Alaska Research Consortium (ARC) was currently in the process of assessing the workforce training needs of the seafood industry. The study was funded by federal and industry match dollars. The ARC

interviewed plant and HR managers from 22 communities representing 16,000 workers in Alaska. She reported that 87 percent of the survey participants favored more workforce training in priority areas such as quality control, sanitation, refrigeration training, leadership and supervisory skills, regulatory compliance, technical processing, and safety training. She offered to share additional details of the survey. She continued that UA testified to its open competitive process for TVEP funding that included a small amount of funding for KSMSC but had not provided enough core funding to build the program. She thought that ARC's request for dedicated TVEP funding to build and maintain the seafood program seemed "reasonable" considering the \$600 thousand contribution to the TVEP fund. She reiterated her support for the CS version of the bill.

[4:57:13 PM](#)

Co-Chair Foster cited Ms. Cullenberg's testimony regarding UA's previous discussions to close the science center. He wondered when those discussions had occurred. Ms. Cullenberg replied that the discussions took place in 2016 and 2017 when UA was facing large budget reductions. She reported that the industry and community of Kodiak lobbied in favor of the center. She elaborated that the university proposed a private/public partnership and ARC was formed as a non-profit in response. Ultimately, the university maintained operation of the center but lacked enough faculty and staff support to appropriately build the program.

[4:58:48 PM](#)

ANISHIA ELBIE, EXECUTIVE DIRECTOR, SOUTHWEST ALASKA VOCATIONAL AND EDUCATIONAL CENTER, KING SALMON (via teleconference), spoke in support of the bill. She shared that the Southwest Alaska Vocational and Educational Center (SAVEC) was a regional training center and non-profit that had benefited from the TVEP program since it had been added in 2005. The center believed in the guiding principles of preparing Alaskans for Alaskan jobs and providing vocational education tied to the workforce. She reported that the commercial fishing industry in Bristol Bay had the highest percentage of non-Alaskan hire, ranging from 80 to 90 percent. She relayed that SAVEC leveraged TVEP funds with the local Bristol Bay Economic Development Corporation

and added \$250 thousand for training that included anything related to fishing and its support industries. She advocated for the noted percentage increase but wanted to see the KSMSC deleted from the bill as an added recipient.

[5:01:33 PM](#)

Co-Chair Johnston CLOSED Public Testimony.

Co-Chair Johnston indicated that Amendments were due by Tuesday, March 17, 2020 by 5:00 p.m.

[5:02:41 PM](#)

Representative Josephson wondered at what point the UI percentage increase affected the amount available for unemployed workers. Representative Wool deduced that Representative Josephson was referring to the difference between .16 percent and .18 percent. He pointed out that it represented the difference between \$13.4 million and \$15.1 million which was \$1.7 million. He responded that the amount in the pool reflected the contribution percentage and the rate of employment and unemployment and its effects on the fund. He explained that for a period of time employment was lower and unemployment was higher causing the fund to shrink. Eventually, a number of the unemployed left the state and the fund increased somewhat. The fund reacted to levels of employment and unemployment; it decreased because of less people working and paying into the fund or unemployment increased. He was concerned that the draw down would increase, and the payout would decrease due to COVID 19 in the future. He was uncertain when the increase to .18 percent might affect UI benefits.

[5:05:15 PM](#)

Co-Chair Foster commented that he was concerned about the future possibility of other programs being separated from the university and receiving its own line item, yet UA's allocation remained unchanged. He wanted to see a list of the UA's TVEP funding recipients.

Representative Wool interjected that UA's budget had been cut and was under pressure from \$25 million in cuts for the following three years. The reductions played a role in its prior proposal to close the science center and placed pressure on any future funding for it.

Co-Chair Johnston further discussed committee business.

HB 235 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[5:07:23 PM](#)

The meeting was adjourned at 5:07 p.m.