

**ALASKA STATE LEGISLATURE
HOUSE EDUCATION STANDING COMMITTEE**

January 31, 2024

8:00 a.m.

MEMBERS PRESENT

Representative Jamie Allard, Co-Chair
Representative Justin Ruffridge, Co-Chair
Representative Mike Prax
Representative CJ McCormick
Representative Tom McKay
Representative Rebecca Himschoot
Representative Andi Story

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 55

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

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 55

SHORT TITLE: EXTEND WORKFORCE INVEST BOARD ALLOCATIONS

SPONSOR(S): REPRESENTATIVE(S) CARRICK

02/01/23	(H)	READ THE FIRST TIME - REFERRALS
02/01/23	(H)	EDC, L&C, FIN
01/31/24	(H)	EDC AT 8:00 AM DAVIS 106

WITNESS REGISTER

REPRESENTATIVE ASHLEY CARRICK

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, introduced HB 55.

STUART RELAY, Staff

Representative Ashley Carrick

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave the sectional analysis for HB 55 on behalf of Representative Carrick, prime sponsor.

TERI COTHREN, Associate Vice President
Workforce Development
University of Alaska System
Anchorage, Alaska

POSITION STATEMENT: Presented a PowerPoint, titled "Technical Vocational Education Program."

KRIS CURTIS, Legislative Auditor
Division of Legislative Audit
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 55.

PALOMA HARBOUR, Director
Department of Labor and Workforce Development
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 55.

ACTION NARRATIVE

[8:00:10 AM](#)

CO-CHAIR JAMIE ALLARD called the House Education Standing Committee meeting to order at 8:00 a.m. Representatives McCormick, McKay, Himschoot, Allard, and Ruffridge were present at the call to order. Representatives Prax and Story arrived as the meeting was in progress.

HB 55-EXTEND WORKFORCE INVEST BOARD ALLOCATIONS

[8:01:03 AM](#)

CO-CHAIR ALLARD announced that the only order of business would be HOUSE BILL NO. 55, "An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

[8:01:37 AM](#)

REPRESENTATIVE ASHLEY CARRICK, Alaska State Legislature, as prime sponsor, introduced HB 55 and briefly introduced the

Alaska Technical Vocational Education Program (TVEP). She spoke of the program's history and its intention to provide noncompetitive grant assistance to educational entities in Alaska, delivering specific vocational and technical training around the state. She paraphrased the sponsor statement to HB 55 [included in the committee packet] which read as follows [original punctuation provided]:

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 55 would re-authorize the TVEP program for an additional six years, until fiscal year 2030. 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 55 to re-authorize the TVEP program and keep thousands of Alaskans ready for the high-demand careers our State has to offer.

[8:04:45 AM](#)

REPRESENTATIVE CARRICK added that there have been questions around how TVEP funding gets distributed and noted there are guests from the Department of Labor and Workforce Development (DLWD) present. She proceeded to go through TVEP recipients and that the current TVEP recipients include the list on HB 55 which had not changed in over a decade. She explained that the amount of distribution for TVEP changes from year to year, and last year she noted there was a \$12.8 distribution dependent on the size of the employer contribution to the unemployment insurance (UI) trust fund.

[8:08:09 AM](#)

STUART RELAY, Staff, Representative Ashley Carrick, Alaska State Legislature, informed the committee that HB 55 is a three-section bill, but the bulk is in Section 1. He paraphrased the sectional analysis [included in the committee packet], which read as follows [original punctuation provided]:

Section 1. AS 23.15.835(d)

Changes the sunset date for allocation of funds in this section for the Alaska Workforce Investment Board and the Technical Vocational Education Program until June 30, 2030.

Designated recipients for this program, and the amount they are designated include:

- University of Alaska, 45%
- Galena Interior Learning Academy, 4%
- Alaska Technical Center, 9%
- Alaska Technical Vocational Center, 17%
- Northwestern Alaska Career and Technical Center, 3%
- Southwest Alaska Vocational and Education Center, 3%
- Yuut Elitnaurviat, Inc. People's Learning Center, 9%
- Partners for Progress in Delta, Inc., 3%
- Amundsen Educational Center, 2%
- Ilisagvik College, 5%

Section 2. Retroactivity

If section one of this bill takes effect after June 30, 2024, section one is retroactive.

