

HOUSE FINANCE COMMITTEE
February 2, 2018
1:34 p.m.

[1:34:26 PM](#)

CALL TO ORDER

Co-Chair Seaton called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Paul Seaton, Co-Chair
Representative Les Gara, Vice-Chair
Representative Jason Grenn
Representative David Guttenberg
Representative Scott Kawasaki
Representative Mark Neuman (Alternate)
Representative Lance Pruitt
Representative Cathy Tilton

MEMBERS ABSENT

Representative Neal Foster, Co-Chair
Representative Dan Ortiz
Representative Steve Thompson
Representative Tammie Wilson

ALSO PRESENT

Elizabeth Diament, Staff, Representative Paul Seaton; Jill Lewis, Deputy Director, Division of Public Health, Department of Health and Social Services; Jeannie Monk, Vice President, Alaska State Hospital and Nursing Home Association; Tom Chard, Chair, Sharp Council, State Loan Repayment, Health Practitioner Support and Access, Juneau; Representative Chris Tuck, Sponsor; Lennon Weller, Economist, Department of Labor and Workforce Development; Patsy Westcott, Chief of Unemployment Insurance, Division of Employment and Training Services, Department of Labor and Workforce Development; Caroline Schultz, Policy Analyst, Office of Management and Budget; Trenton English, Southeast Representative, Alaska Laborers, Juneau; Joshua Gardner, Laborers 942, Juneau; Sydne Williamson, Carpenters 1281, Juneau; Kylee Larsen, Local 1281, Juneau.

PRESENT VIA TELECONFERENCE

Kate Glover, Legislative Legal, Juneau; Lance Nelson, Ironworkers 751, Fairbanks; JD Wilkerson, Local 751, Fairbanks; Dustin Swatek, PNWRCC, Anchorage; Ryan Andrew, IBEW Local 1547, Anchorage; Kevin Macky, IBEW Local 1547, Wasilla; Vince Beltrami, Alcsks AFL-CIO, Anchorage.

SUMMARY

HB 142 UNEMPLOYMENT COMPENSATION BENEFITS

HB 142 was HEARD and HELD in committee for further consideration.

HB 215 DHSS: PUBLIC HEALTH FEES

HB 215 was HEARD and HELD in committee for further consideration.

Co-Chair Seaton reviewed the meeting agenda.

#hb215

HOUSE BILL NO. 215

"An Act relating to program receipts; and relating to fees for services provided by the Department of Health and Social Services."

1:36:03 PM

Vice-Chair Gara MOVED to ADOPT the proposed committee substitute for HB 215, Work Draft 30-LS0673\0 (Glover, 1/15/18).

Co-Chair Seaton OBJECTED for discussion.

ELIZABETH DIAMENT, STAFF, REPRESENTATIVE PAUL SEATON, addressed the changes in the legislation. The bill would amend AS 44.29.022(a) to grant the Alaska Department of Health and Social Services the authority to collect fees to support the administration of public health programs. She stated that during the Finance Subcommittee process in 2017, The Division of Public Health had been identified as a division that could be charging additional fees where appropriate and reasonable to support its mission. She stated that the division was not currently able to charge

fees for all its potential health related services. HB 215 would give the department the authority to charge fees for any public health services provided under AS 18.05.010, and Tobacco Control Programs under AS 44.29.020. The bill would also consolidate all services listed under AS 37.05.14 provided by the department under one subsection.

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Ms. Diament addressed changes in the legislation. She shared that during hearings in the previous committee a stakeholder concern had been voiced considering public and stakeholder input and the regulatory process. Basically, by taking the discussion of charging fees out of the legislative process and putting it into the regulatory process, the public would not have adequate input in the initial planning stages. She explained that within the regulatory process, public comment came after the regulations were drafted. She said that discussion had been held during the interim, which had resulted in the crafting of Section 3:

Section 3

(page 2, line 26)

Adds a new sub section to AS 44.29.022 requiring the commissioner of health and social services to consult with stakeholders, including at least one public meeting, before a notice of proposed action is made regarding the development of new fees under AS 44.29.020(a) (14) or AS 18.

