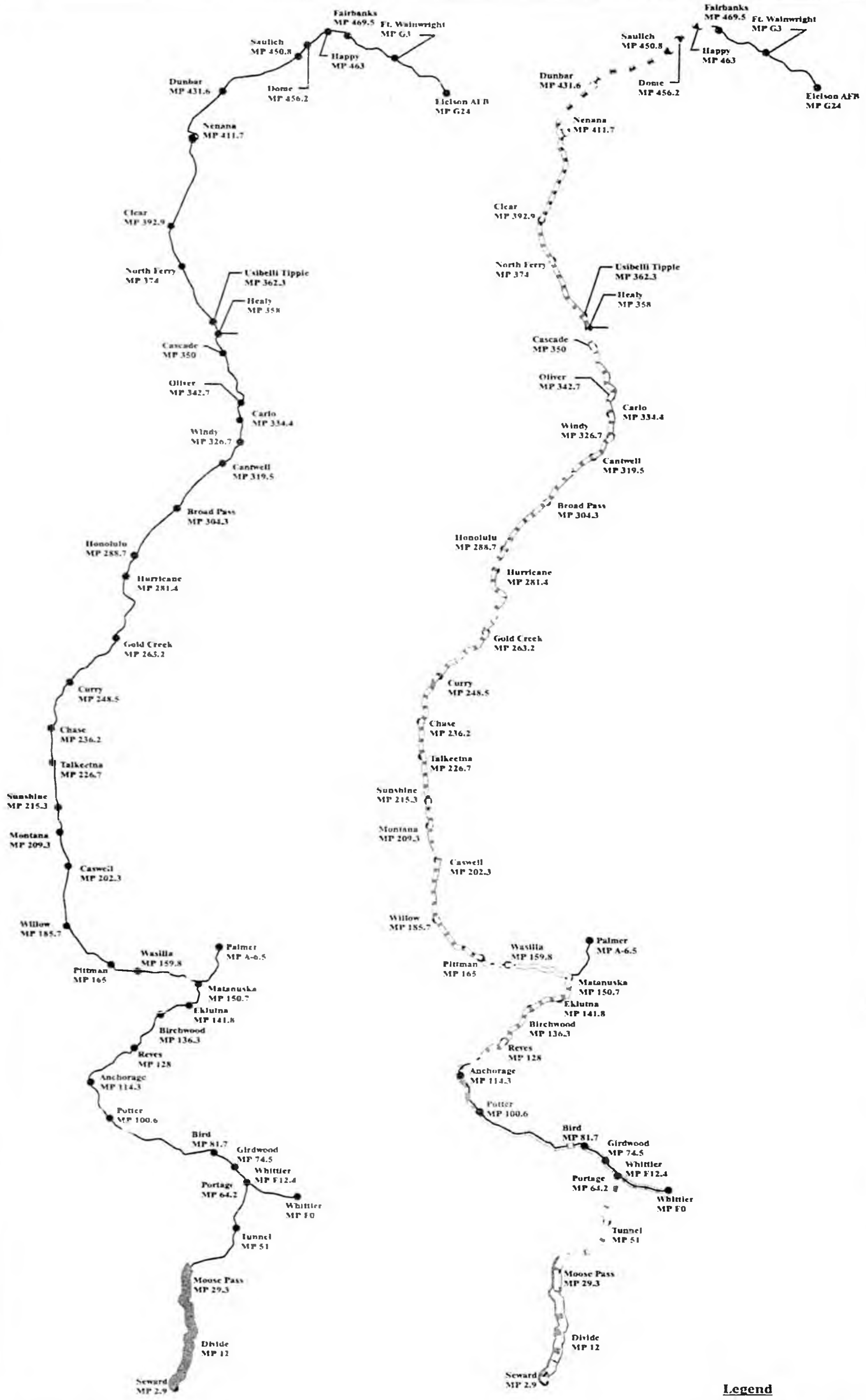


ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 3108



2015

Legend
 ARRC Mainline
 CVR
 Concrete Tiles
 Wood Tiles

STATE OF ALASKA

DEPARTMENT OF REVENUE

TREASURY DIVISION

FRANK H. MURKOWSKI, GOVERNOR

333 WILLOUGHBY AVENUE, 11TH FLOOR
PO BOX 110405
JUNEAU, ALASKA 99811-0405
PHONE: (907) 465-2350
FAX: (907) 465-2394

March 14, 2006

Alaska Railroad Corporation
Bill O'Leary
VP Finance/Chief Financial Officer
327 W. Ship Creek Avenue
Anchorage, AK 99501

Dear Mr. O'Leary:

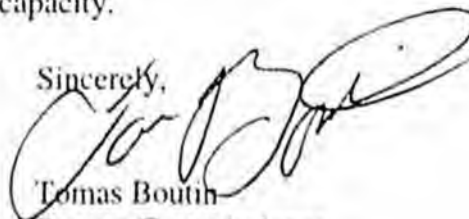
The Alaska Department of Revenue has reviewed Senate Bill 308 and House Bill 491 and concluded that this legislation's passage will have no impact on the State's credit rating or bonding capacity.

The proposed legislation authorizes the Alaska Railroad Corporation (Corporation) to issue up to \$165 million in revenue bonds of the Corporation. This proposed issuance will be secured by a specific pledge of revenues of the Corporation to investors. There are no State credit enhancements or security features contemplated for the bond issuance. In fact, the proposed legislation includes the statement that "in no event shall the general credit of the Alaska Railroad Corporation or the state be pledged for the repayment of these bonds".

The Alaska Railroad Corporation Act, AS 42.40.500, clearly states that a liability incurred by the corporation shall be satisfied exclusively from the assets or revenue of the Corporation and no creditor or other person has a right of action against the state because of a debt, obligation, or liability of the corporation. AS 42.40.690 also clearly states that the state and its political subdivisions are not liable for the debts of the corporation and that any bonds issued by the Corporation are payable solely from the revenue or assets of the corporation and do not constitute a debt, liability, or obligation of the state or a pledge of the faith and credit of the state.

The existing statute, the proposed legislation, and the intended structure for Senate Bill 308 and House Bill 491 proposed debt, ensure that this bond issuance will not have any effect on the State of Alaska's credit rating or bonding capacity.

Sincerely,



Tomas Boutin
Deputy Commissioner

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 3/9/06

FURTHER: Finance

Date of 5-Day Notice: 3/9/06
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/16/06

Transportation Committee considered SENATE BILL NO. 308

SB 308 ALASKA RAILROAD REVENUE BONDS

"An Act authorizing the Alaska Railroad Corporation to issue revenue bonds to finance rail transportation projects that qualify for federal financial participation; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
SCS House Bill:
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
CCED	3/13/06			X	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>John French</i>	X			
<i>French</i>	+			
<i>Therriault</i>	X			
CHAIR: <i>Huggins</i>	X			

SB

309

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/12/06

FURTHER:

REPORTED OUT
APR 28 2006
SENATE FINANCE COMMITTEE

DATE TURNED IN TO OFFICE: 4/28/06

Finance Committee considered SENATE BILL NO. 309

SB 309 CONSTR. TRAINING GRANT; UNEMPLOYMENT COMP.

"An Act establishing a construction trades training grant program for award by the Department of Labor and Workforce Development, providing for special employee unemployment contributions to fund the program and an offsetting credit against the employees' general unemployment contribution, and providing for an expiration date for the program, contributions, and credit; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SB 309 (L & C)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:	
<input type="checkbox"/> Same Title	
<input checked="" type="checkbox"/> New Title	
SCS House Bill:	
<input type="checkbox"/> Same Title	
<input type="checkbox"/> Technical Title Change	
<input type="checkbox"/> New Title w/ SCR # _____	

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
Labor	4/12/06	5,043.3			1
Labor	4/12/06	247.7			2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
	<input checked="" type="checkbox"/>			
			<input checked="" type="checkbox"/>	
COCHAIR:	<input checked="" type="checkbox"/>			
COCHAIR:			<input checked="" type="checkbox"/>	

FISCAL NOTE

STATE OF ALASKA
 2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 309(L&C)
 (S) Publish Date: 4/12/06

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
 Title: Construction Training Grant; Unemployment Comp. RDU: Business Partnerships
 Component: Business Services
 Sponsor: Senate State Affairs
 Requester: Senate Labor & Commerce Component Number: 2658

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	116.9	116.9	116.9	116.9	116.9	116.9
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual	127.4	127.4	127.4	127.4	127.4	127.4
Supplies	3.0	3.0	3.0	3.0	3.0	3.0
Equipment						
Land & Structures						
Grants & Claims	4,790.0	4,946.0	5,064.0	5,186.0	5,310.0	5,437.0
Miscellaneous						
TOTAL OPERATING	5,042.3	5,198.3	5,316.3	5,438.3	5,562.3	5,689.3

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (New)	5,290.0	5,405.0	5,523.0	5,645.0	5,769.0	5,896.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
New - Construction Trades Training Fund	5,042.3	5,198.3	5,316.3	5,438.3	5,562.3	5,689.3
TOTAL	5,042.3	5,198.3	5,316.3	5,438.3	5,562.3	5,689.3

Estimate of any current year (FY2006) cost: None
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Department of Labor and Workforce Development has two fiscal notes associated with this legislation: one for the Employment Security Division's revenue collection costs, the second for the Division of Business Partnerships program administration costs.

See attached page for an analysis of the Division of Business Partnerships program administration costs.

Prepared by: Corine Geldhof, Acting Director Phone: 465-5937
 Division: Business Partnerships Division Date/Time: 4/12/06 1:40 PM
 Approved by: Greg O'Claray, Commissioner Date: 4/12/2006
 Agency: Department of Labor and Workforce Development

FISCAL NOTE #1

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL VERSION: CSSB 309(L&C)

ANALYSIS: (continued)

This bill would provide sustained funding, through the proposed program's expiration date of July 1, 2012, to train Alaskans for construction jobs in heavy, highway and building construction, and oil or gas pipeline construction.

Alaska's construction labor force is expected to grow 15 percent over the next five years, and over 43,000 job vacancies are projected in the next five to seven years due to job growth and the retirement of older construction workers.

The bill increases the capacity of the state's workforce development system to prepare Alaskans for high growth jobs anticipated as a result of construction projects, including but not limited to a gas pipeline. The bill will ensure that industries doing business in Alaska will have a trained and ready to work labor force to meet current and future demand on projects that have in the past relied on out-of-state labor.

The fiscal note anticipates that the division will take an active role in managing this grant to Alaska Works Partnerships (AWP) to ensure accountability. Oversight will include strategic program and financial oversight due to the significant state investment and the need to ensure alignment with other training initiatives for high growth employment outcomes. The division will engage in negotiations; assure participant tracking and measure outcomes; and evaluate, support and provide technical assistance assuring that AWP enrolls and trains over 2,000 participants on an annual basis. These activities are part of the core services and fundamental mission of the division – to design and implement employment and training programs that align with Alaska's business and industry workforce demands and that result in participant employment and in building a prepared workforce.

The division will assign existing staff to oversee this grant. The division manages federal and state grant programs on a project basis, and is seeking five percent administrative costs to cover active management of this substantial state investment. This represents half the administrative costs typically charged and allowable under other workforce training programs with the same participant count and similar financial investment. The division cannot charge the tasks associated with managing this grant to other funding streams it administers due to federal and state regulations.

The personal services costs associated with this fiscal note reflect the anticipated costs of the management staff responsible for assuring program accountability and alignment with other job training initiatives for high growth, high demand industries. Accordingly, it is estimated that personal service costs will be charged by the Division Director, an Administrative Manager, a Grants Administrator, an Employment Security Analyst for the Management Information System (MIS), and an Accounting Technician, for a total of \$116,900, equaling to roughly a 1.25 FTE.

The travel allocation would be used to meet with the grantee to develop alignment and outcomes of the training activities associated with this grant. The contractual allocation includes a portion of the allocated fixed costs that are distributed across all of the programs of the division. The allocated costs include items such as office space lease and indirect services, (\$20.3), and a reimbursable service agreement with Labor Market Information for employment outcome analysis (\$76.5). The contractual line also includes a portion of costs associated with the maintenance and upgrade of the Management Information System that tracks trainees from enrollment through program exit (\$30.6). The supplies allocation includes normal operating supplies for staff (\$3.0).

The amount in the grants line would be used to provide the grant described in SB 309.

The amount of revenue anticipated in FY 2007 using a start date of July 1, 2007 is \$5,290.0.

FISCAL NOTE

REPORTED OUT
APR 28 2006
SENATE FINANCE COMMITTEE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 309(L&C)
(S) Publish Date: 4/12/06

Revision Date/Time (Note if correction): _____ Department: Labor & Workforce Development
Title: Construction Training Grant; Unemployment Comp. RDU: Employment Security Division
Sponsor: Senate State Affairs Component: Unemployment Insurance
Requester: Senate Labor & Commerce Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual	247.7	206.7	206.7	206.7	206.7	206.7
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	247.7	206.7	206.7	206.7	206.7	206.7

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
New - Construction Trades Training Fund	247.7	206.7	206.7	206.7	206.7	206.7
TOTAL	247.7	206.7	206.7	206.7	206.7	206.7

Estimate of any current year (FY2006) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Thomas W. Nelson, Director
Division: Employment Security Division
Approved by: Greg O'Clary, Commissioner
Agency: Department of Labor and Workforce Development

Phone: 465-5933
Date/Time: 4/12/06 1:40 PM
Date: 4/12/2006

FISCAL NOTE # 2

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL VERSION: CSSB 309(L&C)

ANALYSIS: (continued)

This legislation would utilize the existing Unemployment Insurance (UI) Tax system to collect revenue for a Construction Trades Training Program. An analysis of the data processing programming necessary to modify the tax system for this activity indicates a one time cost of approximately \$41.0.

The UI Tax system is primarily funded by a federal UI grant and any non-federal program utilizing the system is required to pay a portion of the system support costs. The program would be the third state program using the system, the other two are the State Training and Employment Program (STEP) and the Technical Vocational Employment Program (TVEP). The federally approved cost allocation methodology requires that 19% of system support costs or \$620.0 be divided among state programs using the system. This means that one-third or \$206.7 of those costs would have to be paid by this program annually.

Alaska State Legislature

SENATOR
GENE THERRIAULT

Mailing Address:
119 H. Cushman, Suite 101
Fairbanks, Alaska 99701
(907) 488-0857
Fax: (907) 488-4271

While in session
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797
Fax: (907) 465-3884
Senate District F

Senate

SPONSOR STATEMENT Senate Bill 309 L&C

This legislation responds to the upcoming opportunity to train resident Alaskans to fill the thousands of high paying jobs that will be created in the construction of a gas pipeline by providing a stable stream of revenue, subject to legislative appropriation, to Alaska Work Partnership, Inc. or other qualified nonprofits for both training and increasing the capacity of training facilities.

