

**ALASKA LEGISLATURE**

**2394**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002**

**Subject:** [Fwd: THE BENEFITS OF A SOLVENT UI TRUST FUND edits]

**Date:** Mon, 22 Apr 2002 16:58:53 -0800

**From:** Rebecca Gamez <Rebecca\_Gamez@labor.state.ak.us>

**Organization:** Alaska Department of Labor and Workforce Development

**To:** Deborah J Grundmann <Deborah\_Grundmann@legis.state.ak.us>

Deb,

Here's the best one pager I can give you on the subject. Pretty darned short considering there are volumes on the subject.

Rebecca

----- Original Message -----

**Subject:** THE BENEFITS OF A SOLVENT UI TRUST FUND edits

**Date:** Mon, 22 Apr 2002 16:29:51 -0800

**From:** "Ronald E Hull" <ron\_hull@labor.state.ak.us>

**To:** "Rebecca N Gamez" <rebecca\_gamez@labor.state.ak.us>

#### THE VALUE OF A SOLVENT UI TRUST FUND

The purpose of the Unemployment Insurance (UI) tax financing system is to keep the UI trust fund solvent in order to pay benefits to eligible, temporarily unemployed workers. Alaska's key measure of solvency is called the UI Trust Fund Reserve Rate, and is defined by the relationship between the level of fund reserves and the amount of total statewide payroll. The solvency goal is to maintain a reserve rate between 3.0 percent and 3.2 percent in order to meet the demands for benefit payouts. This is particularly crucial during recessions, such as the severe economic downturn that occurred during 1985-1987 in Alaska. Additionally, the reserve level stabilizes the trust fund so that it is neither under nor over funded.

The 1985-87 recession seriously impacted Alaska's UI trust fund, but reserves were adequate to maintain solvency while paying out the high demand for benefits. At the end of 1985, Alaska's reserves were \$145.4 million, and the reserve rate was 3.3 percent. By 1987, trust fund reserves fell to \$63.0 million with a reserve rate at 1.7 percent. The fund reserve balance bottomed out in April 1988 at \$45.9 million at which time revenues began to restore sufficient reserves.

To maintain the UI trust fund's solvency, the tax system must cover the cost of the benefits paid and be responsive to unexpected increases in the demand for benefits. Keeping a proper fund reserve helps level out employer taxes. The level of employer and employee taxes in Alaska is based on the Average Benefit Cost rate, the relationship between benefit costs and total payroll of taxable employers. Data for multiple years are used in the calculation of the Benefit Cost Rate, thereby smoothing out sudden changes and making the rate somewhat counter-cyclical. Counter-cyclical financing allows the fund to weather an economic slump, while tempering sudden changes in tax rates during a period of high benefit demands.

While many states exercise their option to borrow from the federal government to pay benefits when their reserves deplete, Alaska has not borrowed to pay UI benefits since 1960. States that did borrow have paid \$1.7 billion in interest since 1982, most of it financed from increased employer taxes. Loans to states to fund benefits may be made under Title XII of the Social Security Act. These loans are paid out of the Federal Unemployment Account (FUA), which is funded by the employer taxes collected under the Federal Unemployment Tax Act (FUTA). Currently, states' employers may receive a FUTA credit of 5.4 percent of a total FUTA rate of 6.2 percent.

It is undesirable for states to find themselves in a position to borrow because they must repay loans either by reducing the amount of FUTA tax credit their employers currently enjoy or by transfers from the Federal UTF. States may not repay loans directly from their UTF, an account for payment of benefits only. Additionally, debtor states are not allowed to collect their share of interest earned from the Federal Unemployment Trust Fund (UTF).

Employees make a set contribution to the UI fund. Employers contributions to the UI fund will vary.

If the balance of the UI fund is less than what is needed then employer rates go up. If the balance of the UI fund is more than what is needed then the employers rates go down.

A portion of the employee's contribution is diverted for STEP. Thus less money is flowing into the UI fund. To offset less cash coming in the STEP program is suppose to reduce the cash being paid out of the fund for UI claims of the unemployed.

If the STEP diversion is more than the reduction in UI claims then the fund balance goes down and the employer rates have to go up to make up that difference. If the STEP diversion is less than the reduction in UI claims the fund balance goes up and employer rates go down.

Bottom line is that employers will end up paying through higher rates if the "benefits" to the UI fund do not equal the amount being diverted. That is why it is important to have a measurable benefit from the STEP program. If STEP aren't spent then they cannot generate any financial benefit to the UI fund.

So our recommendation was to lapse unspent STEP funds back into UI to minimize any negative effect on the employer UI rates.

Aside from potential federal ramification of diverting the employers contribution it really doesn't matter if the STEP diversion comes from the employee or employer contributions. The bottom line is the same, employers will be the "deep pocket" and will end up paying to keep the UI trust fund fully funded.

by  
legislative  
audit

**Subject: ABC Response**

**Date:** Wed, 24 Apr 2002 11:49:14 -0800

**From:** "Ronald E Hull" <ron\_hull@labor.state.ak.us>

**To:** "Mary A Jackson" <Mary\_Jackson@legis.state.ak.us>,  
"Deborah J Grundmann" <Deborah\_Grundmann@legis.state.ak.us>,  
"Heather K Brakes" <Heather\_Brakes@legis.state.ak.us>

**CC:** "Rebecca N Gamez" <rebecca\_gamez@labor.state.ak.us>

Mary:

In their paper, Equal Access to Training in Alaska, ABC maintains that they were unfairly denied access to STEP training funds because of language in AS 23.15.652(a) (2), "it's activities do not replace or compete within any way with a federally approved, jointly administered apprenticeship program or any other existing training programs".

The department believes the cited language is unambiguous and reflects the intent of the original sponsors of the first STEP legislation. It acknowledged the significant investment that the trades have made in developing and maintaining jointly administered apprenticeship-training programs. The language in the legislation was intended to recognize the investment, as well as the nationally certified standards inherent in such training, and to ensure against subsidizing duplicative state training efforts. The theme of open competition, and non-duplication was found throughout the original legislation. Subsequent legislatures, in reauthorizing STEP, have re-affirmed this concept and maintained that language at every opportunity.

The STEP program has never been used to impede or promote organized labor; it has however taken advantage of their investment and expertise in several key occupations and industries. Previous union sponsored training for specialized certifications offered in rural Alaska has not required union indenture or membership

My staff is willing to provide additional advice and technical assistance to interested bidders to ensure they have a firm grasp of the program's intent, and the requirements as well as other funding resources such as the Denali Training Program or the Workforce Investment Act (WIA).

In your e-mail you asked; Can anyone be provided training under a union program? You then cited the joint electrical apprenticeship and training trust.

To respond, it varies from grant to grant. STEP funds are used in many cases to provide training to non-members who have not had contributions made in their behalf to union training funds. In some cases, such as the IBEW grant referenced, all participants are indentured in the union apprenticeship program, but this would include first year apprentices with no prior union affiliation.

If you have any additional questions or concerns, please feel free to call upon me or my staff. Ron (5933)



## EQUAL ACCESS TO TRAINING IN ALASKA

ABC of Alaska, Inc. has made a commitment to providing apprenticeship and craft training to the merit shop construction industry. The Association's federally approved apprentice training program was introduced in the summer of 1999 and is now training over 100 individuals in seven construction trades. This service is considered to be critical to the successful development of the construction industry in Alaska.

The aging of the construction workforce is a well-documented phenomenon. It will take all facets of the construction industry working to attract, train and retain employees to avoid a crisis in manpower in the coming years. Unfortunately, the state of Alaska programs designed to support these efforts are biased toward the support of union programs and seem intent on retaining that bias. This bias can most clearly be seen in ABC's experience with the State Training Employment Program (STEP).

### The Problem

ABC has applied for modest funding (under \$15,000) each of the past three years. In the first year, the proposal was scored and scored poorly largely due to the lack of historical performance measures available. The second year, the proposal was scored and scored poorly largely due to the methodology of curriculum delivery (correspondence) though the methodology is satisfactory to the employer base in question. In each of these years, one of the criteria that the proposal was measured against (and lost points on) was the support of organized labor. ABC will not receive the support of organized labor for its training programs and this is considered to be biased criteria for evaluation.

The third year, the committee declined to review the ABC proposal altogether, citing AS 23.15.652 (a)(2) which states:

A training entity is eligible for a grant under this section if the entity meets program requirements and can demonstrate that

- (1) its accounting systems include controls adequate to check the accuracy and reliability of accounting data, promote operating efficiency, and assure compliance with program requirements and generally accepted accounting principles; and
- (2) its activities do not replace or compete in any way with a federally approved, jointly administered apprenticeship program or any other existing training programs.

*vaque-*  
A joint administered apprenticeship program is by definition a union training program. It seems unreasonable for the state to establish a preference or a "non-compete" protection by statute.

