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COMMITTEE REPORT

HOUSE

FURTHER:

(3)

Date: 6/20/1981

Mr. Speaker:

The Committee on Rules has had CSSB 30(210)

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

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s) Rules
- replace with CS for CS 50 same title
 new title
- and recommends pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

CHAIRMAN

A M E N D M E N T

OFFERED IN THE HOUSE:

By: Rules

To: amend HOUSE BILL No. _____

SENATE BILL No. CSSB 50(L&C)

PAGE: _____

LINE: _____

page 3, line 9 through page 5, line 11: delete entire section 4.

add the following new material as a new section 4:

Sec. 4. AS 23.20.165(e) is amended to read:

(e) An employer shall maintain a record of the amount deducted from the wages of each employee and shall furnish a statement of the deductions to each employee at the times and in the manner the department prescribes by regulation. No deduction may be made from those wages paid to an employee during a calendar year which are in excess of the wages subject to contributions under AS 23.20.175. If an employee in the employ of two or more employers earns wages in one calendar year totaling more than the wages subject to contributions or if an employer through error makes a deduction and erroneously pays contributions or interest on wages of an employee in excess of the wages subject to contributions during a calendar year, the amount of deductions in excess of those required by this chapter [ERRONEOUSLY PAID] may be requested by the employee. Employee deductions in excess of the wages subject to contributions shall be refunded to the employee by the department upon application for them in accordance with regulations adopted by the department. Application must be made during the calendar year after the calendar year in which the deductions are made.

page 5, line 28: Add a new section:

*Sec. 7. Section 4 of this Act is retroactive to January

H 1 1981.
70

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

P. O. BOX 1149
JUNEAU, ALASKA 99811

Ph: 465-2700

June 17, 1981

The Honorable Ramona L. Barnes, Chairman
House Judiciary Committee
House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Barnes:

Subject: Committee Substitute for Senate Bill No. 50

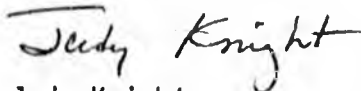
Attached is a copy of a federal directive (General Administrative Letter No. 21-81) regarding interpretation of P.L. 96-449, a bill amending the Federal-State Extended Unemployment Compensation Act of 1970.

Because this bill created a conformity issue with states, it was necessary to submit legislation to the State Legislature (CSSB No. 50). The attached directive relates to Page 3, Line 29, of CS for SB No. 50. Although the federal law says "and" in that particular section, the U.S. Department of Labor has decided the legislative intent was "or" instead of "and."

We are submitting this to you for your review. The Department of Labor would prefer the wording of the Alaska statute to read "or" to be consistent with the intent of P.L. 96-449 and to simplify administration.

If you would like to discuss this change with me, please call me at the above telephone number.

Sincerely,



Judy Knight
Legislative Liaison

Enclosure

cc: Representative Terry Martin
Chairman, House Labor & Commerce Committee

Senator Bob Mulcahy
Chairman, Senate Labor & Commerce Committee

Employment and Training Administration
Washington, D.C. 20213

CORRESPONDENCE SYMBOL

TUMSC

DATE

May 12, 1981

DIRECTIVE : GENERAL ADMINISTRATION LETTER NO. 21-81

TO : ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM : T. JAMES WALKER
Administrator
Administration and Management

SUBJECT : Extended Benefits Program--P.L. 96-499, Amendment to
the Federal-State Extended Unemployment Compensation
Act of 1970

1. Purpose. To transmit instructions and procedures to SESAs for handling extended benefit claims.
2. References. P.L. 96-499, Section 1024, UIPL 14-81, P.L. 96-364, UIPL 16-81, 20 CFR 615, Part V, ES Manual, Sections 5720-5769.
3. Background. During the development of these procedures several issues arose concerning the interpretation of the new EB provisions in Section 1024 of P.L. 96-499 which impact on the implementation of these provisions. Those issues have now been settled and the resulting interpretations made are to the extent applicable, reflected in the procedures in this letter.

