

SENATE FINANCE COMMITTEE

April 4, 2019

9:02 a.m.

[9:02:40 AM](#)

CALL TO ORDER

Co-Chair von Imhof called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Peter Micciche
Senator Donny Olson
Senator Mike Shower
Senator David Wilson

MEMBERS ABSENT

Senator Click Bishop
Senator Bill Wielechowski

ALSO PRESENT

Tamika Ledbetter, Commissioner, Department of Labor and Workforce Development; Grey Mitchel, Director, Division of Workers' Compensation, Department of Labor and Workforce Development; Don Etheridge, AFL-CIO, Juneau; Senator Cathy Giessel.

PRESENT VIA TELECONFERENCE

Joey Crum, President and CEO, Northern Industrial Teaching, Palmer; Louise Dean, Director, Alaska Workforce Investment Board; Vikki Jo Kennedy, Self, Kodiak; Laura Bonner, Self, Anchorage.

SUMMARY

SB 55 TEMP. APPOINTMENTS TO COURT OF APPEALS

CSSB 55(FIN) was REPORTED out of committee with "no recommendation" and with one previously published fiscal impact note: FN 1(AJS).

SB 65 DEPT. OF LABOR: TECHNICAL ED. PROGRAMS

SB 65 was HEARD and HELD in committee for further consideration.

SB 66 LABOR STANDARDS/SAFETY; WORKER COMP.

SB 66 was HEARD and HELD in committee for further consideration.

#sb55

SENATE BILL NO. 55

"An Act relating to judges of the court of appeals; and providing for an effective date."

[9:04:03 AM](#)

Co-Chair von Imhof noted that the only change in the cs was the addition of an effective date of July 1, 2019, to ensure that the appointed judge could serve a full two years before the bill sunsets in 2021.

[9:04:27 AM](#)

Senator Shower MOVED to ADOPT the committee substitute for SB 55, Work Draft 31-LS0485\U (Bruce, 4/2/19). There being NO OBJECTION, it was so ordered.

Senator Shower MOVED to REPORT SB 55 from committee with individual recommendations and attached fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 55(FIN) was REPORTED out of committee with "no recommendation" and with one previously published fiscal impact note: FN 1(AJS).

#sb65

SENATE BILL NO. 65

"An Act relating to the duties of the Department of Labor and Workforce Development; and providing for an effective date."

9:06:00 AM

Co-Chair von Imhof noted that the bill had one section.

9:06:09 AM

TAMIKA LEDBETTER, COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, spoke from prepared talking points (copy on file):

Good Morning Madame/Mister Chair and members of the Senate Finance Committee. Thank you for the opportunity to be here and to present for your consideration of Senate Bill 65. at the Department of Labor and Workforce Development, connecting Alaskans to the job opportunities in our state is a primary focus of our work. Our goal is to reach more young Alaskans and to connect them with training that will lead to family-wage job opportunities in their home regions. Whether those individuals live in coastal Alaska or the interior, we are working to identify partnerships with employers and training organizations that will best prepare Alaskans for these opportunities.

- Senate Bill 65 adds language in Title 44 directing the Department of Labor and Workforce Development to coordinate and monitor state career and technical education programs. This will be accomplished in collaboration with the Department of Education and Early Development, the University of Alaska, and other entities that provide career and technical training.
- Federal legislation governing the use of Workforce Innovation Opportunity Act (WIOA) funding, as well as Carl Perkins career and technical education funding requires agency coordination and collaboration. The specific language in this bill formalizes that requirement.
- The Department of Labor and Workforce Development works to provide job seekers and workers with high quality training, education and career services. This is a central focus of our mission.

- The department also helps employers find skilled workers and identifies education and training opportunities for their current workforce.
- The Alaska Workforce Investment Board (AWIB) located in the Commissioner's office is the lead state planning and coordinating entity for human resource programs in the state. Members represent a diverse cross-section of business and educational partners.
- In 2010, the AWIB worked in cooperation with the Department of Education and Early Development and the University of Alaska to develop the 2010 Alaska Career and Technical Education (CTE) Plan which called for strategies to improve Career and Technical Education and prepare Alaskans with required skills needed for postsecondary training and careers in high growth occupations in Alaska.
- The CTE Plan called for increasing efforts to develop career pathways, career counseling, standards for training programs, coordination, and program delivery.
- The Plan addressed the individual need for career preparedness as well as the broader need for a training and education system that is efficient, effective and coordinated with current and future workforce needs.
- In 2018, these same partners developed the 2018 Addendum to the Alaska Career and Technical Education (CTE) Plan to reenergize the conversation around CTE, reexamine CTE Plan strategies, and help ensure that our broad spectrum of education and training opportunities are communicated to Alaskans.
- A CTE Coordinator located within the Department of Labor and Workforce Development works to implement these CTE Plan strategies.
- AVTEC - the Alaska Vocational Tech Education Center - is the premiere state training school for customized trainings directed at specific employers, and longer-term trainings averaging 9 months in duration in maritime, applied technology, culinary

arts, energy and building technology, and information technology.