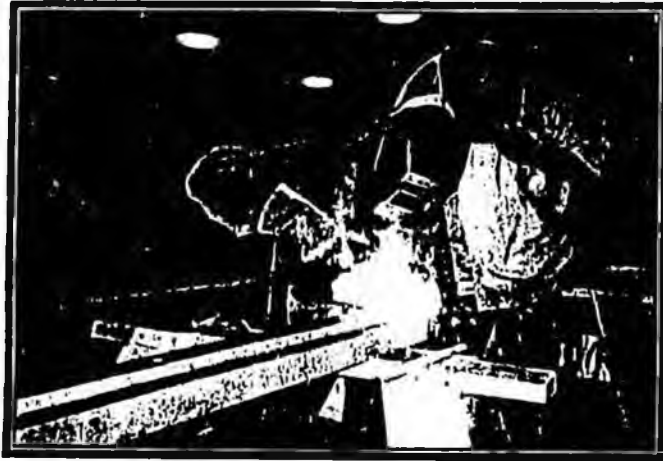
Additionally, we object to the interpretation that ABC's training programs compete with any training program in the state. There is a need for as many as 800 new entrants into the construction trades in the next five years. There is need for a greater capacity than the existing schools combined can train. Competition in training for construction is a non-issue given the demand for workers in this industry.

Even if the workforce shortage were not so grave, the argument that ABC's training program might compete with a union program is not sound. Union trainees work for signatory contractors. ABC's trainees work for open shop or non-signatory employers. Our training programs meet the needs of completely separate employer markets.

Finally, if in fact ABC is determined to be competing with other existing programs, then we would seek assurance that those programs are likewise not funded under the STEP program. In 2000, the joint electrical apprenticeship and training trust was approved for \$111,690 in funding under this program. If an argument can be made that the joint apprenticeship training of electricians competes with ABC's apprentice training program for electrical apprentices then we would expect the governing body would be required to consider these proposals from the union training programs to be non-responsive to the STEP program RFP.

#### The Solution

SB 252 and its companion bill HB 353 should be amended to strike the "non-compete" clause in AS 23.15.652 (a)(2).



*STEP*

Into a Great Future

with Alaska's  
**State Training and  
Employment Program**



## Since 1989 STEP

- ✓ **Trained** over 13,500 Alaskans
- ✓ **Kept** Alaskans competitive
- ✓ **Fostered** new jobs through workforce development
- ✓ **Minimized** future Unemployment Insurance claims.
- ✓ **Strengthened** existing apprenticeship or training programs.

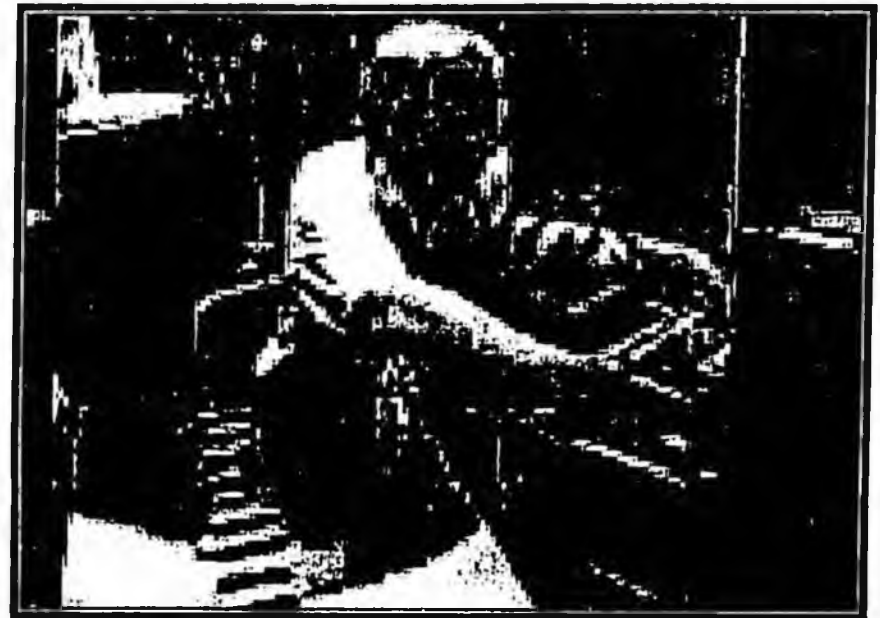
# STEP in Alaskan Communities

Water Works

Hyder, Alaska (Pop. 82)

**Employs 41 residents**

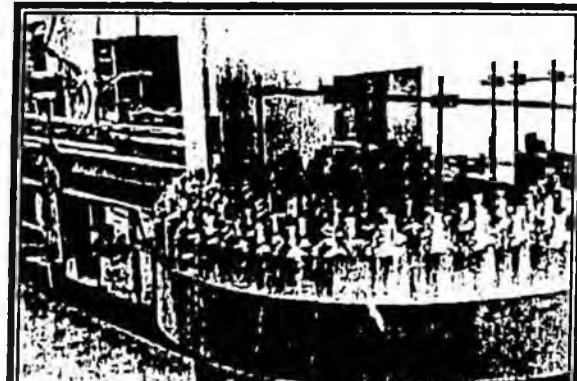
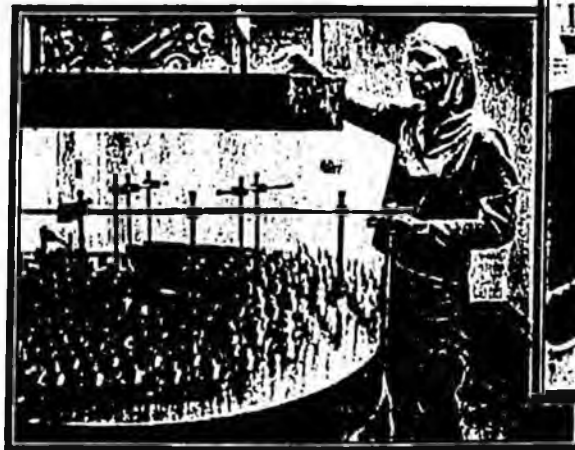
**“The bottling plant is a community owned and operated enterprise that came about because a community that was serious about economic development hired a planner with vision.”**



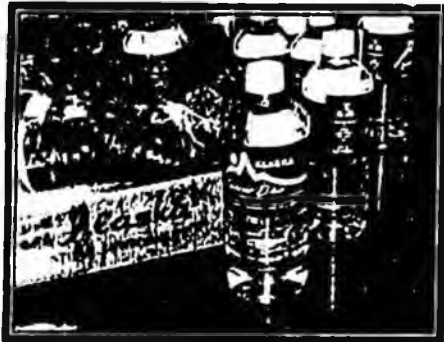
# STEP Helps A Whole Town

Alaskans go to work as:

- ✓ water quality specialists
- ✓ fork lift operators
- ✓ administrators
- ✓ record-keepers
- ✓ managers
- ✓ computer operators

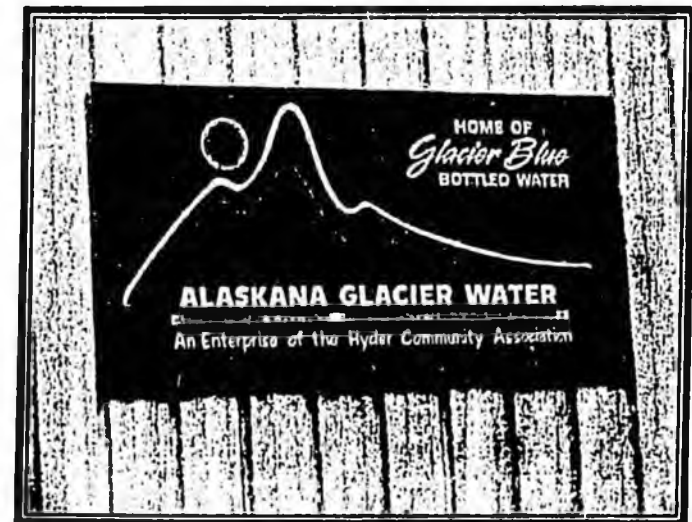


# Partnerships



## Advantages:

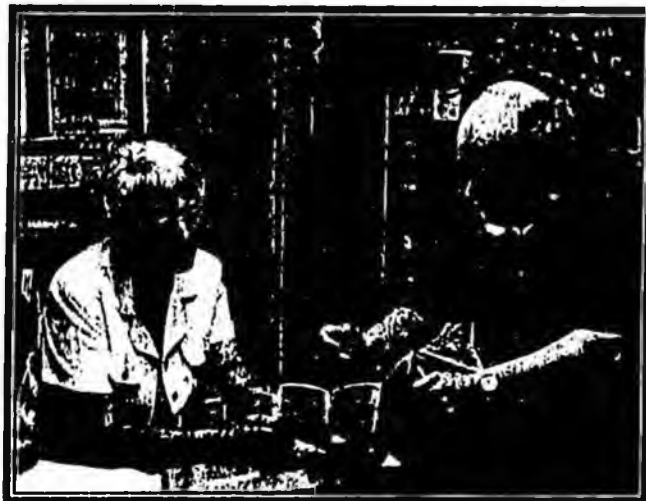
- ✓ Home Grown & operated by the Hyder Community Association
- ✓ Currently producing 40,000 bottles daily
- ✓ Worldwide distribution



# STEP Service Delivery

FY 02: Over 1,100 Alaskans in Training

**Competitive Grants** are awarded to business, industrial, and non-profit entities that demonstrate a need for trained workers.



**Individual Services** are flexible enough to serve specific needs when clients are not eligible for federal training dollars.