With a project as large as the gas pipeline and the thousands of jobs it will create, we must start now to make sure resident Alaskans are trained and employable. This bill provides the multi-year commitment necessary to do that. This funding will leverage industry investment in training facilities and equipment to build private sector training capacity and increase industry capability for sustaining training into the future.

In 2005 there were more than 20,000 individuals employed in Alaska construction trades with annual incomes approaching \$60,000. Unfortunately, one in every five jobs, or 20% belongs to individuals, who according to Permanent Fund Dividend Eligibility are recent arrivals to Alaska. These high paying jobs will continue to attract workers from other states and countries. Also, with our 45% of our resident construction workforce being over 45 years old, industry must renew it's workforce with thousands of appropriately training workers.

Alaska Works Partnership, Inc. has developed successful programs that are proven effective in moving residents into construction jobs. In the past five years AWP has helped more than 1,000 residents become employed in construction. More than 85% of the residents AWP has served are employed in construction as a result of training. More than 90% of the workers Alaska Work Partnership, Inc. trains are not members of a union. The majority of workers placed in jobs work for non-union employers.

SB 309 will divert 1/10th of a percent of current employee contributions to a new "holding account" for appropriation by the Legislature. Estimated income to the account is projected to be over five million a year. With increased payroll within the state, the Department of Labor has projected that it is highly unlikely that this small percentage diversion will cause any increase in unemployment insurance rates.

The Senate Labor and Commerce Committee amended this legislation to allow grants to other nonprofit corporations, as determined by the Commissioner, to be qualified and capable of providing this training.

SB 309 is slated to sunset in six years and requires an annual report on performance.

- Alaska needs an estimated 1,000 new construction workers a year for the next several years and 6,000 new workers to keep pace with job growth and worker retirement through 2012. If a natural gas pipeline project gets underway more than 7,000 workers will be needed for work in Alaska. The gas line would create an economic boom requiring thousands more construction workers.
- Senate Bill 309, introduced by Senator Gene Therriault, provides a solution with sustainable, non-general funding that augments investment by industry to move several thousand residents into the construction labor force by 2012. SB 309 brings together industry, labor, education, employers, workforce developers and government to accomplish the goal.
- High paying construction jobs and careers are important to the economy of every community. Residents must be able to compete with thousands of skilled workers travelling to Alaska for those jobs. A supply of resident workers is available; young Alaskans, people living in rural Alaska, and those seeking a better job. They need vocational education, training, and trade apprentice positions.
- Construction jobs supporting oil and mining are growing each year. New pipelines and oil infrastructure projects are increasing demand for trade workers. Pipeline unions, industry employers, vendors, and government have teamed to train 170 new pipeline apprentices over the past two years. Pipeline training must continue and expand as Alaska prepares to build a gas pipeline.
- SB 309 creates the Technical Vocational Education Programs (TVEP) Construction Account. Contributions by workers based on .01 of 1% of wages contributed for Unemployment Insurance are diverted to the TVEP Construction Account to pay for the initiative. The fund will provide \$5,500,000 a year through 2012, based on annual appropriations by the Legislature. TVEP funds do not increase worker or employer UI taxes nor erode unemployment benefits.
- The TVEP Construction Account would provide an annual grant to Alaska Works Partnership, Inc. (AWP), a non-profit organization, to accomplish the initiative. Alaska Works mission is to increase resident hire in construction and has a proven track record of moving residents into construction jobs and administering large federal and state workforce grants.
- AWP offers an established statewide employment and training network with effective workforce programs: Apprenticeship Outreach, Helmets to Hardhats, Women in the Trades, Building Maintenance Repairer Apprenticeship, Construction Academies for Young Alaskans, and Pipeline Training.
- AWP's programs connect residents, regardless of union membership, to training provided by Joint-Apprenticeship & Training Committee (JATC) programs. These programs are managed by trustees representing unions and employers.

JATCs are the largest construction training providers in Alaska, have more than 50 years experience training a resident construction workforce, offer twenty two trade apprenticeship programs covering the full spectrum of construction work, and operate 15 trade schools in Alaska.

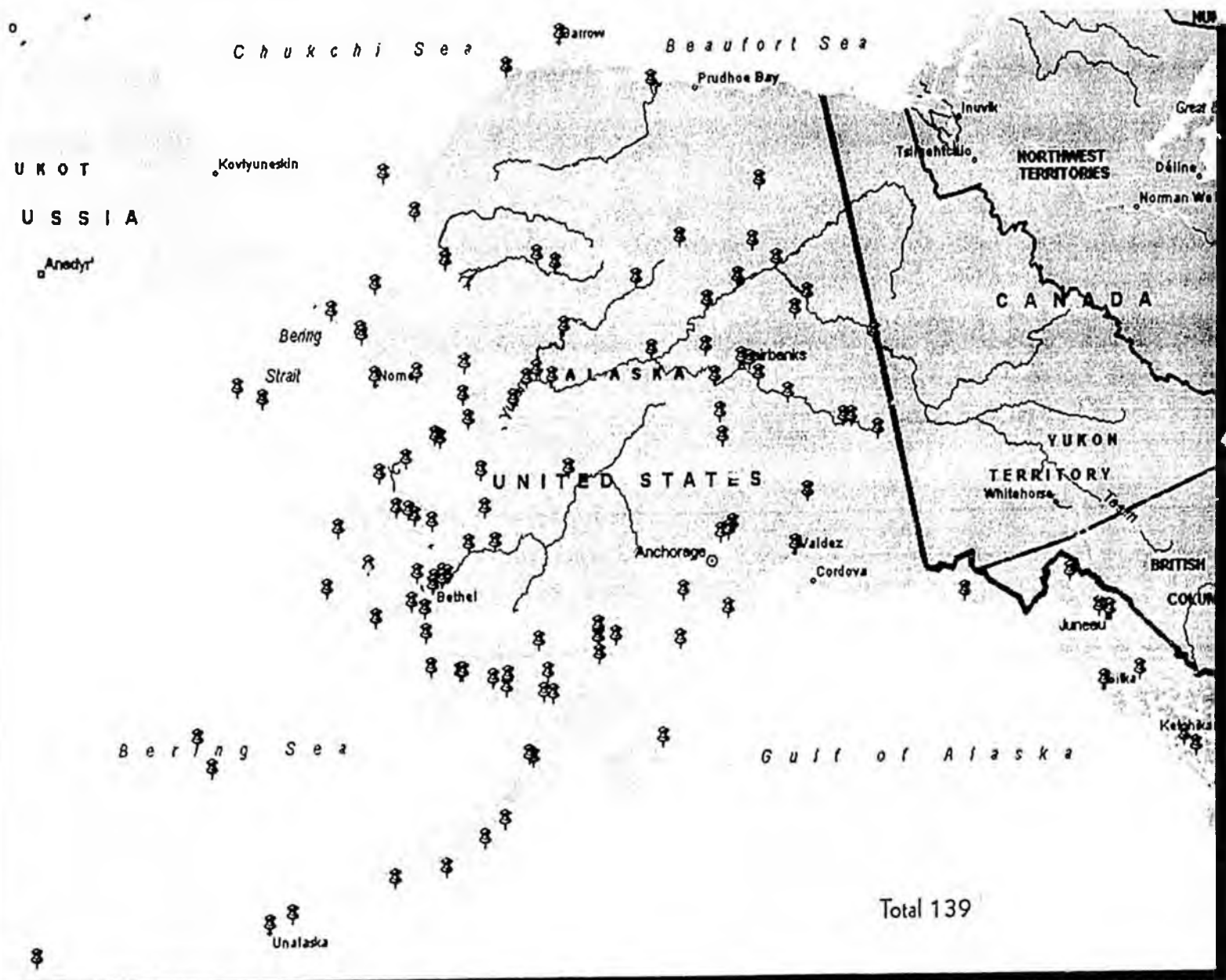
- JATCs have invested over \$35 million in training over the past five years. They invested more than \$9 million in 2005. JATCs will spend an estimated \$60 million on industry training by 2012. They train 85% of all trade apprentices registered in Alaska. TVEP funds leverage JATC investment and significantly increase training capacity for the industry.
- Alaska Works and twelve high schools are working together to offer Construction Academies for students. Academies raise math and technical reading skills and prepare students for their first construction jobs and career training through apprenticeship. School districts working with AWP are: Lower Kuskokwim, Lower Yukon, Delta-Ft. Greely, Fairbanks North Star Borough, Dillingham, Bristol Bay, Prince of Wales, Nome, Bering Straits, Matanuska-Susitna, Juneau-Douglas and Anchorage.
- In 2006 the Anchorage Homebuilders Association joined the effort to help train Anchorage high school graduates and develop a model other Homebuilder chapters in Alaska can use in their region. TVEP funds will sustain efforts with schools and expand academies to other school districts.

Among SB 309 supporters are:

- Associated General Contractors of Alaska
- Alaska State Homebuilders Association
- National Electrical Contractors Association of Alaska
- North Slope Contractors Association
- Fairbanks Mechanical Contractors Association
- Alaska Apprenticeship & Training Coordinators Association
- Alaska's Building and Construction Trade Union's
- Alaska's Joint-Apprenticeship & Training Committees (JATCs)
- Alaska Native Organizations
- Denali Commission
- Alaska Department of Labor and Workforce Development
- University of Alaska
- Regional Training Centers
- School Districts
- Alaska Tribal Designated Housing Entities

For more information about Senate Bill 309, the TVEP Construction Initiative, and Alaska Works Partnership, call 907-569-4711 or visit our website www.alaskaworks.org.

THE
FOLLOWING
DOCUMENT(S)
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ORIGINAL
COPIES



Cities and Villages for AWP Recruitment and Training

Akiachak	Chuathbaluk	Healy	Kongiganak	New Stuyakok	Saint Mary's	Tok
Akiak	Circle	Holy Cross	Kotlik	Newtok	Salcha	Tuntutuliak
Akutan	Clarks Point	Homer	Kotzebue	Nightmute	Sand Point	Tunak
Alakanuk	Coldfoot	Hooper Bay	Koyuk	Nome	Savoonga	Twin Hills
Aiatna	Craig	Huslia	Koyukuk	Nondalton	Scammon Bay	Two Rivers
Allakaket	Crooked Creek	Hydaburg	Kwethluk	North Pole	Seward	Ugashik
Ambler	Delta Junction	Iliamna	kwigillingok	Northway	Shaktolik	Unalakleet
Anchorage	Dillingham	Juneau	Levelock	Nuiqsut	S'ishmaref	Unalaska
Arctic Village	Douglas	Kake	Lower Kalskag	Nulato	Sitka	Valdez
Atka	Eagle	Kaltag	Manokotak	Nunam Iqua	Slana	Venetie
Auke Bay	Eek	Kasigluk	Marshall	Nunapitchuk	St. George Island	Wainwright
Barrow	Emmonak	Kenai	Mekoryuk	Palmeç	St. Michaels	Wales
Beaver	Fairbanks	Ketchikan	Minto	Pedro Bay	St. Paul Island	Ward Cove
Bethel	Fort Yukon	King Cove	Mountain Village	Perryville	Stebbins	Wasilla
Brevig Mission	Galena	King Salmon	Naknek	Pilot Point	Sutton	White Mountain
Cantwell	Gambell	Kipnuk	Nanwalek	Pilot Station	Takotna	Wrangell
Central	Glenallen	Kivalina	Napakiak	Pitkas Point	Tanacross	Yakutat
Chefornak	Goodnews Bay	Kobuk	Nelson Lagoon	Platinum	Tanana	
Chignik	Grayling	Kodiak	Nenana	Point Hope	Teller	
Chignik Lake	Haines	Kokhanok Koliganek	New Halen	Quinagak	Togiak	



ASSOCIATED GENERAL CONTRACTORS of ALASKA

8005 SCHOON STREET, SUITE 100 • ANCHORAGE, ALASKA 99518
TELEPHONE (907) 561-5354 • FAX (907) 562-6118

March 16, 2006

Senator Con Bunde
Chairman, Labor and Commerce Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Re: SB 309

Dear Senator Bunde:

For a variety of reasons, the State of Alaska is at the cusp of a major labor shortage in construction workers. The traditional model of secondary school students taking shop classes and then having the option of moving directly into construction careers has ended. Instead the focus in secondary schools has shifted to college preparation to the detriment of all vocation training. Traditional shop classes are rare in most school districts thus this pool of workers that normally migrated to construction no longer exists.

Unfortunately the need for new construction workers today is significantly greater than it was when the education community changed the educational philosophy of the State. Through no fault of their own, the workers that would normally migrate to construction no longer possess the skills or education needed to obtain their first job in construction.

SB 309 would help rectify this problem by providing the basic skills workers need to enter and succeed in the construction industry. It is appropriate that the Alaska Works and the training model they developed trains workers that migrate to both union and non-union employers. The entire industry needs new workers, not just one sector, be it union or non-union.

Based on projections from the Alaska Department of Labor and Workforce Development, Alaska's construction industry will need to attract 1150 new workers each year for the foreseeable future. Yet in 2005, construction apprenticeship programs managed to graduate only 166 new journeymen.

FAIRBANKS
P.O. BOX 6005 • FAIRBANKS, AK 99706
TELEPHONE (907) 452-1809

Meanwhile the large number of baby-boomer aged construction workers move inexorably toward retirement.

SB 309 will help Alaska address the projected shortage in construction workers and help prepare us for the major construction projects being discussed. We urge your support of this important bill.

Sincerely,

Richard Cattanach
Executive Director



Corporate Office
Jimmy Huntington Building
714 4th Avenue, Suite 201
Fairbanks, Alaska 99701
Phone: (907) 459-2100
Fax: (907) 459-2069
E-mail: ChristenW@doyon.com

March 24, 2006

Senator Gene Therriault
119 N. Cushman
Fairbanks, AK 99701

RE: Senate Bill #309

Dear Senator Therriault,

I am writing in support of Senate Bill #309. It is apparent to the Contractors there is not enough local skilled workers to cover the impending project load for the next few years. Our forecast indicates a substantial increase in activity on the North Slope and Government arenas at least through 2009.

Alaska Works Partnership, Inc. offers a solution to help mitigate this issue. We have successfully worked with them in the past on training of local workers and they have helped us in the development of our Shareholders.

If you have any questions, please do not hesitate to contact me at (907) 459-2104.

Sincerely,

A handwritten signature in cursive script, appearing to read "Warren J. Christian", is written over a faint circular stamp.