She relayed that the department had already planned to hold the meetings and that there was precedence in statute for requiring meetings for setting fees in other situations.

Co-Chair Seaton asked if there were questions about the CS. He WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[1:40:12 PM](#)

JILL LEWIS, DEPUTY DIRECTOR, DIVISION OF PUBLIC HEALTH, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, provided a PowerPoint presentation, "HB 215 DHSS: Public Health Fees" dated February 2, 2018 (copy on file). She relayed that the division focused on services that protected the public's

health status through programs that protected that health of every Alaskan and community. She stated that public health services controlled infectious diseases, prevented chronic diseases and injuries, promoted healthy lifestyles, and protected maternal and child health. She spoke to Slide 2:

HB215 DHSS: Public Health Fees

- Public Health is able to charge fees for certain clinical services:

- Maternal and child health services
- Nutrition services
- Preventive medical services
- Health education
- Public health nursing services
- Laboratories

Ms. Lewis relayed that the fees that the division could collect were limited to the list on Slide 2. She turned to Slide 3, which offered a pie chart that illustrated the various funding sources for the division. She noted that the red represented the general fund receipts and that the pie slice that was slightly removed reflected the approximately \$7 million in fees currently collected. This was out of the \$117 million budget overall.

Vice-Chair Gara noted that the fiscal note specified that the bill would raise \$400,000 per year. He did not believe it would replace the funding in an alcohol abuse treatment fund and the tobacco fund, which were both at risk of disappearing.

Ms. Lewis reported that the division did not receive funds from the alcohol related fund but did receive funds from the Tobacco Fund, approximately \$8 million per year (reflected on the slide) and over the last 6 years there had been declining revenues in the tobacco fund. The decline had prompted the division to join with partners in reducing expenditures from the fund. She noted that there was a \$375,000 decrement in the FY 19 Governor's budget to help the sustainability of the fund in the long-term. She expected that further reductions would be made in the future to assure that the division spent within its means. She said that the fees that would be collected would not be part of the Tobacco Fund but would go into the General Fund

Program Receipts and would be redirected back into the program that generated the fees.

[1:43:55 PM](#)

Representative Guttenberg Aske where new money was coming into the division. He mentioned vaccine assessments and wondered how they were being paid for. He probed the details of who paid the fees.

Ms. Lewis responded that she would address the question as she proceeded in her presentation. She had examples of initial fees that would be pursued, identified services that the division had not been able to provide due to lack of revenue. She continued to Slide 4:

HB215 DHSS: Public Health Fees

- Public health lacks fee authority for other services and functions:
 - Professional services
 - Data extraction and analysis
 - Training and expert consultation
 - Administrative functions
 - Inspections and certifications
 - Program administration

She reiterated that the division currently lacked fee authority for many services and functions and had look at expanding clinical fee collections. She said that it had been determined that the division was maximizing the fees that it was able to collect and that the greatest opportunity for additional fee collection was in administrative functions and professional services.

[1:46:41 PM](#)

Ms. Lewis moved to Slide 5:

HB215 DHSS: Public Health Fees

- Fees waived if
 - not in the public interest
 - not economically feasible to collect
 - undermines the division's public health mission

- Services not denied because of inability to pay
- Sliding fee schedules
- Limited to the actual cost
- Regulations required for each new fee

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Representative Neuman wondered about the waived fees. He asked whether there were any indications of the fees being waived more in one area of the state than another.

Ms. Lewis answered that the department was required to do a state report on waived fees. She returned to Slide 2 and stated that the fees for public health nursing services were calculated on a sliding scale based on income.

Representative Neuman believed the issue was important. He noted that there was currently much discussion about the economy and that it was important to identify the "needier" areas of the state. He cited Page 1 of the bill. He noted that the program receipts were listed as dedicated receipts - \$8 million of \$100 million - he wondered why they were not fund coded as general fund program receipts so that the legislature could more easily track the funds.