Section 3. Effective Date

Provides an immediate effective date.

[8:11:02 AM](#)

The committee took a brief at-ease at 8:11 a.m.

[8:11:21 AM](#)

MR. RELAY related that Ms. Cothren is online and would present a PowerPoint.

[8:11:38 AM](#)

TERI COTHREN, Associate Vice President, Workforce Development, University of Alaska System, joined the discussion on HB 55, and

presented a PowerPoint, titled "Technical Vocational Education Program."

[8:12:12 AM](#)

MS. COTHREN moved to slide 2, titled "2024 Jobs Forecast," which read as follows [original punctuation provided]:

Capitalizing on federal investment to strengthen Alaska's future

- \$1.2 trillion infrastructure bill - workforce needed for roads, bridges, ports, broadband, ferry system, water, and wastewater projects
 - o CDL Drivers
 - o Construction Managers
 - o Heat/Air/Ref Mechanics
 - o General Ops Managers
 - o Telecommunication Install/Rep
 - o Engineers & Engineering Techs
 - o Architects
 - o Welders
 - o Surveyors
 - o Facilities Repair & Management
 - o Business Services

- Job growth also anticipated in health care, transportation, resource extraction, and energy development

MS. COTHREN added that TVEP provides funding to train Alaskans for these projects, mainly legacy jobs that would maintain infrastructure long-term.

[8:12:43 AM](#)

MS. COTHREN moved to slide 3, titled "UA System," and she stated the University system is the largest and most comprehensive in the state and is key to meeting workforce needs.

[8:13:08 AM](#)

MS. COTHREN moved to slide 4, titled "UA's Impact on Alaska's Workforce," and she explained that on the slide is a summary of 27,000 graduates' employment outcomes from a recent project with a DLWD research analysis. The outcomes also highlighted the importance of "training our own," she said.

[8:13:50 AM](#)

MS. COTHREN moved to slide 5, titled "TVEP Supports Workforce Development," featuring fiscal year 2023 (FY 23) UA Outcomes. The slide read as follows [original punctuation provided]:

- UA's 45% allocation trained 57% of students served by TVEP
 - o 4,844 students trained o 1,294 high school students received college credit
 - o 80% employed 1-12 months after exit

- UA's competitive grant process adheres to these priorities:
 - o Supporting programs aligned to high-demand priorities identified by the Alaska Workforce Investment Board
 - o Training that leads to employment, retention, or career advancement
 - o Developing or strengthening partnerships

[8:14:33 AM](#)

MS. COTHREN moved to slide 6, featuring an overview of the industries supported from the University of Alaska's TVEP funding. She added that all six of Alaska's economic regions are served. She continued on slide 7, titled "Technical Vocational Education Program." The slide featured a chart that showed how efficiently the funds are utilized to train Alaskans. She concluded on slide 8, which highlighted the University of Alaska's strong support of the reauthorization to TVEP to provide a stable funding source to address Alaska's growing workforce needs.

[8:15:58 AM](#)

REPRESENTATIVE PRAX asked whether funding came from any other sources.

MS. COTHREN replied absolutely.

REPRESENTATIVE PRAX asked whether Ms. Cothren had an estimate on funding from business industries.

MS. COTHREN replied yes, there are many industry partners that are actively engaged through advisory counsels for programs. The partners also donate equipment that is kept up to date to

industry standards, and in addition, the partners support students with tuition.

[8:17:51 AM](#)

REPRESENTATIVE STORY drew attention to the audit report and asked Ms. Cothren whether she had seen it.

MS. COTHREN confirmed she had.

REPRESENTATIVE STORY said that in the audit report, it displays by formula how funds are distributed, and the intent is to be looked at each year according to the needs. She asked Ms. Cothren for her reflections.

MS. COTHREN offered an explanation from the University of Alaska perspective in how it approached the distribution of its 45 percent of the TVEP allocation.

[8:21:58 AM](#)

KRIS CURTIS, Legislative Auditor, Division of Legislative Audit, answered questions during the hearing on HB 55. She read from an audit report, titled "A Special Review of the Department of Workforce Development, Technical Vocational Education Program." She walked the committee through the document, [included in the committee packet], starting on page 3 where she summarized background information. She pointed out that on page 4, the ten TVEP providers identified in statute are listed. The entities are also listed in HB 55, she added. On page 5, she noted the training providers' locations are listed by economic region. She advanced to page 13 where she pointed out Exhibit 5 featured training expenditures grouped by industry, with health being the largest training category. On Exhibit 6, she explained that approximately 8,000 individuals were reported to be trained during fiscal year 2022 (FY 22). She noted some individuals were counted more than once if they received more than one type of training; therefore, the actual number was 6,688 individuals trained during FY 22.