Warren J. Christian
General Manager
christianw@doyon.com

**H.C. PRICE CO.**

301 W. Northern Lights Blvd., Suite 300
Anchorage, Alaska 99503
(907) 278-4400 • Fax (907) 278-3255

March 29, 2006

Via Fax No. 907-465-3884

Senator Gene Theriault
119 N. Cushman Street
Fairbanks, AK 99701

RE: Senate Bill 309

Dear Senator Theriault:

H.C. Price Co. is a large heavy mechanical / electrical industrial contractor who has been working in Alaska continuously since 1975. We perform construction projects for the oil and gas industry, mining, military, utilities, and private sector. As the manager for H.C. Price Co in Alaska, and as the current President of the North Slope Contractors Association, I write to you regarding issues of Alaska's workforce.

The organizations I represent are working toward finding solutions to the oil and gas impending personnel shortage. By 2010 as much as 60% of the industry's experience managerial and skilled workforce will retire. The preceding is a national statistic that also applies to Alaska singularly. Industry leaders realize that a combination of strategies is needed to address the talent shortage. Possibilities include continuing many of the initiatives being addressed by Alaska Works Partnership and the JATC's. Therefore, I support Senate Bill 309.

I have personally been supportive and involved in pipeline skills training of young Alaskans during intensive three week courses in the Fairbanks region. Alaska Works Partnership has materially helped our industry with those programs the last couple of years. The graduates from those training exercises immediately find their way into the work place. However, we need more workers, lots more. Therefore, I voice my support for Alaska Works Partnership programs and Senate Bill 309.

Thank you.

David L. Matthews

H.C. Price Co.
Vice President & Alaska
Area Manager

North Slope Contractors Association
President

DLM/vr/326

cc: Mike Andrews - Alaska Works Partnership



Delta/Greely School District

REAA# 15 P.O. Box 527 Delta Junction, Alaska 99737-0527 (907) 895-4657 FAX (907) 895-4246

Delta Cyber School
Alaska On-Line
P.O. Box 1672
Delta Jct, AK 99737
(907) 895-1043

Delta Elementary School
P.O. Box 370
Delta Jct, AK 99737
(907) 895-4696

Delta High School
Construction Trades
P.O. Box 647
Delta Jct, AK 99737
(907) 895-4460

Ft. Greely School
P.O. Box 546
Delta Jct, AK 99737
(907) 869-3105

New Harbans High School
Delta Correspondence
Gerstle River School
P.O. Box 527
Delta Junction, AK 99737
(907) 895-4655

District Mission Statement:

The rural, culturally diverse Delta/Greely School District has the mission to provide each student with educational opportunities to acquire the knowledge, values and skills necessary to become a responsible and productive member of society. The means for achieving this are offering quality instruction and challenging real-world experiences with family and community involvement.

March 27, 2006

Senator Gene Therriault
State Capitol
Juneau, AK 99801-1182

Senator Therriault:

As you are probably already aware, the Delta/Greely School District and the Alaska Works Partnership (AWP) have been working together for the past four years here in Delta Junction. The collaborative effort has produced some extraordinary results for our students and our community. Along with the Delta Mine Training Center and the Tanana Valley College we have created the Partners for Progress. This consortium has provided training opportunities for both our high school students and many adults in the community and outlying areas.

One hundred percent of our students who have completed the construction trades program offered in our high school and supported by the AWP have entered into the apprenticeship programs of the various trade unions. In a time when, so called, vocational programs have taken a back seat to core curriculum we have been able to emphasize academics and focus on preparing Alaska's future work force. Somewhere along the line public education has lost sight of our responsibility to prepare our youth to be productive members of society. Whether this is a result of No Child Left Behind or just an over emphasis of college preparation, we may be doing a disservice to our kids by not giving them skills necessary to go to work.

AWP has provided the technical assistance and other supports to make this model in the Delta/Greely School District very effective. As you work through this session please consider any requests AWP may make to the legislature. This model is proven and will work throughout the state if we give it a chance.

Sincerely,

Dan Beck,
Superintendent



UNITED ASSOCIATION
of Journeymen and Apprentices of the
Plumbing and Pipe Fitting Industry of
the United States and Canada

William P. Hite
General President

Patrick R. Perno
General Secretary-Treasurer

Stephen F. Kelly
Assistant General President

Founded 1889

Letters should
be confined to
one subject

UA Local Union: 375

Subject: Senate Bill # 309

March 23, 2006

Senator Gene Therriault
119 N. Cushman Street
Fairbanks, AK 99701

Dear Senator Therriault:

I am writing in support of Senate Bill # 309, which would establish a construction trades training grant program.

In light of recent projections forecasting increased demand for skilled craft workers in the construction industry, it is important that we start now to expand our proven apprenticeship programs to ensure that Alaskans fill these additional job opportunities.

The history of success that the Joint Labor-Management apprenticeship programs along with Alaska Works Partnership has demonstrated makes this Act the logical method to expand an Alaskan workforce.

Thank-you for your consideration for Senate Bill #309.

Sincerely,

Jim Laiti
Business Manager

Wade Blasingame
President, T.A.P.S. Contractors Association
Director of Business Development
ASRC Energy Services, Inc.
3900 C Street, Suite 601
Anchorage, AK 99503

March 24, 2006

Senator Gene Therriault
119 N. Cushman
Fairbanks, AK 99701

Dear Senator Therriault:

As President of the T.A.P.S. Contractors Association, I have written you to ask for your support for Senate Bill 309.

With forecasts for mega projects and a Prudhoe Bay upswing in construction, training Alaskans is of the up most importance. This bill will encompass apprenticeship training, safety in the workplace and will provide skilled construction crafts when they graduate. They are our future.

Sincerely,



Wade Blasingame
President
T.A.P.S. Contractors Association

FAIRBANKS ALASKA AREA
PLUMBERS AND PIPEFITTERS
JOINT APPRENTICESHIP COMMITTEE
1978 BURGESS AVENUE • FAIRBANKS, ALASKA 99709-5518
PHONE: (907) 456-5989 • FAX (907) 456-5905
email: jatc375@acsalaska.net

Dear Senator Therriault,

As a life long Alaskan, I feel it is important to employ not only local people but to provide them with good jobs. These jobs need to support a family and allow the workers to remain in our state. As you know, the construction industry has been expanding at a rapid rate and skilled craft workers to fill those positions are increasingly hard to find.

As Training Director for Local 375 Plumbers & Pipefitters Apprenticeship Program, I feel the trade apprenticeship program is the answer to meet the needs of the industry. Trade programs are a vital part of the construction industry and have been supplying skilled workers in our state for many years. Our program has been consistently training craft workers for our employers since 1951.

Our program, as other apprentice programs actively recruit resident workers in the State of Alaska. This is fostered by our collective outreach efforts and with the assistance of Alaska Works Partnership. Alaska Works has been a valuable partner in our recruitment by utilizing their Alaskan apprenticeship outreach and Women in the Trade programs. These programs in conjunction with programs like Helmets to Hard Hats are much needed tools in attracting future workers.

To maintain our quality of training requires a significant investment, which is why I support SB 309. As training demands increase so does the need for new training equipment, facility expansion and the development of new instructors. By establishing a construction trades training grant program SB 309 would provide the funding needed to meet these challenges. Thank you for your consideration in this matter.

Sincerely,



Bret Helms
UA Local 375
Plumbers & Pipefitters
Training Director

Bristol Bay Economic Development Corporation

P.O. Box 1464 • Dillingham, Alaska 99576 • (907) 842-4370 • Fax (907) 842-4336 • 1-800-478-4370



February 28, 2006

Carl Moses, Representative
716 W 4th Ave Ste 480
Anchorage, Alaska 99501-2133

Phone: 907-269-0275
Fax: 907-269-0274

COPY

Dear Representative Carl Moses;

On behalf of Alaska Works Partnership, we wish to express our enthusiastic support for their grant request. Alaska Works Partnership is providing jobs all over in the state of Alaska. We agree that they are building Alaska and also a future for themselves.

BBEDC also works to increase local hire and provide opportunities to great careers. I encourage your serious consideration of this proposal, which promises future benefits to the locals in this community and the surrounding villages.

Thank you very much.

Sincerely,

A handwritten signature in cursive script that reads "Bryce Edgmon". The signature is written in black ink and is positioned above the printed name and title.

Bryce Edgmon
Chief Operating Officer



MECHANICAL CONTRACTORS
of Fairbanks, Inc.



March 15, 2006

Mr. Gene Therriault
Alaska State Senate
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Therriault,

The Mechanical Contractors of Fairbanks (MCF) supports the efforts of Alaska Works Partnership and its efforts to secure funding for pipeline training equipment.

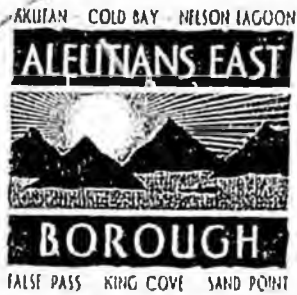
I attended Alaska Works Partnership's Pipeline Training demonstration and graduation. This full scale pipeline training was very impressive and best of all the young trainees have an excellent opportunity to earn a very good living.

Alaska's construction industry has benefited from the efforts of Alaska Works and your support of AWP's efforts is appreciated by the Mechanical Contractors of Fairbanks.

Sincerely,

A handwritten signature in cursive script that reads "Mike Sexton".

Mike Sexton
Executive Director



February 23, 2006

Representative Carl Moses
State Capitol, Room 500
Juneau, AK 99801-1182

Dear Representative Moses,

The Aleutians East Borough supports the activities of Alaska Works Partnership, Inc. to secure a grant from the Legislature for job training. Alaska is beset by the twin dragons of an aging work force at a time when the demand for skilled workers is increasing at 1,000 per year according to the Alaska Department of Labor. This increase does not take into account any of the mega construction projects that are on the horizon.

The Aleutians East Borough's support for Alaska Works is based upon prior experience with this program and the future need for skilled workers. In 2004, Alaska Works trained several residents of the borough to be truck drivers and equipment operators in response to a large multi-modal transportation project the Borough was about to undertake. Alaska Works screened applicants and trained 14 residents at the Southwest Alaska Vocational Center in King Salmon. Those workers were quickly hired by contractors working in the borough and in many cases are still employed today.

Furthermore, the Aleutians East Borough is a frontier area for oil & gas and mineral production. DNR held its first new oil & gas lease sale in the State last October accepting bids on more than 200,000 acres of land. Mineral exploration also resumed in 2005 and is expanding in 2006 with work on the Pyramid deposit, the Centennial deposit and the Unga and Shumagin mines. Trained, skilled workers will be needed soon.

Alaska Works offers a practical and comprehensive program that yields the best results—employed Alaskans. Therefore, the Aleutians East Borough supports its efforts to secure funding from the Legislature.

Sincerely,

Stanley Mack, Mayor

Cc: Alaska Works Partnership, Inc.



Wade Blasingame
President, T.A.P.S. Contractors Association
Director of Business Development
ASRC Energy Services, Inc.
3900 C Street, Suite 601
Anchorage, AK 99503

March 24, 2006

Senator Gene Therriault
119 N. Cushman
Fairbanks, AK 99701

Dear Senator Therriault:

As President of the T.A.P.S. Contractors Association, I have written you to ask for your support for Senate Bill 309.

With forecasts for mega projects and a Prudhoe Bay upswing in construction, training Alaskans is of the up most importance. This bill will encompass apprenticeship training, safety in the workplace and will provide skilled construction crafts when they graduate. They are our future.

Sincerely,

Wade Blasingame
President
T.A.P.S. Contractors Association

✓ Southwest Alaska Vocational & Education Center

P.O. Box 615

King Salamon, AK 99613

(907) 246-4600, (907) 246-4607 fax

February 22, 2006

✓ Representative Carl Moses
State Capitol, Room 500
Juneau, AK 99801

Dear Representative Carl Moses:

Southwest Alaska Vocational & Education Center fully supports Alaska Works Partnership in its efforts to obtain a grant from the Alaska Legislature to train workers in the Construction Industry.

With more than an 1,000 new construction jobs estimated to be created in Alaska each year (Department of Labor figures), Alaska Works Partnership is positioned well to provide the training necessary to offer residents a route to high wages and career opportunities including our young workers. Providing training to our citizens to keep the jobs in Alaska is critical to rural areas.

Alaska Works Partnerships has been an excellent partner for our Center helping to provide training to hundreds of workers within our region. Their instructional capability and delivery is excellent. Our students have received hands-on training directly from the people who have years of current experience working in the field. There is no substitute for the competency based approach they use provided by well trained industry based instructors.

We ask that you support legislation to provide a grant to the Alaska Works Partnership in an effort to prepare workers for future and promising jobs, including building a gas pipeline and for the possible construction careers in the mining industries.

Sincerely,

Eldon R. Davidson,
Executive Director

-Bristol Bay Housing Authority

P.O. Box 50 Dillingham, Alaska 99576 Phone (907) 842-5956 Fax (907) 842-2784

February 24, 2006

✓ Senator Lyda Green, Co-Chair
Senator Gary Wilken, Co-Chair
Senate Finance Committee
State Capitol, Room 500
Juneau, AK 99801-1181

Dear Senator Green and Senator Wilken:

The Bristol Bay Housing Authority supports Alaska Works Partnership's efforts to obtain a grant from the Alaska Legislature to train workers in the Construction Industry.

Alaska Works' efforts have been very successful in training rural residents of the state for participation in the ongoing construction boom in the State. With the proposed Pebble Mine and developing Oil and Gas potential in Bristol Bay, our partnership with Alaska Works is critical for integrating more Bristol Bay residents into alternative employment. As you are aware, the Bristol Bay Fishery offers less economic viability for a family's economic stability than has been the case in past decades.

We have an excellent relationship with Alaska Works. Utilizing Alaska Works partners, the Southwest Alaska Vocational Education Center building at the USAF Base was remodeled by training over 30 local participants, a number of which completed journey status. Since inception of the Center in 2002, several hundred individuals have acquired new skills through the Alaska Works Partnership Program at SAVEC.

We ask that you support legislation to provide a grant to the Alaska Works Partnership, as their continuing efforts are critical in bring Rural Alaska residents into the Alaska economy.

Sincerely,

Dave McClure
Bristol Bay Housing Authority Executive Director,
Chairman, Southwest Alaska Vocational Education Center Board

CC: Senator Lyman Hoffmann

**H.C. PRICE CO.**

301 W. Northern Lights Blvd., Suite 300
Anchorage, Alaska 99503
(907) 278-4400 • Fax (907) 278-3255

January 22, 2006

✓ Representative Berta Gardner
State Capitol, Room 422
Juneau, AK 99801-1182

RE: Personnel Shortage


Dear Representative Gardner:

H.C. Price Co. is a large heavy mechanical / electrical industrial contractor who has been working in Alaska continuously since 1975. We perform construction projects for the oil and gas industry, mining, military, utilities, and private sector. As the manager for H.C. Price Co in Alaska, I write to you regarding issues of Alaska's workforce.

