

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

January 19, 2006

1:52 p.m.

MEMBERS PRESENT

Senator Con Bunde, Chair
Senator Ben Stevens
Senator Johnny Ellis
Senator Bettye Davis

MEMBERS ABSENT

Senator Ralph Seekins, Vice Chair

COMMITTEE CALENDAR

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 136

"An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

HEARD AND HELD

CS FOR HOUSE BILL NO. 108(FIN) am

"An Act relating to the regulation of water and sewer utilities of political subdivisions that are not in competition with other water and sewer utilities; and providing for an effective date."

BILL POSTPONED

PREVIOUS COMMITTEE ACTION

BILL: SB 136

SHORT TITLE: UNEMPLOYMENT COMPENSATION BENEFITS

SPONSOR(s): SENATOR(s) ELLIS

03/08/05	(S)	READ THE FIRST TIME - REFERRALS
03/08/05	(S)	L&C, FIN
05/01/05	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
05/01/05	(S)	L&C, FIN
01/19/06	(S)	L&C AT 1:45 PM BELTZ 211

WITNESS REGISTER

REPRESENTATIVE HARRY CRAWFORD
Alaska State Capitol

Juneau, AK 99801-1182

POSITION STATEMENT: Supported SB 136.

COMMISSIONER GREG O'CLARAY
Department of Labor & Workforce
Development
PO Box 21149
Juneau, AK 99802-1149

POSITION STATEMENT: Commented on SB 136.

CRAIG HATELY, Business Agent
Local 367, Plumbers and Pipefitters
Anchorage AK

POSITION STATEMENT: Supported SB 136.

RANDY WHITNEY
Local 367 Member
Juneau AK

POSITION STATEMENT: Supported SB 136.

ROYCE ROCK
Carpenter's Union
Anchorage AK

POSITION STATEMENT: Supported the intent, but not the figures in SB 136.

DON ETHERIDGE
Alaska State AFL-CIO
8459 Kimberly Street
Juneau AK 99801

POSITION STATEMENT: Supported SB 136.

ACTION NARRATIVE

CHAIR CON BUNDE called the Senate Labor and Commerce Standing Committee meeting to order at [1:52:46 PM](#). Present were Senators Ben Stevens, Johnny Ellis and Chair Con Bunde.

SB 136-UNEMPLOYMENT COMPENSATION BENEFITS

CHAIR CON BUNDE announced SB 136 to be up for consideration.

SENATOR JOHNNY ELLIS, sponsor of SB 136, presented the sponsor statement saying SB 136 would increase the maximum unemployment benefit from \$248 to \$300 per week. He said this increase would provide needed relief to Alaskan workers who are trying to put dinner on the table for their families. In 2004, Alaska ranked

49th in the country for average weekly benefit amount. Alaska has fallen from 47th to 48th in the past year for maximum weekly benefit amount. The average weekly unemployment check in Alaska is \$193.91 as opposed to the national average of \$262.50. Alaska compares unfavorably with almost the rest of the entire United States. It has not increased unemployment benefits since 1997 and this benefit is not linked to inflation. Increasing unemployment benefits is good not only for workers, but also for the economy and provides the necessary incentive to insure that well-trained Alaskan workers stay here for future employment opportunities.

REPRESENTATIVE HARRY CRAWFORD said he supported SB 136 and that he had a companion bill to it that was currently in House Rules. Last year, a compromise was suggested to require 12 weeks of waiting for quitting a job or being fired, but he convinced its proponents to drop the issue in return for reducing the maximum benefit amount from \$336 to \$300. He explained that a 12-week waiting period in the construction trades would result in:

What that would mean in the construction trades is nobody would ever get laid off again. We'd all get fired or life would be so miserable, we'd have to quit. So, it basically would mean that unemployment insurance wouldn't be available to the majority of the people in the construction trades if we were to put a 12-week penalty.

[1:57:42 PM](#)

CHAIR BUNDE asked why he assumed employers would resort to draconian behavior.

REPRESENTATIVE CRAWFORD replied that from his 35 years of experience, some contractors do whatever they can to cut costs because construction is a very competitive business. He explained:

That's why we've really reached a crisis proportion here. I mean we're losing good trained people to the Lower 48 because people can't afford to stay here in the winter time or when the work gets slack.... We have cyclical businesses and that's what unemployment insurance (UI) is for - is to help people through those times when the cycle is down and they can't find work.

Many people who normally support him say that a \$300 benefit is way too low for them to support. He's been told it costs \$40,000 to \$60,000 to train an apprentice ironworker up to journeyman status and Alaska is losing those folks to the Lower 48 because their hourly scale and UI benefits are both higher and the cost of living is no more expensive and sometimes less than it is here in Alaska.

CHAIR BUNDE asked if he thought there should be any restriction on collecting unemployment insurance for people who are fired for cause.

REPRESENTATIVE CRAWFORD replied that six weeks is long enough to wait. More than that would result in a slave labor force.

