

SENATE FINANCE COMMITTEE

April 8, 2021

9:02 a.m.

9:02:24 AM

CALL TO ORDER

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

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof
Senator Bill Wielechowski

MEMBERS ABSENT

Senator David Wilson

ALSO PRESENT

Senator Tom Begich, Sponsor; Luki Tobin, Staff, Senator Tom Begich.

PRESENT VIA TELECONFERENCE

Teri Cothren, Associate Vice President, Workforce Development, University of Alaska; Don Etheridge, Alaska AFL-CIO, Juneau; Ed Martin Jr., Self, Sterling; Ed Martin III, Self, Sterling.

SUMMARY

SB 10 FREE/REDUCED TUITION FOR ESSENTIAL WORKER

SB 10 was HEARD and HELD in committee for further consideration.

#sb10

SENATE BILL NO. 10

"An Act establishing a grant program to provide to essential workers the tuition and fees to attend a state-supported postsecondary educational institution."

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Co-Chair Bishop relayed that the bill was being heard for the first time, and his intention was to hear the bill and set it aside.

9:03:55 AM

SENATOR TOM BEGICH, SPONSOR, shared that the bill would establish a temporary grant program to provide essential workers free and reduced college tuition. He discussed the important role and work of frontline workers during the COVID-19 pandemic, many of whom took personal risks and made sacrifices. He cited a study from the Occupational Environmental Medicine Journal that indicated over 20 percent of grocery store employees tested positive for COVID-19, 95 percent of whom contracted the virus while on the job. He referenced testimony from the Department of Labor and Workforce Development (DLWD) that the income class of low-income frontline workers was about 25 percent lower than before the pandemic.

Senator Begich asserted that the free and reduced tuition would serve as a "thank you" to frontline workers. He did not think the offer of free and reduced tuition was extravagant and highlighted that the only way to qualify for the funds proposed in the bill was to fill out a federal aid form. He thought the financial recovery from COVID-19 would be uneven between economic levels. He thought the bill offered a hand up for frontline workers wishing to continue higher education.

Senator Begich continued to introduce the bill. He cited research that showed higher education attainment equated to higher earnings by approximately \$20,000. He discussed the high proportion of University of Alaska (UA) students that were residents. He highlighted that the Committee Substitute (CS) contained new language to include all state-supported postsecondary education programs such as the Alaska Vocational Technical Center (AVTEC). There had been updates to the eligibility criteria to allow for individuals that had been laid off. The legislation now

had a more comprehensive definition of frontline and essential workers. The program report and repeal dates were updated to reflect the limited nature of the program. Applications of interest would be taken until the end of 2021, and there would be four years for successful applicants to take advantage of the program.

[9:09:01 AM](#)

Senator Olson asked how many applications were expected.

Senator Begich cited that there was a similar program in the state of Michigan. Less than one percent of the overall population had applied, and he expected less than that to apply in Alaska. He estimated that \$10 million from the Higher Education Fund would be sufficient. He pointed out that the program could easily qualify under Coronavirus Aid, Relief, and Economic Security (CARES) Act funding that was expected. He added that there would be a funding ceiling of \$10 million and applications beyond that point would be considered on the basis of need.

Senator von Imhof thought helping essential workers was the right thing to do. She considered looking at emerging jobs that included a lot of computer related fields. She hoped that UA was responding to the situation. She noted that the program was temporary. She questioned the use of the Higher Education Fund and asked what other withdrawals were being made from the fund. She recounted that there was \$40 billion coming into colleges from the Higher Education Emergency Relief Fund, \$14 billion from the CARES Act, and another \$23 billion from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA).

Senator von Imhof continued her remarks. She qualified that to the degree that the state could harness some of the funds, perhaps the program should go beyond the planned four years. She wanted to ensure the proposed program would not add more burden to the Higher Education Fund when there were already extra federal funds coming.

Senator Begich pointed out that the proposed program would be one of the only programs taking funds from the Higher Education Fund that was related to education. He thought the proposed program would clearly qualify for the new federal funds. He stated that the program was terminal for a reason, and he had wanted to ensure that the program was

strictly related to COVID-19. He mentioned the sunset date and termination date of the program. He noted that there was invited testimony from UA online to answer questions.

