

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

March 16, 2022

2:02 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Peter Micciche
Senator Gary Stevens
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Joshua Revak, Vice Chair

COMMITTEE CALENDAR

SENATE BILL NO. 185

"An Act relating to exemptions from minimum wage."

- MOVED CSSB 185 (L&C) OUT OF COMMITTEE

CONFIRMATION HEARING

Commissioner, Department of Commerce, Community and Economic
Development
Julie Sande

- CONFIRMATION ADVANCED 5/2/22

SENATE BILL NO. 159

"An Act relating to unemployment benefits."

- MOVED CSSB 159 (L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 185

SHORT TITLE: ELIMINATE MINIMUM WAGE EXEMPTION

SPONSOR(S): SENATOR(S) MICCICHE

02/08/22	(S)	READ THE FIRST TIME - REFERRALS
02/08/22	(S)	L&C
02/28/22	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/28/22	(S)	Scheduled but Not Heard

03/14/22 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/14/22 (S) Heard & Held
03/14/22 (S) MINUTE(L&C)
03/16/22 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 159

SHORT TITLE: UNEMPLOYMENT BENEFITS

SPONSOR(s): SENATOR(s) COSTELLO

01/18/22 (S) PREFILE RELEASED 1/14/22
01/18/22 (S) READ THE FIRST TIME - REFERRALS
01/18/22 (S) L&C, FIN
02/02/22 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/02/22 (S) Scheduled but Not Heard
02/04/22 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/04/22 (S) Heard & Held
02/04/22 (S) MINUTE(L&C)
03/16/22 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

MELODIE WILTERDINK, Staff
Senator Mia Costello
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the explanation of changes between version B and version I for SB 185.

JULIE A. SANDE, Commissioner Designee
Department of Commerce, Community, and Economic Development
Juneau, Alaska

POSITION STATEMENT: Testified as Commissioner Designee to the Department of Commerce, Community, and Economic Development.

MELODIE WILTERDINK, Staff
Senator Mia Costello
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided a summary of SB 159.

JEFF GARNES, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 159.

ROY SYREN, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 159.

BETHANY MARCUM, Chief Executive Officer
Alaska Policy Forum
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 159.

BRIAN SIKMA, Visiting Fellow
Opportunity Solutions Project
Wisconsin

POSITION STATEMENT: Answered questions during the hearing on SB 159.

CLIFFORD NAPIER, Assistant Director
Unemployment Insurance
Division of Employment and Training Services
Department of Labor and Workforce Development (DOLWD)
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 159.

ACTION NARRATIVE

[2:02:59 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 2:02 p.m. Present at the call to order were Senators Gray-Jackson, Micciche, Stevens, and Chair Costello.

SB 185-ELIMINATE MINIMUM WAGE EXEMPTION

[2:03:30 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 185 "An Act relating to exemptions from minimum wage."

She stated that this was the second hearing and solicited a motion to adopt the proposed committee substitute.

[2:03:49 PM](#)

SENATOR STEVENS moved to adopt the work draft committee substitute (CS) for SB 185, work order 32-LS1443\I, as the working document.

[2:04:03 PM](#)

CHAIR COSTELLO objected for an explanation of the changes.

[2:04:07 PM](#)

MELODIE WILTERDINK, Staff, Senator Mia Costello, Alaska State Legislature, Juneau, Alaska, reviewed the changes between version B and version I for SB 185.

Page 1, lines 8-9. The language about an exemption that allowed subminimum wages to be paid to someone under age 18 temporarily employed by a nonprofit was removed. The following two sections were renumbered.

[2:04:56 PM](#)

At ease

[2:06:07 PM](#)

CHAIR COSTELLO reconvened the meeting. She removed her objection and asked if there was further objection.

[2:06:26 PM](#)

SENATOR MICCICHE stated support for the change and restated that the primary intent of the bill is to remove the offensive language from statute that discriminates against individuals who have a disability.

CHAIR COSTELLO offered her understanding that the CS, version I, still would allow a nonprofit to hire an underage person as long as the wage was not below the federal minimum.

SENATOR MICCICHE answered that is correct. The other option is for the nonprofit to engage volunteers to teach them the value of hard work and thank them in a way other than a wage.

CHAIR COSTELLO clarified that she would like young people to receive the minimum wage but if a nonprofit has no money, it would have the option to offer underage individuals the federal minimum wage.

[2:08:27 PM](#)

CHAIR COSTELLO removed her objection; finding no further objection, the Committee Substitute for SB 185 was adopted. She noted that Tanya Keith was available to answer questions.

[2:09:04 PM](#)

At ease

[2:09:12 PM](#)

CHAIR COSTELLO reconvened the meeting.

[2:09:17 PM](#)

SENATOR STEVENS moved to report CSSB 185, work order 32-LS 1493\I, from committee with individual recommendations and attached fiscal note(s).

