

SENATE FINANCE COMMITTEE
March 19, 2020
1:11 p.m.

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CALL TO ORDER

Co-Chair von Imhof called the Senate Finance Committee meeting to order at 1:11 p.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair
Senator Click Bishop
Senator Lyman Hoffman
Senator Donny Olson
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

Senator Bert Stedman, Co-Chair

ALSO PRESENT

Senator Click Bishop, Sponsor; Cody Grussendorf, Staff, Senator Click Bishop; Lennon Weller, Economist, Department of Labor and Workforce Development; Representative Chris Tuck, Sponsor; Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit.

PRESENT VIA TELECONFERENCE

Patsy Westcott, Director, Division of Employment and Training Services, Department of Labor and Workforce Development.

SUMMARY

SB 240 UNEMPLOYMENT BENEFITS FOR COVID-19

SB 240 was HEARD and HELD in committee for further consideration.

HB 197 EXTEND SEISMIC HAZARDS SAFETY COMMISSION

HB 197 was HEARD and HELD in committee for further consideration.

#sb240

SENATE BILL NO. 240

"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."

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Co-Chair von Imhof noted that this was the first hearing on the bill in committee.

SENATOR CLICK BISHOP, SPONSOR, commented that extraordinary times required leadership, which the senate would provide. He stated that senate leadership had been working on the concept for several weeks and had been working with various state and federal departments. He commented that as of the previous Tuesday, there were 12 states that had passed similar language to expedite the waiting requirements for benefits. He said that the goal was to get replacement funds into the economy as soon as possible.

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CODY GRUSSENDORF, STAFF, SENATOR CLICK BISHOP, reviewed the Sectional Analysis (copy on file):

Section 1. Adds a new section to uncodified law regarding unemployment insurance and the impact of COVID-19 on workers and employers.

a) This new section says that to the extent consistent with federal law, an insured worker may not be disqualified for conduct related to COVID-19, including:

1. Providing care including medical care, to one or more persons;
2. Preventing or limiting the spread of COVID-19; or
3. Preventing or limiting economic loss or harm.

b) This section states that such protection of the insured worker applies for 90 days beginning the effective date of this act, or the date the worker

applies for a benefit under AS 23.20, whichever is later.

c) This section states that the one week waiting period under AS 23.20.375 (b) is waived during the duration of the state or national emergency.

d) This section states that provision of such benefit is not a violation of AS 23.20.500, the Unemployment Security Act.

e) The Commissioner of Labor and Workforce Development is directed to administer this section.

Section 2. This section modifies the uncodified law of the State of Alaska to increase dependent allowances for unemployment insurance. Notwithstanding federal law, for the duration of a state or national emergency related to COVID-19, the allowance for dependents of insured workers under AS 23.20 is \$75 per week per dependent. It instructs the Department of Labor and Workforce Development to not limit the total allowances for dependents.

Section 3. This section repeals this Act April 1st, 2021.

Section 4. This section authorizes the Commissioner of the Department of Labor and Workforce Development to implement this act, and declares that they are not subject to the Administrative Procedures Act, AS 44.62.

Section 5. This section declares the Act takes effect immediately under AS 01.10.070(c)

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Co-Chair von Imhof introduced invited testimony.

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PATSY WESTCOTT, DIRECTOR, DIVISION OF EMPLOYMENT AND TRAINING SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), announced that she was available for questions.

Senator Bishop understood that the division require additional staff to meet the growing demand for unemployment services.

Ms. Westcott stated that the division had reviewed staffing needs in anticipation of the already increasing workload. She said that staff from other units within the division had been diverted to the front lines, overtime and phone hours had also been increased and expanded. She said that the division had several vacant positions that would need to be filled in the coming weeks. She related that 25 PCNs had already been budgeted for and would be filled.

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Co-Chair von Imhof asked about the application process, the necessary qualifications for benefits, and how benefits were paid out.

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Ms. Westcott said that people could apply online at myAlaska.com or at call centers.

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Co-Chair von Imhof asked about the qualification process.

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Ms. Westcott replied that applications were processed in real time. She stated that eligibility would be reviewed. She listed those qualifications and discussed possible waivers. She said that the bill would help to relax provisions so that the needs of unemployed workers could be alleviated. She shared that the process normally took two weeks to first payment. She discussed the various payment methods. She said that programming changes were in the works to expedite payments by going to a single week payment process.

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Co-Chair von Imhof asked whether the department was ready to accept federal dollars.

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Ms. Westcott replied in the affirmative.

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Senator Wielechowski asked about the solvency of the Unemployment Insurance fund.

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LENNON WELLER, ECONOMIST, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, related that the trust fund solvency was sound. He said that there was \$493 million currently in the account, which was above the current statutory targets for full solvency.

Senator Wielechowski asked what sort of flexibility was afforded by the amount in the fund.

Mr. Weller replied that some stress testing had been done through the next 12 months. He thought the state could absorb about an approximate 8-fold increase in cases. He pointed out that duration and magnitude of an increase would have an impact on the department's ability to absorb payments. He thought the division could handle the costs for three to six months of 10-times what it had historically experienced.

Co-Chair von Imhof thanked Mr. Weller for stress testing the fund. She thought that additional help would be provided by the federal government that would keep businesses whole.

