

**ALASKA STATE LEGISLATURE**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**

January 20, 2023

1:39 p.m.

**MEMBERS PRESENT**

Senator Jesse Bjorkman, Chair  
Senator Click Bishop, Vice Chair  
Senator Elvi Gray-Jackson  
Senator Kelly Merrick

**MEMBERS ABSENT**

Senator Forrest Dunbar

**COMMITTEE CALENDAR**

OVERVIEW: DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

- HEARD

OVERVIEW: DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

Tamika Ledbetter, Commissioner  
Department of Labor and Workforce Development  
Anchorage, Alaska

**POSITION STATEMENT:** Presented the overview of the Department of Labor and Workforce Development.

JULIE SANDE, Commissioner  
Department of Commerce, Community and Economic Development  
Juneau, Alaska

**POSITION STATEMENT:** Presented the overview of the Department of Commerce, Community and Economic Development.

SYLVAN ROBB, Director

Division of Corporations, Business and Professional Licensing  
Department of Commerce, Community and Economic Development  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions pertaining to the overview of the Department of Commerce, Community and Economic Development (DCCED).

#### **ACTION NARRATIVE**

[1:39:19 PM](#)

**CHAIR JESSE BJORKMAN** called the Senate Labor and Commerce Standing Committee meeting to order at 1:39 p.m. Present at the call to order were Senators Gray-Jackson, Merrick, Bishop, and Chair Bjorkman.

#### **OVERVIEW:**

#### **DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT**

[1:40:01 PM](#)

**CHAIR BJORKMAN** stated one goal for the Senate Labor and Commerce Committee is to focus on Alaska's workforce and the opportunities to move Alaska's economy forward toward a prosperous future. Alaska's workforce changed dramatically over the past few years, and entire industries struggle to find employees. Leaders serve the economy best by promoting clear pathways so businesses and workers both succeed. Improved access to information will help workers and entrepreneurs obtain the essential skills, tools, and abilities to succeed in the marketplace. The committee will hear from state agencies, educators, trade organizations, and representatives of key agencies who will speak to the problems they face finding qualified workers and the impacts these problems have had on their businesses and all Alaskans. The committee is reaching out to industries, groups, and agencies to propose solutions to help the legislature pass bills tailored to the problem.

**CHAIR BJORKMAN** announced the overview of the Department of Labor and Workforce Development (DOLWD). He invited Commissioner Ledbetter to put herself on the record and begin the DOLWD overview.

[1:41:56 PM](#)

**TAMIKA LEDBETTER**, Commissioner, Department of Labor and Workforce Development (DOLWD), Anchorage, Alaska, recognized the department's team of dedicated, professional employees. She began the on slide 2, which outlined her work history and

background. Her vision is to raise awareness of the prowess of the state workforce and the resources available to Alaskans.

1:45:45 PM

COMMISSIONER LEDBETTER advanced to slide 3 that depicts the department's broad reach from Ketchikan to Utqiagvik with fourteen job centers and the Alaska Vocational Technical Center in Seward. It provides funding to eight Alaska Technical Vocational Education Programs (TVEP), has 27 State Training and Employment Programs (STEP) grantees, eight construction academies, and private training partners. The department's reach is large and strong and covers a lot of ground. DOLWD has a well-established apparatus for solid training.

COMMISSIONER LEDBETTER advanced to slide 4, stating the function of the department's Research and Analysis Section is to maintain up-to-date data on labor market information, such as industry-specific tracking and economic trends. This slide shows the lookback on Alaska job openings from January 2015 to August 2021, indicating job availability trends.

COMMISSIONER LEDBETTER reviewed the population map on slide 5, stating the Research and Analysis Section also produces population data and works closely with the U.S. Census Bureau on population estimates and projections across the state. This slide shows projected population changes across the state from 2021 to 2050.

COMMISSIONER LEDBETTER advanced to slide 6 to highlight the Research and Analysis publication Alaska Economic Trends, a magazine that covers a wide range of economic topics. It is available in hard copy and is searchable online back to 1978 at <http://labor.alaska.gov/trends/>.