[8:25:28 AM](#)

MS. CURTIS proceeded to page 14 of the audit report. She said a request had been made that the audit include an evaluation of the training providers. She advanced to page 21 of the audit report, where she explained TVEP's impact on the balance of the IU fund and the impact on employer tax rates. She said two

recommendations were made, but the first one was for legislature to consider repealing the direct funding. Secondly, it had been found that seven of the ten providers during 2022 were underpaid due to miscalculations. The miscalculations totaled an underpayment of \$666,500 which reduced TVEP related services.

[8:32:14 AM](#)

CO-CHAIR ALLARD interjected, "This is a lot to unpack."

[8:32:32 AM](#)

REPRESENTATIVE HIMSCHOOT referred to page 21 regarding the solvency credit being assessed 10 times. She asked whether it is something that is calculated every year.

MS. CURTIS replied that the solvency and reserve rate are evaluated each year.

REPRESENTATIVE HIMSCHOOT offered an observation that without HB 55, all programs currently funded with TVEP would cease for a year until "things got sorted."

MS. CURTIS replied the bill sponsor might have more insight, but offered her understanding that the funds remain in TVEP, and annually, the legislature appropriates the funds for the program.

[8:34:43 AM](#)

CO-CHAIR ALLARD offered her understanding that HB 55 is overriding the state statute that is currently in place.

MS. CURTIS replied she did not believe it was a legal issue.

CO-CHAIR ALLARD sought clarification that what is in statute has not been followed by TVEP.

MS. CURTIS said there are two conflicting issues in statute, and one overrode the other.

CO-CHAIR ALLARD stated that HB 55 is not law currently and statute has not been followed.

MS. CURTIS stated the statute shown as part of HB 55 will terminate June 30.

CO-CHAIR ALLARD asked Ms. Curtis to follow up on award funds.

MS. CURTIS replied that there are a lot of training providers within the state, and they do not have the ability to apply to participate in TVEP.

[8:37:06 AM](#)

CO-CHAIR RUFFRIDGE stated that he appreciated the work Ms. Curtis does, and her audits bring much clarity and context to the issues.

[8:37:46 AM](#)

REPRESENTATIVE STORY commented that the report is very thorough, and she expressed curiosity about contributions to the general fund.

MS. CURTIS said there is the second recommendation that addresses that issue to the DWLD's commissioner to pursue available avenues.

REPRESENTATIVE STORY mentioned the solvency fund and how it is calculated.

MS. CURTIS explained that once the monies are diverted from the UI fund into the TVEP fund, they are not part of the calculation of the solvency.

[8:41:31 AM](#)

CO-CHAIR ALLARD asked Ms. Curtis whether she was testifying on behalf of the director of the unemployment division.

MS. CURTIS replied, "I am your legislative auditor." She added this is the conclusion of the audit report.

[8:42:01 AM](#)

REPRESENTATIVE MCCORMICK said he had never heard an audit before and circled back to the idea that "things are unfair." From a regional perspective, he asked Ms. Curtis how she would define unfair.

MS. CURTIS replied that a big thing is to look at how to audit for equity.

[8:44:12 AM](#)

CO-CHAIR RUFFRIDGE asked Ms. Curtis whether there are other programs in statute she comes across in the auditing process that direct by statute grant or state government funds, or if this is a unique program.

MS. CURTIS explained that it is a unique program and stated she had done many legislative committee meeting reviews. She added that the report mentions comments by the governor, and he voiced his concern that this would be a one-time fix while the grant program got up and going, and he was not supportive of bypassing a public process.

[8:45:53 AM](#)

PALOMA HARBOUR, Director, Department of Labor and Workforce Development, clarified that the UI taxes in Alaska are contributed by both employer and employee, and TVEP is a diversion of the employee's contribution. She added that those employees have training opportunities to help them get reemployed.

CO-CHAIR ALLARD announced that HB 55 was held over.

[8:47:48 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 8:48 a.m.