Previous issuances (UIPL 14-81 and UIPL 14-81 Change 1) have provided instructions as to the application of the provision in Section 202(a) (3)(D)(i) requiring that an offer of work be in writing "and" be listed with the State employment service. Such instructions specified that this provision be interpreted as requiring both conditions to be satisfied before the denial is applied. However, upon further consideration and analysis of the statute, it has been concluded that there is sufficient legal basis for carrying out the legislative intent that the word "and" be construed as "or." Accordingly, we now construe this provision as permitting a job to be either offered in writing or be listed with the employment service.

Section 202(a)(4) which requires that disqualifications for voluntarily leaving of employment, discharge for misconduct and refusal of suitable work shall not be considered terminated except by subsequent employment required by State law applies to initial EB claims filed after March 31, 1981, unless State law provides that this disqualification shall apply to all EB claims (initial and continued) filed after March 31, 1981.

RESCISSIONS

EXPIRATION DATE

May 3, 1982

DISTRIBUTION

EPA 4-78 (Nov. 15/78)

APR 27 1981

RE: SB 50

Since enactment of the Social Security Act of 1935 (of which the Unemployment Compensation Act was a part) the federal and state governments have been partners in the financing of state unemployment insurance programs. Since inception of the program, the federal government has paid for administration of the program and allowed certain credits against taxes imposed by law providing the states conform to federal laws and regulations. This carrot and cudgel relationship virtually guarantees conformity with federal laws and regulations.

The reason we have Senate Bill 50 before us today is to bring state law into conformity with certain changes made in unemployment compensation law during the closing hours of the last session of Congress. This legislature had nothing to do with the enactment of these changes, but like them or not, there is little that this legislature can do about them if Alaska wishes to retain tax credits and the administrative expense now allowed.

What if Alaska does not conform? Employers could lose the federal unemployment tax credit and would then pay the full 3.4% FUTA tax and the state could also lose its share of administrative funds. Funds from the 3.4% FUTA tax are used to pay extended benefits to claimants who have exhausted their state benefits. At the present time, Alaska employers' FUTA credit is 2.7%. Alaska employers now pay 0.7% on a tax base of \$6,000 or \$42. If Alaska does not conform, Alaska employers are liable for the full tax of 3.4% of \$6,000 or Alaska employers are liable for the full tax of 3.4% of \$6,000 or \$204. Thus employers would be paying \$162 more into the Washington maw while employers in other states similarly situated would be paying only \$42. We are informed by the Division that the total estimated cost to employers by loss of the FUTA tax credit would be \$30 million in 1981. Similarly, if the state wished to continue an unemployment insurance program, the Employment Security Division would be required to request this legislature for an appropriation of \$17 million.



Official Business

Alaska State Legislature

Senate

Labor & Commerce Committee

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM:

Passage of SB 50 is necessary to bring state law into conformity with Public Law 96-364; sections 1, 2, 4, and 5 address the conformity issues. The provisions of these sections relate to claims filed for the extended benefit period, and without compliance the state will be fiscally impacted as follows:

FY 81: \$30,000,000
FY 82: \$136,000,000
FY 83: \$153,000,000
FY 84: \$168,000,000
FY 85: \$178,000,000
FY 86: \$191,000,000

These figures reflect the cost to the state for the administration of unemployment compensation, currently paid by the Federal Government, and the increase which would be levied upon Alaskan employers. Alaskan employers presently receive a FUTA tax credit of 2.7% on a tax base of \$6,000 and actually pay .7% tax. If the Federal credit is withdrawn the tax to the employers will be 3.4% (2.7% plus .7%) thus increasing the employer contribution from \$42 to \$204 on a tax base of \$6,000. As of May 12th, 36 state legislatures had passed legislation conforming to the federal requirements.

Section 3 is the only provision in SB 50 which is not conformity related, and it corrects an error in the statutes pertaining to the waiver for overpayments. Simply, it substitutes the word "and" for "or", requiring that the individual had acted in "good faith" and would suffer "hardship" if repayment were necessary.



Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

SUMMARY CS SB 50

SECTION 1: Pension payments are deductible from UI benefits only when a pension was maintained or contributed to by a base period employer, and the claimants service during that base period increased the amount of the pension. The claimants portion contributed to the pension will not be deducted from his benefits. This change brings us into conformity with PL 96-364.

