

3-24-82

FEDERAL

SB 898

HB 757

HOUSE LABOR & COMMERCE
STANDING COMMITTEE
March 24, 1982
1:20 p.m.

Members Present: Rep. Martin, Chairman
Rep. Bylsma, Vice Chairman
Rep. Rogers
Rep. Randolph

Members Absent: Rep. Gardiner

COMMITTEE CALENDAR

HB 757 An Act relating to unemployment insurance;
and providing for an effective date.

Federal SB 898 Telecommunications Competitions and
Deregulation Act of 1981.

WITNESS REGISTER

Judy Knight, Special Assistant
Department of Labor
PO Box 1149
Juneau, Alaska 99811
465-2700
Position Statement: Went over HB 757 section by section and
explained fiscal notes.

Harry Sturrock, Assistant Director
Unemployment Insurance
Division of Employment Security
Department of Labor
PO Box 1149
Juneau, Alaska 99811
465-2712
Position Statement: Assisted Knight in explaining HB 757.

Alex Hills
Deputy Commissioner
Division of Telecommunications
Department of Administration
Pouch C
Juneau, Alaska 99811
465-2200
Position Statement: Explained impact of federal SB 898.

PREVIOUS ACTION

HB 757 See minutes of 3/16/82.

Statutory Reference: AS 23.20

Action Taken: No formal action taken. Committee requested department to develop additional figures and information before taking action.

Federal SB 898

No previous action. This is a federal senate bill.

Action Taken: Impact and intent of bill was explained to the committee by Alex Hills, State Division of Telecommunications.

ACTION NARRATIVE

Tape #44
Recording
Number 000

The meeting was called to order by Chairman Martin at 1:20 p.m. Members present were: Representatives Martin, Bylsma, Randolph, and Rogers. Rep. Gardiner was absent. The chairman brought HB 757 before the committee for consideration.

Number 013

Judy Knight, Special Assistant, Department of Labor, asked Sandy Sturrock, Assistant Director of Unemployment Insurance to join her. Knight went over the bill section by section, and explained the fiscal notes.

Number 035

Rep. Rogers requested clarification of what information that is released to other agencies will be used for, and objected to violating the constitutional right to privacy.

Number 046

Knight resumed testimony. Rep. Rogers questioned changes in Section 3 (page 2). Knight picked up her testimony at Section 4.

Number 085

There was discussion of "interested parties" (page 4, line 13). Rep. Rogers wanted to set out specifically who could appeal; eg, claimant, employer, and division. Sturrock said "interested party" is defined in regulations.

Number 108

Knight resumed testimony at Section 7. She explained changes to the table. Rep. Rogers noted this would increase the top end of the benefits scale. He said the law had been written to take advantage of federal

extended benefits sooner than previous law. He asked how this would take effect. Knight explained how state benefits interact with federal benefits. Rep. Rogers explained his concern that the federal government might change extended benefits provisions. He said he would rather have more weeks benefits could be collected rather than raising benefit amounts. There was discussion of the impact on workers, how the benefits system work, and the cost of the program to Alaska.

- Number 252 Knight resumed testimony at Section 8.
- Number 256 Rep. Rogers explained how the earnings ratio is calculated and why he felt it did not work. Knight agreed the system was not perfect, but did not believe the majority of workers have the option to work one months of each calendar quarter (which is how a worker could collect more weeks of benefits than someone working four successive months). There was discussion.
- Number 319 Knight continued her testimony at Section 9.
- Number 349 There was discussion of wording in Section 11, and how availability for work is defined. Rep. Martin asked about people drawing unemployment insurance and workers compensation simultaneously. There was discussion. Knight said, to her knowledge, it is not a problem.
- Number 425 Sturrock explained Sections 12 and 13. There was discussion of the impact of changes to Section 14. Knight said this issue would be decided in court shortly.
- Number 498 Knight resumed testimony at Section 15.
- Number 556 Rep. Rogers asked, in reference to Section 17, why the department didn't just publish unemployment insurance information, as it is released to so many agencies. He said we are extending the violation of privacy every year. Knight said Congress passed the law. There was discussion.
- Number 623 Knight continued with Section 18, and passed out to the committee a recommended amendment to this section. Rep. Rogers said this would affect those who need extended

