

CS FOR SENATE BILL NO. 229(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/22/96

Referred: Rules

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to employment contributions, to the calculation of
2 unemployment insurance benefits, and to the state training and employment
3 program; and providing for an effective date."

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

5 * **Section 1. FINDINGS.** The legislature finds that

6 (1) an inadequate number of jobs exist in this state to meet the needs of those
7 seeking employment;

8 (2) many Alaskans are having difficulty finding jobs, especially in trying to
9 meet the changing technology needs in this state;

10 (3) employer and employee contributions paid into the unemployment
11 insurance system are used for payment of compensation to unemployed workers and allocation
12 of a small portion of employment contributions paid by employees would provide money to
13 develop a state training and employment program to meet the training needs of Alaskans;

14 (4) a state training and employment program would

1 (A) help prevent future claims against unemployment benefits;
2 (B) foster new jobs by encouraging businesses to locate in the state due
3 to availability of a skilled labor force and by minimizing employers' unemployment
4 costs; and

5 (C) increase training opportunities to those workers severely affected
6 by the fluctuations in the state economy or technological changes in the workplace in
7 the state;

8 (5) it would be beneficial to the state for state training and employment
9 programs funded by the state training and employment program to supplement, but not to
10 displace, programs funded by money available to a training entity for public or private
11 training, and not to replace, parallel, compete with, or duplicate existing federally approved,
12 jointly administered apprenticeship and training programs;

13 (6) it would be beneficial to the state to make the state training and
14 employment program a permanent state program to benefit Alaska workers, businesses, and
15 industry.

16 * **Sec. 2.** AS 23.15 is amended by adding new sections to read:

17 **ARTICLE 4A. STATE TRAINING AND EMPLOYMENT PROGRAM.**

18 **Sec. 23.15.620. STATE TRAINING AND EMPLOYMENT PROGRAM.**

19 There is created in the department a program to finance and award grants to
20 employment assistance and training entities. Employment assistance and training
21 entities shall give appropriate state agencies full access to accounting records
22 concerning grants received to assure compliance with program standards.

23 **Sec. 23.15.625. EMPLOYMENT ASSISTANCE AND TRAINING**
24 **PROGRAM ACCOUNT.** The employment assistance and training program account
25 is established in the general fund. The commissioner of administration shall separately
26 account for money collected under AS 23.15.630 that the department deposits in the
27 general fund. The annual estimated balance in the account may be appropriated by the
28 legislature to the department to implement AS 23.15.620 - 23.15.660. The legislature
29 may appropriate the lapsing balance of the account to the unemployment compensation
30 fund established in AS 23.20.130.

31 **Sec. 23.15.630. SPECIAL EMPLOYEE UNEMPLOYMENT CREDIT AND**

1 CONTRIBUTIONS FOR PROGRAM. (a) In the manner provided in AS 23.20, the
2 department shall collect from each employee an amount equal to one-tenth of one
3 percent of the wages, as set out in AS 23.20.175, on which the employee is required
4 to make contributions under AS 23.20.290(d). The department shall remit to the
5 Department of Revenue, in accordance with AS 37.10.050, money collected under this
6 subsection.

7 (b) Notwithstanding AS 23.20.290(d), the department shall credit each
8 employee with an amount equal to the amount collected from the employee under (a)
9 of this section against unemployment contributions owed by the employee under
10 AS 23.20.

11 (c) The department shall assess and collect, under AS 23.20.185 - 23.20.275,
12 interest and penalties for delinquent reports and payments due under this section.
13 Interest and penalties collected shall be handled in accordance with AS 23.20.130(d).