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COMMISSIONER LEDBETTER advanced to the pie chart on slide 7 which illustrates programs/funds on a pie chart. The chart emphasizes a large portion of the pie is dedicated to workforce development and job training programs. She explained the purpose of the Alaska Workforce Investment Board. Its 26 members are appointed by the governor and represent public and private educational providers, industry, and labor entities. The members meet quarterly, recommend fund deployment, and support training Alaska's workforce. The point of this slide is to illustrate DOLWD's experience and conscientious handling of federal and state funds. The programs/funds are listed below:

Alaska Workforce Investment Board (\$ in millions)

- Workers Compensation Reemployment Benefits  
\$7.6 million
- Workforce Training & Development
  - STEP, \$4.6 million
  - Construction Academies, \$1.8 million
  - Individual Training Accounts, \$1.0 million
- TVEP Distribution, \$13.5 million
- Vocational Rehabilitation, \$1.6 million
- STEP Individual Work Readiness, \$1.1 million
- Workforce Innovation and Opportunity Act (WIOA)
  - Dislocated Worker, \$1.5 million
  - Adult, \$3.3 million
- Alaska Construction Academies, \$1.7 million
- STEP Grants, \$5.5 million

[1:50:59 PM](#)

COMMISSIONER LEDBETTER advanced to slides 8 and 9, Employment and Training Services, noting that most job seekers interface with the department through online queries. In addition to online job queries, the department has in-office staff ready to help job seekers write resumes, brush up on interviewing skills, write cover letters, and more. The department also targets groups like veterans, service members transitioning out of the military, prisoners with reentry, youth, adults who are basic-education deficient, and more. DOLWD touches almost everyone in one way or the other.

Mission:

Provide labor exchange, employment and training services, and unemployment insurance to Alaskans and Alaska businesses to advance opportunities for employment and provide economic stability for communities in Alaska.

Workforce Development

- Division staff in the 14 Alaska Job Centers strengthen Alaska's workforce by providing employment and training services to Alaska's job seekers and employers.
- Administer multiple workforce development programs that result in a skilled Alaskan workforce.
  - Veteran's Employment and Training Services

- Adult Education
- Fidelity Bonding
- Worker Opportunity Tax Credit
- Rapid Response
- Fidelity Bonding
- Reemployment Services

[1:52:24 PM](#)

COMMISSIONER LEDBETTER reviewed slide 10, stating that one way to highlight the department is to discuss unemployment insurance (UI). At the height of the pandemic, everyone was talking about unemployment insurance. She emphasized that unemployment insurance is not an entitlement program.

#### Employment and Training Services - Unemployment Insurance

- Provides temporary/partial wage replacement for insured workers who are unemployed due to no fault of their own and actively seeking reemployment.

Unemployment insurance provides a way to put food on the table and gas in the car while an unemployed person looks for work.

- Provides an economic stabilizing factor in local economies during economic downturns.
- Protects integrity of the UI Trust Fund by preventing, detecting, and recovering benefit overpayments.

The unemployment trust fund bore a lot of weight during the COVID pandemic. She expressed pleasure in reporting that only 5,077 individuals receive unemployment benefits as of today. This is a significantly lower number than during the height of the pandemic.

- Alaska's UI Trust Fund is healthy!
  - As of September 30, 2022, the balance is \$509,395,826 - This value reflects a current **reserve ratio of 3.64 percent, exceeding the target for full solvency.**
  - At this level, DOLWD anticipates a .34 percent solvency credit to help bring the fund back in line with funding goals and reduce the tax burden on employers.

- o The annual benefit cost rate also continues to fall. Given these trends, DOLWD anticipates an **average tax rate of 1.04 percent for employers in CY2023**. This would be a decrease from the CY2022 average rate of 1.53 percent.