[9:13:52 AM](#)

Senator von Imhof wanted to know how much UA was receiving out of the incoming federal funds and how the funds would be spent. She wondered if there were other grant programs being considered. She relayed that when the committee considered the operating budget, she would be looking at what was coming out of the Higher Education Fund.

Co-Chair Bishop thought that the committee could get an actuarial look at the Higher Education Fund. He mentioned that the committee had yet to discuss DLWD and thought there would be a great deal of funding coming to the agency for training.

Senator Begich noted that the state of Michigan had used discretionary CARES Act funds that had come to the governor.

Senator Wielechowski liked the idea of using CARES Act funds to assist people in getting better jobs. He asked if there was a way to expand the program and make it available to more people using CARES Act funding.

Senator Begich relayed that he had hoped for a more ambitious program but understood the financial constraints. He welcomed ideas from members. He noted that the number of Alaskans that would take advantage of the proposed program was finite. He noted that the definition of who could apply had been expanded to include those that had lost jobs in reduction of workforce.

[9:17:15 AM](#)

Senator von Imhof thought ideally what would happen was that colleges, organizations, corporations, donors, and individuals would endow a program. She thought Alaska tended to fund things each year rather than endowing. She thought there was a rare opportunity to endow a higher education job retraining fund. She thought the state should take some of the money and make an endowment in perpetuity, rather than ending the program in four years, and making it available to more individuals. She hoped to have

conversations on the matter. She hoped UA was creating an endowment for assistance with the CARES Act funds.

Co-Chair Bishop dovetailed on Senator von Imhof's comments. He asked Senator Begich to discuss the statistics he referenced about the program in Michigan.

Senator Begich reiterated that almost 1 percent of the total population participated in a similar program in Michigan. He noted that the proposed program was different and estimated it would have about half the number of applicants as in Michigan.

Co-Chair Bishop thought if the program generated a great deal of interest, the committee could revisit the issue before the sunset date. He did not think there would be a shortage of training assets. He encouraged working with employers and DLWD. He had heard that employers were unable to fill jobs and discussed training to remedy the matter. He was concerned that employers would take work out of the state.

[9:21:01 AM](#)

LOKI TOBIN, STAFF, SENATOR TOM BEGICH, discussed a Sectional Analysis (copy on file):

Section 1.

Establishes an Essential Worker Grant Program as new uncodified law of the State of Alaska by directing the Alaska Commission on Postsecondary Education (ACPE) to establish a postsecondary tuition grant program for and award post-secondary tuition grants to essential workers employed at the start of or during the declared federal public health emergency or those who were temporarily or permanently laid off as a direct consequence of the declared federal public health emergency.

Directs ACPE to establish policies and procedures for application and admission to the program, including consulting the Department of Health and Social Services and reviewing the Alaska Essential Services and Critical Workforce Infrastructure Order in determining applicant eligibility.

Section 2.

Establishes an Essential Worker Grant Program Report as new uncodified law of the State of Alaska and directs ACPE to submit the report of program efficacy to the Alaska State Legislature on or before December 31st.

Section 3.

Repeals Section 1 on December 31, 2025.

Section 4.

Repeals Section 2 on December 31, 2026.

[9:22:54 AM](#)

AT EASE

[9:23:18 AM](#)

RECONVENED

TERI COTHREN, ASSOCIATE VICE PRESIDENT, WORKFORCE DEVELOPMENT, UNIVERSITY OF ALASKA (via teleconference), discussed the presentation "Reskilling & Upskilling for Alaskans" (copy on file). She asserted that with legislation such as SB 10, the University of Alaska (UA) could train more Alaskans and support the state's economic recovery. She asserted that the value of postsecondary education was present in employment outcomes of nearly 18,000 UA graduates across nine key industries important to the economy.

Ms. Cothren looked at slide 2, "Alaska's System of Higher Education," which showed locations of UA campuses. She explained that UA included three separately accredited universities that had distinct missions that were all responsible for serving the community college mission through 13 community campuses. She cited UA was the most comprehensive workforce provider in the state.