Ms. Lewis answered that the fees the department collected would be designated general fund (DGF) and were part of the General Fund (GF).

[1:50:40 PM](#)

Representative Kawasaki referenced Slide 5. He noted the third bullet under the "Fees waived if" line:

- undermines the division's public health mission

He asked where this language was located in statute.

Ms. Lewis answered that the third bullet was not in statute. She detailed that the third bullet was the division's philosophy of how to approach fees. She said that a fee would not be in the public interest if it undermined the division's health mission.

Representative Kawasaki noted the examples of area of fee implementation listed on the fiscal note. He asked about

the first bullet and wondered whether the payee would be the clinic or an individual patient.

Ms. Lewis answered that the clinic would pay the fee for the inspected radiologic device.

Representative Kawasaki looked at the other bullets on the fiscal note. He queried who would be directly paying the listed fees.

Ms. Lewis responded that it would likely be some type of organization rather than an individual. She said that the administrative fee for the loan repayment program would be paid by the employers of the practitioners who were receiving the loan repayment program. The custom, statistical, and epidemiological analysis and other types of data that could be charged for, would depend of who was requesting the information, which could be from a wide variety of entities.

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Representative Tilton asked about the forth bullet on the fiscal note:

* The division has turned away requests to assist with community health assessments and community action plan development. The division lost the capacity for this service when the position funded with unrestricted general funds was eliminated in recent budget cuts. The ability to charge fees would enable us to once again support local efforts for healthier communities. No new positions are needed; the division will utilize existing positions. (\$125.0 DGF)

Representative Tilton noted that the note went on to reflect that no new positions were needed and asked whether the division would need to fill the lost position mentioned in the bullet point.

Ms. Lewis answered that if the division was looking to fund a position it would utilize existing positions. She said that the division had roughly 426 positions, with 50 current vacancies. She said that priorities across the division were considered when addressing vacancies. She said that using existing positions before seeking

additional staffing was the preferred practice of the division.

Representative Guttenberg referenced a letter provided to the committee by ASHNHA dated January 31, 2018 (copy on file). He asked whether the committee would hear from the organization.

Co-Chair Seaton relayed that the committee could hear from them later in the meeting.

[1:55:50 PM](#)

Representative Neuman asked whether the money in the fiscal note had been included in the FY 19 budget for the department.

Ms. Lewis replied that the department had no additional fees reflected in the bill included in the FY 19 budget. She said that could analysis and discussions with stakeholders would need to happen first.

Representative Neuman asked whether the department expected additional money for FY 19 as a result of the legislation.

Ms. Lewis answered that the services were not being provided by eh department currently and that no additional funding had been requested or expected.

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Representative Guttenberg asked for ASHNHA's initial concerns about the bill. He asked about the changes in the current version.

JEANNIE MONK, VICE PRESIDENT, ALASKA STATE HOSPITAL AND NURSING HOME ASSOCIATION (ASHNHA), replied that the organization' original concern was that there would be an opportunity for shareholders to provide input prior to the beginning of the regulation process.

Representative Guttenberg asked how the fees would affect the hospital in the state and other clinics.

Ms. Monk answered that anytime additional regulatory burden was put on a health organization someone had to pay for the

cost. She did not believe the bill would result in increased costs to users.

Vice-Chair Gara understood that the process was new. He wondered whether the extra layer of stakeholder feedback in the regulatory process would add to the cost of fee changes.

Ms. Lewis answered that the department would be able to absorb the cost associated with meeting with stakeholders. She noted that the costs would vary for each individual fee. She said that the division had always intended to receive input from stakeholders. She reminded the committee that the fees under discussion were fees that were not currently levied, and it was necessary to make sure that the fees would not undermine the public health mission and that the fees were set up in a reasonable way.