# Individualized Training

## **Kathleen Baesinger from Fairbanks**

Age 34.

Single mother of two, ages 10 and 11.

Working at pull-tab operation for low wages.



- ✓ Kathleen graduated UAF's Tanana Valley Campus Associate's Degree in Accounting
- ✓ Working in bookkeeping department with H & H Contractors
- ✓ Pursuing Bachelor's Degree

Taking the kids to Disneyland to celebrate.

**“It was a family thing from day one. I think the kids were more excited than I was at graduation. They were proud of me.”**

**Kathleen Baesinger**



**Glen "Short" Smith from  
Sterling on the Kenai Peninsula**

Age 52.

Grandfather.

Truck driver for almost 30 years.

**"UI was running out.  
It was getting scary  
trying to make the  
house payments."**

**Glen "Short" Smith**



- ✓Went to Kenai Peninsula Job Center.
- ✓\$550 STEP grant funds Short's CDL.
- ✓Working full-time with Raven Contractors.
- ✓Got a raise in September.
- ✓July 2001 "Employee of the Month".

**"This is the most security  
I've had in a long time. I  
can relax now. I don't  
have to worry anymore."  
Glen "Short" Smith**



# Competitive Grants

Example:

Painters and Allied Trades Local Union 1555  
Pre-apprenticeship training program

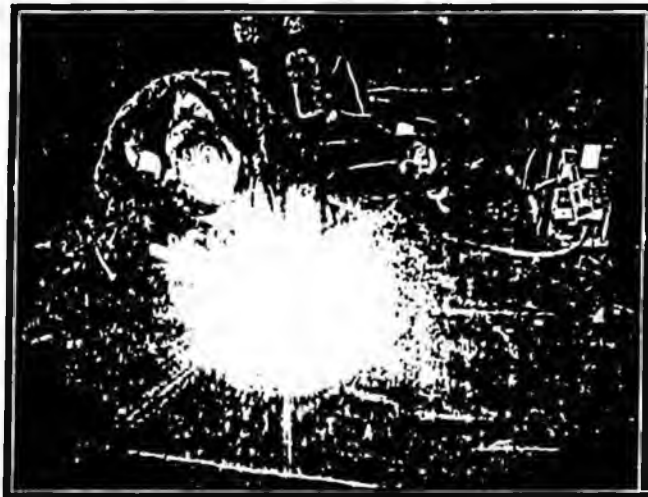
Entry level training and recruiting from rural areas.

Upon completion, students are  
accepted into union  
apprenticeship program.

Journeyman painters can expect  
to earn over \$25 an hour.



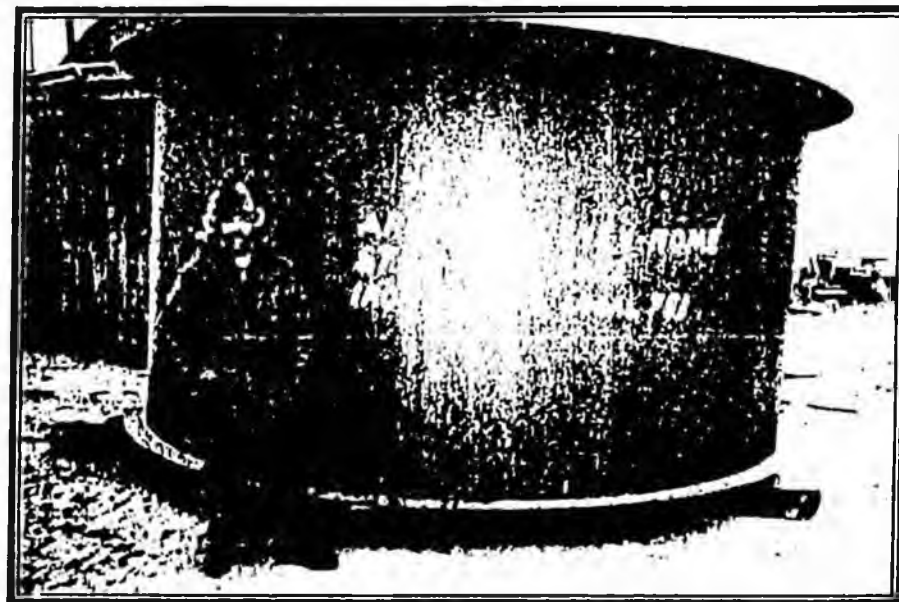
## Small Nome business trains welders to



✓ Fabricate, install, repair and maintain tanks throughout Western Alaska.

✓ Compete with outside interests.

✓ Supply receptacles for oil spill recovery on the Western Alaska coast.



## **STEP – A Statewide Program**

- ✓ **Residents throughout Alaska receive services and benefits.**
- ✓ **Training providers in 23 different communities deliver training.**

East Siberian Sea

Arctic Ocean

Chukchi Sea

Beaufort Sea

RUSSIA

Kovlyuneskin

CHUKOT

Bering Strait

Barrow

Prudhoe Bay

NORTHWEST TERRITORIES

Tsilghechlo

Déline, Norman We

CANADA

YUKON TERRITORY

Whitehorse

UNITED STATES

Anchorage

Yal, Cordova

BRITISH COLUMBIA

Juneau

Bering Sea

Gulf of Alaska

Sitka

Ketchikan

Prince Rupert

Heceta Stra

Unalaska

Pacific Ocean

# Vendors & Exiters by Community

Permanent Authorization

of Alaska's

**S**tate **T**raining & **E**mployment **P**rogram

Stable, predictable funding  
to train Alaska's workforce.

## AHRIC Testimony on House Bill Senate Bill No. 252

Jim Sanders, Executive Director  
Alaska Human Resource Investment Council

By the House/Senate Rules Committee by Request of the Governor

"An act renaming the Alaska Human Resource Investment Council as the Alaska Workforce Investment Board and relating to its membership; repealing the termination date of the state training and employment program; relating to employment and training activities; and providing for an effective date."

Last summer, the AHRIC passed a resolution asking for a change in the name of the council. There were two main reasons the change:

- Changing the name to the State Workforce Investment Board would put it in line with the Workforce Investment Act and more clearly aligns it with Alaska's two local workforce investment boards – the Anchorage/Mat-Su WIB and the Balance of State WIB.
- The title 'Alaska Human Resource Investment Council' or the 'AHRIC' does not clearly convey the purpose of the council. The council wanted a name change that more precisely fit with the council's mission. "We are a private/public leadership board that sets the policy framework for the development of Alaska's workforce". The proposed title 'State Workforce Investment Board' is shorter and succinctly identifies the organization's purpose.

New Text Underlined [DELETED TEXT BRACKETED]; *Italics signify explanatory narrative and are not part of legislation.*

*The legislation is 29 pages in length; however, most of the text is necessary to clean up any statutory reference to the [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL], and replace it with the **Alaska Workforce Investment Board**. It also updates related language, replacing [COUNCIL] with **board** whenever relevant, [PRIVATE INDUSTRY COUNCIL] with **local workforce investment board**, etc.; and updates references to the federal enabling legislation (for instance, the WIA of 1998 replaces JTPA).*

These housekeeping changes reflect the ARHIC's name change, so the reference to Council will now become Board.

Another housekeeping name change concerns changing all references to the "Private Industry Council" to local workforce investment board. Private industry councils were used when JTPA was the funding source for the

federal employment and training programs. Now that the Work Force Investment Act there has replaced the JTPA program, there has been a name change for the local boards that implement federal employment and training programs. These new boards are called Workforce investment boards. Alaska has two of these local boards – the Anchorage/Mat-Su WIB and the Balance of State WIB. The Balance of State WIB works with all areas of the State outside of the Anchorage/Mat-Su boundaries.

*Other changes:*

**Sec. 3.** *AS 23.15.550 is amended. It adds the commissioner of administration as a nonvoting member of the council/board.*

The State of Alaska is one of Alaska's major employers. The Commissioner of Administration has a comprehensive knowledge of the current and future employment needs for the State employment system. The Commissioner would be a valuable resource in council policy discussions and decisions. In addition, the Commissioner would benefit from having greater exposure to the employment and training issues confronting the State.

**Sec. 7.** *It removes language limiting the council/board from meeting more than three times a year*

The council has 26 members that are spread around the State. Most of the council's work is done telephonically through the five committees:

- Executive Committee
- Employment & Placement Committee
- Policy & Planning Committee
- Workforce Readiness Committee

The council feels that meeting three times a year limits their ability to form the relationships needed to function as a cohesive policy making body. It would also give the council more time to examine what is happening with workforce development in the State and better prepare them for policymaking decisions.

**Sec. 8.** AS 23.15.575 is amended to read:

**Sec. 23.15.575 Board [COUNCIL] as state planning entity.** The **Alaska Workforce Investment Board [ALASKA HUMAN RESOURCE INVESTMENT COUNCIL]** shall act as the lead state planning and coordinating entity for state human resource programs administered under....

**(7) [(8)]** all state laws involving employment training, vocational education, **and** workforce development [, AND COMMUNITY SERVICE].

Sec. 9. AS 23.15.580 is amended to read:

**Sec. 23.15.580. Functions of the board [COUNCIL]...**

(b)...

