

**ALASKA STATE LEGISLATURE
HOUSE RULES STANDING COMMITTEE**

March 18, 2020

7:48 p.m.

MEMBERS PRESENT

Representative Chuck Kopp, Chair
Representative Jennifer Johnston, Vice Chair
Representative Bryce Edgmon
Representative Louise Stutes
Representative Steve Thompson
Representative Lance Pruitt
Representative DeLena Johnson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 308

"An Act relating to unemployment benefits during a period of state or national emergency resulting from a novel coronavirus disease (COVID-19) outbreak; and providing for an effective date."

BILL: HB 308

SHORT TITLE: UNEMPLOYMENT BENEFITS FOR COVID-19

SPONSOR(s): LABOR & COMMERCE

- MOVED HB 308 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 308

SHORT TITLE: HB 308-UNEMPLOYMENT BENEFITS FOR COVID-19

SPONSOR(s): HOUSE LABOR & COMMERCE

03/18/20	(H)	READ THE FIRST TIME - REFERRALS
03/18/20	(H)	RLS
03/18/20	(H)	RLS WAIVD PUBLIC HEARING NOTICE, RULE 23 - UC
03/18/20	(H)	RLS AT 07:45 PM DAVIS 106

WITNESS REGISTER

REPRESENTATIVE IVY SPOHNHOLZ
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 308 on behalf of the House Labor and Commerce Standing Committee, sponsor.

PATSY WESCOTT, Director
Division of Employment and Training Services
Department of Labor & Workforce Development (DLWD)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 308.

LENNON WELLER, Actuary
Research and Analysis
Department of Labor & Workforce Development (DLWD)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 308.

TRISTAN WALSH, Staff
Representative Ivy Spohnholz
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 308.

DAN WAYNE, Attorney
Legislative Legal Services
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 308.

ACTION NARRATIVE

[7:48:44 PM](#)

CHAIR CHUCK KOPP called the House Rules Standing Committee meeting to order at 7:48 p.m. Representatives Edgmon, Johnston, Thompson, and Kopp were present at the call to order. Representatives Stutes, Johnson, and Pruitt arrived as the meeting was in progress.

HB 308-UNEMPLOYMENT BENEFITS FOR COVID-19

[7:49:19 PM](#)

REPRESENTATIVE KOPP announced that the only order of business would be HOUSE BILL NO. 308, "An Act relating to unemployment benefits during a period of state or national emergency resulting from a novel coronavirus disease (COVID-19) outbreak; and providing for an effective date."

7:50:07 PM

REPRESENTATIVE IVY SPOHNHOLZ, Alaska State Legislature, presented HB 308 on behalf of the House Labor and Commerce Standing Committee, sponsor. She stated that COVID-19 [a novel coronavirus disease] is both a public health and an economic emergency for Alaskans; in just a few short weeks it has spread to many countries and to Alaska - with nine confirmed cases in Alaska at this point in time. She relayed the many impacts to Alaska - the closure of schools, restaurants, childcare centers, and malls - and emphasized that there is a myriad of economic impacts of following the public health recommendation of "social distancing."

REPRESENTATIVE SPOHNHOLZ paraphrased from the sponsor statement, included in the committee packet, which read as follows [original punctuation provided]:

This legislation ensures Alaska employees can receive Unemployment Insurance whether they are furloughed, laid off, lose work hours, or are forced to stay home to care for children as a result of the COVID-19 outbreak. It is imperative we cut red tape to ensure Alaskans who have been paying into Unemployment Insurance can receive benefits they have earned during this time of unprecedented economic and public health crisis.

The traditional Unemployment Insurance system was not designed for a global pandemic that shuts down schools, businesses, and childcare simultaneously. This legislation provides emergency relief during the COVID crisis so that workers facing an array of economic challenges—whether it's a layoff or lost work hours—can recoup some lost wages and avoid compounding impacts of income loss.

This legislation:

- 1) waives the standard one week waiting requirement to begin receiving Unemployment Insurance benefits.
- 2) Increases the weekly per-dependent benefit from \$25 to \$75, providing some relief for families who have lost childcare and income simultaneously.

Many families and small businesses face economic devastation as a result of a collapsing economy, and relief cannot wait.

This legislation is designed to provide emergency relief for up to one year.

REPRESENTATIVE SPOHNHOLZ concluded that moving the proposed legislation is urgent; other states have seen dramatic increases in unemployment insurance (UI) claims. She maintained that the intent of HB 308 is to ensure that Alaskans are not personally harmed by following the public health recommendations.

REPRESENTATIVE SPOHNHOLZ clarified that HB 308 offers three provisions: 1) the one week waiting requirement would be waived; 2) the requirement that the recipient be looking for a job would be waived; and 3) the weekly per-dependent benefit would be increased from \$24 to \$75.

[7:54:09 PM](#)

REPRESENTATIVE JOHNSTON asked whether the Department of Labor & Workforce Development has the capacity to process the increased numbers of applicants and what it would need to be as responsive as possible to the increased workload.

[7:55:01 PM](#)

PATSY WESCOTT, Director, Division of Employment and Training Services, Department of Labor & Workforce Development (DLWD), answered yes, the department is working to realign resources by using staff from other units to address the influx of calls and claims that is anticipated as a result of COVID-19. She said that the division is working to simplify the application process. The fiscal note is indeterminate due to ongoing evaluation of the expected workload and the effect on Alaska's Unemployment Insurance Trust Fund. She added that the division is evaluating the need for additional staff and is authorizing overtime hours for current staff.