1:54:20 PM

COMMISSIONER LEDBETTER paraphrased slide 11, Alaska Vocational Education Technical Center (AVTEC). The department wants to make AVTEC a household name. AVTEC's motto is "A Career in Under a Year." In 2019, Georgetown University named AVTEC one of the best returns on investment. Out of 4,000 postsecondary institutions nationwide, AVTEC was ranked 43 in that category. AVTEC's partnership with the University of Alaska provides high-quality maritime education. The U.S. Department of Transportation recognized it as a "Center of Excellence for Domestic Maritime Workforce Training and Education." The department continues to work with employers to design training opportunities. AVTEC is becoming more portable, sending instruction to communities around the state to ensure all Alaskans have training opportunities.

#### Alaska Vocational Technical Center (AVTEC)

AVTEC is a nationally accredited provider of workforce training with a mission to deliver flexible, accessible and affordable training for Alaskans from across the state in areas of:

- Business & Office Technology
- Construction
- Culinary Arts
- Diesel/Heavy Equipment
- Industrial Electricity
- Industrial Welding
- Information Technology
- Plumbing and Heating
- Refrigeration
- Maritime

1:56:07 PM

COMMISSIONER LEDBETTER reviewed slide 12, Vocational Rehabilitation:

Mission: Assist individuals with disabilities to obtain and maintain employment

#### Assistive Technology Program (AT)

- improves access to and acquisition of assistive technology (AT) for Alaskans with disabilities of all ages
- The majority is funded by a federal grant from the AT Act

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People with disabilities had increased employment opportunities during the COVID pandemic. Telework was instrumental in the expansion of those opportunities. Technological advancements opened new doors for the visually, hearing, and motor-skilled impaired.

#### Business Enterprise Program (BEP)

- provides employment opportunities to people who experience blindness and other severe disabilities by establishing businesses such as food service, gift shops, and vending machines
- Managed by these individuals

#### Disability Determination Services Program (DDS)

- is contracted to the Social Security Administration (SSA) to adjudicate medical eligibility for disability benefits

#### Mature Alaskans Seeking Skills Training Program (MASST)

- places unemployed, low-income Alaskans 55 years old or older in community service positions and provides job training to help them become self-sufficient

#### Vocational Rehabilitation Program (VR)

- provides individualized services to help Alaskans with disabilities prepare for, get and keep good jobs

The entrepreneurial spirit was alive during the pandemic. She described a disabled business owner that partnered with a childcare services facility to set up childcare within the Mat-Su Regional Hospital in Wasilla. The department helped facilitate the venture, and the commissioner said she looks forward to observing the outcome.

[1:58:28 PM](#)

COMMISSIONER LEDBETTER reviewed slide 13, Labor Standards & Safety, whose mission is to ensure safe and legal working conditions for Alaskan workers. This division houses the following four units:

- **Alaska Occupational Safety and Health (AKOSH):** Protects Alaska workers from industrial accidents and job-related injuries or illness through the enforcement of state and federal standards and provides consultation and training for employers and employees to follow healthful work practices.

Alaska is one of 26 states that operates under its own state plan under the umbrella of the federal Occupational Safety and Health Administration (OSHA). Consultation services provided under this unit are free and confidential to employers. The department finds that more businesses are taking advantage of these services, which helps ensure safe working environments.

- **Mechanical Inspection:** Provides protection through inspection and certification of boilers, pressure vessels, elevators, and inspection of electrical, and plumbing installations. This section also issues certificates of fitness for electric and plumbing work and enforces contractor registration.
- **Wage and Hour:** Oversees Alaska labor laws to ensure that workers are justly compensated for their labors and safeguarded from unfair practices. This includes enforcement of minimum wages and overtime regulations, child labor laws, "right to return" transportation, public contract laws.
- **The Alaska Safety Advisory Council:** Promotes health and safety issues with a focus on workplaces in Alaska and organizes the annual Governor's Safety and Health Conference.

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COMMISSIONER LEDBETTER advanced to slide 14, stating the Alaska Labor Relations Agency is a small but mighty unit within the department. This 3-person unit oversees the elections of labor representation and reviews representation petitions for public sector entities.

Statewide jurisdiction over ~ 65,500 employees from:

- Over 500 schools
- University of Alaska
- Alaska Railroad
- Political Subdivisions
- State of Alaska

Under AS 23.40.070-260 and AS 42.40.705-890, facilitates cooperative relations between Alaska's public employers and labor organizations that represent public employees.