[2:02:34 PM](#)

Representative Kawasaki wondered how deep Title 18 would go when added to the administration of public health. He was uncertain that he was comfortable with the language as it was written. He requested a comprehensive list of the fees that could manifest in the future that would be covered under regulation.

Ms. Lewis answered that the four on the fiscal note were the only four yet identified. She said that broader fee authority had been requested because public health was not free and reasonable fees could develop in the future. She added that any fee that would be needed in the future would include public and stakeholder input.

[2:05:05 PM](#)

Ms. Monk announced that the written comments from ASHNHA could be found in member packets. She said that the association supported the legislation with the increased stakeholder involvement prior to the initiation of new fees.

Co-Chair Neuman wondered whether the bill would affect pioneer homes.

Ms. Monk did not think that the bill spoke specifically to fees that would impact either hospitals or nursing homes

but gave them the opportunity to charge the fees. Whether pioneer homes, which were part of the association, would be affected would depend on the fee.

Representative Neuman was interested to know whether the bill would impact Pioneer Homes.

Representative Kawasaki asked for detail on who ASHNHA represented.

Ms. Monk replied that ASHNHA Represented Alaska's hospitals and skilled nursing facilities. All tribal hospitals, nursing homes, community health centers, rural health clinics: ASHNHA represented a wide spectrum of services provided under the umbrella of a hospital or skilled nursing facility.

[2:08:59 PM](#)

TOM CHARD, CHAIR, SHARP COUNCIL, STATE LOAN REPAYMENT, HEALTH PRACTITIONER SUPPORT AND ACCESS, JUNEAU, provided information about the council and its 18 members that included dentists, doctors, and other. To date the organization had administered 250 contracts with sites across the state. He shared that the council had considered the bill and had ultimately voted to support the bill and administrative fees that may result from the program.

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Co-Chair Seaton CLOSED public testimony.

Vice-Chair Gara had a question for Legislative Legal Services. He asked whether any other process in regulation required by statute the additional consultation for a change to regulation.

KATE GLOVER, LEGISLATIVE LEGAL, JUNEAU (via teleconference), she could not say with certainty that nothing else existed in statute. She said that the Administrative Procedure Act required consultation after a proposal, this bill would require it beforehand.

Representative Guttenberg expressed concern that the bill would further bifurcate public health. He stressed that the state needed to get control of the finances of the healthcare community.

Ms. Lewis explained that AS 44.64.213 authorized an agency to contact a person about the development of the regulatory action and to answer question from a person that was relevant to the development of a regulatory action. She said that other consultations between departments were required but did not pertain to the regulatory process.

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Vice-Chair Gara asked about the intent of the committee pertaining to bill action.

Co-Chair Seaton answered the intent was to move the bill if it was the will of the committee.

Representative Neuman wanted to offer a conceptual amendment that would require two meetings instead of one for stakeholder discussions.

Co-Chair Seaton said that the bill would be held until the following Monday.

[2:18:42 PM](#)

AT EASE

[2:19:03 PM](#)

RECONVENED

Co-Chair Seaton noted that the bill was already scheduled for the following Wednesday.

HB 215 was HEARD and HELD in committee for further consideration.

#hb142

HOUSE BILL NO. 142

"An Act relating to unemployment insurance benefits; increasing the maximum weekly unemployment insurance benefit rate; and providing for an effective date."

Representative Guttenberg reported that he had asked a young woman in the back of the room why she was supportive of the bill. She had replied that it would help her pay her mortgage. He was supportive of the legislation.

[2:20:36 PM](#)

REPRESENTATIVE CHRIS TUCK, SPONSOR, provided a summary of the bill:

The Alaska Department of Labor's Unemployment Insurance (UI) program provides unemployment benefits to eligible workers who become unemployed through no fault of their own, working less than full-time, and meet certain other eligibility requirements. With the seasonal nature of much of the state's workforce and Alaska's vast remoteness, UI benefits serve not only to bridge the economic gap for the individual worker, but also as a stabilizing influence on local economies.