14 Sec. 23.15.635. PEOPLE TO BE SERVED. Within the limits of its grant, an
15 employment assistance and training entity receiving a grant under AS 23.15.651 shall
16 provide services set out in AS 23.15.640 to state residents who, immediately before
17 beginning training or receiving benefits under a grant financed by this program,

18 (1) are unemployed and

19 (A) are receiving unemployment insurance benefits; or

20 (B) have exhausted the right to unemployment insurance
21 benefits within the past three years;

22 (2) are employed, but liable to be displaced within the next six months
23 because of

24 (A) reductions in overall employment within a business;

25 (B) elimination of the worker's current job; or

26 (C) a change in conditions of employment requiring that, to
27 remain employed, the employee must learn substantially different skills that the
28 employee does not now possess; or

29 (3) have worked in a position covered by AS 23.20 and are not
30 currently eligible for unemployment insurance benefits because

31 (A) their employment has been seasonal, temporary, part-time,

1 or marginal;

2 (B) their qualifying wages are insufficient because of limited
3 job opportunity; or

4 (C) they are employed but, because they are underemployed,
5 they are in need of employment assistance and training to obtain full
6 employment.

7 Sec. 23.15.640. SERVICES FOR ELIGIBLE PEOPLE. Subject to the limits
8 of its grant, an entity receiving a grant under AS 23.15.651 shall provide one or more
9 program elements. The program elements include

10 (1) industry-specific training;

11 (2) on-the-job training;

12 (3) institutional or classroom job-linked training;

13 (4) support services, including allowances;

14 (5) relocation assistance; or

15 (6) provisions of necessary tools, work-related clothing, safety gear, or
16 other necessities to obtain or retain employment.

17 Sec. 23.15.645. DUTIES AND POWERS OF THE DEPARTMENT. (a) The
18 department shall award a grant to the council to

19 (1) administer a state training and employment program; and

20 (2) award grants to qualified entities.

21 (b) When a grant is awarded to the council, the department shall annually
22 provide to the council a priority list of targeted projects or services, based on
23 unemployment statistics, unemployment insurance claims, occupational and industrial
24 projections, availability of other training and employment programs, and other relevant
25 data. The department shall also provide annually to the council a priority list of
26 criteria for eligibility to maximize services to those people most in need of training
27 under AS 23.15.620 - 23.15.660. In developing the priority list for targeted projects
28 and services, the department shall solicit comments from the Department of
29 Community and Regional Affairs, Department of Education, Department of Commerce
30 and Economic Development, University of Alaska, organized labor, the council, and
31 the administrative entities of the substate service delivery areas established for the

1 council. The department shall give preference to projects and services that train
2 individuals in industries identified in the resident hire report required under
3 AS 36.10.130 as employing a disproportionate percentage of nonresident individuals.

4 (c) The department may adopt regulations necessary to implement this chapter.

5 (d) The council shall establish grant administration requirements including
6 accounting procedures that apply to qualified entities and their grantees.

7 (e) In making a grant under this section, the council shall require that the
8 qualified entity and grantees of the qualified entity limit the amount of the grant
9 proceeds spent on administration so that the total spent on administration from the
10 proceeds of the employment assistance and training program account, including
11 amounts spent by the council itself, does not exceed 20 percent. The amount collected
12 and remitted in accordance with the shared cost requirements of the federal Office of
13 Management and Budget Circular A-87 entitled "Cost Principles for State and Local
14 Governments" is not considered an amount spent on administration under this
15 subsection.

16 Sec. 23.15.651. DUTIES OF ALASKA HUMAN RESOURCE INVESTMENT
17 COUNCIL; GRANTS; ELIGIBLE ENTITIES. (a) In implementing this program
18 under a grant received under AS 23.15.645, and subject to the limit of its grant the
19 council shall award grants, in accordance with the priority list established by the
20 department under AS 23.15.645(b) to employment assistance and training entities. A
21 training entity is eligible for a grant under this section if the entity meets program
22 requirements and can demonstrate that

23 (1) its accounting systems include controls adequate to check the
24 accuracy and reliability of accounting data, promote operating efficiency, and assure
25 compliance with program requirements and generally accepted accounting principles;
26 and

27 (2) its activities do not replace or compete in any way with a federally
28 approved, jointly administered apprenticeship program or any other existing training
29 programs.