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Senator Wielechowski asked whether Mr. Weller had any sort of comparison between Alaska and other states considering the maximum allowable weekly benefit.

Mr. Weller stated that there was a maximum weekly benefit amount of \$370, which put Alaska last on the list nationally for replacement of lost wages.

Senator Wielechowski was interested in seeing the data charts.

Mr. Weller was happy to provide the information to the committee.

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Senator Wielechowski wondered how UI was typically funded.

Mr. Weller stated that the Unemployment Insurance Program was funded solely through a payroll tax collected from taxable wages, which accounted for 93 percent of all wage and salary employment in the state.

Senator Bishop asked whether it was true that the department could receive federal dollars for the fund.

Mr. Weller answered in the affirmative. There was also the ability to gain federal dollars to pay out emergency compensation and, in some cases, extended benefits.

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Senator Hoffman noted that the sponsor stated that people under quarantine were eligible for benefits. He asked what kind of documentation would be needed to procure those benefits and whether the self-quarantined would be eligible.

Ms. Westcott stated that when an individual filed for UI, it was required to certify that the information was true and correct. She stated that if the department had reason to question the information, it was investigated. She said that individuals affected by Covid-19 would be treated no differently.

Senator Hoffman restated his question about individuals that were quarantined. He asked about whether individuals that self-quarantined were eligible.

Ms. Westcott stated that the bill expanded the eligibility to provide benefits to anyone affected by Covid-19.

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Senator Hoffman asked if people that self-quarantined were eligible for benefits.

Ms. Westcott answered in the affirmative. Part of the goal with the legislation was to protect communities.

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Co-Chair von Imhof asked whether a person quarantined at home and receiving payment from their employer would be eligible.

Ms. Westcott answered in the negative.

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Senator Bishop appreciated Ms. Westcott's earlier comments when she discussed that the federal guidelines were open for the state's interpretation for application. He wondered whether the department would need additional PCN authority going forward.

Ms. Westcott agreed that the department would need some additional PCN authority and would not turn down additional PCNs if they were allowed.

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Senator Bishop asked how many positions would be needed and how long it would take to train new staff to take claims. He asked how long employee training would take.

Ms. Westcott shared that claims taking was a necessary step for advancement in the division, so most employees had already been trained. She added that a typical training period lasted three months.

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Senator Wielechowski asked about the maximum time that a person would be eligible for benefits if the bill passed.

Ms. Westcott stated that the maximum duration of eligibility was 26 weeks. She referenced Mr. Weller's mention of possible extended benefits. She said that because of the expected increased workload, extended benefits were expected; total weeks of extended benefits would be 39 weeks.

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Senator Wielechowski referenced the concept of a "rolling closure" and suggested that the COVID-19 virus outbreak would wax and wane over time. He asked whether a person who received benefits, went back to work, and then was laid off again, could they reapply for UI.

Ms. Westcott stated that the 26 weeks would be available at any time during the benefit year depending upon the individual need.

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Co-Chair von Imhof commented that the bill had an expiration date of the following April 2021. She thought the state was entering uncharted territory and would need to be flexible. She thought it was not possible to know to what degree Alaskans would be affected or the duration of the pandemic. She hoped that further work could be done in January 2021. She relayed that the federal government had just proposed a one-trillion-dollar emergency fund.

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Senator Bishop thought the main takeaway was that the week waiting period would be waived. He thought cash flow to Alaskans was top priority.

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Co-Chair von Imhof OPENED public testimony.

[1:44:48 PM](#)

Co-Chair von Imhof CLOSED public testimony.

SB 240 was HEARD and HELD in committee for further consideration.

Co-Chair von Imhof set the bill aside. She noted that the companion legislation would be taken up as soon as it was in committee.

#hb197

HOUSE BILL NO. 197

"An Act extending the Alaska Seismic Hazards Safety Commission; and providing for an effective date."

[1:45:16 PM](#)

REPRESENTATIVE CHRIS TUCK, SPONSOR, said that Alaska experienced numerous earthquakes each year, which put people and infrastructure at risk. The bill would extend

the Alaska Seismic Hazards Safety Commission, which brings together key governments official and volunteer experts to provide recommendations on how to improve earthquake response and mitigation.

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KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, reviewed the audit report "A Sunset Review of the Department of Natural Resources, Alaska Seismic Hazards Safety Commission (commission)" (copy on file). She stated that the audit found that there continued to be a public policy need for the commission's existence. She referenced Page 9 of the report, which showed that the annual expenditures were relatively low for the expertise leveraged by the commission. She spoke to the recommended administrative improvements on Pages 16 and 17:

- The commission's chair should ensure procedures are implemented to publish meeting notices timely and accurately.
- The commission's chair should ensure the strategic plan is updated to reflect current goals and priorities based on experience.

Ms. Curtis furthered that the department had responded to the audit (Page 29) by agreeing that the commission was necessary and that the administrative recommendations would be addressed. She added that the chair of the commission agreed to the recommendations and said that meetings would be noticed and that the administrative plan had been updated.

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Co-Chair von Imhof thought the bill was simple. She listed the people available for expert testimony.

1:50:24 PM

Co-Chair von Imhof OPENED public testimony.

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Co-Chair von Imhof CLOSED public testimony.

Co-Chair von Imhof set the bill aside.

CSHB 197(FIN) was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

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The meeting was adjourned at 1:51 p.m.