I am one of your constituents working toward finding solutions to the oil and gas industry's impending personnel shortage. By 2010 as much as 60% of the industry's experience managerial and skilled workforce will retire. The preceding is a national statistic that also applies to Alaska singularly. Industry leaders realize that a combination of strategies is needed to address the talent shortage. Possibilities include continuing many of the initiatives being addressed by Alaska Works Partnership.

I have personally been supportive and involved in pipeline skills training of young Alaskans during intensive three week courses in the Fairbanks region. Alaska Works Partnership has materially helped our industry with those programs the last couple of years. The graduates from those training exercises immediately find their way into the work place. However, we need more workers, lots more. Therefore, I voice my support for Alaska Works Partnership programs and encourage yourself to support them by giving your proper attention to their requests for grants from the legislature.

Thank you,



David L. Matthews
H.C. Price Co.
Vice President and Alaska Area Manager
1376 St. Gotthard Ave
Anchorage, AK 99508

DLW/r/523

cc: Mike Andrews - Alaska Works Partnership

BRISTOL BAY CAMPUS



UNIVERSITY OF ALASKA
FAIRBANKS

527 Seward St.
PO Box 1070
Dillingham, AK 99576-1070

Toll-free (800) 478-5109
Phone (907) 842-5109
Fax (907) 842-5692

March 8, 2006

Senator Lynn Hoffman
State Capitol, Room 514
Juneau, Alaska 99801-1182

Dear Senator Hoffman,

I am writing this letter in support of the Alaska Works Partnership's request for funding. Alaska Works Partnership (AWP) has successfully collaborated with employers, local governments, housing authorities and school boards to increase local hire and provide career opportunities for rural Alaskans. AWP coordinates important statewide apprenticeship programs for the building and construction trades. These apprenticeships prepare a skilled workforce for well-paid jobs in the construction industry.

AWP fills a unique role in workforce development. I encourage you to advocate for funding this important program.

Sincerely,

A handwritten signature in cursive script that reads 'Deborah McLean'.

Dr. Deborah McLean, Director
Bristol Bay Campus



Tanana Valley Campus

Tanana Valley Campus Center
604 Barnette Street, Fairbanks, AK 99701

March 8, 2006

Senator Gene Therriault
State Capital Room 119
Juneau, Alaska 99801

Dear Senator Therriault:

UAF's Tanana Valley Campus (TVC) works closely with Alaska Works Partnership, Inc. (AWP) in preparing Alaskans for Alaska's jobs. We understand that AWP has a request before the Legislature to expand job training, including that needed for a gas pipeline. As TVC Director, I would like to strongly endorse that request.

TVC and AWP share a common goal of building a construction workforce in Interior Alaska and throughout the state. As you know, skilled workers are in great demand here in the Interior. Collaboration between TVC and AWP to date is really paying off in meeting that growing need and in providing good livelihoods for Alaskan workers.

As an example TVC and AWP work together in Delta Partners for Progress in Delta Junction—a partnership that also includes the Delta Mine Training Center (DMTC) and Delta-Greely School District. The partnership allows us to maximize our limited resources in providing construction training and working toward a construction academy in summer 2006. We're also able to expand opportunities for training in applied mining technologies through DMTC.

TVC is also partnering with AWP in offering a "Math for the Trades" course on a regular basis to meet the needs of current and prospective apprentices in construction trades. AWP markets the course so that Fairbanksans are aware of this opportunity to brush up on their math skills in anticipation of apprenticeship programs and jobs in the trades.

AWP is also supporting TVC's efforts to develop a Construction Management AAS degree in Fairbanks. AWP staff members Mike Andrews and Randy Cheap are actively involved in this discussion. Randy and I both serve on the Fairbanks North Star Borough School District Career-Technical Education Advisory Council; Randy chairs that body. This type of collaboration is essential to building enduring job training programs that meet the needs of our community.

I hope you will support the request from Alaska Works Partnership to expand funding for high-demand job training in construction.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Caulfield', is written over a faint, larger version of the same signature.

Rick Caulfield
Director, Tanana Valley Campus, UAF



UNIVERSITY OF ALASKA FAIRBANKS

UAF is an Equal Opportunity Employer/Affirmative Action Educational Institution



March 14, 2006

Senator Gene Therriault
State Capital, Room 119
Juneau, AK 99801-1182

SUBJECT: ALASKA WORKS PARTNERSHIP SUPPORT

Dear Senator Therriault:

I have recently been made aware that you are in the process of introducing a grant request to help fund the Alaska Works Partnership, Inc. (AWP). We wholeheartedly support your AWP funding request and encourage your colleagues to do so also.

After several years attempting to start an apprenticeship program at Cook Inlet Housing Authority, we were finally able to do so with AWP's help in September 2005. Currently we have 2 apprentices employed in our construction department, and we're working to increase that number this summer. We are also going to provide a project specific apprentice position in Tyonek this summer in conjunction with our teacher housing project there.

The goal of our Building Maintenance Repair apprenticeship program is to provide employment, job training and career opportunities in the construction and maintenance fields to residents of public housing and other low-income persons. We believe AWP is positively impacting our tenants' ability to improve their economic circumstances. One of our apprentices has already been accepted into the Carpenters Union and we are encouraging our contractors to use AWP to help us all meet Alaska's future construction workforce challenges.

We thank you for your support of the Alaska Works Partnership!

Sincerely,



Carol Gore, President/CEO

cc: Mike Andrews
Alaska Works Partnership, Inc.

FAIRBANKS ALASKA AREA
PLUMBERS AND PIPEFITTERS
JOINT APPRENTICESHIP COMMITTEE
1978 BURGESS AVENUE • FAIRBANKS, ALASKA 99709-5518
PHONE: (907) 456-5909 • FAX (907) 456-5905
email: jalc375@acsalaska.net

RECEIVED

MAR 24 2006

SB 309

Dear Senator Green,

As a life long Alaskan, I feel it is important to employ not only local people but to provide them with good jobs. These jobs need to support a family and allow the workers to remain in our state. As you know, the construction industry has been expanding at a rapid rate and skilled craft workers to fill those positions are increasingly hard to find.

As Training Director for Local 375 Plumbers & Pipefitters Apprenticeship Program, I feel the trade apprenticeship program is the answer to meet the needs of the industry. Trade programs are a vital part of the construction industry and have been supplying skilled workers in our state for many years. Our program has been consistently training craft workers for our employers since 1951.

Our program, as other apprentice programs actively recruit resident workers in the State of Alaska. This is fostered by our collective outreach efforts and with the assistance of Alaska Works Partnership. Alaska Works has been a valuable partner in our recruitment by utilizing their Alaskan apprenticeship outreach and Women in the Trade programs. These programs in conjunction with programs like Helmets to Hard Hats are much needed tools in attracting future workers.

To maintain our quality of training requires a significant investment, which is why I support SB 309. As training demands increase so does the need for new training equipment, facility expansion and the development of new instructors. By establishing a construction trades training grant program SB 309 would provide the funding needed to meet these challenges. Thank you for your consideration in this matter.

Sincerely,



Bret Helms
UA Local 375
Plumbers & Pipefitters
Training Director

United Brotherhood of Carpenters and Joiners of America

LOCAL UNION NO. 1243



Farthest North Local in the World

JEFF PRUSS
Senior Business Representative
Financial Secretary

907 452-3862
907 452-5308
FAX 907 456-3582

25 Timberland Drive
P.O. Box 70347
Fairbanks, AK 99707

RECEIVED

MAR 24 2006

SB 309

March 24, 2006

Senator Lyda Green
600 E. Railroad Ave.
Wasilla, AK 99654

Re: Senate Bill #309

Dear Senator Green:

I write in support of Senate Bill #309, introduced on March 15, 2006, by Senator Gene Therriault. The construction industry in Alaska needs to have a consistent supply of trained resident workers. When you are in the business of supplying construction workers to contractors, as I am, you are critically aware of this need.

I sit as a labor trustee on our Joint Apprenticeship Training Committee. Our committee recognizes the vital role apprenticeship plays in training new craft persons. JATC's are the single most effective programs for training rural residents, veterans, women and young Alaskans for careers in the construction industry, but we need financial assistance to help with the growing need for workers.

Senator Therriault's bill offers a good solution. Funding for Alaska Works Partnership, Inc. will help our JATC meet the needs of the construction industry, without adding to the General Fund budget. AWP has proven to be a very reliable and accountable source for funding augmentation. With the addition of SB #309, we can continue to provide the training needed to supply labor for our contractors and place Alaskan residents into good jobs.

Sincerely,

Jeff Pruss, Bus. Rep./F.S.
Carpenters Local 1243

JP: jf



RECEIVED

MAR 24 2006



Wade Blasingame
President, T.A.P.S. Contractors Association
Director of Business Development
ASRC Energy Services, Inc.
3900 C Street, Suite 601
Anchorage, AK 99503

SB 309

March 24, 2006

Senator Lyda Green
600 E. Railroad Avenue
Wasilla, AK 99654

Dear Senator Green:

As President of the T.A.P.S. Contractors Association, I have written you to ask for your support for Senate Bill 309.

With forecasts for mega projects and a Prudhoe Bay upswing in construction, training Alaskans is of the up most importance. This bill will encompass apprenticeship training, safety in the workplace and will provide skilled construction crafts when they graduate. They are our future.

Sincerely,

A handwritten signature in black ink that reads "Wade Blasingame".

Wade Blasingame
President
T.A.P.S. Contractors Association

Regards,

Jeweline Lakshas

Graphic Designer/Marketing Specialist

ASRC Energy Services, Inc

Phone: 907.339.6234

Fax: 907.334.1805

www.asrcenergy.com

RECEIVED

MAR 23 2006

SB 309

FAX COVER PAGE



UA Local 375 Plumbers & Pipefitters
3568 Geraghty Street
Fairbanks, Alaska 99709

(907) 479-6221 Fax (907) 479-6227
E-Mail Address:
Jim Laiti, Business Manager

To: Senator Lyda Green
Number: 907-465-3805
Pages: 2
Date: March 23, 2006



UNITED ASSOCIATION
of Journeymen and Apprentices of the
Plumbing and Pipe Fitting Industry of
the United States and Canada

Founded 1889

Letters should
be confined to
one subject

UA Local Union: 375
Subject: Senate Bill # 309

William P. Hite
General President
Patrick R. Perno
General Secretary/Treasurer
Stephen F. Kelly
Assistant General President

March 23, 2006

Senator Lyda Green
600 E. Railroad Avenue
Wasilla, AK 99654

Dear Senator Green:

I am writing in support of Senate Bill # 309, which would establish a construction trades training grant program.

In light of recent projections forecasting increased demand for skilled craft workers in the construction industry, it is important that we start now to expand our proven apprenticeship programs to ensure that Alaskans fill these additional job opportunities.

The history of success that the Joint Labor-Management apprenticeship programs along with Alaska Works Partnership has demonstrated makes this Act the logical method to expand an Alaskan workforce.

Thank-you for your consideration for Senate Bill #309.

Sincerely,

Jim Laiti
Business Manager

SB 309

P. 1 RECEIVED

MAR 27 2006



Physical: 2225 Van Horn Road • Fairbanks, Alaska 99701
Phone: (907) 452-1831 • Fax: (907) 456-3493 • Email: westmech.com
Contractor Registration #333 • Business License #014458

March 25, 2006

Senator Lyda Green
600 E. Railroad Ave.
Wasilla, AK 99654

Subject: Senate Bill 309

Dear Senator Green:

I am writing today to ask you to support Senate Bill 309 which would establish and fund a construction trades training grant program through Alaska Works Partnership.

Having served as a trustee on a joint labor-management training program for 16 years I can assure you that expansion of these programs is vital to meet growing demands for skilled, local craft workers.

Western Mechanical, Inc. and the Mechanical Contractors of Fairbanks, Inc. have worked successfully with Alaska Works Partnership for many years. Alaska Works programs have helped us to expand our training and employment efforts to include a greater number of rural and female Alaskan residents.

The proposed funding method appears to be painless and transparent. Thank you for your consideration.

Yours truly,
WESTERN MECHANICAL, INC.

Michael C. Desmond
President



Corporate Office
Jimmy Huntington Building
714 4th Avenue, Suite 201
Fairbanks, Alaska 99701
Phone: (907) 459-2100
Fax: (907) 459-2069
E-mail: ChristenW@doyon.com

March 24, 2006

Senator Lyda Green
600 E. Railroad Ave
Wasilla, AK 99654

RE: Senate Bill #309

Dear Senator Green,

I am writing in support of Senate Bill #309. It is apparent to the Contractors there is not enough local skilled workers to cover the impending project load for the next few years. Our forecast indicates a substantial increase in activity on the North Slope and Government arenas at least through 2009.

Alaska Works Partnership, Inc. offers a solution to help mitigate this issue. We have successfully worked with them in the past on training of local workers and they have helped us in the development of our Shareholders.

If you have any questions, please do not hesitate to contact me at (907) 459-2104.

Sincerely,

A handwritten signature in cursive script, appearing to read "Warren J. Christian", is written over a light-colored background.

Warren J. Christian
General Manager
christianw@doyon.com

Wade Blasingame
President, T.A.P.S. Contractors Association
Director of Business Development
ASRC Energy Services, Inc.
3900 C Street, Suite 601
Anchorage, AK 99503

March 24, 2006

Senator Lyda Green
600 E. Railroad Avenue
Wasilla, AK 99654

Dear Senator Green:

As President of the T.A.P.S. Contractors Association, I have written you to ask for your support for Senate Bill 309.

With forecasts for mega projects and a Prudhoe Bay upswing in construction, training Alaskans is of the up most importance. This bill will encompass apprenticeship training, safety in the workplace and will provide skilled construction crafts when they graduate. They are our future.

Sincerely,



Wade Blasingame
President
T.A.P.S. Contractors Association

SB309



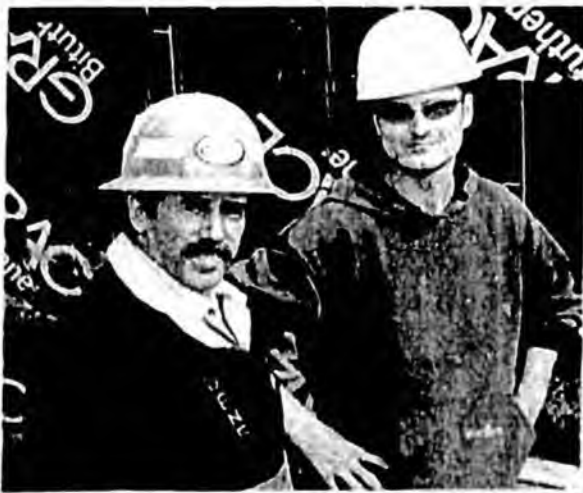
Building Alaska's Construction Workforce

A Comprehensive Workforce Development Plan

A report prepared by the
Alaska Workforce Investment Board
April 2006

State of Alaska

*Frank H. Murkowski, Governor
Greg O'Claray, Commissioner*



**ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT**

Jobs are Alaska's Future

Building Alaska's Construction Workforce

A Construction Workforce Development Plan



***ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT***

Alaska Workforce Investment Board

Andy Baker, Chair

David Stone, Vice Chair

John Pratt, Executive Director

Building Alaska's Construction Workforce

There are over 30,000 people employed in construction-related occupations in Alaska. Among these are 18,000 construction trade and craft workers who averaged over \$59,000 in earnings during 2004. Alaska is experiencing a critical shortage of resident workers with construction skills. 20 percent of construction workers are new arrivals to the state. Historically, the industry relies on non-residents to fill jobs for which they cannot find qualified Alaskans.