[2:09:36 PM](#)

CHAIR COSTELLO found no objection and CSSB 185(L&C) was reported from the Senate Labor and Commerce Standing Committee.

[2:09:48 PM](#)

At ease

CONFIRMATION HEARING(S)
Commissioner, Department of Commerce, Community and Economic
Development

[2:11:31 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of the governor appointee for the position of commissioner of the Department of Commerce, Community and Economic Development (DCCED), Julie A. Sande.

[2:12:29 PM](#)

JULIE A. SANDE, Commissioner Designee, Department of Commerce, Community, and Economic Development, Juneau, Alaska, testified as Commissioner Designee to the Department of Commerce, Community, and Economic Development. She stated that she grew up in logging camps in Southeast Alaska. She volunteered at a Pioneer Home when she was in middle school and she gained a great appreciation for elders, their history, and what they had done for the state. Her life aspiration was to get a degree and return to work at the Pioneer Home throughout her career. She started as a social worker and retired as the director after 22 years. During that time she also worked in several private businesses the family owned.

She said having both public sector and private sector experience has been particularly helpful in her current position as commissioner designee. She shared that she also had experience serving on the Alaska Industrial Development and Export Authority (AIDEA) and the Alaska Energy Authority (AEA) boards. That experience helped her understand large infrastructure projects. She said she was looking forward to working with her team and legislators.

[2:16:36 PM](#)

CHAIR COSTELLO thanked her for sharing her impressive background

[2:16:42 PM](#)

SENATOR STEVENS asked if Commerce, Community, and Economic Development were three separate and equal parts of the department.

COMMISSIONER DESIGNEE SANDE said she had been on the job just a short time but so far she had spent equal time in each of the three areas.

SENATOR STEVENS asked if she saw a need to reorganize any of the six divisions within the department.

COMMISSIONER DESIGNEE SANDE replied there may be some reorganization but she plans to use the experts in every division to help her make decisions based on what is best for Alaskans. That may mean improvements in customer service, the database systems the department uses, or reorganization.

[2:21:26 PM](#)

SENATOR GRAY-JACKSON noted that she had served on the Senate Commerce, Community & Economic Development finance subcommittee for four years and the first meeting this session was tonight. She asked if she had any concerns about the budget or with labor that she should be aware of for the meeting.

COMMISSIONER DESIGNEE SANDE offered her perspective that the FY2023 budget overview that would be presented was fairly benign.

[2:22:43 PM](#)

SENATOR MICCICHE said he appreciated meeting with her and he is pleased with the appointment because her qualifications are unique. He said you have an understanding of the balance between the public and private sector. You know what it's like to make payroll and you understand the logistics of marketing in a private sector business; you held a responsible position in a bureaucracy; and your experience on AIDEA and AEA showed you the more formal processes of the state. He said he looks forward to seeing what she'll do with an important department.

[2:24:23 PM](#)

CHAIR COSTELLO highlighted that the Division of Community and Regional Affairs (DCRA) that resides within the department is the only division that is mentioned in the state constitution. She noted that in earlier years an entire department was dedicated to that topic. She asked Commissioner Designee Sande

to share what that division does and how she will aid in that effort.

COMMISSIONER DESIGNEE SANDE said she has found that the DCRA team does a phenomenal job helping communities and municipalities. She cited the \$1.2 billion in grant funding division Director Moller is responsible for administering and the work on the Rural Utility Business Advisory (RUBA) program as examples. She noted the travel constraints since 2019 and that rural communities were just beginning to welcome visitors again.

[2:29:16 PM](#)

CHAIR COSTELLO referenced her experience with family-owned businesses and asked how the state could improve the environment for small businesses.

COMMISSIONER DESIGNEE SANDE said she believes it would be very helpful to look at the regulations that may be hampering small businesses and work to get the state out of the way whenever possible. She said she is well aware of the ways that small businesses help communities stay healthy by doing things like employing people, paying taxes, and participating in nonprofit and volunteer efforts. She noted that she is currently working with the business licensing division to look at ways to get licenses out more quickly.

[2:31:23 PM](#)

CHAIR COSTELLO said the committee has heard from the top levels of the military that the largest challenge that military families face when they're stationed in Alaska is obtaining professional licenses for military spouses. Current law says those applications are expedited but that just means they are put to the head of the queue. It does not mean these licenses will be issued any faster. She asked Commissioner designee Sande if she was aware of this and if she had any ideas about how to solve this problem.

[2:32:34 PM](#)

COMMISSIONER DESIGNEE SANDE offered her understanding that the regulations that will provide some relief for this problem were currently before each of the boards.