- Another key role that the Department of Labor plays in the dissemination of career and technical training funds thorough, STEP, TVEP and many federal grant programs.
- Senate Bill 65 formalized the role of the Department of Labor and Workforce Development as the lead agency in coordinating and monitoring state career and technical education.

[9:11:11 AM](#)

Co-Chair von Imhof wondered they the role needed to be formalized in statute if programs were already monitored under the CTE Plan.

[9:11:25 AM](#)

Commissioner Ledbetter replied that the legislation offered more structure to the process and gave the department more of a leadership role in ensuring that technical education was properly coordinated and monitored across the state.

Co-Chair von Imhof thought that the formalization was unnecessary but deferred to the department's judgement that it would give the department the "teeth" to work with the federal government for federal grant funding.

[9:12:42 AM](#)

Senator Shower wondered who previously performed the duty of coordinating and monitoring state career and technical education.

Commissioner Ledbetter replied that AWIB had monitored career and technical education.

[9:13:51 AM](#)

Senator Olson pointed to the fiscal note, which showed zero from 2021 through 2025. He wondered how confident the department was that the program would continue without additional funding.

[9:13:57 AM](#)

Commissioner Ledbetter replied that she was very confident.

Senator Olson asked where future funding would be found.

Commissioner Ledbetter replied that the program was already underway and urged the passing of the legislation so that the department could have a more formalized role.

[9:14:48 AM](#)

Co-Chair von Imhof asked whether the bill would have a fiscal impact to the state.

[9:15:03 AM](#)

Commissioner Ledbetter agreed to provide that information.

[9:15:11 AM](#)

Senator Shower asked whether vacant PCNs had been used for the hiring of the new Career and Technical Education Coordinator.

Commissioner Ledbetter said that the position had already been filled.

[9:15:42 AM](#)

Co-Chair von Imhof OPENED public testimony.

[9:16:15 AM](#)

JOEY CRUM, PRESIDENT AND CEO, NORTHERN INDUSTRIAL TEACHING, PALMER (via teleconference), spoke in support of the legislation.

[9:18:28 AM](#)

LOUISE DEAN, DIRECTOR, ALASKA WORKFORCE INVESTMENT BOARD (via teleconference), was available for questions.

[9:18:45 AM](#)

VIKKI JO KENNEDY, SELF, KODIAK (via teleconference), spoke in support of the bill.

[9:19:46 AM](#)

Co-Chair von Imhof CLOSED public testimony.

SB 65 was HEARD and HELD in committee for further consideration.

#sb66

SENATE BILL NO. 66

"An Act relating to the division of labor standards and safety; relating to the division of workers' compensation; establishing the division of workers' safety and compensation; and providing for an effective date."

[9:20:37 AM](#)

TAMIKA LEDBETTER, COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, explained the legislation. She read from talking points (copy on file):

- This bill proposes to merge the Workers' Compensation and Labor Standards and Safety Divisions.
- The Division of Labor Standards and Safety is focused on preventing workplace accidents and enforcing laws related to workplace safety and wages, while the Division of Workers' Compensation is focused on the efficient administration of benefits to injured workers and enforcing laws related to workers' compensation requirements.
- The missions of these two divisions complement each other in that one works to prevent accidents and the other works to provide an efficient system of benefits for injured workers.
- The divisions have historically worked together, and this bill is expected to further increase the opportunities to remove silos and capitalize on efficiencies through a unified management structure.
- The department is cognizant of the critical roles that each of these divisions have and the proposed

merger does not impact any of the statutes or regulations currently administered and enforced by each division.

- The merger aims to take advantage of position vacancies to explore opportunities to share duties between divisions where it makes sense, streamline processes, and cut back on unnecessary middle management supervisory functions.
- As reflected in the fiscal note, the bill flattens the management structure in Labor Standards and Safety by reclassifying the Director to a Deputy Director who will focus attention on operational aspects of the new division's inspection, consultation and enforcement functions. This will allow for a mid-level management reduction in the AKOSH component.
- In addition, the fiscal note illustrates the opportunity to consolidate and share administrative duties between the two divisions where it makes sense.
- Future opportunities for increased efficiency could come from office space consolidations to increase opportunity for coordination and improved service delivery for employers and workers.
- This effort is not expected to happen overnight, but will be carefully developed over time.
- The bill does not propose to change the functions of the Division of Labor Standards and Safety or the Division of Workers' Compensation.
- It's all about establishing a structure that creates maximum opportunities to share resources and get the work done more efficiently.

[9:23:25 AM](#)

GREY MITCHEL, DIRECTOR, DIVISION OF WORKERS' COMPENSATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, discussed the Sectional Analysis:

BILL SUMMARY - WHAT DOES THIS BILL DO?

This bill will merge the Department of Labor and Workforce Development divisions of Labor Standards and Safety and Workers' Compensation into a new Division of Workers' Safety and Compensation. The new division would administer the same programs currently administered by the two separate divisions. This bill is needed to improve fiscal management of these programs and to allow for efficiencies through management and administrative restructuring and improved coordination of service delivery. This restructuring will result in an immediate savings estimated at \$238,000 per year starting in FY2020. Potential future year cost savings will have to be determined as position responsibilities and lease space needs are evaluated moving forward. Also, with office consolidations wherever possible this merger will improve program services to the public and the private sector by giving individuals one place to go versus multiple.