The Alaska Department of Labor and Workforce Development estimates construction job growth will exceed 15% over the next decade, adding thousands of new jobs. More than 40 percent of the workforce are over the age of 45 and could retire within a decade. Job growth and replacing older workers will require about 1,000 new construction workers each year. If a gas pipeline is built thousands more will be needed.

The demand for construction workers is significantly out-pacing the supply from industry and vocational trainers. Putting thousands more Alaskans to work in construction requires additional investment in training programs and capital infrastructure and a coordinated effort by industry, labor, education and government.

The Building Alaska's Construction Workforce plan was developed after studying the workforce labor market conditions and estimated new worker demand, the current supply routes for new workers, and statewide training capacity issues. A background report titled Construction Summit II adopted by the Alaska Workforce Investment Board (AWIB) in August 2005 provides useful information. The report can be found on the Web at www.labor.state.ak.us/awib/pubs.htm.

Guiding Principles

- Industry employers, trade associations, trade unions, apprenticeship sponsors, and schools are most responsible for training workers.
- An analysis of workforce supply gaps, cost-effectiveness and return on investment should guide decisions for state investment.
- The commitment of employers to hire persons trained to meet the needs of industry is imperative to results.
- The construction industry is a market-driven system and public investment must provide opportunities for training individuals.
- The nature of training in the construction trades is that people learn on-the-job and, therefore, any public training should result in employment.
- The Alaska Workforce Investment Board will provide oversight for plan implementation.

We welcome your comments on the plan. To submit them, please send your remarks to the AWIB Executive Director at john_pratt@labor.state.ak.us.

Building the Alaska Construction Workforce

Vision: Alaska has a highly skilled and competitive resident construction workforce that meets the needs of industry employers.

Goal: Increase the number of Alaskan residents working in construction to 90 percent to meet job growth projections.

Process: The plan's process will encompass four objectives that are included in each desired outcome:

- I. Increase the access to information, support services, training and employment through effective outreach and marketing of construction related occupations and careers.*
- II. Provide quality education and training that provides Alaskans with the skills necessary to competitively secure employment in construction related occupations.*
- III. Obtain employment for all who successfully complete training and demonstrate that they have the skills necessary to be competitive in Alaska's labor force.*
- IV. Insure that Alaskans who choose to enter the construction workforce have the supports necessary to complete training and stay in the workforce.*

Desired Outcomes:

1. Double the number of new trade apprentices employed.
2. Increase the number of Alaska high school students who choose construction and enter career training.
3. Increase the number of post-secondary students trained for construction, the number of students in engineering and construction management degree and non-degree programs and the number of persons receiving job training in the construction trades.
4. Increase support for operating rural training centers that provide construction training.
5. More Adult Basic Education (ABE) programs are connected to construction job training.
6. Increase the number of qualified vocational technical instructors to keep up with training demand.
7. Decrease the number of non-residents that are recruited annually to meet the needs of the industry.

Timeline: Begin activities in 2006. Plan covers a five-year period based on current labor market conditions and projections for workforce demand by 2011. Year one ramp up and begin new interventions. Year Two will see full activity toward all objectives.

Results: Increased number of residents employed in construction will strengthen the economy and construction industry and provide high paying jobs for residents. The plan provides a solid framework to build upon should additional pipeline

construction workers be needed. Strategies will provide 3,000 to 4,000 resident workers over next five years.

Resources: The plan calls for an increased investment by government to assist industry and schools with recruiting, educating, training and employing residents in construction. Activities under the plan require cost and resource analysis prior to funding.

Objective #1 - Apprentice Training

Double the number of Alaskan trade apprentices employed over five years.

Strategies:

- Create an information system that tracks apprentice hire by trade to get an accurate count of apprentices employed in Alaska and for evaluating the performance of apprenticeship sponsors.
- Research apprentice data for benchmarks to gauge strategy progress and assist programs to improve enrollment and retention rates.
- Market the benefits of hiring apprentices to industry employers and create employer and sponsor incentives for apprentice hire.
- Develop mentors for apprentices off the job who guide them in work and life decisions.
- Hold an annual apprenticeship conference to improve state efforts.
- Invest in building apprenticeship training capacity as determined by occupational demand, apprentice sponsor results and experience, capability, and leverage resources.
- Develop policies that require employers to hire apprentices on state funded construction work valued over \$2 million or where construction is performed to extract natural resources.
- Work with the apprenticeship programs to develop a competency-based program for new entrants.

Results: 50 percent of new construction workers will be Alaskan apprentices.

Resources: New investment would be for an apprentice information system, marketing to employers, apprentice sponsor/employer incentives, sponsoring an apprenticeship conference, and where applicable expansion of private sector training capacity.

Explanation: Apprenticeship training is the most common method used by Alaska's construction industry to renew the workforce. Apprentices learn through course related instruction and on-the-job training under the guidance of a journeyman. They are paid a wage set to their skill level and they advance in

hourly pay based on course completions and hours of work. Apprenticeship training is paid for by industry.

It takes an apprentice two to five years to complete training depending upon the trade they learn. Apprentices need many employers and many construction projects to get the thousands of hours of on-the-job training required to complete. Employers are not required to hire apprentices. It is a voluntary decision. Nationally about half of apprentices drop out during the first or second year due to lack of work because they can't find an employer who will hire someone in training.

There are more than ten skilled workers hired for every apprentice today (10:1) in Alaska. Industry has established a hiring ratio of four skilled workers for every apprentice (4:1). Hiring at the industry ratio of four skilled workers to one apprentice provides a market driven means for employers to train a new workforce. Dramatically increasing the number of trade apprentices employed and the number of employers that hire apprentices could significantly add to the future supply of resident workers. For example, if an apprentice were to be hired for every eight skilled workers 3,000 more residents would be construction workers.

Governor Frank Murkowski signed Administrative Order 226 in July 2005 relating to the employment of apprentices on Alaska Department of Transportation civil construction projects. The Administration's policy is to increase the number of resident skilled operators, laborers and truck drivers for the construction industry. This Administrative Order creates a precedent for future policy decisions related to hiring apprentices on publicly funded construction projects and those developed under resource leases.

Objective #2 - Vocational Education

Provide more students a path from school to work in construction.

Strategies:

1. Perform a gap analysis study to determine barriers within public education for aligning with industry standards and increasing construction vocational education in schools.
2. Develop a construction career guidance and management program for school counselors and Alaska Job Center Network vocational counselors to help advise in- and out-of-school youth.
3. Fund a media campaign to reach out to Alaska students to attract them to the exciting, high paying work construction and engineering offers.
4. Support career activities such as the Vocational Student Professional Opportunities, Career Fairs, School-to-Apprenticeship and Tech Prep.

5. Offer incentives for employers to hire youth in cooperative learning positions.
6. Assist teachers in understanding and using industry standards in classroom curricula.
7. Connect academic and vocational courses through articulated agreements that build a path for students leading to industry careers.
8. Establish standards for entry-level academic and basic skill requirements and a common assessment tool.
9. Provide summer enrichment opportunities for middle and high school students on university and training center campuses to introduce engineering and construction management programs and career opportunities.
10. Use school facilities more effectively, such as providing students with vocational training during evenings, weekends and summer breaks.
11. Provide resources for construction vocational education courses that serve high school students, older youth, students in alternative education or those who have left school.
12. Develop an inventory of best practices through the school system.
13. Develop on-the-job training (OJT) programs as an element of education internships.

Results: Improving vocational and technical education for students in high school programs will supply many applicants to trade apprenticeship programs, post-secondary schools and college.

Resources: Activities would rely on public investments over several years. Funding would be required to develop marketing campaigns, student guidance materials, to align courses, develop instructors, and offer career activities and courses.

Explanation: The foundation for a highly skilled and productive workforce is a modern vocational technical education system. Our students are the largest available pool of future resident workers. Most high school students are strongly encouraged to go to college. School counselors must have information to guide a student interested in construction as a career and students must have career information available to them. A career management and guidance program for high school counselors, teachers and parents must be developed that help everyone understand how to prepare for entering the construction workforce.

An adequate public investment in vocational and technical education to keep pace with the changing nature of work is a necessary to address resident worker shortages in many high-skill, high-pay jobs. It will take a significant long-term investment to build a modern vocational education system to meet the needs of our economy and employers. A good place to start is building a road from school to work in construction.

Vocational education for construction should meet clearly defined competency standards and use one assessment tool for measuring student skills and

knowledge. This provides a basis for entry-level assessment tests to help students understand their strengths and guide them in choosing the education and training they need to prepare for construction work. Establishing programs to a common standard gives students the right foundation.

The system framework is based on alignment of academic and vocational courses between industry and education. Education includes secondary, post-secondary and higher learning. The courses must align with industry trade apprentice courses. Alignment brings a streamlined and cost-effective approach that ensures a person always advances in skills and knowledge along a path to their career goal.

Objective #3 - Post-Secondary Vocational Technical Education

Increase capacity of post-secondary institutions to supply construction workers.

Strategies

1. Provide scholarships and support for youth who attend post-secondary construction.
2. Include post secondary instructors in professional development opportunities.
3. Align existing programs with academic and industry standards for connections with secondary and college programs via such means as articulation agreements.
4. Assess institution capacity and costs for program expansion.
5. Provide more funding to support remedial education of incoming students.
6. Assess ability to expand post-secondary training through links with regional training centers and industry.
7. Develop articulation agreements with secondary and post-secondary schools that will allow students to move easily throughout the system.
8. Develop programs that require on-the-job training (OJT) as part of the basic educational experience.

Results: Post-secondary institutions for vocational technical training have more capacity and can increase the supply of residents to the construction workforce.

Resources: The state and students pay current costs. Program improvements would be spread among costs for other objectives, such as course alignment and instructor development. Initial funds would be required for student scholarships and student support, remedial education services, institution capacity assessment and to research feasibility of expansion through regional training centers. Additional funding would be required for program expansion.

Explanation: The Alaska Vocational Technical Center (AVTEC) in Seward is our largest post-secondary vocational technical education institution. The school is

straining to meet training demand for many of Alaska's important industries. Operation costs are rising and public funding of AVTEC is not keeping pace.

Post-secondary training plays an important role in developing the future workforce. Many people who aren't going on to college need more education and vocational training to get a good job. This is an important source of new workers for the construction industry.

AVTEC provides some construction courses and delivers courses for apprentice sponsors. Increasing the demand for apprentices coupled with construction paths for high school and older youth will create more demand at AVTEC.

Alaska Technical Center (ATC) in Kotzebue is a state funded post-secondary school and offers some construction training. ATC has limited capacity for training more construction workers.

Objective #4 - Job Training

Increase public funding for construction job training to upgrade incumbent workers skills and help new workers get work experience.

Strategies:

1. Use competitive grants to increase the number of Alaskans who receive services and job training to enter or remain employed in the construction workforce.
2. Support the Denali Training Fund (DTF) and the State Training Employment Program (STEP) to continue providing resources for resident training.
3. Increase STEP funding to provide additional job training for construction and further developing distance training, instructors, and instruction technology for mobile training.
4. Base grant decisions on labor market analysis of demand and supply by occupations, the performance of training providers, and matching resources.
5. Develop an industry-centered approach with the Alaska Job Centers Network to assist job seekers and employers in a streamlined process that expedites training and employment.
6. Assist youth and adult job seekers eligible for Individual Training Accounts to access training resources at Alaska Job Centers for industry training.
7. Refer students in job training who require education enrichment to an adult education provider.

Results: Continued and expanded job training will help supply 25 percent of the resident workforce required to meet the goal. In addition, thousands of current

workers will be provided assistance with upgrade training that helps them stay working in the industry.

Resources: As our economy expands more job training will be required to meet job growth in all industries. The STEP should be increased to ensure adequate resources are available. Increasing STEP funding or providing a General Fund match for STEP would resource this objective.

Explanation: Job training is public funded training that helps job seekers get a job or keep a job. Job training is a key element for retaining a resident workforce and bringing residents into the workforce. The investment in construction job training has greatly contributed over the years to Alaska hire in construction.

In 2004 more than 2,000 workers attended public funded job training. More than 90 percent of persons trained were employed in construction and most saw annual income and length of employment increase. The majority of those trained are incumbent workers who are employed and attend courses to upgrade skills so they can remain employed. Many are job seekers looking for their first construction job.

An individual's first construction job is often used to determine if they want to continue in the industry or look for another line of work. Many may continue to learn as they work while some may choose to enter structured training through trade apprenticeship or courses at a voc-tech school.

Most construction job training grants are provided by the US Department of Labor, the Denali Commission and the Alaska Department of Labor and Workforce Development. These agencies spend several millions of dollars annually. Over 75 percent is spent training rural Alaskans.

Because of government investment construction job training is mobile today. Instructors travel to every part of the state to provide training. Most courses are less than one month long and most training is for specific projects within a community where residents will be employed.

Objective #5 - Rural Training Centers

Increase capacity of rural training centers to host construction training.

Strategies:

1. Assess centers for meeting common training standards, student performance, connectivity with regional education and capacity to provide construction training, anticipated job growth in the area and connectivity with other secondary, post-secondary and apprenticeship programs.
2. Develop common standards, assessment instruments and written agreements between the AKDOLWD and Rural Training Centers for developing industry training programs that serve rural residents.

3. Issue competitive grants to rural training centers to help support operations and training.
4. Evaluate center performance for improvements.

Results: The rural training infrastructure helps train hundreds of residents living in rural Alaska each year.

Resources: State funds for operations come from the Technical and Vocational Education Program (TVEP) and total about \$1.0 million today. This funding should continue. Increasing capacity for construction training would require an increase in TVEP funding. Shifting resources for construction training from TVEP to rural centers would diminish other vocational programs operated by AVTEC and the University.

Explanation: Several rural training centers have been created over the past few years by regional partners. Center operating funds come from partners, local sources and state grants, and through resources from the University of Alaska. These centers have become a vital part of our rural training infrastructure. Rural training centers are significantly increasing the supply of rural residents to the construction workforce by hosting training in their region.