benefits the most--low income and those with children. There was discussion of the actual impact on Alaskans. Rep. Rogers requested the department develop language allowing the state to pick up extended benefits on those affected by this section. Rep. Martin asked if the department would also analyze what categories of people would be affected--people with children, and those with income over \$1,000 and under \$15,000.

Side E, Number 056

Rep. Rogers suggested saying an individual not eligible for extended benefits under subsection (1) is eligible for another eight weeks extended benefits. There was discussion. Rep. Martin asked for an estimate of how many students are filing for employment benefits. This was discussed.

Number 083

Knight said the department has many federal conformity requirements, and explained how the department addresses those requirements. She said she would have the department draft language requested by the committee.

Number 112

Rep. Rogers referred to sections 7 and 8, previously addressed, regarding extending the schedule, and asked the fiscal impact. The impact was estimated at \$2.5-million. Rogers said passing Section 8 would give to the "haves" and less to the "have-nots" by denying funds under Section 18.

Number 138

Knight continued testifying at Section 19. She said Sections 20-24 deal with "off" and "on" triggers. Rep. Rogers requested an explanation of the affect of triggers on the extended benefits program.

Number 171

Rep. Martin asked about benefits to people living out of state. Knight said it was not possible to give different benefits to those out of state. Rep. Rogers elaborated on how the system was set up. Rep. Martin asked if there had been any studies; Sturrock said there had been one done. This data was discussed.

Number 206

Knight resumed her testimony at Section 25.

Number 232

There was discussion of amendment to Section 28 regarding training in or out of the state.

- Number 240 Knight picked up her testimony at Section 29. There was discussion of the definition of "wages" in Section 30. Knight said they would check into the definition. She continued testifying at Section 31. There was discussion of effective dates.
- Number 347 Rep. Martin said the bill would be heard again. He asked others wishing to testify on the bill if they could return at a later date. Rep. Rogers requested an estimate of the cost to the Unemployment Insurance Trust Fund and example of affect on employer.
- Number 367 The committee took up discussion of Federal Senate Bill 898. Rep. Martin asked Alex Hills, Deputy Commissioner of the Division of Telecommunications, to come before the committee to testify.
- Number 377 Hills introduced Max Clements of Matanuska Telephone Association, and Stu Brown of Telelink, to the committee. Hills said the issues in S 898 are some of the most critical telecommunications issues facing the stat .
- Number 403 Hills said the issue has been around since the 1950s. He went over telecommunications decisions that have been historically made: the "hushaphone" decision and the "carterphone" decision. He said the competitions issue is not new in the telephone industry. He said the present problem is how the industry can be structured in order to accommodate competition. Hills said this is a double sided problem: maintaining the level of service, while providing for competition. Hills said there are three arenas where these decisions are made: 1) courts (AT&T antitrust suit); 2) FCC (the Computer II case, which deregulates customer premises equipment and enhanced services, and the MTS-WATS market structure, making long distance telephone service competitive); and 3) Congress (communications rewrite legislation, which rewrites the communication act of 1934. He referred to S 898 and HR 5158).
- Number 560 Hills said the provisions affecting Alaska relate to television.

Number 570 Hills said that telephone service has been cross-subsidized: the urban payer supports the rural, and the long distance user supports the local caller. This is designed to keep costs low to everyone, but particularly to keep local and rural rates at reasonable levels. Hills said this was possibly in a monopoly situation. He said support for local and rural rates is being withdrawn, so a mechanism is needed to prevent drastic increases in local and long distance rates.