(5) advise the governor, state and local agencies, [AND] the University of Alaska, **and other training entities** on the development of state and local standards and measures relating to applicable human resource programs;

This change recognizes the council's responsibility to advise other training entities, such as the Alaska Vocational Technical Training Center, Charter College or the Southwest Vocational Training Center.

...

(e) The **board** [COUNCIL] shall develop standards that encourage agencies to contract for training programs that **meet local demands and maximize the use of resources** [PROGRAM's CLASS SIZE]...

The council recognizes that Alaska has significant vocational training needs and limited training funds. These funds must be used in the most effective and efficient manner. Encouraging that training programs meet local demands and maximize the use of local resources is the best course of action to get the best return on the investment.

(5) the percent of employers who indicate that they were satisfied with the **services received through the workforce development system** [QUALITY OF THE WORK OF NEW EMPLOYEES WHO HAD RECENTLY COMPLETED THE TRAINING PROGRAM].

**Alaska's Workforce Investment Boards**

**Alaska Human Resource Investment Council**

**Anchorage/Mat-Su WIB**

**Balance of State WIB**

February 13, 2002

The Honorable Ben Stevens  
Chair, Labor & Commerce Committee  
Alaska State Senate  
Capitol Building, Room 119  
Juneau, AK 99801-1182

Dear Senator Stevens:

As Chairs of Alaska's two Local Workforce Investment Boards, we would like to strongly endorse passage Senate Bill 252, which has a provision to eliminate the sunset date for the State Training and Employment Program (STEP).

STEP was created in 1989 as a pilot project and because of its success has been re-authorized every two years by the Alaska Legislature.

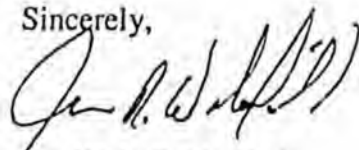
The Local Workforce Investment Programs recognize STEP as a unique and flexible state funded program that supplements other training programs and offers Alaska workers the help they need to become or remain employed.

STEP reduces demand on the Unemployment Insurance Trust Fund by helping to reduce claims for future unemployment benefits. It fosters new jobs by encouraging businesses to locate in Alaska based on the availability of a skilled labor force and minimize unemployment insurance costs for employers. It increases training opportunities for workers severely affected by fluctuations in the economy or technological changes in the workplace. Further, Alaska Department of Labor and Workforce Development evaluation shows that STEP clients worked more, received less unemployment, and had gains in their wages.

The Local Workforce Investment Boards recognize the State Training and Employment Program's unique contribution to the workforce of Alaska and encourage your consideration of SB 252.

Thank you.

Sincerely,



Jim Wakefield, Chair  
Balance of State  
Workforce Investment Board  
PO Box 25511  
Juneau, AK 99801



Mary Shields, Chair  
Anchorage/Mat-Su  
Workforce Investment Board  
235 East 8<sup>th</sup>, First Floor  
Anchorage, AK 99501

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education & Early Development  
State of Alaska

# Audit Report



DEPARTMENT OF LABOR AND WORKFORCE  
DEVELOPMENT  
STATE TRAINING AND EDUCATION  
PROGRAM

March 6, 2002



Audit Control Number:

07-30005-02

Division of Legislative Audit

P.O. Box 113300, Juneau, Alaska 99811-3300

**SAMSON ELECTRIC, INC.**  
3125 North Van Horn Rd.  
Fairbanks, AK 99701-7321

Phone: (907) 451-0252

Fax: (907) 451-6103

**FAX TRANSMITTAL SHEET**

DATE: 5/2/02

The Following Pages Are For:

NAME Peter Kolly

COMPANY \_\_\_\_\_

FROM: Michael Samson

Number of Pages Being Transmitted 9. This Includes This Page.

**MESSAGE:**

**SAMSON ELECTRIC, INC.**

Electrical Contractor

3125 North Van Horn Road  
Fairbanks, AK 99701  
(907) 451-0252  
Fax (907) 451-6103

May 2, 2002

Senator Pete Kelly  
State Capital  
Juneau, AK 99801-1182

Dear Senator Kelly,

I understand the STEP (State Training Employment Program) is coming before the Finance Committee today.

As a member of the Associated Builders and Contractors legislative affairs committee, I have been trying to keep up with this item. I'd sending along some information from the Division of Legislative Audit that clearly shows this has become checking account for the unions training program.

The money to fund this program comes from our unemployment tax. Which is union and non union tax money, however when our organization, ABC, applies for a modest amount (\$15,000) for our apprentice training program, we are denied because we compete with the unions program. I'm sure you can see the absurdity of this. If you could review this material before your Committee meeting this morning, I would be appreciative.

Sincerely,



Michael Samson,

President



## EQUAL ACCESS TO TRAINING IN ALASKA

ABC of Alaska, Inc. has made a commitment to providing apprenticeship and craft training to the merit shop construction industry. The Association's federally approved apprentice training program was introduced in the summer of 1999 and is now training over 100 individuals in seven construction trades. This service is considered to be critical to the successful development of the construction industry in Alaska.

The aging of the construction workforce is a well-documented phenomenon. It will take all facets of the construction industry working to attract, train and retain employees to avoid a crisis in manpower in the coming years. Unfortunately, the state of Alaska programs designed to support these efforts are biased toward the support of union programs and seem intent on retaining that bias. This bias can most clearly be seen in ABC's experience with the State Training Employment Program (STEP).

### The Problem

ABC has applied for modest funding (under \$15,000) each of the past three years. In the first year, the proposal was scored and scored poorly largely due to the lack of historical performance measures available. The second year, the proposal was scored and scored poorly largely due to the methodology of curriculum delivery (correspondence) though the methodology is satisfactory to the employer base in question. In each of these years, one of the criteria that the proposal was measured against (and lost points on) was the support of organized labor. ABC will not receive the support of organized labor for its training programs and this is considered to be biased criteria for evaluation.

The third year, the committee declined to review the ABC proposal altogether, citing AS 23.15.652 (a)(2) which states:

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- (1) its accounting systems include controls adequate to check the accuracy and reliability of accounting data, promote operating efficiency, and assure compliance with program requirements and generally accepted accounting principles; and
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A joint administered apprenticeship program is by definition a union training program. It seems unreasonable for the state to establish a preference or a "non-compete" protection by statute.

3380 C Street, Suite 100 • Anchorage, AK 99503

Tel: 907-565-5600 • Fax: 907-565-5645

E-Mail: [info@abcalaska.org](mailto:info@abcalaska.org)

Sent By: ABC OF ALASKA;

907 565 5645 ;

May-1-02 4:36PM;

Page 3

Additionally, we object to the interpretation that ABC's training programs compete with any training program in the state. There is a need for as many as 800 new entrants into the construction trades in the next five years. There is need for a greater capacity than the existing schools combined can train. Competition in training for construction is a non-issue given the demand for workers in this industry.

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Finally, if in fact ABC is determined to be competing with other existing programs, then we would seek assurance that those programs are likewise not funded under the STEP program. In 2000, the joint electrical apprenticeship and training trust was approved for \$111,690 in funding under this program. If an argument can be made that the joint apprenticeship training of electricians competes with ABC's apprentice training program for electrical apprentices then we would expect the governing body would be required to consider these proposals from the union training programs to be non-responsive to the STEP program RFP.

#### The Solution

SB 252 and its companion bill HB 353 should be amended to strike the "non-compete" clause in AS 23.15.652 (a)(2).

APR-30-2002 TUE 05:33 PM SENATOR BEN STEVENS

FAX NO. 907 289 0204

P. 01

C Response

## Subject: ABC Response

Date: Wed, 24 Apr 2002 11:49:14 -0800

From: "Ronald E Hall" &lt;ron\_hall@labor.state.ak.us&gt;

To: "Mary A Jackson" <Mary\_Jackson@legis.state.ak.us>,  
"Deborah J Grundmann" <Deborah\_Grundmann@legis.state.ak.us>,  
"Heather K Brakes" <Heather\_Brakes@legis.state.ak.us>  
CC: "Rebecca N Gomez" <rebecca\_gomez@labor.state.ak.us>

Mary,

In their paper, Equal Access to Training in Alaska, ABC maintains that they were unfairly denied access to STEP training funds because of language in AS 23.15.682(a) (2), "it's activities do not replace or compete within any way with a federally approved, jointly administered apprenticeship program or any other existing training programs".

The department believes the cited language is unambiguous and reflects the intent of the original sponsor of the first STEP legislation. It acknowledged the significant investment that the trades have made in developing and maintaining jointly administered apprenticeship-training programs. The language in the legislation was intended to recognize the investment, as well as the nationally certified standards inherent in such training, and to ensure against subsidizing duplicative state training efforts. The theme of open competition, and non-duplication was found throughout the original legislation. Subsequent legislation, in reauthorizing STEP, have re-affirmed this concept and maintained that language at every opportunity.

The STEP program has never been used to impede or promote organized labor; it has however taken advantage of their investment and expertise in several key occupations and industries. Previous union sponsored training for specialized certifications offered in rural Alaska has not required union indenture or membership

My staff is willing to provide additional advice and technical assistance to interested bidders to ensure they have a firm grasp of the program's intent, and the requirements as well as other funding resources such as the Denali Training Program or the Workforce Investment Act (WIA).