Ammendment also distinguishes between pension payments and payments for dismissal pay, accrued vacation pay, sick leave or holiday pay. Any such payment attributable to a week will be deducted from benefits payable for that week.

SECTION 2: No benefits are payable for a waiting week, and no benefits are payable for a week of unemployment within the benefit year before the completion of a waiting week.

SECTION 3: This section makes both "good faith" and "hardship" a requirement for waiver of overpayments. Under the current provision, a person who has not acted in "good faith" may be absolved from liability for repayment if he can demonstrate "great hardship" would be the result of repayment.

SECTION 4: Extended benefits will be denied as individual who has been disqualified for regular benefits for voluntary quit, discharged for misconduct, or job refusal, unless the disqualification was terminated by subsequent employment.

Denial of extended benefits to persons who do not actively seek, apply for, or accept suitable work when referred such work. (Suitable work is specifically defined in these provisions. Disqualification can only be terminated by new employment of at least four weeks, and by earnings of four times the weekly benefit amount.

SUMMARY CS SB 50 cont.

SECTION 5: An individual who files an Interstate claim for extended benefits from a state in which an extended benefit period is not in effect, will receive only the first two weeks of extended benefits.

COMMENTS: The provisions of Section 1,2,4,and 5 are conformity issues to comply with Federal Law.

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 50
SECTION BY SECTION ANALYSIS

Prepared for the Senate Committee on Labor and Commerce

Section 1: AS 23.20.362

This section repeals and re-enacts AS 23.20.362 with the following changes:

- 1) The pension deduction provision required by Sec 3304(a)(15), FUTA, is amended to conform with Public Law 96-364. Under this amendment, a pension would be deductible from benefits otherwise due only if the pension is provided under a plan maintained or contributed to by a base period employer, and the claimant's service in his base period increased the amount of, or affected his eligibility for, the pension or other retirement pay. In addition, that portion of the pension attributable to the claimant's own contributions will not be deducted from his benefit amount. Public Law 96-364 does not require these changes to state pension deduction provisions; rather, it allows the state this option of liberalizing the required provisions. However, the changes are equitable and would benefit Alaskan workers. For example, the previous provision required a 100% deduction even if part or all of the pension was based on employee contributions. This, in effect, penalized individuals for saving some of their wages by deducting amounts which had actually been earned long before the unemployment insurance claim was filed.
- 2) The proposed amendment also distinguishes between pension payments and payments received for dismissal pay, accrued vacation and sick leave, or holidays. The previous provision had the effect of prohibiting deductions for dismissal pay, vacation pay, or holiday pay unless the week began in a period for which such payment was made. The proposed amendment provides simply that any such payment attributable to a week will be deducted from benefits payable for that week. Sick leave has been added to the list of deductible payments. The rationale for deducting vacation pay, holidays, etc., applies to sick leave as well.

Section 2: AS 23.20.375(b)

This section repeals and re-enacts AS 23.20.375(b) to require a waiting week on all claims. The current provision waives the waiting week requirement on transitional claims. However, Public Law 96-499 now requires that any state which provides for payment "(at any time or under any circumstances) of regular compensation to an individual for his first week of otherwise compensable employment" will not be reimbursed for the federal share of the first week of extended benefits paid in the state. This requirement is not a standard for certification of state laws. The requirement must be met, however, if the state is to receive the 50% reimbursement of the federal share of the first week of extended benefits. This amendment conforms to Public Law 96-499.

Section 3: AS 23.20.390(b)

This section makes both "good faith" and "hardship" a requirement for waiver

of overpayments. The current provision allows an individual who has not acted in good faith to nevertheless be absolved from liability for repayment if he can show that great hardship would result from charging him with repayment.

Section 4: AS 23.20.406

This section amends AS 23.20.406 by adding new eligibility requirements for receipt of extended benefits. These requirements are conformity standards established by Public Law 96-499 and must be included in a state's law for weeks beginning after March 31, 1981, in order for the law to be certified by the Secretary of Labor on October 31, 1981, and thereafter.

