

ALASKA STATE LEGISLATURE

Senate Labor and Commerce
Committee, Chair

•
Legislative Budget and Audit
Committee

•
Senate Rules Committee

•
Committee on Committees



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SENATOR JOHNNY ELLIS
SENATE MAJORITY LEADER

MEMORANDUM

DATE: March 27th, 2009

TO: Senator Joe Paskvan
Senate Labor & Commerce Committee

FROM: Senator Johnny Ellis

RE: Hearing Request for SB 170 – Unemployment Amendments: Fed Stimulus

I am requesting that Senate Bill 170 be scheduled for a hearing in the Senate Labor & Commerce Committee at your earliest convenience.

This bill makes Alaska eligible for nearly \$17 million in federal funding from the American Recovery and Reinvestment Act, better known as the federal stimulus, by changing the base period in which earnings are calculated to determine eligibility for unemployment insurance. Of the three requirements in the stimulus bill, Alaska already meets the two more difficult standards. The Alaska Department of Labor estimates that had this change been in place in calendar year 2008, 1300 additional people would have been eligible for \$1.9 million in unemployment insurance payments – a sum too small in comparison with the overall size of the program to impact the business taxes that support the UI trust fund.

Included in this packet:

- A current version of SB 170 – 26-LS0672/E
- Sponsor Statement
- Background Information

Other backup will be forthcoming as required. Thank you.

ALASKA STATE LEGISLATURE

Finance Committee
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Health & Social Services Committee
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Legislative Council
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Committee on Committees



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SENATE MAJORITY LEADER
JOHNNY ELLIS

SPONSOR STATEMENT – SENATE BILL 170

SB 170 – An Act modifying the Alaska unemployment insurance statutes to comply with the requirements of the federal economic stimulus bill by redefining the base period for determining eligibility for unemployment benefits; and providing for an effective date.

Senate Bill 170 updates Alaska's unemployment insurance statutes to conform to the federal unemployment insurance modernization provisions included in the American Recovery and Reinvestment Act of 2009, commonly known as the federal stimulus bill. ARRA provides over \$16 million in funding to support these changes, which includes just over \$1 million in administrative assistance. This funding is conditional on making the changes included in SB 170. Of the three provisions necessary to receive this funding, Alaska is already in compliance with the two more difficult requirements. The bill meets the final requirement by creating an alternative base period to determine an unemployed person's eligibility for unemployment insurance.

Thirteen Governors (including seven Republicans) from across the country have expressed their intention to make these changes, and four states already comply. Iowa and South Dakota have already passed legislation to modernize their UI systems and accept their share of the federal money, and Georgia is in the process, with the support of each of their Governors. Any funding sources Alaska chooses not to take advantage of will be re-allocated to the federal UI program that will put it to use rather than being used to reduce federal deficit spending.

The Alaska Department of Labor estimated that the alternative base period would make approximately 1,300 more Alaskans eligible for unemployment insurance compensation each year. This change will help low-income Alaskans weather the national economic downturn without placing an undue hardship on employers and small businesses that support the UI trust fund. The estimated impact on the UI trust fund in calendar year 2008 had this change been in place would have been approximately \$1.9 million in additional payments (on top of the \$121 million paid out already). This amount is small enough in comparison to the overall size of the fund's corpus - \$351 million at the end of 2008 – the annual investment returns, and the additional federal funds which would become available, that the impact on business taxes would be negligible.

SENATE BILL NO. 170

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY SENATOR ELLIS

Introduced: 3/27/09

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act modifying the Alaska unemployment insurance statutes to comply with the
2 requirements of the federal economic stimulus bill by redefining the base period for
3 determining eligibility for unemployment benefits; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 23.20.520(3) is amended to read:

6 (3) "base period" means the first four of the last five completed
7 calendar quarters immediately preceding the first day of an individual's benefit year,
8 except that if an individual would not otherwise be eligible for unemployment
9 compensation because of the use of a base period that does not include the most
10 recently completed calendar quarter immediately preceding the first day of an
11 individual's benefit year, "base period" means, and eligibility shall be
12 determined using, the four most recently completed calendar quarters before the
13 start of the benefit year;

14 * **Sec. 2.** This Act takes effect January 1, 2010.