The current Maximum Weekly Benefit Amount (MWBA) of \$370 only replaces 36% of the state's average weekly wage of \$1,020. An MWBA of \$510 would provide 50% wage replacement of the average weekly wage, a nationally recognized norm.

To compare to other western states, the MWBA rate in Washington is \$681, Oregon is \$590, and California is \$450. In addition, Alaska is one of only three states where the cost of providing UI benefits is shared by employers and employees.

House Bill 142 would increase the maximum weekly benefit amount under the UI Program in two steps from the current \$370 to \$458 in 2018 and to \$510 in 2019.

Among 50 states, the District of Columbia, and Puerto Rico, Alaska is:

- 39th in Maximum Weekly Benefit Amount
- 44th in Average Weekly Benefit Amount (\$252)
- 52nd in Wage Replacement Ratio (.288)
- 9th in Reciprocity Rate (unemployed workers receiving benefits - .37)

As a claimant filing for UI benefits, individuals are responsible for actively seeking suitable fulltime employment and reporting activity for seeking employment each week to remain eligible.

The federal poverty level for a family of three in Alaska for 2016 is \$25,200, or \$2100 a month. An unemployed single parent with two dependent children receiving the MWBA of \$370 plus the dependent child

allowance of \$24 per child under 18 (up to a maximum of three) receives approximately \$1800 per month in UI benefits.

By passing House Bill 142, Alaska will be more in-line with the average weekly benefits and provide the necessary financial support families need to survive while seeking employment.

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Representative Tuck reviewed the sectional analysis (copy on file):

Section 1: AS 23.20.350(d) - Amends the benefit schedule by increasing the maximum qualifying wage requirement from \$42,000 to \$59,500. The qualifying wage schedule is extended in \$250 increments to reach the new maximum qualifying amount. The benefit schedule is extended in \$2 increments for each additional \$250 of qualifying wages to reach a new maximum weekly benefit amount of \$510.

Section 2: Amends AS 23.20.350 by adding new subsections:

(h) Annually, after December 31, 2019, authorizes the Department to increase the highest WBA for individuals earning at least \$59,750. The new WBA calculation shall amend the highest base period wages in \$250 increments and the highest WBA in \$2 increments if the state's average weekly wage increases. The new maximum WBA shall not exceed 50% of the average weekly wage.

(i) Provides for public notice of any new benefit amounts calculated under (h) by December 1 of each year by posting a notice on the Alaska Online Public Notice System and allows for public comment on the accuracy of the Department's calculations.

New maximum WBAs apply to benefit years established on January 1 of each year and does not change existing claims.

Changes to the WBA shall be calculated only once per year.

(j) Establishes the calculation procedure for determining Alaska's average weekly wage by December 1 of each year. The average weekly wage is determined by dividing the average annual wage in the state for the preceding 12-month period ending June 30 by 52. The

state must include wages of all employees in the state covered by this chapter, both public and private. If the calculation does not result in whole dollars, the amount shall be rounded down.

Section 3: Provides for an effective date of January 1, 2018.

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Representative Tuck noted that the bill was not changing the dependent factor.

Vice-Chair Gara referenced opposition from the NFIB. He understood that calculation of employer contributions was written in another area of statute.

Representative Tuck deferred to the department.

LENNON WELLER, ECONOMIST, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, replied that a separate statute AS 23.22.290 outlined how tax rates were calculated.

Vice-Chair Gara asked whether the bill would increase the employee contribution.

Ms. Weller answered that any time the cost of a program was increased there was a corresponding increase in tax rates going forward. There was a forecast to FY24 showing the difference employers and employees would pay if the bill passed. There was a 73/27 percent split (employer and employee respectively).

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Vice-Chair Gara asked for verification that in all states but two the employer covered the costs.

Representative replied in the affirmative - Pennsylvania and New Jersey were the two other states that did not cover the costs.