Number 652 Hills said universal services is a national goal. This is the availability of telephone services at a reasonable rate. He said not using the network degrades national service.

Number 674 Rep. Rogers asked what costs are to the consumer if this philosophy is not followed. Hills said at least a 200-300% increase. He felt the costs would be much higher in rural Alaska.

Tape 45, Number 022 Hills said HR 5158 talks about how funds would be structured, and how and in what situations payments would be made. He said it contains local rate support, but does nothing about long distance rates.

Number 037 Hills said cable TV is no longer addressed in HR 5158, but S 898 contains a couple brief sections: one addressed cross-ownership (whether phone companies can provide cable TV service); he said it specifies that phone companies may not except in rural areas. Regarding cable TV rates, Hills said S 898 deregulates rates, except for required government, public or educational access channels, and when no reasonably available alternative media exist.

Number 077 Hills said HR 5158 is presently in the House. He said if it passes, both bills will go to conference committee.

Number 080 Rep. Martin asked, regarding new satellites, if they are required to look at all fifty states. Hills said Senator Stevens introduced language requiring all satellites within our service area orbital positions reach all fifty states. He said this is favorable to our state. Hills said now the

RCA satellites reach us, but that many others could. There was discussion of requesting other satellite owners to serve us.

Number 116

There being no further business to come before the committee, the meeting was adjourned at 3:02 p.m.

Absent:
Gardiner

3/24/82

H. Labor & Commerce

Tap # 44845

HB 757

federal SB 898

1:26

000 Call to order, introduction of members.

HB ~~757~~ 757

008 HB ~~757~~ 757 brought before comm.

013 Judy Knight, Spec Asst, DCL; asked Sandy Sturrock, asst dir, unemp ins, to join her. Went over bill sect by section, & explained fiscal notes

035 Rogers, ^{requested clarifi of} clarified what info will be used for ~~affiliated concern~~ ^{objected to} abt violating const's right to privacy.

046 Knight resumed testimony.

057 Rogers, re Sec. 3, (p. 2) gotnd changes

070 Knight resumed testimony (Sec. 4)

085 There was discussion of "interested parties" (p. 4, l. 13); Rogers wants to set out specifically who may appeal; ^{eg} claimant, employes, & division. Sturrock said "intdr party" is defined in reg.

108 Knight resumed test'y at Sec 7. Explained change to table.

Rogers noted this wd increase top end of benefits scale. Said law had been written to take adv of fed'l extended benefits poorer than prev law. He ~~understands~~ asked abt how this takes effect.

Knight explained how state benefits interact w/ fed'l. Rogers explained his concern that fed'l govt might chng extended benefits proovs. Wd rather have more weeks benef cd be collected, rather than raising benef amts. Discussion of impact on workers & how benefits system works & cost of pgm to Alaska.

250 Knight resumed test'y at Sec 8.

256 Rogers explained how earnings ratio is calculated & why he felt it didn't work. Knight agreed system was not perfect, but didn't believe majority of wks ~~to~~ have the option to work 1 month of each calendar quarter (which is how a worker could collect ~~much~~ more weeks of benefits than someone working 4 successive months). Discussion

317 Knight cont'd w/ Sec 9.

349 Discussion of wording in Sec. 11 & how availability for work is defined. Rep. Martin asked abt people drawing unemp & wks comp simultaneously. Discussion. Knight said to her knowledge it was not a prob.

425 ~~Sec 10~~ Starnock explained Sec. 12, 13, 14

There was discussion of the impact of change to Sec. 14. Knight said this wd be decided in court shortly.

498 Knight resumed testify at sec 15.

556 Rogers asked, in re sec 17, why dept didn't just publish unemp lms info, as it's released to so many agencies. Extending violation of privacy every year. Knight said Congress passed the law. There was discussion.

623 Knight cont'd at Sec. 18; passed out recommended amendt.

~~then w/~~ Rep Rogers said this wd affect those who need extended benefits most - low income & those w/ children.