[1:59:53 PM](#)

COMMISSIONER LEDBETTER advanced to slide 15, stating Workers' Compensation is the division responsible for supporting injured workers.

Workers' Compensation

Administration:

- Log almost 20,000 reports of injury annually
- Track \$250m in benefits and services
- Compile and store data from over 60 years of claims

Adjudication:

- Publish decision of formal hearings
- Mediate agreements between parties
- Hold thousands of informal meetings for expediency of claims

Reemployment:

- Orders eligibility evaluations
- Approves reemployment plans
- Monitors rehabilitation specialists

The department wants to prioritize and provide more support to Reemployment Services. Being injured on the job does not necessarily mean being out of work indefinitely. The department wants to quickly connect injured workers, who want to be employed, with job opportunities.

Investigation:

- Investigate and educate employers
- Follow up on fraud claims

- Collaborate with other investigative units to keep Alaska workers safe

#### Workers' Compensation Benefits Guaranty

- Provide for medical and indemnity benefits for injured uninsured workers
- Process payments on judgements from uninsured employers
- Actively manage the Benefits Guaranty Fund

#### Fisherman's Fund

- Manage and reimburse commercial fisherman's injury claims
- Actively manage the "Fisherman's Fund"
- Manage the claims database

#### Self-Insurance Program

- Ensure the self-insured entity meets statutory financial criteria
- Perform annual audits on each organization
- Collects proper collateral as prescribed by statute

[2:00:36 PM](#)

COMMISSIONER LEDBETTER advanced to slide 16, Preparing Alaskans for the Jobs of Today - and Tomorrow. She mentioned that many training opportunities exist around the state. She committed to working with training providers to ensure Alaskans stay informed of training opportunities.

COMMISSIONER LEDBETTER concluded the presentation with a personal story that explained why the department, its services, and its funding are essential. She said reaching out to target populations in today's workforce climate is necessary. Long gone are the days of Job Center walk-ins looking for work; instead, the department must seek out workers to meet today's workforce challenges.

[2:05:35 PM](#)

SENATOR GRAY-JACKSON asked for more information about the AVTEC program and how it works.

COMMISSIONER LEDBETTER answered AVTEC offers nimble training. AVTEC works on a clock-hour system, as opposed to credit hours. The classroom simulates clocking in and out of an on-the-job workday. The training is ideal for individuals who want to go straight from training into the workforce. The center boasts a

high rate of student placement. Many students secure employment before graduation day. AVTEC is open and looking for more students. Students seeking a 4-year school alternative should be apprised of this opportunity. AVTEC bolsters upskilling to help individuals prepare for the workplace.

SENATOR GRAY-JACKSON asked about the duration of AVTEC programs and associated student costs.

COMMISSIONER LEDBETTER answered the cost is low, probably a lot less than other comparable programs. Programs have varying durations.

SENATOR GRAY-JACKSON requested an AVTEC tour.

COMMISSIONER LEDBETTER answered Workforce Development Month is September, which would be a good time for a tour.

[2:08:00 PM](#)

SENATOR MERRICK inquired about Workforce Development funds vetoed from last year's budget. She asked whether the commissioner talked with the administration before the veto.

COMMISSIONER LEDBETTER answered the department works within the funds allocated; it budgets within the designated appropriation. She added that most of the department is federally funded and supported by grant funds.

[2:08:39 PM](#)

SENATOR BISHOP directed attention to slide 9, Employment and Training Services. He pointed out the slide mentions fidelity bonding twice. He asked whether the department picked up a new fidelity bonding program.

COMMISSIONER LEDBETTER answered no; the duplication is an error.

SENATOR BISHOP asked the Chair's permission to make two data requests:

1. A UI Trust Fund graph from 1974 forward. He commented that it is worth a lookback. It will give the committee a historical perspective on how well the UI Trust Fund has worked.
2. A 10-year lookback on enrollment by discipline for comparison purposes.

[2:10:18 PM](#)

SENATOR MERRICK asked whether some industries are affected more by the current labor shortage than others.