Ms. Cothren spoke to slide 3, "UA's Critical Workforce Mission":

- Alaska's most comprehensive provider of workforce training
- UA offers more than 200 programs in workforce development
- Non-credit industry recognized certifications, endorsements, certificates
- Associate Degrees

- Bachelor, Masters and Doctorate Degrees
- Programs in high-demand industries needed for Alaska's economic growth

Ms. Cothren noted that growing a strong workforce was at the core of UA's mission and was one of the Board of Regents' five strategic goals. She added that data would show how UA's programs contributed to workforce needs across key industries.

[9:25:47 AM](#)

Ms. Cothren referenced slide 4, "Value of Postsecondary Education":

- Median earnings jump from:
 - \$35,328 for high school graduates
 - \$44,619 for Alaskans with an associate degree
 - \$57,708 for those with a bachelor's degree
 - \$77,402 for holders of graduate or professional degrees
- Lower unemployment rates and upward mobility
- Provide skills required for employment and career advancement

Ms. Cothren noted that the data on slide 4 were from research analysis from DLWD. She thought one could see the impact on earning potential and upward mobility as education increased. She referenced a labor market analysis of high-demand occupations that indicated that careers would continue to require advanced skills, greater knowledge and greater flexibility than ever before.

Ms. Cothren turned to slide 5, "UA Workforce Reports - Industries Highlighted," which showed pictures representing reports from nine key industries in the state. She explained that UA had done a recent project doing research on graduate outcomes across key Alaska industries such as construction, health, internet technology, mining, and oil and gas.

Ms. Cothren considered slide 6, "UA Workforce Reports," which showed an example of graphics and data from one of the reports listed on the previous slide. Each of the reports highlighted graduate outcomes across three key program areas important to the industry, such as wages,

hiring trends, and lists of programs related to the industry sector.

Ms. Cothren displayed slide 7, "Summary of First-Year Employment," which showed a pie chart showing industries where first-year graduates worked. She highlighted that nearly 24 percent of UA graduates worked in the healthcare sector. Educational services included secondary and postsecondary teachers as well as employment in IT, accounting, and human resources.

Ms. Cothren highlighted slide 8, "Average Wages of UA Graduates," which showed a bar graph entitled 'UA grads' average wages.' She noted that Alaska was fortunate to have access to some of the best employment data in the country from research and analysis at DLWD. The graph represented wages earned over a ten-year period of the nearly 18,000 UA graduates across different levels of certificates and degrees. She pointed out that more education and training correlated strongly with greater earning potential. The average first-year graduate wage was more than \$50,000, and the fifth-year wages exceeded the average Alaska wage by nearly \$10,000.

[9:29:54 AM](#)

Ms. Cothren looked at slide 9, "Percent of UA Graduates Working in Alaska":

96.3 percent of working graduates are Alaska residents

For comparison, residency for all Alaska workers is 79.3 percent.

Ms. Cothren cited that data showed that UA graduates working in Alaska were Alaska residents at a much higher rate than the overall workforce. In every case, the residency rate was higher for UA graduates compared to the residency rate of all workers within each industry sector.

Ms. Cothren addressed slide 10, "Where UA Graduates Work in Alaska," which showed a map of the state denoting percentages of graduates working in each region. She reminded that UA had campuses in every region of the state, where graduates obtained employment across all six economic regions.

Ms. Cothren advanced to slide 11, "UA is Key to Meeting AK's High-Demand Workforce Needs," which showed a graphical list of projected job growth or loss by Alaska industry, 2018 to 2028. She highlighted three high-growth industries in oil and gas, mining, and health care. She cited that health care was projected to grow at twice the rate of the economy overall.

Ms. Cothren looked at slide 12, "UA Workforce Report - Oil and Gas":

UA Oil and Gas Graduate Highlights

- How many programs serve the oil and gas industry? 54
- Do these programs boost the Alaska hire rate?
 - 93.5% of working grads are Alaska residents
 - Residency is 70.9% for all oil and gas workers
- What percentage of grads obtain employment in Alaska on average in their first-year? 79.3%
- What are the wages above the State average?
 - +\$3,381 Year 1
 - +\$43,197 Year 5

Ms. Cothren listed oil and gas industry-related programs such as welding, structural technology, process technology, occupational safety and health, engineering, and several graduate programs. She noted that the graduates were also hired in other industries such as mining and construction. She highlighted that data showed a strong demand for process technology graduates. She cited that 89 percent of the graduates found employment within a year of graduation and averaged \$74,000 in wages the first year of employment and more than \$130,000 by the fifth year. She discussed partnerships and used the example of the process technology program through the University of Fairbanks Community and Technical College, delivered at the Fairbanks Pipeline Training Center. She mentioned a dual enrollment pathway and partnership with the Fairbanks North Star School District.