Most of the training is for local hire on rural construction projects funded by the Denali Commission and large construction projects done by contractors. The rural centers are: the Southwest Alaska Vocational Education Center in King Salmon, Yuut Elitnaurviaat Peoples Learning Center in Bethel, the Northwest Arctic Technical Center in Nome, the SMART Center in St. Mary's, the Galena Vocational Technical Center and the Delta Career Advancement Center.

Each center has working relationships with school districts, AVTEC, university campuses, apprenticeship sponsors, and mobile industry trainers. However, each center has a separate mission with no common standards between them. Continued public funding of centers should become based on an evaluation of the center's ability to provide industry courses, and to meet common standards for center operations including instruction space, instructors, facility use, and student performance. These standards should be similar to those covering job training entities and post-secondary schools.

An increase in center operation support from the state will be required to increase construction job training in rural Alaska. Additional funding decisions should be based upon the regional demand and shortage of workers, the center's ability to meet the training demands for the region, the cost per participant for use of the facility, and previous construction student employment results.

Objective #6 - Higher Education

Students entering college select and complete engineering and construction management degree and non-degree programs to meet the needs of construction and resource development employers.

Strategies:

1. Provide financial scholarships and incentives for students who select engineering and construction management programs at the University.
2. Prepare special publication of existing financial aid available for engineering and construction management students.
3. Work with industry and private donors to develop new scholarship opportunities.
4. Work with the state to develop needs-based financial aid opportunities for students.
5. Work with high schools to develop appropriate curricula in math and science to enable students to successfully enter post-secondary engineering and construction management programs.
6. Develop mentoring and tutoring programs within the University of Alaska system to increase student success and retention.
7. Seek industry-sponsored externships that provide teachers and students exposure to the work in the industry and provide opportunities for industry experts to teach in schools.
8. Resource support programs that assist students in overcoming barriers to completing demanding courses of study such as higher math and science courses.

Results: Expansion of University programs and building awareness will provide pathways to career advancement opportunities, which, in turn, will help to replace retiring managers and professionals and supply industry needs arising from growth. Additionally, incumbent workers will have the opportunity to build their knowledge and advance their skill sets, improving their earning potential.

Resources: Public funding will need to be invested to develop University programs and align them with high school curricula. Investments from the private sector will be essential for the creation of new scholarships. Industry must play a key role in marketing available programs and financial aid, developing mentorships and coordinating with University and school districts.

Explanation: The University of Alaska is responding to industry demand by initiating construction management and engineer degree programs, and providing industry related courses at campuses across the state. The University has increased their capability to train construction engineers. Program expansion will require additional resources and involved employers. Engineer students need

mentorship, internship and work experience opportunities. Alaska employers must follow through and hire engineers trained in Alaska.

There are many resources available to assist college students. Those seeking engineering and construction management degrees should be able to access information about resources to attend school. More students could be trained if additional scholarships are developed.

Resources at the University are limited for expanding these programs. In recent years the University of Alaska has had to shift instruction resources to provide remedial education for new students. The number of students requiring remedial education increases each year. These students need pre-college education to succeed in higher learning and work.

Objective #7 - Adult Basic Education (ABE)

Increase the number of adult basic education students who receive construction job training in a defined path from initial skill acquisition to employment.

Strategies:

1. Provide ABE students with career information and guidance for construction.
2. Develop mentors to assist students on the job and when they are off work.
3. Have students complete a standard assessment before applying to a job-training program.
4. Resource training that helps adults increase English reading comprehension and math skills joined with work based job training for construction jobs.
5. Improve assessment of participant needs and design adult learning programs that are adjusted for cultural differences and learning styles.
6. Assess ABE providers for ability to link with construction job training.
7. Increase partnership grants for ABE and job training providers for construction job training that result in ABE clients being employed.
8. Inventory community ABE programs, assess ABE instructor availability and determine best practices for optimal and innovative approaches to service delivery.
9. Develop appropriate ABE training materials to meet construction skill training requirements.

Results: Adult job seekers enter the workforce and continue training to be self-sufficient.

Resources: Additional funding for Adult Basic Education programs would be required.

Explanation: People who complete general education requirements and ABE programs are ready for job training programs. Job training provides initial work experience and can lead to apprenticeship training, post-secondary vocational courses or a college education. Unfortunately, there are many residents that don't complete high school education and require ABE to move forward. There are also many new residents who speak a different language and need to learn English to join the workforce.

Some job seekers are not ready to learn the technical information they need to develop construction skills. Many need more education to improve their language, communications, reading or math skills. Connecting ABE students to construction job training programs can offer many low skilled people a route to work and skills to support themselves.

Objective #8 - Instructor Development

Increase the number of qualified vocational education teachers and industry trainers in Alaska.

Strategies:

1. Provide grants for train-the-trainer initiatives that help vocational teachers and industry trainers meet industry, academic, and government standards.
2. Develop industry employer and educator externship opportunities for teachers to experience real work settings and for employers that want to assist teachers in schools.
3. Provide matching grants for industry to assist with instructor development costs.
4. Develop a network among basic education teachers, vocational teachers and industry instructors for improving training delivery.
5. Provide instructor courses to meet requirements for training and be more effective trainers.

Results: More instructors, more education and training. Instructor development will increase the supply of persons qualified to work in construction.

Resources: Public grants and leverage resources from private training entities.

Explanation: The reduced emphasis on vocational education over the years has depleted the well of instructors available. As job growth continues more instructors will be needed to keep up with training. Instructors have to continuously learn new curricula, teaching methods and instruction technology. Making sure there are enough qualified instructors to train residents is required for plan success.

There are few professional development opportunities for high school or post-secondary teachers. One excellent program has been created by the Matanuska-Susitna School District. The school district organizes a Construction Instructor Academy each year for vocational teachers and trade apprentice instructors. Apprentice schools operated by labor and management have held annual professional development workshops in Alaska the past several years.

Developing a state based train-the-trainer initiative could help improve and expand vocational and technical training for residents and build the supply of new instructors. Aligning program and instructor standards requires teachers who know how and apply them in the classroom.

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 3/15/06

FURTHER: Finance

Date of 5-Day Notice: 3/23/06
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/12/06

Labor and Commerce Committee considered SENATE BILL NO. 309

SB 309 CONSTR. TRAINING GRANT; UNEMPLOYMENT COMP.

"An Act establishing a construction trades training grant program for award by the Department of Labor and Workforce Development, providing for special employee unemployment contributions to fund the program and an offsetting credit against the employees' general unemployment contribution, and providing for an expiration date for the program, contributions, and credit; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 309 (LEC)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
SCS House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
LWF	3/22/06	✓			1
LWF	3/23/06	✓			2

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	NO REC	AMEND
Davis <i>Betty Davis</i>	X			
Ellis <i>Pat Ellis</i>	X			
Seekins <i>Ralph Seekins</i>	✓			
B. Stevens <i>Ben Stevens</i>	✓			
CHAIR: <i>C. Bunde</i>	✓			

Davis
Ellis
Seekins
B. Stevens

Bunde

My Name is Max Mielke and I am the Business Manager of the United Association of Plumbers and Pipefitters Local Union 262 located here in Juneau. I represent approximately 120 members.

We are strongly in favor of Senate Bill 309

Building and Construction trade unions have been training Journeyman and Apprentices in Alaska for nearly 50 years.

These training programs are administered jointly, by contractors and union employees referred to as Joint Apprenticeship Training Committees or JATC's. All the building and construction trade union JATC's in Alaska are accredited registered apprenticeship programs with the federal government.

It's a fact that union construction training programs are unsurpassed and some are considered the best in the world. Along with our contractors we are on the leading edge of new technology and innovative ways to get the job done right, and on time.

In 1937 Plumbers & Pipefitters L.U. 262 was established here in Juneau. Up until 2003 we saved every penny with the anticipation of some day having our own training center. We have always sent our apprentices north either to Anchorage or Fairbanks for training. In 2003 we were able to purchase a 6000 square foot office and training facility. We now have a fully furnished state of the art training center. There is much more to be done if we had more funding.

Our members are located through all of Southeast Alaska. Each member pays right off his paycheck \$1.40 per hour for training. July 1st 2006 this amount goes to \$1.65. Our contractors and members know how vital training is now and in the future of our industry. Local 262's training center is the only building and construction trades union school serving all Southeast Alaska. We could have the hub in Southeast Alaska for specialized training in Pipeline helpers, Apprentices, Pipefitters and Welders to work out of Fairbanks Pipe Trades Local 375 or Anchorage Local 367 for large-scale projects in their areas.

The economic outlook for this state is bright. Training as many Alaskans as we can is essential in many areas, but especially in the building and construction trades industry.

At this time, I would be more than happy to answer any Questions that you may have. Thank You.

SB

310

HFIN

FILE

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COPIES

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 310
(S) Publish Date: 3/27/06

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
Title: Employment of Prisoners RDU: Business Partnerships
Component: Workforce Investment Board
Sponsor: Senate Finance
Requester: Senate Finance Component Number: 2659

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: None
Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated financial impact to the department as a result of this legislation.

Prepared by: John Pratt, Executive Director Phone: (907)269-7487
Division: Alaska Workforce Investment Board Date/Time: 3/24/06 1:24 PM
Approved by: Greg O'Claray, Commissioner Date: 3/24/2006
Agency: Department of Labor and Workforce Development

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number 2
 Bill Version: SB 310
 (S) Publish Date 3/27/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Corrections
 Title An Act relating to the employment of prisoners: RDU Institutional Facilities
and providing for an effective date. Component: Correctional Industries Product
 Sponsor Senate Finance Committee Costs
 Requester Finance Component No. 702

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1155 Receipt Supported Services	3,181.8	3,181.8	3,181.8	3,181.8	3,181.8	3,181.8
Other (Alaska Correctional Industries Fund)	(3,181.8)	(3,181.8)	(3,181.8)	(3,181.8)	(3,181.8)	(3,181.8)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time					
Part-time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)
 Passage of this legislation provides the statutory authority to the Department of Corrections to continue providing inmate work and training programs without interruption. Legislation that created the Alaska Correctional Industries program and commission sunset on July 1, 2005. This bill provides retroactive clauses for the non-coverage of AS 23.30 (Alaska Workers' Compensation Act) and for transition of the Alaska Correctional Industries Fund to program receipts under AS 37.05.146(c)(8). It also provides the program the statutory authority to participate in federal Prison Industry Enhancement (PIE) programs and to actively participate and partner with private enterprise. This legislation will allow the department to make a deduction from the offenders' wages to apply in the cost of confinement. These receipts will support the prison employment program.

Prepared by: Sharon Griffin, Director Phone: (907) 465-3329
 Division: Administrative Services Date/Time: 3/24/06 8:00 AM
 Approved by: Portia Parker, Deputy Commissioner Date: 3/24/2006
 Agency: Department of Corrections



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

SPONSOR STATEMENT

Senate Bill 310

"An Act relating to the employment of prisoners; and providing for an effective date."

The legislation that created the Alaska Correctional Industries program and commission was repealed on July 1, 2005. The primary purpose of SB 310 is to provide the necessary statutory authority so the Department of Corrections can continue providing inmate work and training programs without interruption.

SB 310 is needed to provide for employment of prison inmates under AS 33.30. This employment program will be funded from Receipt Support Service funds. The bill provides the necessary statutory authority to participate in critical federal Prison Industry Enhancement (PIE) programs. It also grants the authority to actively participate and partner with private enterprise. These partnerships will provide realistic work experience and vocational training for prisoners under conditions similar to those that prevail in the private sector. SB 310 will allow the department to make a deduction from the offenders' wages to apply to the cost of confinement. These receipts will support the prison employment program.

In addition, the prison employment program will allow inmates to work toward financial responsibility by taking deductions from wages to pay for child support, victim restitution, criminal fines, civil judgments, fees for utilities, as well as other obligations.

SB 310 is a vital piece of legislation if we are to continue inmate work and vocational training programs in our correctional facilities.

adopted

AMENDMENT

OFFERED IN THE HOUSE
TO: HCS SB 310 (STA)

BY Representative Meyer

- 1 Page 3, line 9
- 2 After "an individual"
- 3 Insert ","
- 4 Delete "or"
- 5
- 6 Page 3, line 10
- 7 After "private organization"
- 8 Insert "or public agency"
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Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sectional Analysis

Senate Bill 310

"An Act relating to the employment of prisoners; and providing for an effective date."

Section 1. Deletes the "Correctional Industries Program" from AS 23.15.580(g) and focuses on employment of prison inmates while incarcerated. The Correctional Industries Program sunset on July 1, 2005.

Section 2. Replaces "agency" with "private organization" and specifies that a contract for prison labor must include at least minimum wage required by AS 23.10.065 and paid in a timely manner according to contract. Removes reference to Correctional Industries Commission.

Section 3. Removes reference to Correctional Industries Commission oversight.

Section 4. Removes the reference to AS 33.32 Correctional Industries and renumbers provisions.

Section 6. Allows the Commissioner to establish inmate compensation based on minimum wage for partnerships with private vendors and based on prevailing wage to participate in federal Prison Industry Enhancement (PIE) programs (partnerships with private vendors that sell products across state lines). Past legislation did not have provisions to pay prevailing wage as required by federal PIE programs.

Section 8. Removes the reference to Correctional Industries.

Section 9. Is amended by adding a new paragraph that allows the cost of confinement to be deducted from prisoner wages.

Section 10. Removes the reference to purchases of livestock. Removes the reference to the Correctional Industries Fund and Commission.

Section 11. Adds a new section to provide for transition from the former Correctional Industries Fund to program receipts and provides an effective date matching the sunset date of July 1, 2005.

Section 12. Adds a new section to provide for transition from previous legislation for the non-coverage of AS 23.30 (Alaska Workers' Compensation Act) for the period July 1, 2005 through the day before the effective date of this act.

Section 13. Adds a new section to provide for a retroactive date matching the sunset date of July 1, 2005, for the non-coverage of AS 23.30 (Alaska Workers' Compensation Act).

Section 14. Provides for an immediate effective date.



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PIE Certification Program

PIE Final Guideline

[Federal Register: April 7, 1999 (Volume 64, Number 66)] [Notices] [Page 17000-17014] From the Federal Register Online via GPO Access [wais.access.gpo.gov] [DOCID:fr07ap99-112]

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DEPARTMENT OF JUSTICE

Office of Justice Programs [OJP(BJA)-1213] RIN 1121-AA36

Prison Industry Enhancement Certification Program Guideline

AGENCY: Office of Justice Programs, Bureau of Justice Assistance (BJA), Justice.

ACTION: Issuance of final guideline.