COMMISSIONER LEDBETTER answered that the labor shortage most impacts the childcare industry. She said it is imperative that the state professionalize childcare, stop calling it daycare, and beefs up wages. The state should view childcare as supporting the current workforce and simultaneously training the future workforce. Children that see their parents working are probably more inclined to lean into the example of work established by their parents.

[2:11:19 PM](#)

CHAIR BJORKMAN asked whether there are things the department could do to improve the childcare situation and connect childcare seekers with providers.

COMMISSIONER LEDBETTER replied many things would improve the situation and support the childcare industry:

- Train up childcare workers
- Ensure workers have the skill set to handle the classroom and progress through the ranks.
- Train teachers for the classroom and train teachers who want to rise up through the ranks to become childcare facility administrators. Most childcare facilities close because they lack mid-level staff.
- Create path academies, upskill childcare workers, and partner with business entities like the Small Business Administration.
- Understand that an individual passionate about childcare does not necessarily have the skill set for operating a facility. These two paths require different competencies and skill sets.
- DOLWD is working closely with the Department of Health (DOH) to ensure a strong partnership for these efforts.

CHAIR BJORKMAN commented that the legislature supports this mission and offers to help.

CHAIR BJORKMAN asked what needs to be done to ensure labor standards and safety in Alaska workplaces are consistent with laws and regulations.

COMMISSIONER LEDBETTER answered employers and business owners should take advantage of consultation services the department offers. The unit will visit their site and take a look around. The department will not take punitive action, which should reassure businesses to ask for help. People should be able to go to work and be safe in their working environment, and the

department wants to do everything possible to assist with that effort.

[2:14:31 PM](#)

At ease.

**OVERVIEW:**

**DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT**

[2:18:57 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the overview of the Department of Commerce, Community and Economic Development (DCCED). He invited Commissioner Sande to begin the overview.

[2:19:09 PM](#)

JULIE SANDE, Commissioner, Department of Commerce, Community and Economic Development, Juneau, Alaska, presented the Department of Commerce, Community and Economic Development department overview. She introduced her team and gave a brief personal employment history.

[2:22:47 PM](#)

COMMISSIONER SANDE summarized slide 2, the Agenda:

1. Overview of DCCED:
  - Intro
  - Structure
  - Divisions
  - Corporate Agencies
2. Road Blocks to Economic Growth
3. Clearing the Way

Department Mission: Promote a healthy economy, strong communities, and protect consumers in Alaska.

COMMISSIONER SANDE reviewed slide 3, DCCED Organization, stating the department has six core divisions and eight corporate agencies. The slide emphasized the difference between divisions and corporate agencies. She explained corporate agencies need independence and flexibility to react nimbly to market changes more so than divisions. The slide illustrated how the DCCED executive team, the six core divisions, and the eight corporate agencies interface to support the department's mission.

[2:24:27 PM](#)

COMMISSIONER SANDE paraphrased slide 4, How do We Achieve Our Mission:

Healthy Economy

- International Trade (ET)

COMMISSIONER SANDE said that 18,000 jobs in Alaska are from foreign-owned companies. Every opportunity to promote Alaska is important to the state. She noted that the Alaska Seafood Marketing Institute does a tremendous job promoting Alaska.

- Seafood Pandemic Response Grant Program (ET)
- Small Business Innovation Research (ET)
- Commercial Fishing (INV)
- Fisheries Enhancement (INV)
- Capstone (INV)
- Small Business Economic Development Loan (INV)
- Rural Development Initiative Fund (INV)
- Alternative Energy (INV)
- Mariculture (INV)
- Microloan (INV)
- Commercial Charter (INV)
- Environmental, Social Governance (INS)
- Made In Alaska (MIA) (DCRA)
- Alaska Product Preference (DCRA)
- Minerals Commission (DCRA)
- ARDOR Program (DCRA)
- Financial Institution Examinations (DBS)
- Securities Examinations (DBS)
- Financial Institutions/Professionals Licensing (DBS)