Representative Neuman asked how the bill would impact self-employed people.

Representative Tuck deferred to the department.

PATSY WESTCOTT, CHIEF OF UNEMPLOYMENT INSURANCE, DIVISION OF EMPLOYMENT AND TRAINING SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, answered that self-employed individuals did not pay into the program and would not be impacted.

Representative Neuman recalled a similar bill on the subject from the past. He spoke of construction companies and the complications surrounding independent contractors on job sites. He wondered whether the bills were related.

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Representative Tuck answered that the independent contractor legislation had more to do with cheating Davis Bacon requirements. He explained that a self-employed contractor working on a Davis Bacon job was not required to pay themselves the same benefits and wages laid out in Title 36. He said that the bill did not speak to the issue. He added that with private contractors the employer could avoid paying the benefits due to hourly employees.

Representative Neuman stated that self-employed individuals also had to pay self-employment taxes. He was unsure whether the unemployment compensation act was part of self-employment taxes.

Ms. Westcott asked Representative Neuman to restate the question.

Representative Neuman complied.

Ms. Westcott answered that contributions to the Unemployment Insurance Trust Fund were not taken from self-employed individuals. The division investigated workers that were misclassified and reported incorrectly as independent contractors, those issues were addressed so that the employer could correctly report the employees and pay security tax contributions on their behalf.

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Representative Pruitt asked when the employer paid the money, withheld from an employee's check for unemployment benefits, to the department.

Ms. Westcott replied that the funds were deducted from the employees check each pay period and then held in trust by

the employer on behalf of the employee. The funds were submitted to the department on a quarterly basis.

Representative Pruitt referenced the effective date of January 1, 2018. He understood that this could affect the payments after March 31, 2018.

Mr. Weller answered that tax rates were calculated once per year by the department and were effective for the following calendar year. He said that he could not speak to the retroactive nature of the bill but that the three most recent state fiscal years of costs and the trust fund balance at the end of September were used to calculate rates for the following January. He did not believe that rates would be recalculated if the bill went into effect partway through a calendar year.

Co-Chair Seaton noted that the bill had been introduced the previous session and wondered whether the effective date should be updated.

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Representative Tuck answered that the effective date should be amended.

Representative Pruitt referenced Section 2 of the bill. He expressed concern for the elimination of legislative control in issues related to the bill.

Representative Tuck responded that the bill would bring us up to date with other states by bringing the wage percentage factor up to 50 percent. He said that there was a chart in the packet that showed actual wage base predictions through 2024.

Representative Pruitt struggled to understand the numbers. He hoped that the department could address his concerns.

[2:40:57 PM](#)

Representative Neuman referenced Line 14, page 9 of the bill, which discussed the increase of weekly benefits. He wondered whether the increase mentioned would be increased to remain at the 50 percent of weekly average determination or would it fluctuate.

Representative Tuck responded that it would be changed annually and would be locked in for a year. The wages would be determined before November 1, and the calculation would be used to determine the benefits after January 1.

Representative Neuman clarified that the increase or decrease would depend on the average wages of Alaskans at 50 percent of the average weekly determined rate.

Representative Tuck answered in the affirmative.

Representative Tilton asked whether the bill would impact the Technical Vocational Education Program (TVEP) funds.

Representative Tuck replied that the legislation would not impact TVEP or STEP [State Training and Education Program] grants.

Ms. Westcott explained that those programs were funded through a portion of a tax collected from employees and was dedicated to the TVEP and STEP programs prior to the rest of the tax being deposited into the trust fund. The funds from the trust could only be used to pay benefits, training programs were funded through different federal grants received by the department.

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Representative Guttenberg queried the logistics of the \$250 increments to reach the new maximum qualifying amount and the \$2 increments for each additional \$250 for qualifying wages.

Representative Tuck referenced a handout from the Department of Labor and Workforce Development (copy on file):

- For every additional \$250 in base year wages, \$2 is added to the weekly benefit, with the schedule maxing out at a base year wage of \$42,000 and \$370 weekly benefit (excluding dependent child allowances, if applicable).