[9:33:28 AM](#)

Ms. Cothren addressed slide 13, "UA Workforce Report - Mining":

UA Mining Graduate Highlights

- How many programs serve the mining industry? 44

- Do these programs boost the Alaska hire rate?
 - 92.7% of working grads are Alaska residents
 - Residency is 65.3% for all mining workers
- What percentage of grads obtain employment in Alaska on average in their first-year? 79.9%
- What are the wages compared to the State average wage by year five? +\$44,413 for a total of \$104,401

Ms. Cothren referenced slide 14, "UA Workforce Report - Health":

UA Clinical & Behavioral Health Grad Highlights

- How many health programs does UA offer? 50
- Do these programs boost the Alaska hire rate?
 - 96.7% of working grads are Alaska residents
 - Residency is 85.5% for all health workers
- What percentage of first-year grads work in health care and social assistance?
 - 82.2% of clinical graduates
 - 57.8% of behavioral health graduates
- What are the grads average five-year wages?
 - \$64,388 for clinical graduates
 - \$52,304 for behavioral health graduates

Ms. Cothren listed certified nurse aid, nursing, medical billing, health information technology, and paramedicine as areas of clinical study at UA. She noted that an additional 25.5 percent of the health care graduates were working in the related sectors of educational services and public administration. The graduates had a wide range of opportunities.

Co-Chair Bishop asked about nursing capacity for the Registered Nurse Program at UA and questioned whether there was still a waiting list.

Ms. Cothern believed there was a wait list and offered to provide more specifics at a later time. She noted that the College of Health at the University of Alaska Anchorage and

all satellite programs were working to expand the nursing programs.

Co-Chair Bishop asked Ms. Cothorn to get back to the committee with more detailed information.

Ms. Cothorn agreed to provide the information.

Senator Hoffman asked if the numbers being presented included the individuals that were in the Alaska Native Science and Engineering Program (ANSEP) program.

Ms. Cothorn answered in the affirmative.

Senator Hoffman asked how the ANSEP numbers compared to the average numbers being presented.

Ms. Cothorn offered to get back to the committee with specific information related to graduates of ANSEP.

[9:37:43 AM](#)

Senator Olson wondered about the national nursing shortage. He asked how many UA nursing graduates, including Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) program students, came back to the state.

Ms. Cothorn stated she could provide the specific numbers at a later time. She anecdotally thought nursing graduates from within the state frequently stayed to work within the state, and that WWAMI often students returned as well.

Senator Olson was concerned that after academic and clinical training, students that went to residency outside Alaska would be tempted not to come back. He asked how many students from rural Alaska had been accepted into nursing programs or the WWAMI program.

Co-Chair Bishop asked Ms. Cothorn to forward the requested information to his office for distribution.

Senator von Imhof thought the presentation was good but thought the committee supported UA's mission. She pointed out that the presentation failed to include how much federal COVID-19 funding UA would receive, and how it would be spent. She asked if a free and reduced tuition endowment fund was a priority of the University. She referenced Co-

Chair Bishop's comments and asked if the University had capacity in the high-value industries mentioned in the presentation. She asked if UA was expanding its nursing department. She wanted some follow up information regarding priorities of the University and plans for the COVID-19 funding.

Co-Chair Bishop thought the committee might have a separate hearing related to COVID-19 funds and workforce development.

Ms. Cothren broadly stated that UA was committed to figuring out all the pathways to train Alaskans. She added that the University worked through the UA Foundation, which worked with partners across the state to build endowment funds and use state and federal grant resources to train Alaskans. She agreed to work with the committee to provide the requested information.