Strong Communities

- Food Security Taskforce (ET)
- Broadband Office (ET)
- Commercial Fishing (INV)
- Fisheries Enhancement (INV)
- Capstone (INV)
- Small Business Economic Development Loan (INV)
- Rural Development Initiative Fund (INV)
- Alternative Energy (INV)
- Mariculture (INV)
- Microloan (INV)

- Commercial Charter (INV)
- Community Development Block Grants (DCRA)
- Local Government Assistance (DCRA)
- Direct Legislative Grants (DCRA)
- Serve Alaska State Commission (DCRA)
- Alaska Native Language Preservation & Advisory Council (DCRA)
- ANCSA Elections Proxies (DBS)
- Financial Consumer Outreach & Education (DBS)

#### Protecting Consumers

- Information Technology (DAS)
- Financial Operations (DAS)
- Human Resources (DAS)
- External Healthcare Review (INS)
- Alaska Reinsurance Program (INS)
- Investigations (INS)
- Financial and Market Conduct (INS)
- Consumer Services (INS)
- License and Regulate Professionals (CBPL)
- License Businesses (CBPL)
- Register Corporations (CBPL)
- Investigate Complaints Against Professionals (CBPL)
- Investor Protection/Anti-Fraud/Criminal Coordination (DBS)
- Cryptocurrency Multistate Oversight (DBS)
- Mobile Payment App Multistate Oversight (DBS)

[2:27:08 PM](#)

COMMISSIONER SANDE reviewed the organizational structure of the department's executive team on slide 5:

#### DCCED Executive Team

*Promoting a healthy economy, strong communities, and protecting consumers in Alaska*

Alaska Broadband Office  
Office of International Trade  
Legislative Relations  
Economic Development  
Special Projects

Commissioner Sande said special projects include missions like food security and the American Rescue Plan Act (ARPA) funding.

COMMISSIONER SANDE explained why it is important she serves on the following boards: Alaska Travel Industry, Alaska Energy Authority, Alaska Railroad Corporation, Alaska Industrial Development and Export Authority, Alaska Housing Finance Corporation, and Alaska Royalty Oil and Gas Development Advisory Board. Deputy Commissioner Fowler serves on the Municipal Bond Bank Authority board, among others.

[2:29:51 PM](#)

COMMISSIONER SANDE advanced to slide 6, Division of Administrative Services, which depicts various division functions overseen by Acting Director Hannah Lager. She pointed out her intention to spotlight divisions that were self-supporting. The FY2024 budget is just under \$200,000,000. She emphasized the department is only using \$14,500,000 in unrestricted general funds (UGF). The remainder comes from designated general funds (DGF), federal and other sources. Slide 6 reads as follows:

[Original punctuation provided.]

Division of Administrative Services  
*Providing management information and support services  
for the Department's programs*

Financial Services  
Budget Management  
Human Resources  
Procurement

DCCED FY2024 Budget  
Total           \$197,160.80  
UGF            \$14,545  
DGF            \$106,291.10  
Federal        \$53,476.80  
Other          \$22,847.90  
Positions 546

Department contribution to the General Fund in FY2022:  
\$101 million

[2:33:14 PM](#)

COMMISSIONER SANDE read slide 7, Division of Banking and Securities, which Director Robert Schmidt heads. She said Director Schmidt's focus this year is on enforcement. He looks for ways to protect Alaskans from bad players who take advantage

of the elderly. The elderly have suffered losses in the millions of dollars. This division is self-supporting.

Division of Banking and Securities

*Protecting consumers of financial services and promoting safe and sound financial systems*

DBS handles licensing, examinations, and enforcement for:

Depositories and Trusts  
Securities and Investments  
Mortgage Lending  
Money Transmissions  
Payday Lenders  
Premium Finance and Small Loan Companies

DBS deposited \$18.5 million to the General Fund in FY2022

Money Transmission is the fastest-growing sector in Alaska's financial services industry: \$7 billion was transmitted to, from, or within Alaska in 2021

[2:34:37 PM](#)

COMMISSIONER SANDE advanced to slide 8, Division of Community and Regional Affairs, stating that this division could be an independent department based on the number of its services. The division director is Sandra Moller. The slide pictures the division's QR Code which provides a wealth of information without having to search the web; she encourages legislative staff to explore and use it. The division currently manages 700 active grants at just under \$1 billion.