In your e-mail you asked; Can anyone be provided training under a union program? You then cited the joint electrical apprenticeship and training trust.

To respond, it varies from grant to grant. STEP funds are used in many cases to provide training to non-members who have not had contributions made in their behalf to union training funds. In some cases, such as the IDOW grant referenced, all participants are indentured in the union apprenticeship program, but this would include first year apprentices with no prior union affiliation.

If you have any additional questions or concerns, please feel free to call upon me or my staff. Ron (533)

APPENDIX B - SCHEDULE 5  
FY 01 STEP Vendor/Grantees  
Summary Report by Type  
(Unaudited)

Vendor/Grantee Type	Clients Served	Total Grants
Private Training Institutions	272	\$ 482,738
Unions	710	756,884
Public Training Institutions	121	218,989
Native Organizations	115	182,288
Other	88	75,420
Client Reimbursements	46	18,833
<b>Total</b>	<b>1,380</b>	<b>\$ 1,748,830</b>

ALASKA STATE LEGISLATURE

- 55 -

DIVISION OF LEGISLATIVE AID

APPENDIX B - SCHEDULE 4  
 FY 00 STEP Vendor/Grantee  
 Summary Report by Type  
 (Unaudited)

Vendor/Grantee Type	Clients Served	Total Grants
Private Training Institutions	304	\$ 625,683
Unions	377	603,938
Public Training Institutions	236	331,368
Native Organizations	130	169,157
Other	66	79,637
Client Reimbursements	33	33,330
<b>Total</b>	<b>1,166</b>	<b>\$ 1,843,423</b>

ALASKA STATE LEGISLATURE

DIVISION OF LEGISLATIVE AUDIT

APPENDIX B - SCHEDULE 3  
 FY 99 STEP Vendor/Grantee  
 Summary Report by Type  
 (Unaudited)

<u>Vendor/Grantee Type</u>	<u>Clients Served</u>	<u>Total Grants</u>
Private Training Institutions	408	\$ 574,271
Unions	288	297,320
Public Training Institutions	297	371,228
Native Organizations	210	167,000
Other	154	71,335
Client Reimbursement	28	23,563
<b>Total</b>	<b><u>1,385</u></b>	<b><u>\$ 1,404,617</u></b>

APPENDIX B - SCHEDULE 2  
 FY 98 STEP Vendor/Grantee  
 Summary Report by Type  
 (Unaudited)

<u>Vendor/Grantee Type</u>	<u>Clients Served</u>	<u>Total Grants</u>
Private Training Institutions	651	\$ 658,667
Unions	265	381,151
Public Training Institutions	312	636,409
Native Organizations	128	350,291
Other	185	168,114
Client Reimbursements	55	26,677
<b>Total</b>	<b><u>1,697</u></b>	<b><u>\$ 2,210,309</u></b>

SITE: ANCHORAGE LIO

COMMITTEE: SFIN

DATE: 5-2-02

SUBJECT OF MEETING:

UPDATE #: 2



P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

DO YOU WANT  
TO TESTIFY?  
Y or N

<b>Linda Hulbert</b>		AHRIC	<b>Y-SB 252</b>
Email address:			
<b>Eden Larson</b>		ABC of Alaska	<b>Y-SB 252</b>
Email address:			
<b>Mary E. Shields</b>		Anch/MatSu WIB	<b>Y-SB 252</b>
Email address:			
<b>Mano Frey</b>		AK AFL-CIO	<b>Y-SB 252</b>
Email address:			
<b>Mike Andrews</b>			<b>Y-SB 252</b>
Email address:			
Email address:			
Email address:			

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 1/22/02

FURTHER: Finance

Date of 5-Day Notice: 2/7/02  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 4/25/02

Labor and Commerce Committee considered

SENATE BILL NO. 252

SB 252 EMPLOYMENT AND TRAINING PROGRAM/BOARD

"An Act renaming the Alaska Human Resource Investment Council as the Alaska Workforce Investment Board and relating to its membership; repealing the termination date of the state training and employment program; relating to employment and training activities; and providing for an effective date."

and recommends:

- be replaced with CS SENATE Bill 252 (L&C)
- adopt previous CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
Labor-Emploies	4/15/01	✓		1
Labor-Union	4/15/01	✓		2
Labor-STP	4/15/01	✓		3

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Alan Curtis</i>	✓			
<i>Bettye Davis</i>	✓			
<i>Robert D. Rosen</i>	✓			
<i>Morgan</i>	✓			
CHAIR: <i>Ben Stuenkel</i>	✓			



TONY KNOWLES  
GOVERNOR  
[governor@gov.state.ak.us](mailto:governor@gov.state.ak.us)

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
Juneau, Alaska 99811-0001  
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[www.gov.state.ak.us](http://www.gov.state.ak.us)

January 21, 2002

The Honorable Rick Halford  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Halford:

Training of our workforce is key to keeping the Alaska economy competitive in the future and making our state an attractive place for new business development. The State Training and Employment Program (STEP) has proven to be a valuable player in helping Alaskans find and retain jobs. The STEP is due to sunset on June 30. This bill I transmit today continues and makes permanent the STEP and its vital work.

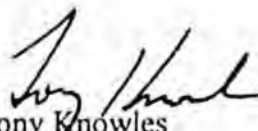
Since 1989 the STEP has successfully served more than 10,000 eligible Alaskans. The training and employment program is financed by employee contributions to the unemployment compensation fund and has actually reduced claims against the fund by bringing unemployed Alaskans back into the work force.

The STEP is under the oversight of the Alaska Human Resource Investment Council, renamed the Alaska Workforce Investment Board under this bill. The STEP was first established as a pilot program, but its success has led to its continued reauthorization through the years. It supplements and compliments federal employment and training programs, providing services when many other programs cannot.

Renaming the oversight board the Alaska Workforce Investment Board clearly signifies the important role that body plays in guiding the development of our workforce. The name change also is in line with terminology under the federal Workforce Investment Act of 1998. In addition, the bill removes the limitation on the number of times the board could meet in a year. It also proposes miscellaneous amendments to update the statutes regarding employment and training activities.

I urge your prompt and favorable action on this measure.

Sincerely,

  
Tony Knowles  
Governor

**SB**

**254**

SFIN

FILE

SB 254

was referred to the  
Senate Finance  
Committee

No hearing was held  
on this bill

TONY KNOWLES  
GOVERNOR  
[governor@gov.state.ak.us](mailto:governor@gov.state.ak.us)



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

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[www.gov.state.ak.us](http://www.gov.state.ak.us)

January 22, 2002

The Honorable Rick Halford  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Halford:

I am transmitting to you a supplemental appropriation bill that I urge the Legislature to put on a "fast track" for action because the items contained in the bill are vital to Alaska's primary industries - fishing, tourism and oil. All of these industries are integral to the economic health of our entire state, and all of them face challenges in the coming year for various reasons -- the public's reaction to terrorism, national stock market conditions, national energy policy, and increased competition in the global marketplace.

The bill includes \$10 million appropriations to boost marketing efforts in the salmon and tourism industries. The salmon marketing efforts include \$5 million for regional salmon marketing grants and international niche marketing program to promote salmon in developing markets. The other \$5 million is earmarked for the Alaska Seafood Marketing Institute for domestic and international marketing and quality assurance.

Tourism assistance includes a \$9.8 million grant to the Alaska Travel Industry Association to mitigate the drastic decline in recreational travel after September 11<sup>th</sup>. The Alaska Marine Highway System would receive \$200,000 to specifically promote travel to Alaska by ferry and communities on the system.

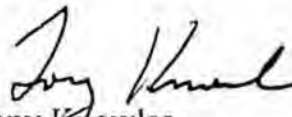
The remaining \$1 million proposed in the bill is for a grant to Arctic Power to continue its national efforts in gaining support for oil and gas exploration and development in the Arctic National Wildlife Refuge.

The Honorable Rick Halford

Page 2

The fishing, tourism, and oil and gas industries provide the highest number of jobs in Alaska and drive our economy statewide. Slumps in these industries ripple down to the local level in diminished revenue from fish, sales, and bed taxes. It is the responsibility of state government to use the tools we have to ensure Alaska's economy is vibrant and able to sustain quality of life. I urge you to consider and pass these appropriations as soon as possible.