CHAIR BUNDE asked him to come back to the committee with a compromise on the firing for cause issue that would be acceptable to the other body.

[2:03:47 PM](#)

GREG O'CLARAY, Commissioner, Department of Labor and Workforce Development (DOLWD), underscored the value that UI payments contribute to Alaska's economy.

[2:04:36 PM](#)

SENATOR BETTYE DAVIS arrived.

[2:04:43 PM](#)

He reported that UI payments added \$111,149,000 to the Alaskan economy in 2004. He pointed out that this is one of the few government programs where employees contribute a portion to their paycheck.

Alaska is ranked less than 40th among other states. Every state on the West Coast has higher UI benefits even calculating in Alaska's dependents' allowance.

[2:07:25 PM](#)

SENATOR ELLIS moved to adopt CSSB 136, version F. He explained that the CS changes the effective date. There were no objections and it was so ordered.

COMMISSIONER O'CLARAY related that he is ever mindful of the challenges to small businesses in the state and this bill does not have a major impact on employers according to figures presented to the committee.

[2:08:58 PM](#)

CHAIR BUNDE commented that Alaska doesn't pay too much in UI benefits, but the program here is easier to get into and stay on than in the Lower 48. He asked if that is accurate and if he had any suggestions for balance.

COMMISSIONER O'CLARAY replied that he didn't know how easy it is to file a UI claim, because first of all you have to be jobless, which isn't easy for someone who is trying to raise a family in this state. It also usually comes without a lot of notice. He believed the department's appeals process was fair and even-handed. The difficulty he has with criticism of this particular program is that Alaska is a non-contiguous state. People have to board a plane, jump on a ferry or drive a long highway to seek other work.

He has been asked why Alaska has an unemployment problem when papers in every major town in Alaska are advertising for jobs. His answer to that is that people aren't trained for alternative work and he has encouraged a more targeted work search when someone is unemployed saying, "There is no substitute for employment."

[2:13:06 PM](#)

CHAIR BUNDE asked for suggestions for a compromise on a maximum draw that might be reduced in exchange for a higher weekly benefit.

COMMISSIONER O'CLARAY replied there is already a disincentive for someone to voluntarily quit or to be discharged for misconduct by having to wait longer and by receiving three times less the weekly benefit amount. He added that he adjudicates that particular point for claimants and employers regularly.

[2:15:44 PM](#)

CRAIG HATELY, Business Agent, Plumbers and Pipefitters, Local 367, supported SB 136 saying that union members are routinely out of work in the winter and UI benefits help them put bread on the table at that time of year.

RANDY WHITNEY, Local 367 member, supported SB 136, but thought the benefits should be higher. Investments are made in training apprentices and those people leave all the time because there isn't enough work here. He said, "I don't see it as armchair money...." Hardly anybody can make it on \$300 a week.

CHAIR BUNDE asked him if people get jobs with other skills when they are not able to work in their primary trade.

MR. WHITNEY replied that some have other skills that don't even bother with unemployment, but others would have to leave the state to get work.

ROYCE ROCK, Carpenter's Union, thanked the committee for bringing this bill forward. He pointed out that the "Trends" magazine said in 2002 that Alaska benefits were 39 percent of the state's average weekly wage. At that time an ad hoc group of labor and management agreed on a figure that started out at \$272 with a minimum income of \$29,750 that the next year would have gone to \$296 with an income of \$32,750. In 2004, it would have gone to \$320 with an income of at least \$35,750. But this bill raises the wage up to \$37,500 to receive the maximum benefit of \$300. So, in his eyes the benefit is dropping down to 2003 levels, but what you have to make is getting raised to get that. He said, "I support an unemployment bill.... This just isn't enough."

He pointed out that the construction workers average income is \$1118 per week and said, "It's not keeping people out of work just because the money is so good." He asked the committee to pass an unemployment bill this session, but to increase the weekly benefit. The UI fund has a lot of money in it that gets used for other things and more of it needs to get used for UI payments.

CHAIR BUNDE commented that he didn't think someone would quit a job on which they were making \$1100 a week so that they could get a \$300 a week benefit, but if they were in that position, he thought they may be less inclined to look for different work if there were the \$300 a week to fall back on. He asked how he thought people could be encouraged to look for work more aggressively.

MR. ROCK replied that union members would go through their unions to find work, but he didn't agree with the chair's philosophy that getting benefits should be tougher than what it is today. Figures don't indicate abuse of the system; it is only a perception.

[2:24:49 PM](#)

DON ETHERIDGE, Alaska AFL-CIO, supported SB 136, but also wanted to see additional increases to the benefits. He didn't support increases to the length of waiting time to be eligible to draw a

benefit. He personally knows of people who do take work in the wintertime.

CHAIR BUNDE announced he would hold the bill for a second hearing as is his philosophy.

CHAIR BUNDE adjourned the meeting at [2:28:00 PM](#).