Division of Community and Regional Affairs

*Helping Alaska's communities build sustainable economies and a means of self-governance*

Established in Article X of Alaska's Constitution, DCRA's services include:

Local Government Outreach & Training  
Bulk Fuel Loan Fund  
Rural Utility Business Assistance  
Grant Administration  
Made in Alaska  
State Assessors Office

Municipal Land Trust  
Serve Alaska  
.....and so much more!

[2:37:18 PM](#)

COMMISSIONER SANDE advanced to slide 9, Division of Corporations, Business and Professional Licensing, headed by Director Sylvan Robb. She reviewed the causes of professional licensing delays and gave recommendations for improvement. This division is self-supporting.

Division of Corporations,  
Business and Professional Licensing  
*Ensuring that competent, professional and regulated commercial services are available to Alaska consumers*

There has been a 64% increase in the number of professional license holders over the last 10 years

<b>Professional Licensing</b>	<b>Business Licensing</b>	<b>Corporations</b>
45 programs	99,554 licenses	92,078 registered
21 Boards	1,656 nicotine endorsements	13.4% increase in FY22
104,383 licenses	9.2% increase in FY22	
8.6% increase in FY22		

COMMISSIONER SANDE said that she and Governor Dunleavy are committed to making rapid improvements to this division. She said the division explained where bottlenecks were occurring, and everyone went to work determining where efficiencies could be gained and redundant processes eliminated. She said the delays in licensing occurred due to the unexpected increase in professional license requests. Thirty percent of professional licenses are nursing licenses. She acknowledged this is a point of frequent discussion and one reason she advocates for adopting the Nurse Licensure Compact (NLC). The compact would provide immediate relief to the licensing team, enabling staff to deploy some of its resources elsewhere.

COMMISSIONER SANDE said another big fix is software related. The Alcohol and Marijuana Control Office (AMCO) will pilot a new software system. If the pilot software is successful, the plan is to extend the reach of the software further throughout the division. She touched on the subject of professional license investigations. Last year there were over 1,000 investigations into complaints against professionally licensed individuals. She noted that it is important to protect Alaskans, commenting that it takes time and resources to do so.

[2:42:28 PM](#)

COMMISSIONER SANDE read slide 10, Division of Insurance. She emphasized this is a self-supporting division led by Director Lori Wing-Heier.

Division of Insurance

*Regulating the insurance industry to protect Alaskan consumers*

The Division of Insurance (DOI) is responsible for the licensing and compliance of insurers and insurance products in Alaska.

The Centers for Medicare and Medicaid Services approved DOI's application to extend The Alaska Reinsurance Program for another five years (through 2027). This allows DOI to leverage federal dollars to reduce the cost of healthcare to individual Alaskans purchasing insurance on the federal marketplace.

DOI deposited nearly \$65 million into the general fund in FY2022

Nearly \$400 million of federal funds collected 2016-2023

[2:43:30 PM](#)

COMMISSIONER SANDE summarized slide 11, Division of Investments, led by Acting Director Jim Anderson. She noted this self-supporting division represents the most effective economic development tool the state has, and is of no cost to the state. The programs pay for themselves. The individuals that utilize these services are not eligible for traditional lending. Individuals often graduate from these programs to conventional lenders, like banks.

Division of Investments

*Promoting economic development through direct state lending within those industries, and within those areas of the state that are not adequately serviced by the private sector*

Revolving Loan Funds:  
Alternative Energy Loan  
Commercial Fishing Loan  
Fisheries Enhancement Loan  
Commercial Charter Fisheries Loan  
Community Quota Entity (CQE) Loan  
Mariculture Loan  
Alaska Microloan  
Rural Development Initiative Fund  
Small Business Economic Development Loan

[2:44:48 PM](#)

COMMISSIONER SANDE read slide 12, Corporate Agencies. She said the previous slides encapsulated division activities, but this slide features the department's agencies.