[9:42:13 AM](#)

Senator von Imhof appreciated Ms. Cothorn's remarks. She referenced Senator Olson's comments about WWAMI students. She discussed endowments in other parts of the country which had been started with money seeded from a corporation or other source, which offered scholarships which graduates later paid back into to replenish the fund for future students. She had learned about such a program in relation to coding, and suggested a similar program would be a good fit for WWAMI students.

Co-Chair Stedman added that the state did not know exactly what federal funding would be coming. He thought there was discussions of doubling federal monies coming into the capital budget, to roughly \$2 billion for roads and airports for eight years. He pondered how to look forward and train the state's workforce. He thought there would be a potential shortage of workers in Alaska. He wanted to know the University's thoughts on the coming construction workload.

Co-Chair Bishop asked if Ms. Cothren could go back to slide 10 and consider the 1,618 jobs estimated in growth for the construction industry. He emphasized that the numbers had been put together in October 2020 and considered that the large increase mentioned by Co-Chair Stedman would cause the numbers to go up. He expressed appreciation for Senator

Begich bringing up such an interesting topic and thought the topic would warrant future meetings.

[9:46:22 AM](#)

DON ETHERIDGE, ALASKA AFL-CIO, JUNEAU (via teleconference), testified in support of the bill. His organization represented over 60,000 workers in a variety of fields throughout the state. He explained that many of the union members had been working hard throughout the pandemic, including first responders, hospital personnel, state employees, and grocery store workers. He asserted that the AFL-CIO represented many front-line workers, many of whom did not have the benefit of a collective bargaining agreement. He mentioned childcare workers, delivery workers, and personal care attendants. He thought it was necessary to give people a chance for improvement. He relayed that many members were out of work and needed training in order to secure jobs. He referenced Co-Chair Bishop's remarks about the increase in construction jobs. He mentioned the importance of the IT industry and jobs. He affirmed that AFL-CIO and its affiliates supported the bill.

[9:49:35 AM](#)

Co-Chair Bishop OPENED public testimony.

[9:49:47 AM](#)

ED MARTIN JR., SELF, STERLING (via teleconference), spoke in support of the bill. He was a retired operating engineer and over 50-year resident of the state. He believed he had some issues with the bill but thought it was a good way to spend CARES Act funding. He was concerned about the people that might be excluded from the definition of "essential worker." He mentioned people that had lost jobs due to the pandemic.

Mr. Martin continued his remarks. His family had worked in the construction industry for many years. He had a son that had a training facility for CDL drivers and had benefitted from training individuals that had received grants from the state. He mentioned the AVTEC Center in Seward. He encouraged the sponsor to improve upon definitions in the bill to make it more broadly inclusive to all Alaskans.

[9:53:24 AM](#)

ED MARTIN III, SELF, STERLING (via teleconference), testified in support of the bill. He was the owner of a truck driving training business. He thought the vocational education in the state needed to be expanded, specifically in CDL and heavy equipment operating training. He thought the state was lacking in postsecondary education, particularly with vocational areas. He acknowledged the upcoming expansion of infrastructure and a lack of Alaskan workforce. He mentioned the need to hire out of state workers, particularly in the trucking workforce. He saw the need for students to get funding and elevate themselves in life. He emphasized the importance of trucking.

[9:56:39 AM](#)

Co-Chair Bishop CLOSED public testimony.

Senator Begich commented that one of the changes made to the bill in the last committee of referral opened the program eligibility to those that had lost employment due to COVID-19. He thought the comments about essential workers were worth noting. He noted that the description in the March 27, 2021, order (amended April 10) included essential construction. He wanted to be clear that the reason the program was currently aimed at public instruction institutions such as AVTEC was because the law prohibited the provision of public funds. It was possible to provide the funds through a loan or grant program. There was an opportunity to have a partnership with UA or perhaps a future loan program to assist with other vocational opportunities.

Co-Chair Bishop relayed that there were other avenues for the previous testifiers through DLWD.

Senator Begich encouraged the committee to pass the bill expeditiously.

Co-Chair Bishop set the bill aside.

SB 10 was HEARD and HELD in committee for further consideration.

[9:58:32 AM](#)

AT EASE

9:58:58 AM
RECONVENED

ADJOURNMENT
9:59:02 AM

The meeting was adjourned at 9:59 a.m.