REPRESENTATIVE JOHNSTON asked whether benefits can be applied for through "myAlaska" [an authentication and electronic signature system for citizens to interact with State of Alaska services].

MS. WESCOTT responded yes. She maintained that the division is encouraging individuals who are currently unemployed as a result of COVID-19 to file through the myAlaska online application; they may also utilize the UI call centers.

[7:57:44 PM](#)

REPRESENTATIVE JOHNSTON asked for comment on the amount in the trust fund.

[7:58:18 PM](#)

LENNON WELLER, Actuary, Research and Analysis, Department of Labor & Workforce Development (DLWD), stated that the latest trust fund balance was \$492 million, which is above the department's target for solvency. He maintained that Alaska is well-situated to handle a significant increase in claims. He added that until the current situation occurred, benefit expenses were in the \$8-10 million range monthly; the fund can handle significantly greater costs in the next few months without resulting in detriment to the fund.

REPRESENTATIVE JOHNSTON asked for an estimate for the next month's expenses.

MR. WELLER answered that a worst-case scenario would be that about 70,000 jobs are impacted immediately by COVID-19 and the closure of businesses; that represents about \$60-80 million in benefit costs for next month.

[8:00:18 PM](#)

REPRESENTATIVE SPOHNHOLZ confirmed for Representative Edgmon that the intent is that the proposed legislation be in effect for the duration of COVID-19 and repealed April 1, 2021.

[8:00:54 PM](#)

REPRESENTATIVE PRUITT asked whether the increase in the weekly per-dependent benefit would apply to anyone receiving benefits or only those affected by COVID-19.

REPRESENTATIVE SPOHNHOLZ expressed her understanding that it would apply to anyone.

REPRESENTATIVE PRUITT asked why the provision of the increased benefit was applicable to any beneficiary.

REPRESENTATIVE SPOHNHOLZ responded that the maximum weekly [UI] benefit for an Alaskan is \$370 per week; an additional amount is given for dependents - currently \$25 per child per week with a cap of \$72 total; that amount is insufficient to feed a child. She stated that the core benefit package would not increase, just the amount paid for children. She deferred to Ms. Wescott to comment on the benefit amount and how Alaska compares with other states.

MS. WESCOTT stated that legislation cannot be passed on a state level that discriminates against individuals applying for UI for reasons other than COVID-19; therefore, the provision regarding dependent allowance must apply to any individual applying for UI during the time the legislation is effective.

REPRESENTATIVE PRUITT asked whether the department would prepare people - who are receiving UI benefits for a reason other than COVID - for the decrease in the benefit amount when the provision expires.

MS. WESCOTT answered absolutely. She maintained that the department would conduct an aggressive outreach to ensure that anyone applying after the sunset date of the legislation is fully aware that the dependent allowance would change.

[8:05:37 PM](#)

REPRESENTATIVE EDGMON commented that the proposed legislation speaks to the potential widespread nature of COVID-19 and speculated that different eligibility criteria for beneficiaries would be burdensome to department staff.

REPRESENTATIVE STUTES asked how the expiration date was determined.

[8:06:52 PM](#)

TRISTAN WALSH, Staff, Representative Ivy Spohnholz, Alaska State Legislature, suggested that the expiration date may have been selected based on provisions of an emergency declaration.

[8:07:10 PM](#)

DAN WAYNE, Attorney, Legislative Legal Services, Legislative Affairs Agency, stated that the expiration date was chosen with the expectation that the COVID-19 emergency would end before [April 1, 2021]. He added that the sunset date would give the legislature time to either extend the protections beyond April 1 or to end them sooner. He maintained that it was difficult to choose a date and the intent was to give the legislature an opportunity to extend the date if necessary.

REPRESENTATIVE SPOHNHOLZ relayed that there are many unknowns; the date was a compromise between a dramatic expansion of benefits and ensuring Alaskans would not be harmed. She offered that the date was an attempt to "play it safe" to minimize financial harm to individuals.

[8:09:47 PM](#)

REPRESENTATIVE SPOHNHOLZ relayed that viruses sometimes rebound, therefore, didn't want to put too short a timeline on HB 308, while still hoping for the COVID-19 outbreak to end in four months.

REPRESENTATIVE STUTES asked whether legislation would need to be introduced to revert the statutes, if the COVID-19 outbreak ends before April 1, 2021.

REPRESENTATIVE SPOHNHOLZ explained that the beneficiaries would be required to provide documentation periodically that their unemployment or underemployment is related to COVID-19.

MS. WESCOTT stated that the division has methods in place to check in with the UI claimants, work with them to establish reemployment plans, and establish work search requirements, to get them back into the workforce as the immediate crisis subsides. She said that the [Governor Mike Dunleavy] administration is supportive of HB 308 and wants to ensure that with all the closures, unemployed workers have immediate access to benefits. She maintained that part of the mission of the division is to work with unemployed individuals to return them to work - if not the same job, then into a new job with the help of a reemployment plan and work search activities.

[8:13:43 PM](#)

REPRESENTATIVE KOPP opened public testimony on HB 308. After ascertaining that there was no one who wished to testify, he closed public testimony.

8:14:56 PM

REPRESENTATIVE JOHNSTON moved to report HB 308 out of committee with individual recommendations and the accompanying fiscal note. There being no objection, HB 308 was reported from the House Rules Standing Committee.

8:15:25 PM

ADJOURNMENT

There being no further business before the committee, the House Rules Standing Committee meeting was adjourned at 8:15 p.m.