Sincerely,



Tony Knowles  
Governor

**SB**

**256**

SFIN

FILE

SB 256

was referred to the  
Senate Finance  
Committee

No hearing was held  
on this bill

**SB**

**257**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/8/02

REPORTED OUT  
  
FEB 12 2002  
  
SENATE FINANCE  
COMMITTEE

FURTHER:

DATE TURNED IN TO OFFICE: 02/12/02

Finance Committee considered **SENATE BILL NO. 257**  
*SB 257 EXTEND BOARD OF PROFESSIONAL COUNSELORS*  
 "An Act extending the termination date of the Board of Professional Counselors."

and recommends:

- be replaced with CS SB 257 (FIN)
- adopt previous CS CS FORTHCOMING
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DCED	2/4/02	51.4		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Linda Green</i>	✓			
<i>Mike C... ..</i>	✓			
<i>Tom ... ..</i>	✓			
<i>Robinson</i>	✓			
<i>Drew D. Leman</i>	✓			
<i>... ..</i>	✓			
COCHAIR: <i>...</i>				
COCHAIR: <i>Pete Kelly</i>	✓			

REPORTED OUT

**FISCAL NOTE**

FEB 12 2002

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

SENATE FINANCE  
COMMITTEE

Fiscal Note Number: 1  
Bill Version: SB 257  
(S) Publish Date: 2/8/02

Revision Date/Time (Note if correction): 02-04-02 4:45 PM Dept. Affected: DCED  
Title An Act extending the termination date of the BRU: Occupational Licensing (117)  
Board of Professional Counselors Component Occupational Licensing  
Sponsor Senate Labor & Commerce  
Requester Senate Labor & Commerce Component No. 2360

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	27.2	27.2	27.2	27.2		
Travel	5.6	5.6	5.6	5.6		
Contractual	18.6	18.6	18.6	18.6		
Supplies	0.0	0.0	0.0	0.0		
Equipment	0.0	0.0	0.0	0.0		
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>51.4</b>	<b>51.4</b>	<b>51.4</b>	<b>51.4</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	<b>51.4</b>	<b>51.4</b>	<b>51.4</b>	<b>51.4</b>		
-------------------------------	-------------	-------------	-------------	-------------	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156-Receipt Supported Services	51.4	51.4	51.4	51.4		
<b>TOTAL</b>	<b>51.4</b>	<b>51.4</b>	<b>51.4</b>	<b>51.4</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The bill extends the Board of Professional Counselors to June 30, 2005. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the board to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2003 Operating Budget request.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144  
Division Occupational Licensing Date/Time 2/4/02 4:42 PM  
Approved by: Deborah B. Sedwick, Commissioner Date 2/4/2002  
Agency Department of Community & Economic Development

SENATE FINANCE  
COMMITTEE

22-LS1336\F.1

Amendment Number: # 1

Lauterbach

Bill Number: SB 257

2/11/02

Sponsor: Leman Date: 2/12/02

Logged In By: Robin

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR LEMAN

TO: CSSB 257(L&C)

- 1 Page 2, line 19:
- 2 Delete "completing the requirement of"
- 3 Insert "earning the degree required under [COMPLETING THE REQUIREMENT
- 4 OF]"

SENATE FINANCE COMMITTEE  
 / / 2002 COMMITTEE ACTION

<b>Bill Number</b>			
<b>Amendment</b>	# 1		
<b>Motion</b>			
<b><u>Motion by</u></b>	Leman		
<b><u>Objection by</u></b>			
<b>Removed</b>			
<b><u>Second Objection by</u></b>			
<b><u>Committee Member</u></b>	<b>Y</b>	<b><u>Vote</u></b>	<b>N</b>
Senator Green			
Senator Hoffman			
Senator Leman			
Senator Olson			
Senator Ward			
Senator Wilken			
Senator Austerman			
Co-Chair Donley			
Co-Chair Kelly			
<b><u>Tally</u></b>			
Yea			
Nay			
Absent			
<b><u>MOTION</u></b>	PASSED		

# Sponsor Statement

## CSSB 257 – Extend Board of Professional Counselors

Under AS 08.29.010 the State Board of Professional Counselors regulates the practice of Professional Counselors ensuring that the requirements laid out for licensure are met and adhered to.

The board consists of five members appointed by the governor. Four members must be licensed professional counselors and one member must be appointed by the general public. Board members serve staggered terms of four years.

The regulation and licensing of qualified professional counselors safeguards the public by ensuring the competence and integrity of those who represent themselves as professional counselors.

The State Board of Professional Counselors is scheduled to terminate June 30, 2002 under AS 08.03.010, Termination of State Boards and Commissions. If the legislature does not act the board would have one year, until June 30, 2003 to administratively conclude its operations.

In accordance with the provisions of Title 24 of the Alaska Statutes, Legislative Budget and Audit conducted a sunset review of the State Board of Professional Counselors. It is the opinion of Legislative Budget and Audit that the State Board of Professional Counselors is operating in an efficient and effective manner and should continue to regulate the counselor profession. CS SB 257 would extend the State Board of Professional Counselors three years to June 30, 2005.

In their sunset review, Legislative Budget and Audit also recommended that the legislature consider combining the State Board of Professional Counselors and the State Board of Marital and Family Therapists into a single oversight and licensing board. While this legislation does not combine those two boards, it extends the sunset date of the Board of Professional Counselors to coincide with that of the State Board of Marital and Family Therapists.

In Section 2 of the CS changes in the education requirement were made at the request of the Board and the Department. This change was also adopted in the House version of the bill.

Talking Points to Section 2 of CSSB 257 (L&C)

Current statutory language requires that an individual seeking licensure as a Licensed Professional Counselor (LPC) must have graduated from a regionally or nationally accredited master's level program with a minimum of 48 semester hours. They then must take additional hours of graduate level counseling course work for a total of 60 semester hours.

Some regionally or nationally accredited programs graduate master's level students with fewer than 48 semester hours. Changing the statute to delete the minimum required graduate program hours would accommodate these people and still maintain the 60-semester hour total.

The alternative is that these graduates would have to start new 48-hour master's programs. At a time of critical shortages in the mental health field across Alaska and the rest of the country, most people would opt for work elsewhere.

# Audit Report

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DEPARTMENT OF COMMUNITY  
AND ECONOMIC DEVELOPMENT  
BOARD OF PROFESSIONAL COUNSELORS  
SUNSET REVIEW

September 12, 2001

---



Audit Control Number:

08-20012-01

Division of Legislative Audit

P.O. Box 113300, Juneau, Alaska 99811-3300

# LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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## DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from the Senate and two from the House. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$6 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

Audits are performed as mandated by Alaska Statutes or at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in either Juneau, Anchorage, or our web site <http://www.legis.state.ak.us/legaud/web/default.htm>.

### BUDGET AND AUDIT COMMITTEE

Senator Gene Therriault, Chair  
Senator Dave Donley  
Senator Lyman Hoffman  
Senator Randy Phillips  
Senator Jerry Ward  
Senator Gary Wilken (alternate)

Representative Hugh Fate, Vice Chair  
Representative John Harris  
Representative Reggie Joule  
Representative Ken Lancaster  
Representative Eldon Mulder  
Representative Bill Williams (alternate)  
Representative John Davies (alternate)

### DIVISION OF LEGISLATIVE AUDIT

Pat Davidson, CPA  
Legislative Auditor

P.O. Box 113300  
Juneau, AK 99811-3300

(907)465-3830, Juneau  
(907)561-1445, Anchorage  
(907)465-2347, Juneau Fax  
(907)561-1452 Anchorage Fax

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



October 1, 2001

P.O. Box 113300  
Juneau, AK 99811-3300  
(907) 465-3830  
FAX (907) 465-2347  
Internet e-mail address:  
legaudit@legis.state.ak.us

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMUNITY  
AND ECONOMIC DEVELOPMENT  
BOARD OF PROFESSIONAL COUNSELORS  
SUNSET REVIEW

September 12, 2001

Audit Control Number

08-20012-01

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently under AS 08.03.010(c)(17), the Board of Professional Counselors is scheduled to terminate on June 30, 2002. The board would be allowed one year in which to conclude its administrative operations.

In our opinion, the Board of Professional Counselors is operating in an efficient and effective manner and should continue to regulate the counselor profession. We believe the board is safeguarding the public interest by promoting the competence and integrity of those who would hold themselves out to the public as professional counselors. As discussed in Recommendation No. 1 in the Findings and Recommendations section of this report, we believe there is merit to combining the Board of Professional Counselors with the Board of Marital and Family Therapy.

This audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objective, Scope, and Methodology section of this report.

A handwritten signature in black ink that reads "Pat Davidson".

Pat Davidson, CPA  
Legislative Auditor

# TABLE OF CONTENTS

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Alaska State Board of Professional Counselors.....	17
Department of Community and Economic Development.....	19

## OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the intent of Title 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities and operations of the Board of Professional Counselors. Under AS 44.66.050(a), the legislative committee of reference is to consider this report during the legislative oversight process to determine whether the board should be reestablished. Currently AS 08.03.010(c)(17) requires the board to terminate on June 30, 2002. If the legislature takes no action to extend the termination date, the board will have one year from that date to conclude its operations.

### Objectives

There are three central, interrelated objectives of our report. They are:

1. To determine if the termination date of the board should be extended.
2. To determine if the board is operating in the public's interest.
3. To determine if the board has exercised appropriate regulatory oversight of licensed counselors.

The assessment of the operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relate to the determination of a demonstrated public need for the board.

### Scope and Methodology

Under the direction and supervision of the Division of Legislative Audit, another auditor conducted the majority of this review. We followed professional standards to determine that the other auditor was independent and that their work was competent and sufficient.

We reviewed the board activities and licensing functions for FY 99 through FY 00. The major areas of our review were licensing, examination, investigations, and board proceedings. We reviewed and evaluated the following:

1. Applicable statutes and regulations
2. Tests of files and documentation of licensees
3. Investigation files
4. Minutes of board meetings and division correspondence files
5. Attorney general's opinions applicable to professional boards

We conducted interviews with employees of the Department of Community and Economic Development, Division of Occupational Licensing. In addition, we conducted a survey of the license holders of the following boards: Professional Counselors, Marital and Family Therapy, and Psychologist and Psychological Associate Examiners. This survey was to assist in the evaluation and gain the perspective of licensed professionals regarding possible consolidation of two or more of the aforementioned boards.