DETAILED SECTIONAL ANALYSIS

Section 1: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS18.20.410(b).

Section 2: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS18.20.450(a).

Section 3: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS18.60.055.

Section 4: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS18.60.055(a).

Section 5: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS18.60.235(a).

Section 6: Renames the division of workers' compensation to the division of workers' safety and compensation in AS 23.05.067(a)(1)(B).

Section 7: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS 23.10.075.

Section 8: Amends the powers and duties of the division director under AS 23.10.080 to include intent language

established in AS 23.30.001(1); this bring the legislative intent of the current division of workers' compensation into the new division of workers' safety and compensation.

Section 9: Renames the division of workers' compensation to the division of workers' safety and compensation in AS 23.30.025(a).

Section 10: Renames the division of workers' compensation to the division of workers' safety and compensation in AS 23.30.280(e) (2).

Section 11: Renames the division of workers' compensation to the division of workers' safety and compensation in AS 23.30.395(15).

Section 12: Renames the division of workers' compensation to the division of workers' safety and compensation in AS 23.30.395(17).

Section 13: Renames the division of workers' compensation to the division of workers' safety and compensation in AS 23.30.120(c) (14).

Section 14: Renames the division of workers' compensation to the division of workers' safety and compensation in AS 39.25.158(b).

Section 15: Repeals AS 23.30.002; this is the statutory reference to the current division of workers' compensation and its director, which is replaced by the division of workers' safety and compensation and its director established under section 7 of the bill.

Section 16: Establishes transition provisions in the uncodified law of Alaska to allow completion of any pending actions under the merged division.

[9:27:05 AM](#)

Co-Chair von Imhof OPENED public testimony.

[9:27:15 AM](#)

LAURA BONNER, SELF, ANCHORAGE (via teleconference), opposed the bill, because she felt that merging the two divisions would split each division's focus. She worried that one division director would not be enough to oversee the work of both divisions.

[9:29:00 AM](#)

DON ETHERIDGE, AFL-CIO, JUNEAU, testified in opposition to the merger. He expressed concern that the merger could affect the effectiveness of the individual divisions.

[9:29:42 AM](#)

Senator Olson asked whether the unions were in favor if the legislation.

[9:29:57 AM](#)

Mr. Etheridge replied that unions had not come out in support or opposition of the legislation.

[9:30:07 AM](#)

Senator Olson looked at Section 8, which amended the powers and duties of the division director. He wondered whether it would be beneficial to give the director additional power when overseeing the merged division.

Mr. Etheridge thought that the powers would need to be expended if the merger was going to work and reiterated his concern that one person would be able to handle all the responsibility that the merger would place solely on the one position.

[9:31:06 AM](#)

Co-Chair von Imhof CLOSED public testimony.

[9:31:14 AM](#)

Co-Chair von Imhof invited Commissioner Ledbetter to address the concerns of the previous testifiers.

[9:31:23 AM](#)

Commissioner Ledbetter replied anytime a change was initiated it could spark concern. She assured the committee that the change was being proposed in order to create efficiencies and to better serve Alaskans. She noted the merger that had occurred between the Division of Employment and Training Services and the Division of Business Partnership had proved successful. She said that the current Division Director of Workers' Compensation was familiar with Labor Standards and Safety and the new Deputy

Director of Labor Standards and Safety had an extensive background in safety. She said that the two working together provided additional knowledge sharing and expertise. She said that no positions would be eliminated because of the change and that the two divisions were already working together in this manner.

[9:33:40 AM](#)

Senator Shower appreciated the attempt at efficiency and hoped that core competencies would be achieved.

[9:34:19 AM](#)

Senator Olson wondered how the program would be more efficient without the elimination of personnel.

[9:34:42 AM](#)

Commissioner Ledbetter replied said that individuals with a greater capacity were being hired. The work was being done well and would continue to be done well.

[9:35:33 AM](#)

Co-Chair von Imhof noted that the fiscal note showed a savings of \$283,000, although the fund source was incorrect.

[9:36:02 AM](#)

Commissioner Ledbetter deferred to Mr. Mitchell.

[9:36:10 AM](#)

Mr. Mitchell explained that there were several areas where efficiencies were expected. He said that the Administrative Managers over each division would be reclassified so that one was subordinate over the other; \$8,000 would be saved. He said that as functions were combined opportunities would present themselves.

[9:37:47 AM](#)

Senator Micciche supported the bill and believed it had the potential to deliver positive results.

Co-Chair von Imhof said that updated fiscal notes would be discussed at a future hearing.

SB 66 was HEARD and HELD in committee for further consideration.

Co-Chair von Imhof discussed the following day's agenda.

#

ADJOURNMENT

9:39:54 AM

The meeting was adjourned at 9:39 a.m.