The amendments require the following:

- 1) Denial of extended benefits to an individual who has been disqualified for regular UI benefits for voluntary quit, discharge for misconduct, or job refusal, unless the disqualification was terminated by subsequent employment.
- 2) Denial of extended benefits to an individual who does not actively seek, apply for, or accept suitable work when referred to such work. Suitable work is specifically defined in the provisions. The disqualification can be terminated only by new employment of at least four weeks and earnings of four times the weekly benefit amount.

Section 5: AS 23.20.408

This section amends AS 23.20.408 to specify that only the first two weeks of extended benefits are payable to an individual who files on an interstate basis from a state in which an extended benefit period is not in effect. This change is required, for certification of all state laws, by Public Law 96-364.

This amendment was requested by Alaska and introduced by Senator Stevens. House Joint Resolution No. 59 passed by Alaska's Legislature last year supported this change.

The provisions of Sections 1, 2, 4, and 5 are conformity issues to comply with federal law.

Distributed by Senator Robert H. Ziegler, Sr. (with no pride of authorship)

Re: SB 50

Since enactment of the Social Security Act of 1935 (of which the Unemployment Compensation Act was a part) the federal and state governments have been partners in the financing of state unemployment insurance programs. Since inception of the program, the federal government has paid for administration of the program and allowed certain credits against taxes imposed by law providing the states conform to federal laws and regulations. This carrot and cudgel relationship virtually guarantees conformity with federal laws and regulations.

The reason we have Senate Bill 50 before us today is to bring state law into conformity with certain changes made in unemployment compensation law during the closing hours of the last session of Congress. This legislature had nothing to do with enactment of these changes, but like them or not, there is little that this legislature can do about them if Alaska wishes to retain tax credits and the administrative expense now allowed.

What if Alaska does not conform? Employers would lose the federal unemployment tax credit and would then pay the full 3.4% FUTA tax and the state would also lose its share of administrative funds. Funds from the 3.4% FUTA tax are used to pay extended benefits to claimants who have exhausted their state benefits. According to the Employment Security Division, Alaska's share of these funds in 1980 was seventeen million dollars. At the present time Alaska employers FUTA credit is 2.7%. Alaska employers now pay 0.7% on a tax base of \$6,000 or \$42. If Alaska does not conform, Alaska employers are liable for the full tax of 3.4 percent of \$6,000 or \$204. Thus employers would be paying \$162 more into the Washington maw while employers in other states similarly situated would be paying only \$42. We are informed by the Division that the total estimated cost to employers by loss of the FUTA tax credit would be thirty million dollars in 1981. Similarly, if the state wished to continue an unemployment insurance program, the Employment Security Division would be required to request this legislature for an appropriation of seventeen million dollars.

I. REQUEST

Bill/Resolution No. CS for SB 50 (Labor & Commerce)
 Title "An Act relating to Unemployment Insurance; and providing for an . . ."
 Requested by Labor & Commerce Committee Date 2/9/81

II. FISCAL DETAIL

Agency Affected All agencies, indirectly
 Program Category Affected All, indirectly
 BRU, Program, or Subprogram(s) Affected All, indirectly reduces Gen. Fund Reimb. to UI Trust Fund
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	(30)	(136)	(153)	(168)	(178)	(191)
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	(30)	(136)	(153)	(168)	(178)	(191)

FUNDING (Thousands of Dollars)

	(30)	(136)	(153)	(168)	(178)	(191)
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	0	0	0	0	0	0
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions:

1. Pension provisions have too small an effect to evaluate.
2. Waiting weeks provision too small to evaluate.
3. Hardship cases too small to evaluate.
4. Approximately 20% of EB weeks claimed will be eliminated by a work acceptance requirement.
5. Approximately 10% of EB weeks paid will be eliminated by the Intrastate restriction and Washington, Oregon, and California will not be triggered on to the EB after 7/1/81.
6. Approximately 6% of EB payments made are billed to state. (Including University of Alaska and Geophysical.)
7. Effective date will be 4/1/81.