30 (b) The council may not award a grant if the grant would displace money
31 available through existing public or private training programs.

1 (c) To provide administration of the program, the council may use the
2 administrative entities of the substate service delivery areas.

3 (d) The council shall annually provide the department with financial and
4 performance reporting on the activities of the program and recommendations
5 concerning continuation of funding.

6 Sec. 23.15.660. DEFINITIONS. In AS 23.15.620 - 23.15.660,

7 (1) "council" means the Alaska Human Resource Investment Council
8 established in AS 44.19.620;

9 (2) "program" means the state training and employment program
10 established in AS 23.15.620 - 23.15.660; and

11 (3) "substate service delivery areas" means those areas designated by
12 the governor under 29 U.S.C. 1532.

13 * **Sec. 3.** AS 23.20.290(c) is amended to read:

14 (c) Beginning **January 1, 1997** [JANUARY 1, 1981], the rate of contributions
15 for each employer is **80** [82] percent of the average benefit cost rate multiplied by the
16 employer's experience factor set out in column C of the table in this subsection
17 opposite the employer's applicable rate class set out in column A plus the fund
18 solvency adjustment required under (f) of this section. However, the rate of
19 contributions for an employer may not be less than one percent or more than six and
20 one-half percent. The rate of contributions for an employer in rate class 21 may not
21 be less than 5.4 percent. The rate of contributions for an employer must be rounded
22 to the nearest **1/100th** [ONE-HUNDREDTH] of one percent.

23	COLUMN A		COLUMN B		COLUMN C
24	Rate Class		Cumulative		Experience
25			Ratable Payroll		Factor
26		at least		but less than	
27		(percent)		(percent)	
28	1			5	.40
29	2	5		10	.45
30	3	10		15	.50
31	5	20		25	.60

1	6	25	30	.65
2	7	30	35	.70
3	8	35	40	.80
4	9	40	45	.90
5	10	45	50	1.00
6	11	50	55	1.00
7	12	55	60	1.10
8	13	60	65	1.20
9	14	65	70	1.30
10	15	70	75	1.35
11	16	75	80	1.40
12	17	80	85	1.45
13	18	85	90	1.50
14	19	90	95	1.55
15	20	95	99.99	1.60
16	21	99.99		1.65.

17 * **Sec. 4.** AS 23.20.290(d) is amended to read:

18 (d) Beginning January 1, 1997 [JANUARY 1, 1981], and for each succeeding
19 year thereafter, the rate of contributions payable by each employee of an employer
20 who is subject to AS 23.20.165 is 20 [18] percent of the average benefit cost rate as
21 determined in (e) of this section rounded to the nearest 1/100th [ONE-TENTH] of one
22 percent. However, the rate of contributions for an employee may not be less than one-
23 half percent or more than one percent.

24 * **Sec. 5.** AS 23.20.350(d) is amended to read:

25 (d) An individual who is eligible under (a) of this section is entitled to receive
26 the weekly benefit amount set out in column (B) of the table in this subsection that is
27 opposite the amount set out in column (A) of the individual's base period wages
28 determined under (c) of this section:

29	(A)	(B)
30	Base Period Wages	Weekly Benefit
31		Amount

1	At least	But less than	
2	0	1,000	\$ 0
3	1,000	1,250	44
4	1,250	1,500	46
5	1,500	1,750	48
6	1,750	2,000	50
7	2,000	2,250	52
8	2,250	2,500	54
9	2,500	2,750	56
10	2,750	3,000	58
11	3,000	3,250	60
12	3,250	3,500	62
13	3,500	3,750	64
14	3,750	4,000	66
15	4,000	4,250	68
16	4,250	4,500	70
17	4,500	4,750	72
18	4,750	5,000	74
19	5,000	5,250	76
20	5,250	5,500	78
21	5,500	5,750	80
22	5,750	6,000	82
23	6,000	6,250	84
24	6,250	6,500	86
25	6,500	6,750	88
26	6,750	7,000	90
27	7,000	7,250	92
28	7,250	7,500	94
29	7,500	7,750	96
30	7,750	8,000	98
31	8,000	8,250	100