There was discussion of actual impact on Alaskans.

Rogers req'd dept develop lang allowing state to pick up extended benefits on those affected by this section.

Martin asked if dept wd also analyze what ~~the~~ categories of people wd be affected - people w/ kids & those w/ income over \$1,000 & under \$15,000.

Side B

- 056 ^{Suggested raising} Rogers ^{for extended benefits} said ind' not eligible under (1.) is eligible for another 8 wks extended benefits. Discussion. Martin asked for estimate of how many students are filing for unemployment benefits. There was discussion.
- 083 Knight said dept has many fed'l conformity reqmts & explained how dept addresses those reqmts.
- 104 Knight said they wd have dept draft lang.
- 112 Rogers referred to ^{prev'd address of sec 8 & 8} ~~new sec 8~~ & asked re extending ^{this is} schedule & asked fiscal impact (2.5-million). Said, giving more to have & less to have - note by passing sec 8 & ~~that~~ by denying funds under sec. 18.
- 138 Knight resumed text at sec. 17. Secs 20-24 deal w/ "off" & "on" triggers. Rogers req'd explanation of triggers to extended benefits pgm.
- 171 Martin asked abt benefits to people living out of state. Knight said it wasn't possible to give different bennies to those out of state. Rogers elaborated on how system was set up. Martin asked if any studies were done; Sturrock said one had been done. ~~There~~ This data was discussed.
- 206 Knight resumed text at sec. 25.
- 232 Discussion of amend't to sec. 28 regarding training in or out of state.
- 240 Knight resumed at sec. 29. There was discussion of definition of "wages" in sec. 30. Knight said they would check into def'n.
- 278 Resumed at sec. 31.

There was discussion of effective dates.

347 Martin said bill wd be heard again; asked witnesses if they cd return at a later date. Rogers requested est of cost to UZ Trust fund & ~~sample~~ example of affect on emp.

367 Brought fed SB 898 before committee. Asked Hills for overview of affect of bill.

377 Alex Hills, Dep. Comm., Div of Telecomm, DO Admin. Int'd Max Clements, MTA, & Stu Brown, Telelink. Hills said ^{some of most} issues are critical telecomm issue facing state. ^{telecommunications}

403 Issue has been around since 1950s. Went over ^{telecommunications} decisions that have been historically made: "hushaphone" decision; "carterphone" decision; Competition issue not new in telephone industry. Present probm is ~~not~~ how industry can be structured in order to accommodate competi'n. Double sided probm: maintaining level of svc ~~vs~~ while providing competition.

3 arenas:

Court:

1) AT&T antitrust suit

2) FCC - a) Computer II case (deregulates customer premises eqpt) & enhanced svcs
b) MTS-Watts market structure - making long distance phone svc competitive

3) Congress - Communications rewrite Leg'n - rewrites Communications act of 1934. 5898 + HR ⁵¹⁵⁸ ~~5158~~ (?) - devoted to structure of AT&T Corp.

560 Said ^{affecting AK}
~~Explain~~ provisions relating to television.

570 Phone svc has been cross-subsidized. ~~the~~ Urban payer supports rural, & long distance user supports local, to keep costs low. Keeps local & rural rates at reasonable levels. This was possible in monopoly set.
Support for local & rural rates is being withdrawn, ~~so~~ so need to prevent drastic increases in local & long distance rates.

652 Universal svc is a national goal - availability of ph svc at reasonable rate. Not using network degrades national service.

674 Rogers asked what costs to consumer if this philosophy is not followed. Hills said at least 2-300%; probably much higher in rural Alaska

719 Hills mechanism wkd out on nat'l level is "nat'l telecom fund" - wd be admin'd by carriers ^{from} surcharges on intercom. payments. Wd target assistance to high cost companies (above 110% of nat'l average). Urban ratepayers wd subsidize urban in name of universal svc. Wd accommodate long dist while keeping rates at reasonable levels.