SUMMARY:

The Office of Justice Programs, Bureau of Justice Assistance (BJA), is issuing this final revision to its Prison Industry Enhancement Certification Program (PIECP) Guideline proposed for public comment on July 7, 1998, 63 FR 36710-36719. Under Title 18 U.S.C. 1761(c), BJA PIECP certification exempts participating agencies from certain Federal restraints placed on the marketability of prison-made goods by permitting the transport of such goods in interstate commerce and the sale of such goods to the Federal government. This Guideline addresses statutory amendments and reflects administrative experience gained by BJA since the last final PIECP Guideline published on March 29, 1985 (50 FR 12661-64). The publication of this Final Guideline is considered to be a Federal action that will not significantly affect the quality of the human environment. Therefore, preparation of an environmental impact statement is not necessary.

EFFECTIVE DATE: This Guideline is effective April 7, 1999; existing participants will have until April 7, 2000 to achieve compliance with all of the new requirements set forth in this Guideline except for those relating to the National Environmental Policy Act (NEPA). The new requirements implementing NEPA are effective immediately.

FOR FURTHER INFORMATION CONTACT: Jeffrey R. Hall, Law Enforcement Program Manager, Bureau of Justice Assistance, 810 Seventh Street, NW, Washington, DC 20531. Telephone: (202) 616-3255.

SUPPLEMENTARY INFORMATION:

Scope of Program Announcement

I. Introduction: Program Purposes and Objectives II. Background of the Prison Industry Enhancement Certification Program (PIECP) a. The Legislative History 1. Unregulated Prison Labor 2. Prisoner Idleness and Prisoners' Need for Job Skills Training b. The PIECP Program 1. Current State of the Program 2. Future Challenges c. Discussion of Comments c. 1-11 (see Nos. pp 821-847) III. Program Guidance a. PIECP Purposes b. Definitions c. BJA's Initial Considerations for Determining Propriety of Work Pilot Project Certification 1. BJA's Exercise of Discretionary Authority To Define and Certify 50 Work Pilot Projects 2. Threshold Inquiry for Determining Applicability of PIECP Exception Status d. Mandatory Program Criteria for PIECP Participation 1. Eligibility 2. Inmate Wages 3. Non-Inmate Worker Displacement 4. Benefits 5. Deductions 6. Voluntary PIECP Inmate Worker Participation 7. Consultation With Organized Labor 8. Consultation With Local Private Industry 9. Compliance With the National Environmental Policy Act (NEPA) IV. PIECP Administration a. Certificate Holders 1. Project Structure 2. Application Content 3. BJA Review 4. Standard or Provisional Certification 5. Certificate Holder Designation Authority 6. Certificate Holder Monitoring Responsibilities b. Cost Accounting Centers' PIECP Exception Status c. Compliance Reviews 1. Performance Reports 2. On-Site Monitoring Reviews d. BJA's PIECP Administration e. Exception Status Suspension/Termination 1. Notice of Possible Compliance Violation 2. Voluntary Compliance Agreements 3. Failure To Achieve Compliance and Effect of Non-Compliance 4. PIECP Exception Status Suspension and Termination

I. Introduction: Program Purposes and Objectives

The Prison Industry Enhancement Certification Program (PIECP), codified at 18 U.S.C. 1761(c), was first authorized by the Justice System Improvement Act of 1979, Pub. L. No. 96-157, 93 Stat. 1215. The PIECP was expanded from 7 to 20 pilot projects under the Justice Assistance Act of 1984, Pub. L. 98-473 Sec. 609k(a)(1), 98 Stat. 2077, 2102. In 1990, The Crime Control Act of 1990, Public Law 101-647 Sec. 2906, 104 Stat. 4789,4914, raised to 50 the number of PIECP projects that may be excepted by the Bureau of Justice Assistance (BJA) from certain Federal restrictions on the marketability of prisoner-made goods, including the Ashurst-Sumners Act (18 U.S.C. 1761(a)) and the Walsh-Healey Act (41

U.S.C. 35). Since its inception in 1979, the PIECP program has certified 38 work pilot projects throughout the country. Prison administrators find PIECP participation an effective way to address idleness among ever-increasing prison populations and as a cost-efficient method for providing inmates with marketable job skills. Taxpayers benefit because PIECP wage deductions result in reductions in incarceration costs. Inmate wages benefit society, generally, in that deducted amounts are authorized to address victim compensation, inmate family support needs and taxes. Lastly, PIECP industries obtain broad market access for their products because they are excepted from the Ashurst-Sumners Act prohibition against the interstate transport of prisoner-made goods and from the Walsh-Healey Act prohibition against certain contract sales of prisoner-made goods to the Federal government. BJA first issued a Final Guideline to implement this program on March 29, 1985, 50 FR 12661-64. After providing an opportunity for public comment on the revised Guideline on July 7, 1998 (63 FR 36710-19), the agency now publishes this Final Guideline to offer updated program clarification. In so doing, the legislative underpinnings of relevant laws are examined and the scope of their applicability is defined. Compliance expectations are explained as program guidance. Refined administrative practices reflect experience gained by BJA over the past 14 years. The background history, guidance definitions and administrative requirements described in this Guideline are specific only to the PIECP and have no bearing on or relationship to the development, goals or administrative practices of any other prison industry program.

II. Background of the Prison Industry Enhancement Certification Program (PIECP)

a. Legislative History

1. Unregulated Prison Labor The 19th Century evolution of industrial capitalism and private sector use of prisoner labor spawned a number of conditions that adversely affected several major segments of society. By the turn of the 20th Century, these segments joined in an organized appeal to Congress and state legislatures nationwide. They collectively asserted that the production and distribution of unregulated prisoner-made goods in interstate commerce needed to be

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eliminated or, at a minimum, controlled. Human rights activists turned the public's attention to poor prison work conditions and inmate exploitation. Organized labor argued that the demand for prisoner-made products, anywhere, necessarily displaced a possible demand for the product of free labor. Free enterprise manufacturers at the time were disturbed because manufacturers of prisoner-made goods did not bear the burden of overhead costs borne by private industry competitors. Prisoner-made goods were sold at below market prices. The viability of private industry competition was thereby undercut. In December 1924, Secretary of Commerce

Herbert Hoover held a conference on the subject of the "ruinous and unfair competition between prison-made products and free industry and labor." 70 Cong. Rec. S656 (1928). Then-Secretary Hoover authorized an advisory committee to study the problem. This committee issued a report to Congress in 1928 wherein Chairman of the Advisory Committee on Prison Industries, Arthur Davenport, submitted the following conclusions:

(1) Certain major factors in the normal cost of production which must be met by all manufacturers are entirely absent in the case of prison industries. If anything approaching normal efficiencies of operation can be attained with the use of prison facilities and labor, the total costs of production are . . . below those of the manufacturer who must meet large overhead expenses as well as employ free labor. (2) It is the universal belief that prisoners should be usefully occupied whether as a part of their punishment or as a means of rehabilitation by teaching them the habits of industry. To this end nearly every State . . . provid[es] productive work for their prisoners . . . (3) The volume of goods produced by prison labor is already very large in some lines, but as more prisoners are put to work, and the industries become more efficient, the output of our prisons will be greatly increased. (4) The effect of placing on the open market a volume of goods which have been produced below normal costs, is to lower prices and disorganize the market * * * The increase in prison production which is predicted will exaggerate this evil and make it difficult if not impossible for manufacturers employing free labor to exist in trade where the prison output becomes heavy. (5) The solution of this problem, if prison production is to continue * * * would seem to be the elimination, in one way or another, of the direct price competition of the prison products with so called "free products" * * *. 70 Cong. Rec. S656 (1928). In closing, Chairman Davenport urged that solutions be found, "[o]therwise either prison industries must cease and prisoners kept in idleness or the manufacture of products competing with prison output will become impossible. Either of these developments would be disastrous * * *." See S. Rep. No. 344, 70th Cong., 1st Sess., reprinted, Cong. Rec. S656 (Dec. 15, 1928), "Statement of Prison Labor Problems as Shown by Report of Senate Committee." Even if a state prohibited its own correctional institutions from producing and marketing prisoner-made goods, that same state had no jurisdiction to control such goods produced in other states, transported in interstate commerce and sold within its boundaries. As an initial solution to this problem, Congress enacted the Hawes-Cooper Act in 1929, Pub. L. 70-669, 45 Stat. 1084, recodified by Pub. L. 95-473, 92 Stat. 1449 (1978) [formerly codified at 49 U.S.C. 11507, omitted in the revision of Title 49 by Pub. L. 104-88, Title I Sec. 102(a), 109 Stat. 804 (effective January 1, 1996); See S. Rep. No. 104-176]. This law divested prisoner-made products of their interstate character upon their arrival in the state of their destination and permitted the laws of that state to become operative with respect to the sale and distribution of such products. It was described, at the time of enactment, as an enabling act because it did not prohibit the transportation of prisoner-made goods or force the enactment of state legislation. In 1935, Congress enacted the Ashurst-Sumners

Act, Pub. L. 74-215, 49 Stat. 494 (1935), which authorized Federal criminal prosecutions of violations of state laws enacted pursuant to the Hawes-Cooper Act. Subsequent amendments to this law, including Pub. L. 76-851, 54 Stat. 1134 (1940), strengthened Federal enforcement authority by making any transport of prisoner-made goods in interstate commerce a Federal criminal offense. As amended, 18 U.S.C. 1761(a) now provides:

Whoever knowingly transports in interstate commerce or from any foreign country into the United States any goods, wares, or merchandise manufactured, produced, or mined, wholly or in part by convicts or prisoners, except convicts or prisoners on parole, supervised release, or probation, or in any penal or reformatory institution, shall be fined under this title or imprisoned not more than two years, or both [herein referred to as the Ashurst-Sumners Act].

Certain prisoner-made products were excepted, by statute, from the Ashurst-Sumners Act prohibition, including "agricultural commodities or parts for the repair of farm machinery" as well as "commodities manufactured in a Federal, District of Columbia or State institution for use by the Federal Government, or by the District of Columbia, or by any State or Political subdivision of a State or not-for-profit organizations." Title 18 U.S.C. 1761(b). The Walsh-Healey Act, 49 Stat. 2036 (1936), as amended in 1979 by Pub. L. No. 90-351, Sec. 827(b) and codified at 41 U.S.C. 35, also controls the production of prisoner-made goods. This statute prohibits the use of prisoner labor to fulfill general government contracts which exceed \$10,000. BJA certification pursuant to Sec. 1761(c) excepts prisoner-made goods produced at PIECP work pilot projects from the Walsh-Healey Act contracting restrictions, as well as the Ashurst-Sumners Act interstate transportation restrictions. 2. Prisoner Idleness and Prisoners' Need for Job Skills Training The PIECP exception to the Ashurst-Sumners and the Walsh-Healey Act restrictions was introduced into the Senate in 1979 after the 1978 Pontiac, Illinois prison riot. In the wake of that uprising, Senator Charles Percy (R-Ill.) stated:

[L]ast summer in Pontiac, Illinois, our worst fears about the conditions in the Nation's prisons erupted into a nightmarish reality. The Pontiac prison riot of 1978 ended with three guards dead, three others seriously wounded, and \$4 million in property damage. The shopping list of problems and deficiencies in our prison system is long and well known. Overcrowding, old and obsolete facilities, lack of training or educational programs, crime within prison walls, frustration on the part of guards and inmates are all a part of the dreary picture. Recidivism is now a substantial element in our overall crime rate, and prisons are often accurately characterized as a "school for crime," rather than a deterrent to crime. 125 Cong. Rec. S11834 (1979).

These concerns caused Congress to take measures to encourage prison industries, provided that they not engage in unfair competition with private sector business and labor. Senator Percy's bill, now referred to as the Prison Industries Enhancement Act, Section 827 of

the Justice System Improvement Act of 1979, Pub. L. 96-157, Sec. 827(a), 93 Stat. 1215, was enacted on December 27, 1979. As amended, it now offers 50 certified projects an opportunity to participate in the

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interstate market, provided certain safeguards to free-world labor and industry, and to prisoner-workers themselves, are met. See The Crime Control Act of 1990, Pub. L. 101-647, Sec. 2906, 104 Stat. at 4914. In describing the purpose of his introduced legislation, Senator Percy explained (125 Cong. Rec. S11834 (1979)):

My amendment would do two basic things: First, it would authorize the [BJA] to encourage development of pilot demonstration projects for prison industry at the State level, involving private sector industry * * *. Under this approach, prison programs benefit from the private business, develop access to new markets, and attract needed capital. The goal of these pilot projects would be to create as realistic a working environment as possible within the prison walls, while enabling an inmate to become more self-sufficient to the benefit of himself, the prison system, and the taxpayer. Secondly, my amendment creates a partial exemption to two Federal laws which severely restrict the ability of State prison industries to market their goods * * *. When these laws were enacted decades ago, they represented significant reforms against exploitation of prison labor. Over the years, however, they have developed into heavy-handed roadblocks to growth among * * * prison industry programs * * *. My amendment would provide limited exemptions to these restrictions where inmates have been paid a wage comparable to that paid for similar work in the private sector in the locality * * *. The statutory exception that was enacted to establish PIECP is codified at 18 U.S.C. 1761(c):

* * * [the Federal marketability prohibitions] shall also not apply to goods, wares, or merchandise manufactured, produced, or mined by convicts or prisoners who-- (1) Are participating in one of not more than 50 non-Federal prison work pilot projects designated by the Director of the Bureau of Justice Assistance; * * *

To become eligible for Bureau of Justice Assistance (BJA) certification, an applicant department of corrections must comply with specified statutory requirements. It must pay participating prisoners "wages not less than that paid for work of a similar nature in the locality in which the work was performed" and cannot take more than 80 percent in deductions from gross wages for specified purposes including taxes, reasonable charges for room and board, family support and victims' compensation. 18 U.S.C. 1761(c) (2). Certain other conditions of employment must also be met. An eligible applicant cannot deprive participating offenders, solely because of their status as offenders, of the right to participate in benefits made available by the Federal or state government to other individuals on the basis of their employment, such as workmen's compensation. Title 18 U.S.C. 1761(c)(3). PIECP inmates must also

participate on a voluntary basis and must have agreed to the specific deductions made from gross wages pursuant to 18 U.S.C. 1761(c) (2), and all other financial arrangements resulting from participation in such employment. Title 18 U.S.C. 1761(c)(4). The note following 18 U.S.C. 1761, although not codified, is public law and adds two additional PIECP requirements on certified prison industries. The note requires participating prison industries to consult with local union organizations prior to initiating any project qualifying for a 1761(c) exemption. Also, the qualifying applicant must ensure that paid PIECP inmate employment will not result in the "displacement of employed workers, or be applied in skills, crafts, or trades in which there is a surplus of available gainful labor in the locality, or impair existing contracts for services." The Justice System Improvement Act of 1979 added these provisions which became Sec. 827(c) of the Omnibus Crime Control and Safe Streets Act of 1968. See Pub. L. 96-157, 93 Stat. 1215, reprinted in 1979 U.S.C.C.A.N. 2471. In 1984, Sec. 827(c) was redesignated Sec. 819 of the Omnibus Crime Control and Safe Streets Act of 1968, as amended. See Pub. L. 98-473, 98 Stat. 2093. If all eligibility requirements are met and an applicant acquires BJA certification, the agency is thereafter authorized to operate irrespective of Federal prohibitions on the marketing of state prisoner-made goods. Conversely, non-compliance with these statutory eligibility requirements could expose an industry to criminal prosecution under the Ashurst-Sumners Act. Title 18 U.S.C. 1761(a).