1	8,250	8,500	102
2	8,500	8,750	104
3	8,750	9,000	106
4	9,000	9,250	108
5	9,250	9,500	110
6	9,500	9,750	112
7	9,750	10,000	114
8	10,000	10,250	116
9	10,250	10,500	118
10	10,500	10,750	120
11	10,750	11,000	122
12	11,000	11,250	124
13	11,250	11,500	126
14	11,500	11,750	128
15	11,750	12,000	130
16	12,000	12,250	132
17	12,250	12,500	134
18	12,500	12,750	136
19	12,750	13,000	138
20	13,000	13,250	140
21	13,250	13,500	142
22	13,500	13,750	144
23	13,750	14,000	146
24	14,000	14,250	148
25	14,250	14,500	150
26	14,500	14,750	152
27	14,750	15,000	154
28	15,000	15,250	156
29	15,250	15,500	158
30	15,500	15,750	160
31	15,750	16,000	162

1	16,000	16,250	164
2	16,250	16,500	166
3	16,500	16,750	168
4	16,750	17,000	170
5	17,000	17,250	172
6	17,250	17,500	174
7	17,500	17,750	176
8	17,750	18,000	178
9	18,000	18,250	180
10	18,250	18,500	182
11	18,500	18,750	184
12	18,750	19,000	186
13	19,000	19,250	188
14	19,250	19,500	190
15	19,500	19,750	192
16	19,750	20,000	194
17	20,000	20,250	196
18	20,250	20,500	198
19	20,500	20,750	200
20	20,750	21,000	202
21	21,000	21,250	204
22	21,250	21,500	206
23	21,500	21,750	208
24	21,750	22,000	210
25	22,000	22,250	212
26	22,250	<u>22,500</u>	<u>214</u> [212]
27	<u>22,500</u>	<u>22,750</u>	<u>216</u>
28	<u>22,750</u>	<u>23,000</u>	<u>218</u>
29	<u>23,000</u>	<u>23,250</u>	<u>220</u>
30	<u>23,250</u>	<u>23,500</u>	<u>222</u>
31	<u>23,500</u>	<u>23,750</u>	<u>224</u>

1	<u>23,750</u>	<u>24,000</u>	<u>226</u>
2	<u>24,000</u>	<u>24,250</u>	<u>228</u>
3	<u>24,250</u>	<u>24,500</u>	<u>230</u>
4	<u>24,500</u>	<u>24,750</u>	<u>232</u>
5	<u>24,750</u>	<u>25,000</u>	<u>234</u>
6	<u>25,000</u>	<u>25,250</u>	<u>236</u>
7	<u>25,250</u>	<u>25,500</u>	<u>238</u>
8	<u>25,500</u>	<u>25,750</u>	<u>240</u>
9	<u>25,750</u>	<u>26,000</u>	<u>242</u>
10	<u>26,000</u>	<u>26,250</u>	<u>244</u>
11	<u>26,250</u>	<u>26,500</u>	<u>246</u>
12	<u>26,500</u>	<u>26,750</u>	<u>248</u>
13	<u>26,750</u>		<u>248.</u>

14 * **Sec. 6.** AS 23.15.620, 23.15.625, 23.15.630, 23.15.635, 23.15.640, 23.15.645, 23.15.651,
15 and 23.15.660 are repealed June 30, 1998.

16 * **Sec. 7.** Sections 3 - 5 of this Act apply to benefit years for unemployment insurance
17 beginning on or after January 1, 1997.

18 * **Sec. 8.** Sections 1 and 2 of this Act take effect July 1, 1996.

19 * **Sec. 9.** Sections 3 - 5 and 7 of this Act take effect January 1, 1997.