CHAIR COSTELLO asked what role she envisions for herself in advancing investigations that Alaskans file with the department. Specifically, what role would she play and would she be involved

in any decisions in the following example that came to the committee's attention this session:

During a sunset audit, the committee learned that multiple Alaskans had filed complaints with the Board of Chiropractors about one licensee. During that investigative process there were three periods of inactivity, one of which was more than 200 days.

[2:36:15 PM](#)

COMMISSIONER DESIGNEE SANDE answered that her learning style is to do the task if she doesn't understand something, but in this role she realizes she needs to be more disciplined in allocating her time. She said she realizes that issues like that demonstrate that the current process is not serving Alaskans well, it is not benefiting the economy, and it is not protecting the consumer. She is well aware of the challenges and has every intention of working with the division directors to figure out the bottlenecks in the process and possible solutions. She will draw on her professional experience with investigations and licensing and will also look at what the legislature might do to help with this effort.

SENATOR STEVENS asked her to talk about what she thought she knew working as a volunteer [at the Pioneer Home] and how that might have changed as she moved up the ladder and transitioned to being the boss.

COMMISSIONER DESIGNEE SANDE said she was fairly confident that she knew everything when she was young but she doesn't feel that way now. However, based on the difficulty she had meeting the qualifications for the state to hire her as a social worker after she graduated with a degree, she believes the state could be more creative in solving the current workforce challenges. Now is the perfect time to figure this out, she said.

CHAIR COSTELLO thanked her for her thoughtful and inspiring responses to the committee's questions.

[2:44:04 PM](#)

CHAIR COSTELLO advised that the names of all appointees this committee has heard from would be forwarded in one batch.

COMMISSIONER DESIGNEE SANDE thanked the committee for its time.

[2:44:27 PM](#)

At ease

[2:45:19 PM](#)

CHAIR COSTELLO reconvened the meeting and opened public testimony on the governor appointee Julie Sande, Commissioner Designee of the Department of Commerce, Community and Economic Development (DCCED). Finding none, she closed public testimony.

SB 159-UNEMPLOYMENT BENEFITS

[2:45:47 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 159, "An Act relating to unemployment benefits."

She stated that this is the second hearing and version I is before the committee. She asked Ms. Wilterdink to refresh the committee's recall of SB 159 before she opened public testimony.

[2:46:14 PM](#)

MELODIE WILTERDINK, Staff, Senator Mia Costello, Alaska State Legislature, Juneau, Alaska, stated that SB 159 will index the duration of unemployment benefits Alaskan claimants may receive to the unemployment rate. When there are more jobs, the unemployment rate will be lower so fewer weeks of benefits will be available. The reverse applies when there are few jobs available.

CHAIR COSTELLO asked for an explanation of what the section on seasonal workers accomplishes.

MS. WILTERDINK explained that the current system gives fewer weeks of unemployment benefits to seasonal workers who have inconsistent income throughout the year compared to workers whose income is stable throughout the year. SB 159 says seasonal workers who pay into the system deserve the same duration of benefits as somebody who works year round and pays into the system.

[2:48:04 PM](#)

CHAIR COSTELLO opened public testimony on SB 159.

[2:48:23 PM](#)

JEFF GARNES, representing self, Anchorage, Alaska, stated that as a long time private business owner he was speaking in support of SB 159. He read the following testimony.

As the primary payers of the unemployment system,
business owners like me have a vested interest in

seeking that the program is an effective safety net that carries workers from one job to the next. But over the past years, pandemic related pressures weighed heavily on the unemployment system exacerbating and exposing some of the unemployment program's flaws and weaknesses and ultimately decreasing the program's solvency. Both employers and workers deserve reforms to the unemployment system that shore up the program for the long term.

We all want the unemployment program to exist for hard working Alaskans who need a helping hand between jobs and Senate Bill 159 contains several proposals to accomplish that very goal.

Alaska's current unemployment system doesn't account for the availability of jobs when determining the duration of benefits. Senate Bill 159 would tie the actual job market to the duration of benefits thus treating all Alaskans more fairly, even if they work a seasonal job.

The indexing of unemployment insurance benefits to the current state unemployment rate would ensure individuals receive the support they need when jobs are scarce, but also giving individuals the push they may need to get back to work when the jobs are plentiful. Employers should not be forced to compete with the unemployment insurance program when jobs are available, nor should adults be encouraged to forego work and trade their independence.

This bill also requires checking suspicious activity such as multiple filings for benefits through the same IP address. These simple reforms would target fraudsters and help maintain benefits for those who truly need them.

I encourage you to pass Senate Bill 159 to help Alaskans get started on ensuring our state's unemployment system is poised for success in the future.

[2:50:46 PM](#)

ROY SYREN, representing self, Anchorage, Alaska, stated support for SB 159 as the owner of a small construction business that employs people seasonally and year round. There is a limited

window to accomplish this work in Alaska. His business ramps up employment during construction months and typically lays off 50 percent of these workers in late fall.