(Intentionally left blank)

## ORGANIZATION AND FUNCTION

The Board of Professional Counselors was established under the provisions of Title 8, Chapter 29 of Alaska Statutes. The board consists of five members appointed by the governor and subject to legislative confirmation. Four members must be licensed professional counselors and one member must be appointed from the general public. Board members serve staggered terms of four years.

The board regulates the practice of Professional Counselors. The board sets the minimum standards to practice in Alaska by:

1. Examining and issuing licenses to qualified applicants.
2. Establishing, amending, or eliminating regulations controlling the standards of practice for the counseling profession.
3. Revoking, annulling, or suspending licenses in accordance with the Administrative Procedures Act when an individual has violated the statutes or regulations of Professional Counselors.

### Board of Professional Counselors

(As of June 1, 2001)

Anne Henry, Counselor, Chair

Janet McGillivray, M.Ed., Counselor

Allan Morotti, Ph.D., Counselor

Sondra Sexton-Jones, Counselor

David Leonard, Public Member

### Department of Community and Economic Development, Division of Occupational Licensing

The Department of Community and Economic Development, Division of Occupational Licensing provides administrative and investigative assistance to the Board of Professional Counselors. Administrative assistance includes budgetary services, functions such as collecting fees, maintaining files, receiving and issuing application forms, and publishing notices of examinations and meetings.

Alaska Statute 08.01.065 mandates the Department of Community and Economic Development, with the concurrence of the board, adopt regulations to establish the amount and manner of payment of application fees, examination fees, license fees, registration fees, permit fees, investigation fees, and all other fees as appropriate for the occupations covered by the statute.

Alaska Statute 08.01.087 empowers the Division of Occupational Licensing with the authority to act on its own initiative or in response to a complaint. The division may:

1. Conduct an investigation if it appears a person engaged in or is about to engage in a prohibited professional practice.
2. Bring an action in Superior Court to enjoin the act.
3. Examine the books and records of an individual.
4. Issue subpoenas for the attendance of witnesses and records.

(Intentionally left blank)

## REPORT CONCLUSIONS

In our opinion, the Board of Professional Counselors is operating in an efficient and effective manner and should continue to regulate professional counselors. We believe the board is safeguarding the public interest by promoting the competence and integrity of those who would hold themselves out to the public as professional counselors. As discussed in Recommendation No. 1, we believe there is merit to combining the Board of Professional Counselors with the Board of Marital and Family Therapy.

Alaska Statute 08.03.010(c)(1), requires that the Board of Professional Counselors be terminated on June 30, 2002. Under AS 08.03.020, the board has a one-year period to administratively conclude its operations. Based upon our review of the board's performance, we recommend the termination date for the board be extended to June 30, 2006.

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## FINDINGS AND RECOMMENDATION

### Recommendation No. 1

The legislature should consider combining the Board of Professional Counselors and the Board of Marital and Family Therapy into a single oversight and licensing board.

The Board of Professional Counselors was created by the 1998 legislature. From our review of the legislative history of the bill creating the board, there was some interest expressed in possibly placing the licensing and regulation of professional counselors under the already existing Board of Marital and Family Therapy (BMFT). After committee discussion and questioning, it was decided to create a separate Board of Professional Counselors – in part because of concern that the one time “start-up” costs involved in regulation should be borne entirely by counselors rather than possibly being made part of the costs that may be paid by marital and family therapists.

As part of our sunset review of the Board of Professional Counselors (BPC), we considered the merits of possibly combining the board with one or more of the boards involved with behavioral health, such as BMFT or the Board of Psychologist and Psychological Associate Examiners (BPPAE). From our review we determined the combination that had the most public policy merit was combining the Board of Professional Counselors and the Board of Marital and Family Therapy.

The factors that support such a potential combination of these boards are as follows:

1. Reduction in administrative costs and related licensing fees. The professional counselor license fee is likely to decrease regardless of merging the BPC and the BMFT boards because much of the start-up costs associated with establishing BPC have already been incurred. However, our cost analysis indicates that merging the boards would decrease administrative costs. Therefore, merging the boards would likely contribute to a reduction in the licensing fees for professional counselors.
2. Combination oversight of these professions is common in other states. We compared the licensing structure of other states for counselors and therapists to that used in Alaska. It is a common practice for both professions to be licensed and regulated by the same board or oversight agency. Other jurisdictions have evidently had success with a central oversight authority for these professional groups. In review and discussion with other state oversight boards, a majority of those contacted reported success with a combined “omnibus” board. After contacting more than 20 states, we found that over 80% had created a professional mental health or behavior sciences board to license and credential counselors as well as marital and family therapists.
3. Educational requirements and practice standards are very similar. The educational and training requirements for counselors and therapists are very similar. Marital and family therapists may have a more specialized systemic training for group and family counseling; however, this distinction does not appear to preclude developing a combined oversight board. In our view, the educational and professional distinctions are no more

disparate than they are between Architects, Engineers, and Land Surveyors – all professions regulated by a single board in Alaska.

4. There is some sentiment for combining boards amongst practitioners. As part of our review, we surveyed licensees of three behavioral health boards; BMFT, BPC, and BPPAE. While psychologists were (for the most part) opposed to any such combination, a majority of BMFT and BPC licensees responding to the survey expressed support for a combined board.

If the legislature passes a measure combining the two boards, we would recommend the termination date for the new board be set June 30, 2005. This would coincide with the current termination date established for the Board of Marital and Family Therapy.

## ANALYSIS OF PUBLIC NEED

The following analysis of the Board of Professional Counselors (board) activities relates to the public need factors defined in the "sunset" review law, AS 44.66.050. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

***Determine the extent to which the board, commission, or agency has operated in the public interest.***

Since its inception in 1998, the board has acted in the interest of the public by establishing licensing requirements and minimal practice standards for counselors. Such standardization has improved the manner and consistency with which counseling services are delivered. In addition, the licensing of professionals has qualified more service delivery for Medicaid insurance reimbursement – thereby providing more public access to counseling services.

***Determine the extent to which the operations of the board has been impeded or enhanced by existing statutes, procedures, and practices, which it has adopted, and any other matter, including budgetary, resource, and personnel matters.***

The current examination statutes and regulations have somewhat impeded the board's ability to provide for a consistent examination process. Currently, the board is in the process of revising regulations to provide for a more improved process of licensing professional counselors through an examination process.

Under the board's statutes [AS 08.29.020(1)] it has the authority "to provide for licensure in areas of counseling specialization." This suggests that the board can develop and apply criteria for licensing specialized counselors such as marital and family therapists. As discussed in Recommendation No. 1, these "specialized" counselors currently fall under the purview of another board. This presents the potential for future conflict should the Board of Professional Counselors ever choose to develop a specialization in marital and family counseling.

***Determine the extent to which the board has recommended statutory changes that are generally of benefit to the public interest.***

The board has had limited activity in this area. Since the board is relatively new, it has spent most of its time developing regulations that would ensure counselors are licensed and regulated in a manner consistent with the public interest.

***Determine the extent to which the board, commission or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of services, economy of service, and availability of services that it has provided.***

The location, date, and time of board meetings and licensing examinations were advertised in Alaskan newspapers with adequate time for interested individuals to attend or to submit written comment for review. The board's meeting agenda sets aside suitable time for public comment. Minutes from the meetings of the board reflect public participation at various meetings.

***Determine the extent to which the board has encouraged public participation in the making of its regulations and decisions.***

Public notice was given for all proposed regulations in major Alaskan newspapers. The board meeting minutes document that unlimited time was allotted for the scheduled public comment period. All proposed regulation changes are submitted to the public participation process.

***Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.***

For the period between July 1, 1998 and June 30, 2001 (FY 99 – FY 01), the Division of Occupational Licensing opened 18 cases related to professional counselors. Most of the cases involved applicants seeking initial licensure as professional counselors. These applicants were attempting to be licensed on a "grandfather" basis. That is, they sought to be licensed by virtue of their education or work experience. The cases can be summarized as follows:

1. Licensing disputes. Of the 11 cases involving licensing disputes, two completed the formal hearing process. In one of the appeals, the hearing officer upheld the board's initial license denial decision. In the other hearing, the hearing officer recommended that licensure be granted, and the board adopted his decision.

As of August 2001, the disposition of the other nine cases involving disputes over licensure was as follows:

- a. Two hearings were dismissed on procedural grounds by the hearing officer involved.
  - b. After requesting a hearing one individual withdrew his application.
  - c. Six other individuals (who were denied licensure) either had hearing requests, or have hearing officer decisions still pending.
2. Complaints from the public regarding counseling practice of licensees. The division received five complaints from the public regarding the way licensees (or, in one instance, an applicant for licensure) were conducting their practice. The case involving the applicant was closed when the individual involved withdrew his application for licensure. In one complaint the investigation found no violation by the licensee, and in another, the individual involved agreed to voluntarily comply with state advertising regulations related to the term "professional counselor." Investigations involving the two other complaints were still in progress as of August 2001.