Representative Guttenberg understood that the rate would go up automatically as pay wages increased to \$250.

Representative Tuck replied that the number would be locked in annually.

Representative Pruitt asked whether someone could speak about the fiscal note.

Ms. Westcott deferred to the Office of Management and Budget.

Representative Pruitt asked about the mechanism that made the employee percentage of contribution at average rate class go down over the next 5 years under the legislation.

Mr. Weller answered that the decrease was due to the change in the minimum tax rates.

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Representative Gara referenced Page 7 of the legislation and stated that the benefit rate had not increased.

Representative Tuck replied in the affirmative.

Vice-Chair Gara understood that the bill assumed that as wages went up with inflation the benefit also increased.

Representative Tuck answered in the affirmative. Whether a person was making \$42,000 or \$84,000 per year, they were locked in at the #370 per month. He speculated that a person making \$84,000 per year probably had higher expenses.

Representative Neuman asked about people filing for disability insurance. He asked whether the bill would increase disability payments.

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Representative Tuck answered that the bill only dealt with unemployment insurance.

Representative Neuman remarked that he had not known whether disability insurance fell under //

Representative Pruitt referred to the indeterminate fiscal note. He hoped that an estimate of cost to the state could be determined.

CAROLINE SCHULTZ, POLICY ANALYST, OFFICE OF MANAGEMENT AND BUDGET, responded that OMB had used actual state costs and liabilities from 2017 to model as if the legislation had been in effect in 2017. There had been about 1,500 state employees that qualified for the benefits under unemployment insurance. She reminded the committee that state employees and the state as an employer did not pay into the unemployment fund through the traditional tax that most employers did, rather the state reimbursed the fund as the state. If a state employee made a claim, the state reimbursed the fund, which came out of the working reserve fund. She said that the cost difference to the state would have been \$456.6 thousand more dollars out of the working reserve fund in the 2017 calendar year; the state paid \$4.4 million in calendar year 2017 and had the 487 claimants qualified for the higher rate greater than \$370, the total cost to the state would have been \$4.9 million.

Representative Pruitt stated that the explanation was helpful.

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Co-Chair Seaton asked whether the department could craft a new fiscal note that reflected the fiscal impact due to inflation adjustment.

Ms. Schultz said that because the amounts of employees that would be claiming against the fund, and what their base wages would be, the fiscal impact would remain indeterminate.

Co-Chair Seaton relayed that the bill would be heard on February 7, 2018. He asked amendments to be in Co-Chair Foster's office by 5:00 pm on February 6.

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AT EASE

[2:56:52 PM](#)

RECONVENED

Co-Chair Seaton OPENED public testimony.

TRENTON ENGLISH, SOUTHEAST REPRESENTATIVE, ALASKA LABORERS, JUNEAU, testified in favor of the bill. He felt that the rising cost of living should be considered and that

unemployment benefits should be increased to help working Alaskans.

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JOSHUA GARDNER, LABORERS 942, JUNEAU, spoke in support of the bill. He shared that it had been a slow year for construction workers and if he was lucky he worked 7 to 8 months of the year, making \$800 to \$1,000 per week. He said that when he was on unemployment he made \$370 per week, which made it difficult to support his family and prepare for emergency expenses.

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SYDNE WILLIAMSON, CARPENTERS 1281, JUNEAU, testified in support of the legislation. She shared her personal story. She relayed that she had worked jobs she did not enjoy and had lived in the women's shelter. She had gone back to school and she was now a carpenter. She loved her job and worked hard to support herself and her daughter. She relayed that she had to have a roommate to afford living in Juneau. She had been part of the crew that built the building at the airport. She was now out of work as the nature of carpentry work was job by job. She felt that she should not have to deplete her savings while in between jobs. She asked the committee to consider raising the weekly unemployment insurance benefit rate.