b. The PIECP Program

1. Current State of the Program Currently, 38 departments of correction or umbrella authorities are PIECP Certificate Holders. Under the Justice System Improvement Act of 1979, Arizona, California, Idaho, Kansas, Minnesota, Nevada and Utah were certified. In 1984, under the Justice Assistance Act of 1984, 13 prisons work pilot projects were certified in: Alaska, Belnap County (NH), Connecticut, Iowa, Maine, Missouri, Nebraska, New Mexico, Oklahoma, Oregon, South Carolina, Strafford County (NH) and Washington State. Under the Crime Control Act of 1990, the following additional departments of correction were certified: Colorado, Delaware, Florida, Hawaii, Indiana, Louisiana, Maryland, Montana, North Carolina, Ohio, Red River County (TX), South Dakota, Tennessee, Texas, the Texas Youth Commission, Vermont, Virginia, Washington State Jail Industries Board and Wisconsin. About 145 private sector businesses now work in partnership with PIECP certified projects to employ about 2,800 inmates. Either the department of corrections or the private sector enterprise retains project authority to direct and control inmate labor, depending on the management model used. Project implementation has resulted in the production of myriad products including such items as furniture, sheet metal, video equipment, clothing, food products, office products, mattresses, draperies, crutches and road signs. In addition, although service industries were not a threat to the private sector in 1935 and thus, were not included within the scope of the Ashurst-Sumners prohibition, a number of service industries have elected to comply with the PIECP requirements. Between January

1979 and September 1998, PIECP projects generated approximately \$113.7 million in gross inmate wages. Nearly half of this amount was diverted to non-inmate recipients: \$8.9 million was deducted for victims of crime, \$25.7 million was deducted for room and board payments, \$5.8 million was deducted for family support and about \$13.7 million was withheld in local, State and Federal taxes. BJA monitors the performance of PIECP work pilot projects to ensure that they operate in full compliance with all legislative and administrative program requirements. Under a grant to the Correctional Industries Association (NCIA), prison industry and other professionals conduct regular, on-site reviews of all PIECP projects. BJA responds to matters involving possible non-compliance by taking appropriate remedial action such as providing technical assistance or proposing a corrective action plan. 2. Future Challenges PIECP is used nationwide as a cost-efficient way to provide inmates with work experience and training in marketable job skills, as well as to reduce idleness among growing prison populations. Over time, the limit on the authorized number of pilot projects has been raised to meet the demands of interested applicants. When Congress last increased the project ceiling to 50, the House took into consideration a waiting

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list of states and counties that had wanted to participate and noted that "the demand for certification by state and local governments indicates a need for this amendment which will enable the program to expand and other jurisdictions to apply." H.R. (1), 101st Cong. 202 (1990). BJA administers PIECP with the objective of making participation available to as many qualified applicants as possible, within limits imposed by the statutory ceiling. This Guideline provides projects with clarity as to Federal participation requirements, as well as programmatic flexibility to allow for PIECP Project growth in ways that respond to local needs. The Federal requirements are intended to ensure that the interests of local business and organized labor are protected. In this way, BJA's administrative practices address concerns reflected in the legislative history pre-dating the onset of Federal regulation of prisoner-made goods. Finally, this revised Guideline addresses novel issues presented by new PIECP participants, the private sector prisons. These entities are unique in that they render an essential service traditionally undertaken by public agencies and they do so for profit. Thus, BJA has altered some PIECP program requirements to insure program implementation remains consistent with Congressional intent. Congress enacted PIECP to introduce public departments of correction to private sector profit-making enterprises. Therefore, private prisons are invited to participate in PIECP only as Cost Accounting Centers (CACs) designated under the authority of departments of correction.

c. Discussion of Comments

BJA published a proposed Guideline in the Federal Register on July 7, 1998 for public comment. Written comments from public and private organizations were received. All comments have been considered by the BJA in this publication. This Guideline is final. The following is a

summary of substantive comments and BJA's response. 1. Background on PIECP Comment: BJA should retain the legislative history and background section. It is informative and useful. BJA should explain that the background section does not accurately describe present day political, social or economic concerns regarding the implementation of prison industry programs. Response: BJA provides the background and legislative history section to illustrate social, political and economic concerns that were predominant prior to 1940, before the Federal government first began regulating, as a criminal matter, the interstate transport of prisoner-made goods, as well as such concerns as they existed prior to the 1979 enactment of the PIECP exception to 18 U.S.C. 1761(a). BJA provides this background to inform PIECP Cost Accounting Centers about Congress' intent when developing the program's statutory requirements and exception authority. Accordingly, no substantive change was made in the background section of the Guideline. 2. Program Purposes Comment: BJA should modify its program purposes to add, as a purpose, introducing government to private sector profit-making enterprises. More specifically, BJA should endorse private sector prison options as a specific way to introduce state and local government agencies to private sector profit-making enterprises. Response: Consistent with the legislative history of the PIECP, BJA exercises its administrative authority only to endorse PIECP as a cost-efficient means to address inmate idleness and to provide inmates with work experience and training in marketable job skills. Whether private sector partnerships or private prison contracts are suitable prison industry options for any given jurisdiction, is a state and or local matter for determination. State and local interests are uniquely poised to identify appropriate private sector profit-making enterprises, if any, to partner with prison industries. Thus, as a Federal agency, BJA is not prepared to adopt such a program purpose. Accordingly, no change was made in the program purposes provision of the Guideline. 3. Definitions Comment: BJA should modify the definitions so that references to departments of corrections include public or not-for-profit agencies sanctioned under state law to administer the Prison Industry Enhancement Certification Program. BJA should add a definition of "chief state correctional officer," as the term is used in reference to the room and board deduction, so that it encompasses umbrella authorities where such models have been certified by BJA as prison work pilot projects. With respect to the minimum wage definition, BJA should state that this PIECP program wage threshold is in no way intended, in and of itself, to ascribe to inmate workers "employee" status for purposes of other state and Federal laws. BJA should re-define the locality definition. The proposed definition, which defers to state agencies for the making of such determinations, is too vague and subjective. Response: BJA concurs with a number of recommendations to enhance the clarity of terms used in the Guideline. A definition for the term "departments of correction" is incorporated to clarify that state and local government agencies, and the instrumentalities thereof, including not-for-profit entities sanctioned under state law to administer PIECP, are eligible as potential PIECP Certificate Holders. A definition of the term "chief state correctional officer" is added to enhance guidance with respect to model specific implementation of the room and board deduction. Also, the scope of the minimum wage

definition is more specifically defined in relation to PIECP purposes and the operation of other laws. The locality definition has implications both with respect to the inmate wage requirement and the prohibition against private sector employee displacement. BJA directs all Cost Accounting Centers to obtain non-displacement projections and prevailing wage determinations from their appropriate state agencies and, in so doing, extends to the states an opportunity to locally influence implementation of the Federally authorized PIECP Project. BJA expects that by extending this opportunity, the states will exercise their authority so as to protect the interests of local labor groups and private sector competition. This approach was adopted to vest state agencies with authority and flexibility to respond to uniquely local economic trends and conditions. Accordingly, no change to the locality definition was made. 4. Eligibility Comment: BJA should allow private prisons to independently qualify as Certificate Holders. Alternatively, restrictions affecting the designation of private prison industries, as Cost Accounting Centers (CAC), should be eased. Umbrella authorities should not be allowed to qualify as eligible Certificate Holders. The certification of umbrella authorities circumvents the 50 project limit imposed on the program by Congress. Response: Title 18 U.S.C. 1761(c)(1) authorizes BJA to exercise broad discretion in certifying PIECP prison work pilot projects. Two significant

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considerations, however, weigh in favor of limiting Certificate Holder eligibility only to departments of correction and not private prisons. First, the legislative history of the PIECP reflects Congress' desire to craft an inmate work vehicle to advance state and local government interests, and specifically their need to gainfully occupy growing prison populations in marketable job skills. Second, as PIECP implementation could impact state and local private sector interests, BJA believes that the protection of those interests would be best served by reserving certification for those agencies which, by their very nature, are accountable to the public. BJA will not authorize any PIECP certified project to designate CACs outside of its jurisdictional boundaries because the Bureau defers to individual state legislatures for determinations as to whether PIECP should be authorized within their jurisdictions. If a state legislature decides not to authorize PIECP implementation in public facilities, private facilities ought not be authorized to implement PIECP, in that same state, through a designation authorized by a Certificate Holder located in another state. BJA, however, incorporates amendments to the Final Guideline to allow any given state Certificate Holder to designate CACs within private prisons operating within that same state, even in the absence of a contract for incarceration services between that state and the private prison seeking to participate in PIECP. The BJA form used to accomplish the designation of a CAC within a private prison must reflect express approval of the designation by the Chief State Correctional Officer for the state in which the private prison CAC is located. See Section IV.(a)(5), *infra*. CACs designated within private prisons must also retain on-file documentation reflecting approval of PIECP inmate worker participation by the state and local jurisdictions

in which the PIECP inmate workers were convicted. In order to issue such approvals, the remanding state and local jurisdictions must also hold PIECP certificates. This requirement insures continuity of the necessary PIECP project authorization vis-a-vis the PIECP inmate workers, and is responsive to the statutory project ceiling number. If inmate workers could not participate in PIECP within the boundaries of the state and local jurisdictions in which they were convicted, they should not be allowed to participate in PIECP in another state or local jurisdiction through an agreement for private prison incarceration services. Alternatively stated, state and local jurisdictions cannot be allowed to participate in PIECP indirectly through a contract with a private prison that has a PIECP-designated CAC, if they choose not to participate in PIECP directly, i.e., had they incarcerated their inmates within their own state and local jurisdictional boundaries. Title 18 U.S.C. 1761(c) offers BJA broad discretion with respect to defining a prison work pilot project for PIECP eligibility purposes. Umbrella authorities may represent a mix of agency members such as state and local departments of correction, and youth authorities. Any of these agency members may, through their respective umbrella authorities, designate CACs within themselves or private prisons located in their jurisdictional areas. In order to qualify for PIECP certification, umbrella authorities must be able to assure BJA that a central administration of the CACs can be accomplished to insure project-wide compliance with the guideline and the statute as well as responsible exercises of designation/undesignation authority. Since the inception of PIECP in 1980, BJA has certified several umbrella authorities. During that same period of time, Congress was advised of such projects and consistently increased the project ceiling. BJA interprets such action as tacit approval of BJA's certification of umbrella authority models. Accordingly, changes are made in the eligibility provisions to ease restrictions on Certificate Holder designation of CACs within private prisons located within the Certificate Holder's jurisdiction. Private prisons are ineligible as Independent PIECP Certificate Holders.

5. Inmate Wages Comment: Authors of two comments claim that PIECP wage rates do not equal labor costs: BJA should allow Cost Accounting Centers (CACs) to make adjustments in prevailing wage rates to address the hidden, unusual costs of doing business in a prison environment such as the cost of transportation to rural areas, reduced production levels due to rapid turnover, and added expenses of worker training and start-up. Because these cost variables are significant and inherent in doing business within prisons, the PIECP wage requirement is not necessary to "level the playing field" with private sector competition. From the perspective of one organized labor group, the proposed Guideline is an improvement over the 1985 PIECP guideline. BJA, however, is urged not only to encourage, but to require CACs to implement salary wage plans based on worker competency and seniority. Regarding the wage self-determination option, in the proposed guideline, the following diverse comments were received: this option is an improvement in that it allows for CAC implementation in instances where state agencies are non-responsive to requests for prevailing wage determinations; this option imposes too great of an administrative burden on CACs; this option provides participants with an opportunity to avoid obtaining state agency wage determinations. In instances where a private

sector partner has both a non-inmate operation and a PIECP CAC in the same locality, the partner should be permitted to bypass a state agency's wage determination and use relevant non-inmate wage scales with respect to PIECP inmate workers performing the same job function. BJA should clarify the meaning of the term of "notable tasks," as it is used in the Guideline with respect to identifying which inmate workers should be paid a PIECP wage. Response: Title 18 U.S.C. 1761(c)(1) expressly states that PIECP wages must be paid at a rate which "is not less than that paid for work of a similar nature in the locality in which the work is performed." PIECP wage determinations must be based only on comparable non-inmate worker wages for performing work of a similar nature. Gross wages earned by PIECP inmate workers may be reduced only through an application of the four authorized wage deductions specified in 18 U.S.C. 1761(c)(2). Thus, the plain language of the PIECP exception statute provides BJA with no authority to allow wage deductions in addition to those set forth in 18 U.S.C. 1761(c)(2) and for the purpose of addressing the unusual costs of doing business in a prison environment, however meritorious such proposed adjustments might be. The language of 18 U.S.C. 1761(c)(3) requires PIECP projects to pay wages based only on private sector wage amounts for performing similar work and it does not, as a matter of law, require the implementation of salary plans. BJA added this policy-based encouragement to advance program objectives. The self-determination option, as reflected in the proposed guideline, was presented to address a recurring challenge confronting many PIECP Cost Accounting Centers (CACs). On occasion and through no fault of their own, CACs are unable to obtain timely, state agency responses to requests for wage determinations. The self-

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determination option, which is available only when state non-responsiveness occurs, assists CACs to achieve compliance without relying on a determination by a third party. The method presented requires only the minimum amount of data collection and analysis necessary to yield a defensible, rationally-based wage determination. Availability of the self-determination option prevents CACs from paying a Federal minimum wage--the lowest possible PIECP wage, indefinitely, when payment of such a wage rate is unwarranted and the state remains non-responsive to wage determinations requests. To ease the impact of PIECP implementation on any given locality's economy and labor force, BJA reserves two opportunities for states to affect the implementation of the Federal PIECP program within state boundaries. The requirement that proposed CACs must obtain wage rates from the relevant state agencies, is one of those opportunities. BJA reserves this opportunity for state participation in the program, without exception, to insure CACs respond to relevant, locally-based input from an objective source. BJA introduces the Guideline concept of "notable tasks" as a way to assist CACs in identifying inmate workers to whom a PIECP prevailing wage should be paid. Questions arise as to whether inmates performing support functions, such as janitorial and maintenance services, necessary to CAC operations must be paid a PIECP wage. A more specific