3. Self-reported criminal background. In two instances, cases were opened when prospective applicants reported past criminal offenses on their license application. In both instances the board reviewed the nature of the offenses involved and the length of time since the most recent offense, before deciding to grant licenses to both individuals.

We have reviewed the nature and extent of complaints filed involving licensed professional counselors. In our view, the Division of Occupational Licensing, in conjunction with the board, took appropriate investigative actions, prioritized complaints in a reasonable manner, and proceeded in a manner consistent with the potential threat the complaints posed to the public welfare.

***Determine the extent to which the board regulates entry into an occupation or profession and whether it has presented qualified applicants to serve the public.***

Since the board's inception it has licensed most individuals by what is termed "transition" (see table that follows). To qualify for transitional licensure an individual had to submit an application by June 30, 2000 and meet the following qualifications:

1. Hold a masters or doctorate degree in counseling or related field
2. Demonstrate that they had 24 months of post-graduate work experience within the 60 months preceding the date of application
3. Submit two letters of reference from counselors familiar with the applicant's work

To date, few individuals have been licensed by credentials. To qualify for licensure by credentials, the individual must demonstrate they were licensed and practiced in good standing in another jurisdiction with requirements equivalent to those in Alaska.

New Licenses Issued	FY 99	FY 00	FY 01	Total	Issued to Date
Licensed by Transition	0	114	184	298	298
Licensed by Credential	0	5	18	23	23
Counselor Supervisor	0	0	11	11	11

The board has developed regulations to provide for licensure by examination; however, the board has not yet developed or offered an examination. The board is working toward developing an appropriate examination.

Currently people may still offer counseling without a license. Those without a license cannot advertise or hold themselves out to be licensed professional counselors.

***Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board to its own activities and the area of activity or interest.***

We did not find any evidence that the board was not complying with the state personnel practices, including affirmative action in qualifying applicants. In no instances has the board denied an applicant a license based on personal attributes.

***Determine the extent to which statutory, regulatory, budgeting or other changes are necessary to enable the board to better serve the interest of the public and to comply with the factors enumerated in this subsection.***

As discussed in Recommendation No. 1, we recommend the Board of Professional Counselors and the Board of Marital and Family Therapy be combined. In our view, such a combination would result in less administrative costs and lessen the possible conflict between the scope of practice of counselors and marital and family therapists.

## Appendix A: Survey Results

Below are the results of the survey conducted to assess the support for a combined board. The rate of response is as follows:

Licensees	Surveyed	Responses	% Response
Marriage and Family Therapists (MFT)	227	28	12%
Professional Counselors (PCO)	325	75	23%
Psychologists and Associates (PSY)	208	74	36%

1. What combination of the following state licensing boards would you believe would be effective?

	PCO & MFT	PCO & PSY	MFT & PSY	Combination of all three	None	Not Sure
Marital and Family Therapists	2 7%	1 3.5%	3 11%	15 54%	6 21%	1 3.5%
Professional Counselors	18 24%	2 3%	0 0%	34 45%	20 27%	1 1%
Psychologists and Associates	25 34%	1 1.5%	1 1.5%	12 16%	32 43%	3 4%

2. Do you think that your professional representation would be impaired if the state oversight boards of (a) Professional Counselors, (b) Marital and Family Therapists, and (c) Psychologists and Psychological Associates were combined?

	Yes	No	Unanswered	Not Sure
Marital and Family Therapists	9 32%	19 68%	0 0%	0 0%
Professional Counselors	29 38.5%	41 54.5%	3 4%	2 3%
Psychologists and Associates	59 80%	12 16%	0 0%	3 4%

## Appendix A: Survey Results (continued)

3. Are you currently licensed by more than one occupational licensing board?

	Yes		No		Unanswered	
Marital and Family Therapists	10	36%	16	57%	2	7%
Professional Counselors	12	16%	63	84%	0	0%
Psychologists and Associates	9	12%	65	88%	0	0%

4. The licensing of Professional Counselors would most effectively be monitored by . . .

	BOARD COMBINATIONS											
	PCO	PSY	MFT	PCO/ PSY	PSY/ MFT	MFT/ PCO	All	None	Unsure			
Marital and Family Therapists	12	43%	1	3.5%	3	11%	1	3.5%	1	3.5%	6	21%
Professional Counselors	52	70%	1	1%	3	4%	3	4%	0	0%	6	8%
Psychologists and Associates	43	58%	8	11%	1	1%	5	7%	1	1%	5	7%

5. The state licensing board adequately regulates entry into your profession.

	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
Marital and Family Therapists	7	25%	12	43%	6	21%	2	7%	1	4%
Professional Counselors	14	19%	47	63%	10	14%	2	2%	2	2%
Psychologists and Associates	16	21.5%	43	58%	11	15%	3	4%	1	1.5%

## Appendix A: Survey Results (continued)

6. The initial and biennial occupational licensing fees for your profession are reasonable.

	Strongly Agree	Agree	Neutral Disagree	Strongly Disagree
Marital and Family Therapists	0 0%	3 11%	0 0%	7 25% 18 64%
Professional Counselors	0 0%	10 13%	15 20%	22 30% 28 37%
Psychologists and Associates	0 0%	5 7%	2 2.5%	13 17.5% 54 73%

7. What, in your opinion, would be the advantages and/or disadvantages of merging the state boards of (a) Professional Counselors, (b) Marital and Family Therapists, and (c) Psychologists and Psychological Associates?

### Marital and Family Therapists

Combining boards would allow for lower fees.

The general consensus of marriage and family therapists is to combine boards with professional counselors to benefit uniform and statute regulations.

Note that not all professions would be equally represented.

A concern was expressed to consider adding social workers.

All professional licenses are better represented for the mental health profession and it is good without the cost of litigation.

Another concern was that the ethics violation would decrease and need to be further regulated instituting more government control, which the therapists do not want.

### Professional Counselors

Professional counselors wouldn't mind teaming with the marriage and family therapists, feeling somewhat inferior to the psychologists.

Master levels under one board are devalued.

LPC needs more time and effort to make a valid decision.

The peer reviews would be cumbersome.

## Appendix A: Survey Results (continued)

The psychologists have lobbied to have counselors excluded from licensing.

There would be fewer board members.

There should be a decrease in operating expenses.

It would strengthen the professional platform clinically and legislatively.

Biennial occupational licensing is too frequent; suggests 5 years.

We should have a more prompt renewal rate.

There should be higher educational training opportunities.

Allow board to delegate administrators.

### Psychologists and Associates

No advantages; psychologists would be misrepresented. There are different requirements for each profession, and they cannot be compared.

Effectiveness of the board would be diluted.

Decreased understanding and awareness of the different professions by the public.

There should be uniform standards which should include social workers.

Fees in Alaska are 8 times higher than any other state.

*Alaska*

**Department of Community  
and Economic Development**

**Division of Occupational Licensing**

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LEGISLATIVE AUDIT

November 12, 2001

Jim Griffin  
Audit Manager  
Division of Legislative Audit  
P.O. Box 113300  
Juneau, AK 99811-3300

Dear Mr. Griffin:

On November 9, 2001, the Board of Professional Counselors met in their regularly scheduled meeting. During that meeting we made time on the agenda to discuss the draft of the Legislative Auditor's Report. Additionally, we had an opportunity discuss with members of the Board of Marital and Family Therapists, the recommendation that there be a merging of the boards.

We agree with the Auditor's conclusions that the Board is operating in an efficient and effective manner and that we are safeguarding the public interest. The Board also supports the Auditor's recommended extension of the termination date to June 30, 2006.

With your permission, I shared with Licensed Professional Counselor Board members and representatives from the Board of Marital and Family Therapists, a draft of legislative language to combine the two boards. While we agreed that there are many points in common with the boards, there are many rough spots that will require considerable work to incorporate into such language. Neither board is currently prepared to either endorse the idea of a combined board, nor are they of a mind to reject the notion. However, we would appreciate your support in continuing along the current path of discussion.

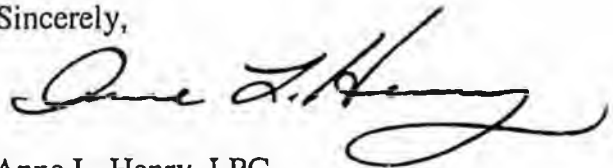
We believe that there are benefits to continuing as separate boards, and to combining. Other states do have combined boards, and it would be beneficial to study different structures and methods that are employed. A combined board would slightly reduce the administrative costs of licensing, but the actual fee reduction to individual licensees might not outweigh the extra representation by individual boards. And finally, the main point that needs consideration is the impact on public protection.

After considerable discussion it was agreed that our Board's response to Recommendation No. 1 of the Legislative Audit Report should be a request that the recommendation be amended. We strongly urge you to recommend that the legislature urge the two boards to explore combining boards, and if they find that combining boards would be of benefit to the public and licensees, that they develop legislative language to combine boards by the 2004 legislative session.

Please allow us to take the time to make a thoughtful decision about whether or not to combine boards, to develop statutory language that will be agreed upon by both current boards and their members, and to develop language what we will not have to amend over the next several years because we rushed into this potential change.

Thank you for your thoughtful and thorough audit of the Board.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne L. Henry". The signature is written in black ink and is positioned above the typed name.

Anne L. Henry, LPC  
Chair

Board of Licensed Professional Counselors