[3:02:27 PM](#)

KYLEE LARSEN, LOCAL 1281, JUNEAU, spoke in support of the bill. She stated that the economy in Alaska thrived in the summer months. She spoke to struggling to find work and pay bills. She was a first-year apprentice in the local carpenters' union. She had broken her hand earlier in the year and had healed, but the work was now scarce. She stated that the average daycare charged \$900, per month, per child, which was a major stressor on top of food, gas, and rent. She lamented that these factors left hardworking individuals to contemplate moving to another state.

[3:04:50 PM](#)

LANCE NELSON, IRONWORKERS 751, FAIRBANKS (via teleconference), spoke in favor of the bill. He felt that when work slowed, and lay-offs occurred, the low

unemployment benefits forced people to move out-of-state to find work and benefit from better unemployment benefits. He stressed that \$370 per week was not a livable wage for Alaska families. He argued that the funds were not considered a luxury by needy working families but went right back into the economy being spent on home heat, food, and rent.

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JD WILKERSON, LOCAL 751, FAIRBANKS (via teleconference), spoke in favor of the legislation. He indicated he had seen his volume of work drop about 50 percent over the past 2 years. He reported that over the last couple of years he'd seen young workers forced to leave Alaska. He hoped that the states economy could provide the means for families to remain in the state.

Co-Chair Seaton indicated the legislative information office was having technical difficulties.

[3:10:22 PM](#)

AT EASE

[3:11:55 PM](#)

RECONVENED

Co-Chair Seaton reported that there were 4 additional testifiers in Anchorage.

[3:13:14 PM](#)

At EASE

[3:14:12 PM](#)

RECOVERED

DUSTIN SWATEK, PNWRCC, ANCHORAGE (via teleconference), spoke in favor of HB 142. He said that much of the trade work in the state was seasonal. He lamented that these workers often lived paycheck to paycheck. He believed that a raise in the unemployment benefits would help workers meet their financial needs until they could procure work.

[3:15:27 PM](#)

RYAN ANDREW, IBEW LOCAL 1547, ANCHORAGE (via teleconference), testified in support of the legislation.

The state was experiencing tough economic times, which meant the union had seen members move from the state for work in other locations. He felt an increase in the benefit would retain the Alaskan workforce.

[3:16:36 PM](#)

KEVIN MACKY, IBEW LOCAL 1547, WASILLA (via teleconference), spoke in favor of the bill. He shared that about 220 members worked a seasonal career. The bill would be a major benefit, especially in the winter. He was a constituent of Representative Tilton. He spoke to the high cost of living and low unemployment insurance.

[3:17:50 PM](#)

VINCE BELTRAMI, ALCSKS AFL-CIO, ANCHORAGE (via teleconference), testified in support of the bill. The current amount of \$370 per week was over a decade old. He said that due to inflation, people collecting that \$370 rate had lost \$62, per week. He stressed that Alaska was behind most other states for wage replacement. The organization had over 1,000 members working in the Lower 48 because they could not wait to find work in Alaska while living under a paltry wage replacement. He referenced the Alaska Workforce Investment Board that had submitted a letter unanimously endorsing the bill. He referenced the number of employers supporting the bill. He felt that if the state was on the brink of building a new pipeline it was necessary to have a workforce ready to work.

[3:22:05 PM](#)

Co-Chair Seaton CLOSED public testimony. He reminded members of the amendment deadline of 5:00 p.m. on February 6.

[3:23:19 PM](#)

Representative Neuman queried the last time the unemployment insurance had been raised.

Ms. Westcott answered that the last time the weekly benefit amount had been raised in the state was effective January 1, 2009. Prior to that the maximum weekly benefit amount had been \$248.

3:24:11 PM

HB 142 was HEARD and HELD in committee for further consideration.

Co-Chair Seaton discussed housekeeping.

#

ADJOURNMENT

3:24:23 PM

The meeting was adjourned at 3:24 p.m.