He related that it was a challenge in 2021 to fill these jobs even when no experience was required. Many of the few applicants did not follow through to an interview. He said it is important for businesses such as his to have a pool of employees from which to draw, so he was encouraged when SB 159 was introduced. It will improve the employment market in the state by putting potential workers into the market at just the right time. This will help businesses like his do more business and contribute positively to the Alaskan economy.

[2:52:59 PM](#)

BETHANY MARCUM, Chief Executive Officer, Alaska Policy Forum, Anchorage, Alaska, read her testimony in support of SB 159:

Alaska's economic recovery from the pandemic has not been strong. We have not yet recovered the jobs lost and unemployment trust funds have been greatly reduced. Too many Alaskans have not returned to the labor force and by not fully replenishing the funds in our trust, we are putting our economy at risk in the event of future crises. Other states such as Idaho, North Carolina, Alabama, Florida, and Tennessee have policies in place that promote a healthier economy.

Those states link unemployment benefits to economic conditions. In those states, when economic conditions are such that there are not many job openings, workers receive payments for longer periods of time. And when employers are hiring and many jobs are available, benefits are provided for a shorter duration.

It's a policy that helps in multiple ways. First, it helps by restoring the funds in our trust so that we can continue to support those who have lost jobs during difficult times. Second, it helps individuals get the support they need and return to the workforce when jobs do exist. Third, it helps to create a market as workers for employers who are trying to hire as they maintain or expand their businesses.

The data from those states which have implemented this policy is strong and compelling. They have continued recovering jobs post-pandemic at a much higher rate

than Alaska. Their residents have returned to the workforce and now their state trust fund balances are on the right trajectory. The data also shows that people who are out of the job market for longer periods of time are less likely to return to work. Thus our policies should encourage workers to return as soon as the economy supports the jobs.

As elected officials, you have the power to pass policies that will put our economy on the right path. I encourage you to take a look at policies that exist that will reduce Alaska's labor shortage and improve our economy.

[2:55:06 PM](#)

CHAIR COSTELLO discerned nobody else wished to comment and she closed public testimony on SB 159.

She noted who were available to answer questions and asked Brian Sikma what his experience was with bills such as SB 159 that index the duration of benefits to the unemployment rate.

[2:55:48 PM](#)

BRIAN SIKMA, Visiting Fellow, Opportunity Solutions Project, Wisconsin, stated his organization has worked in a number of states that either already have or plan to implement this type of indexing reform. There are numerous benefits to labor markets, responsiveness to job openings, and trust fund stability. Calculations he and his colleagues have run indicate that Alaska's unemployment insurance trust fund would grow by about \$96 million per year which would make a significant difference in the solvency of the fund without raising taxes on employers or employees.

MR. SIKMA offered his professional opinion that many states are looking at this type of legislation to refill their trust funds without having to raise taxes. Large workforce shortages are also a factor. The US Department of Labor data shows that Alaska had more job openings, seasonally adjusted per capita, than any other state in the union. Based on the experience of other states that have enacted similar legislation, Alaska will likely see workers return to work much more quickly if this legislation passes.

MR. SIKMA described SB 159 as a multiple solution to incentivizing people to return to work.

[2:58:30 PM](#)

SENATOR STEVENS asked for a simple explanation of indexing reform and how it works.

MR. SIKMA explained that indexing bases the duration of unemployment benefits on the unemployment rate that is measured with federal data. For every half percentage point that the unemployment rate rises, an additional week of benefits is added, up to a cap. SB 159 establishes a floor such that the minimum duration of benefits would be 12 weeks if the employment rate is below seven percent and up to 20 weeks if the unemployment rate is 10.51 percent or higher.

CHAIR COSTELLO asked Clifford Napier how the Division of Employment and Training Services overlaps with the Unemployment Insurance Benefit Program.

[3:00:15 PM](#)

CLIFFORD NAPIER, Assistant Director, Unemployment Insurance, Division of Employment and Training Services, Department of Labor and Workforce Development (DOLWD), Anchorage, Alaska, explained that individuals who are collecting unemployment are required to search for work and report those efforts. Unemployed workers are registered with the job centers and they are required to go through a reemployment assessment process that looks at ways the individual could become better ready for the labor market. This might include a referral for training or simply improving the individual's resume.

[3:01:32 PM](#)

At ease

[3:01:43 PM](#)

CHAIR COSTELLO reconvened the meeting and solicited a motion.

[3:01:52 PM](#)

SENATOR STEVENS moved to report the CS for SB 159, work order 32-LS1313\I, from committee with individual recommendations and attached fiscal note(s).

[3:02:14 PM](#)

CHAIR COSTELLO found no objection and CSSB 159(L&C) was reported from the Senate Labor and Commerce Standing Committee.

[3:02:32 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 3:02 p.m.