GOVERNORS IN SUPPORT OF THE UNEMPLOYMENT INSURANCE MODERNIZATION ACT STIMULUS PROVISIONS

Arkansas

- Governor Mike Beebe (D)
- [Arkansas Democrat-Gazette](#), March 4, 2009
- Editorial: "[Beebe should accept help](#)," Arkansas Leader, March 2, 2009

California

- Governor Arnold Schwarzenegger (R)
- [Los Angeles Times](#), February 25, 2009; [New York Times](#), February 22, 2009
- Editorial: "[As We See It: Shoring up jobless benefits](#)," San Jose Mercury News, March 6, 2009

Connecticut

- Governor Jodi Rell (R)
- [Governor's Press Release](#), March 6, 2009

Florida

- Governor Charlie Crist (R)
- [Miami Herald](#), March 5, 2009

Georgia

- Governor Sonny Perdue (R)
- [Atlanta Journal-Constitution](#), March 4, 2009; [11Alive](#), Atlanta, March 4, 2009
- Oped: "[Too few Georgia workers qualify for unemployment](#)," Atlanta Journal-Constitution, March 9, 2009

Iowa

- Governor Chet Culver (D)
- [Governor's Press Release](#), February 18, 2009

Oklahoma

- Governor Brad Henry (D)
- [Tulsa World](#), March 4, 2009

Oregon

- Governor Ted Kulongoski (D)
- [Statesmen Journal](#), February 24, 2009

Pennsylvania

- Governor Ed Rendell (D)
- [Allentown Morning Call](#), February 28, 2009
- Editorial: "[Funds for state's unemployed are getting precariously low](#)," Patriot News, March 5, 2009

Rhode Island

- Governor Donald Carcieri (R)
- [Governor's Press Release](#), February 26, 2009

South Dakota

- Governor Michael Rounds (R)
- "[Opinion: Stimulus cash means more unemployment benefits in S. Dakota](#)," The Daily Republic, March 07, 2009

Tennessee

- Governor Phil Bredesen (D)
- [Chattanooga Times Free Press](#), March 7, 2009; [WSMV Nashville](#), March 6, 2009

Utah

- Governor Jon Huntsman (R)
- [New York Times](#), February 26, 2009



The Voice of Small Business®

ALASKA

March 25, 2009

The Honorable Johnny Ellis
State Capitol Building
Juneau Alaska 99801-1182

RE: Senate Bill 170

Dear

On behalf of the National Federation of Independent Business/Alaska, I wish to express our appreciation and understanding of your introduction of Senate Bill 170. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

As you know, NFIB/AK had strong reservations about the state taking stimulus money for the Unemployment Insurance Program. We worked with you over the last two years to update our program and we had no desire to have the federal government dictate revisions to our program that were nor in the best interest of Alaskan businesses and their employees.

I am pleased to tell you that the Alaska Department of Labor and Workforce Development has done a great service to Alaska by fighting the US Department of Labor and winning! As a result of their efforts, Alaska will not need to change any of its statutes relative to eligibility or determinations of able and available for work. Because of this great victory for Alaska, NFIB/AK withdraws our opposition to accepting federal stimulus funds for the Unemployment Insurance Program.

NFIB/AK understands that we will need to amend our statutes relative to the base period for the calculation of eligibility. This is a relatively simple administrative change the cost of which will be born by stimulus funding. The larger benefit to Alaska will be the availability of funding that can be used for additional vocational training to assist unemployed Alaskans get back into the workforce more quickly. This is good for individual Alaskans, employers and Alaska's economy.

NFIB/AK is pleased to have been able to work with Governor Palin, the Alaska Department of Labor and Workforce Development and you, Senator Ellis, to find this

Senator Johnny Ellis
March 25, 2009
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solution that allows Alaska to accept a portion of the stimulus funding without making any significant or inappropriate changes to our Unemployment Insurance Program.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Dennis", with a stylized flourish extending from the end.

Dennis L. DeWitt
Alaska State Lobbyist

Cc: Senate Labor & Commerce Committee
Governor Sarah Palin
Karen Rehfeld, Office of Management & Budget
Commissioner Clark Bishop
Senator Bert Stedman
Senator Lyman Hoffman
Representative Mike Hawker
Representative Bill Stoltze