

SENATE BILL NO. 208

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY SENATOR DYSON

Introduced: 4/30/03

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the wage option program for on-the-job training while**
2 **unemployed."**

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

4 *** Section 1.** AS 23.15.710 is amended by adding a new subsection to read:

5 (d) The board shall appoint a subcommittee of its voting members to advise
6 the department on the development and operation of the wage option program in
7 AS 23.20.550 - 23.20.649. Each local workforce investment board shall also establish
8 a subcommittee consisting of three business members to advise the department on the
9 administration of the wage option program.

10 *** Sec. 2.** AS 23.20 is amended by adding new sections to read:

11 **Article 10. Wage Option Program.**

12 **Sec. 23.20.550. Wage option program.** The wage option program is created
13 as a program in which residents of Alaska shall, in lieu of receiving unemployment
14 insurance, be provided jobs, training, and a regular wage. The department shall

1 provide applicants for benefits with a wage option program brochure at the time the
 2 claimant applies for benefits. The brochure must clearly describe the wage option
 3 program and explain how an applicant can effectively use the program.

4 **Sec. 23.20.560. Referral to program.** (a) A person who is eligible for
 5 benefits under AS 23.20.350 is eligible for referral as provided in this section.

6 (b) The department shall refer appropriate unemployment insurance recipients
 7 to wage option jobs as follows:

8 (1) if the department determines that the recipient is likely to exhaust
 9 the recipient's unemployment insurance claim without finding an unsubsidized job, the
 10 department shall refer the recipient to available wage option jobs as soon as possible
 11 after the recipient has filed a claim for unemployment insurance, targeting placement
 12 within the first four weeks after application for benefits;

13 (2) for a recipient not considered appropriate for the program under (1)
 14 of this subsection, six weeks after the recipient applies for benefits the department
 15 shall reassess the reemployability of the recipient and, in its discretion, refer the
 16 recipient to the wage option program, as appropriate; to ensure a continued focus on
 17 early and cost-effective placements into the program, placements made under this
 18 paragraph may not exceed 10 percent of the total placements made in the wage option
 19 program;

20 (3) a recipient may not be placed in the wage option program at any
 21 time after the recipient has claimed more than eight weeks of benefits; and

22 (4) if a recipient refuses a referral to a wage option program job offer,
 23 the department shall investigate the refusal and identify and decide all issues arising
 24 from the investigation, including suspension of benefits, in accordance with the
 25 procedures in this chapter for assessing a recipient's availability and willingness to
 26 work.

27 **Sec. 23.20.570. Employers in wage option program.** The department shall
 28 develop a job inventory of sufficient size to accommodate all recipients who could
 29 benefit from the wage option program. The department shall, in consultation with the
 30 recipient, try to match the recipient with an employer who can provide the recipient
 31 with a meaningful training experience.

1 **Sec. 23.20.580. Employer and job eligibility for program.** (a) All
 2 employers, including public-sector and private-sector employers in the state, are
 3 eligible to participate in the wage option program; however, an employer is not
 4 required to participate.

5 (b) The maximum number of program participants that an employer is
 6 authorized to have at any time may not exceed 20 percent of the total number of the
 7 employer's employees; however, employers with fewer than five employees are
 8 entitled to at least one wage option participant at any given time. The limitation on the
 9 number of employees does not apply to a professional placement agency as a limit on
 10 the number of wage option participants that an agency may place with clients. In
 11 special circumstances, to accomplish program objectives, the commissioner may
 12 waive the limit on the number of participants an employer may have.

13 (c) To be eligible as a wage option job opening, the opening must not be open
 14 due to a layoff of an employee who may return to the job opening. If an employer
 15 shows that the employee was terminated for cause or was not available to return to the
 16 open job, the employer will be considered to have complied with this subsection. If
 17 the department finds a violation of this subsection, the employer shall be barred for
 18 two years from participating in the program and may be fined up to \$5,000.

19 (d) An employer who does not have a permanent position to offer a participant
 20 at the end of a wage option placement may hire participants into a training position if
 21 the employer informs the participant that the experience will likely not culminate in a
 22 permanent job with the employer, but will instead serve as training for employment
 23 with other employers.