#### Corporate Agencies

Alaska Energy Authority  
Alaska Railroad Corporation - Self Supporting  
Alcohol and Marijuana Control Office - Self Supporting  
Alaska Industrial Development & Export Authority  
Self Supporting  
Alaska Seafood Marketing Institute - Self Supporting  
Regulatory Commission of Alaska - Self Supporting  
Alaska Gasline Development Corporation  
Alaska Oil and Gas Conservation Commission  
Self Supporting

COMMISSIONER SANDE advanced to slide 13, Road Blocks to Economic Growth, stating the department has identified three main challenges to economic growth. The state will only be able to move the economy forward with a workforce, childcare, and housing. She explained that many DCCED functions interface with other departments, which means departments will not solve these issues independent of their sister agencies. DCCED is actively working with other agencies to find solutions. Another challenge DCCED consistently hears from stakeholders is the cost of shipping.

[2:47:00 PM](#)

COMMISSIONER SANDE reviewed slide 14, Clearing the Way. She said that Governor Dunleavy appropriated \$5 million to help find solutions to these challenges. The graphic on slide 14 identifies six ways to clear Alaska's economic roadblocks and she briefly summarizes each one.

[2:52:14 PM](#)

CHAIR BJORKMAN opened the meeting to questions from committee members.

[2:52:20 PM](#)

SENATOR BISHOP directed attention to slide 13, Road Blocks to Economic Growth. He asked whether the high cost of energy was found to be a barrier to economic growth.

COMMISSIONER SANDE answered yes, it is. The high cost of energy is absolutely a department focus. She found it shocking that people in the Railbelt region pay more than 20 cents per KWh. She hopes to see innovative solutions within the next few years, especially with nuclear energy.

SENATOR BISHOP commented that he and Curtis Thayer are joined at the hip on this subject. He posited that if the "high cost of energy" code could be cracked, everything else would fall into place.

COMMISSIONER SANDE agreed.

[2:54:09 PM](#)

CHAIR BJORKMAN asked the commissioner to tell the public who Curtis Thayer is.

COMMISSIONER SANDE answered Curtis Thayer is the director of the Alaska Energy Authority.

[2:54:21 PM](#)

SENATOR BISHOP asked whether there was an application start date for the innovation research grants and if the department needed a lifeline.

COMMISSIONER SANDE answered in February.

SENATOR BISHOP inquired about DCCED workforce staffing levels, particularly in licensing. He expressed that the legislature was available to help.

COMMISSIONER SANDE said that achieving changes without a workforce is impossible. The department had a 20 percent vacancy rate at one point. The good news is that the department is getting close to its budgeted vacancy rate, somewhere between 7 and 10 percent.

COMMISSIONER SANDE brought up the interplay between the department and boards and commissions. She said that even if the department had the means to fix everything within its scope, the board must share the same priorities to avoid licensing delays. She commented that the interplay between the department and the boards is far more complicated than expected, similar to statutes and regulations, they are subject to change. It takes communication, coordination, and patience. She announced a new position, boards and commissions liaison. She said Sara Chambers agreed to take this position to help the department get in lockstep moving forward.

[2:58:56 PM](#)

CHAIR BJORKMAN commented that Alaska's population has remained relatively flat while license applications have increased. He asked what the driver is for the increase in licensing requests.

COMMISSIONER SANDE answered one driver is the huge increase in the healthcare field. Throwing money at this issue will not fix the worker shortage problem. She said the department seeks to tackle this problem by maximizing efficiencies, following best practices, and adopting the Nurse Licensure Compact.

CHAIR BJORKMAN asked whether the workload would be reduced by extending the renewal period, lengthening the time a license is valid.

COMMISSIONER SANDE said DCCED implemented extensions initially, which was very useful. She deferred the question to Director Robb.

[3:01:03 PM](#)

SYLVAN ROBB, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development, Juneau, Alaska, said about half of the professional licenses are governed by boards and they would decide whether to extend the licensing period. It's a good idea for the professional licenses that the division oversees and they'll look at that.

CHAIR BJORKMAN said he looks forward to working with DOLWD and DCCED to solve Alaska's workforce challenges.

3:02:14 PM

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 3:02 p.m.