Page 2

022

HR 5158 talks abt how funds wd be structured, & how & in what amt's pymts wd be made. Contains local rate support, but does nothing abt long distance rates.

- 037 Cable TV - no lang in S158, but in SB, a couple brief sections:
1 address X-ownership (whether ph cos can provide cable TV svc); specifies ph cos may not except in rural areas.
Re cable TV rates: S898 dereg's rates, except ~~not~~ not dereg'd for reg'd govt access, public, or educational access channels, & when no reasonably avail alternative media are available.
- 077 HRE158 presently in House; if it passes, both bills will go to conf comm.
- 080 Martin asked, on new satellites, must go to all 50 states.
Hills said Stevens int'd lang req'g all satellite w/in our svc area orbital paths reach all 50 states. Favorable to our state. Hills said now there ~~is~~ ~~no~~ ~~service~~ ~~to~~ ~~Alaska~~
RCA satellites reach us, but many cd. Discussion of requesting other satellites owners to serve us.
- 116 3:00 adjourned.

LABOR & COMMERCE COMMITTEE
DAILY COMMITTEE HEARING

Date: 3/24/82

Place: _____

<u>Members</u>	<u>Present</u>	<u>Absent</u>	<u>Time Arrived</u>	<u>Time Left</u>
Rep. B. Bylsma, V. Chair	_____ ✓ _____	_____	1:04	
Rep. D. Randolph	_____ ✓ _____	_____	1:20	<i>2:15 36 minutes late meeting returning</i>
Rep. B. Rogers	_____ ✓ _____	_____	1:20	
Rep. T. Gardiner	_____	_____ ✓ _____		
Rep. T. Martin, Chair	_____ ✓ _____	_____	1:04	

Subject Matter:

House Bill No. 757 _____

Senate Bill No. _____

Special Orders:

Discussion of federal SB 898 re telecommunications

MEMORANDUM

State of Alaska

TO: Sandy Sturrock
Asst. Director UI

DATE: March 15, 1982

FILE NO:

TELEPHONE NO: 465-4519

FROM: Elfrieda Mullin
Labor Economist

SUBJECT: Estimate of New
Ineligible Claimants
for EB Under Alternatives
1 and 2 of New Federal
Legislation

The federal restrictions under the newly passed Budget Reconciliation Act (H.R. 3982) require that an individual may not be eligible for extended compensation unless the individual had 20 weeks of full-time employment in base period employment. For states not collecting weeks of work information, two alternative paragraphs may be substituted for calculation of the "equivalent".

Alternative 1: A claimant must have 1.5 times his high quarter earnings in order to be eligible for extended benefits.

Under our current law, claimants with a ratio under 1.5 are eligible for a potential duration of 16 weeks.

For Calendar year 1981, out of a total of 39,017 reported eligible claimants, 6,162 were eligible for 16 weeks duration.

$6162/39017 = 16\%$

Thus, approximately 16% of claimants would not be eligible for extended benefits under Alternative 1.

Alternative 2: A claimant must have 40 times his Augmented WBA in his base period in order to be eligible for extended benefits.

All low income claimants with base period earnings less than \$1,440 (entitled to \$34 or \$36 WBA) would be ineligible under this alternative. This affects 1.2% of eligible claimants. In addition to these, certain claimants with base period earnings between \$1,440 and \$6,000, primarily those with dependents, would be ineligible because 40 X their augmented WBA does not exceed their base period earnings. An additional 2.2% of currently eligible claimants would be affected by this for a total of 3.4%.

$3.4\% \text{ of } 39,017 = 1,327 \text{ claimants.}$

Recommended Changes to House Bill 757

Department of Labor

Section 18 (p. 13)

Change section designation from "(j)" to "(1)" - line 8

Change "excluding" to "including" - line 12