24 **Sec. 23.20.590. Employer requirements.** (a) A wage option program
 25 employer

26 (1) shall endeavor to make program placements positive learning and
 27 training experiences and provide on-the-job training to the degree necessary for the
 28 participants to perform their duties;

29 (2) shall maintain health, safety, and working conditions at or above
 30 levels generally acceptable in the industry and not below those of comparable jobs of
 31 the employer;

1 (3) shall recruit volunteer mentors from among their regular employees
2 to assist the participants in becoming orientated;

3 (4) shall pay all participating individuals at least the hourly rate of the
4 Alaska minimum wage and a wage that is substantially equivalent to wages paid for
5 similar jobs in the local economy, with appropriate adjustments for experience and
6 training;

7 (5) shall provide workers' compensation coverage for each program
8 participant;

9 (6) may not require participants to work in excess of 40 hours per
10 week unless approved by the department;

11 (7) shall sign an agreement to abide by all requirements of the
12 program; all agreements must require the employer to repay reimbursements to the
13 state in the event the employer violates program rules; and

14 (8) shall, if the program placement is made by a professional
15 placement agency, have a three-party agreement with the state, the program placement
16 agency, and the employer; the agreement must provide that all wage option
17 reimbursements for a participant shall be credited to the employer.

18 (b) A person participating in the wage option program shall be considered to
19 be a temporary employee of the employer and shall be entitled only to benefits
20 required by state or federal law, except sick leave, holiday, and vacation absences,
21 which conform to the employer's rules for temporary employees.

22 (c) A program participant's wages are subject to federal income taxes, social
23 security taxes, and unemployment insurance tax or reimbursement, as applicable,
24 which shall be withheld and paid in accordance with state and federal law.

25 (d) The department shall ensure that jobs made available to program
26 participants conform with 26 U.S.C. 3301 - 3308 (Federal Unemployment Tax Act,
27 Internal Revenue Code).

28 **Sec. 23.20.600. Employer payments.** An employer participating in the wage
29 option program shall be reimbursed by the state at the rate of \$5 for every hour that a
30 participant is paid by the employer under the program.

31 **Sec. 23.20.610. Violations by employers.** (a) The department shall establish

1 by regulation, as necessary, criteria for excluding employers from participation for
 2 failure to abide by program requirements, for showing a pattern of terminating
 3 participants before the completion of training without cause, or for other demonstrated
 4 unwillingness to comply with the stated intent of the program.

5 (b) If the department finds that an employer has violated any of the rules of
 6 the wage option program, the department

7 (1) shall withhold any amounts due to the employer under the wage
 8 option program; and

9 (2) may seek repayment of an amount paid the employer under the
 10 wage option program.

11 **Sec. 23.20.620. Termination of placement and job searches.** (a) Either the
 12 employer or the participant may terminate the assignment by contacting the
 13 department's local office. In the event of a termination under this subsection, the
 14 department shall reassess the needs of the participant, assign the participant to another
 15 wage option program placement, if feasible, and, at the employer's request, provide the
 16 employer with another participant.

17 (b) If, after 10 weeks in a placement, a participant has not been hired for an
 18 unsubsidized position, the employer shall allow the participant to undertake five hours
 19 of job search a week. The participant's employer shall consider that time as paid time
 20 off at regular pay for the purposes of paying wages.

21 (c) If a participant is not hired into an unsubsidized position at the end of a
 22 wage option placement, the department shall reassess the participant's employment
 23 development plan and, if the placement is the participant's first placement in the
 24 program, may, during the claim, make up to one more placement for the participant in
 25 a wage option job, if appropriate.

26 (d) In this section, "unsubsidized position" means a position for which the
 27 employer does not receive payments under the wage option program.

28 **Sec. 23.20.630. Annual report.** The department shall submit an annual
 29 written report to the legislature within the first 30 days of each regular session
 30 containing a full and complete analysis for the wage option program. The report must
 31 include

1 (1) the number of days participants received unemployment benefits
2 before placement in the program;

3 (2) the characteristics of participants compared to all other
4 unemployment insurance recipients, including the likelihood of a participant
5 exchanging the participant's unemployment insurance claim;

6 (3) the number of placements compared to the annual goal;

7 (4) the goal for the next year for the number of placements; and

8 (5) the efforts and results of partnering with private-sector employers
9 and professional placement agencies.

10 **Sec. 23.20.640. Advisory committees.** A subcommittee of the Alaska
11 Workforce Investment Board and subcommittees of each local workforce investment
12 board shall advise the department as provided in AS 23.15.710(d).

13 **Sec. 23.20.649. Definitions.** In AS 23.20.550 - 23.20.649,

14 (1) "participant" means a person who is employed in a wage option
15 program job;

16 (2) "professional placement agency" means a professional placement
17 service, professional employment organization, or temporary employment agency;

18 (3) "recipient" means a person who is eligible for benefits under
19 AS 23.20.350.