IV. DATE February 9, 1981 PREPARED BY Nico Bus
 AGENCY Finance Officer
 PHONE 465-2720

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Sent to House 4/30/81

Distributed by Senator Robert H. Ziegler, Sr. (with no pride of authorship)

Re: SB 50

Since enactment of the Social Security Act of 1935 (of which the Unemployment Compensation Act was a part) the federal and state governments have been partners in the financing of state unemployment insurance programs. Since inception of the program, the federal government has paid for administration of the program and allowed certain credits against taxes imposed by law providing the states conform to federal laws and regulations. This carrot and cudgel relationship virtually guarantees conformity with federal laws and regulations.

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FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for SB 50 (Labor & Commerce)
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II. FISCAL DETAIL

Agency Affected All agencies, indirectly
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 BRU, Program, or Subprogram(s) Affected All, indirectly reduces Gen. Fund Reimb. to UI Trust
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	(30)	(136)	(153)	(168)	(178)	(191)
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	(30)	(136)	(153)	(168)	(178)	(191)

FUNDING (Thousands of Dollars)

	(30)	(136)	(153)	(168)	(178)	(191)
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	0	0	0	0	0	0
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions:

1. Pension provisions have too small an effect to evaluate.
2. Waiting weeks provision too small to evaluate.
3. Hardship cases too small to evaluate.
4. Approximately 20% of EB weeks claimed will be eliminated by a work acceptance requirement.
5. Approximately 10% of EB weeks paid will be eliminated by the Intrastate restriction and Washington, Oregon, and California will not be triggered on to the EB after 7/1/81.
6. Approximately 6% of EB payments made are billed to state. (Including University of Alaska and Geophysical.)
7. Effective date will be 4/1/81.

IV. DATE February 9, 1981

PREPARED BY Nico Bus

AGENCY Finance Officer

PHONE 465-2720

Original: Legislative Finance

cc: -- Budget and Management

Prime Sponsor (First Legislator Named)

DATE,

I RECOGNIZE THE PROBLEM PRESENTED BY THE MARCH 31, 1981 EFFECTIVE
ADMINISTRATION OF THE EMPLOYMENT AND TRAINING ADMINISTRATION.

ADMIN-

WISHED TO YOUR STATE EMPLOYMENT SECURITY AGENCY BY THE REGIONAL

FIG-

NING AFTER MARCH 31, 1981. LEGISLATIVE LANGUAGE HAS ALREADY BEEN

BEGIN-

SATION LAW AS SOON AS POSSIBLE WITH RETROACTIVE EFFECT TO WEEKS

I STRONGLY RECOMMEND THAT YOUR STATE AMEND ITS UNEMPLOYMENT COMPEN-

THE FEDERAL REQUIREMENTS SPECIFIED IN P.L. 96-499 AND P.L. 96-364.

STATE HAS FAILED TO ENACT APPROPRIATE AMENDMENTS TO ITS LAW TO MEET

YOUR

AFTER UNDER THE FEDERAL UNEMPLOYMENT TAX ACT, AS OF MAY 29, 1981,

THERE-

CERTIFICATION PERIOD NOVEMBER 1, 1980, TO OCTOBER 31, 1981, AND

THE

MATTERS FOR CERTIFICATION OF STATES BY THE SECRETARY OF LABOR FOR

1981, RESPECTIVELY. THEY WOULD BECOME CONFORMITY AND SUBSTANTIAL COMPLIANCE

1,

TO WEEKS OF UNEMPLOYMENT BEGINNING AFTER MARCH 31, 1981, AND JUNE

RESPECT

COMPENSATION LAWS. THE CHANGES IN THESE ACTS ARE EFFECTIVE WITH

CABLE TO CLAIMANTS FOR EXTENDED BENEFITS UNDER STATE UNEMPLOYMENT

ACT OF 1976, TO ESTABLISH NEW DISQUALIFICATION REQUIREMENTS APPLI-

BOTH AMENDED THE FEDERAL-STATE EXTENDED UNEMPLOYMENT COMPENSATION

THE OVERSIGHTS RECONCILIATION ACT OF 1980 P.L. 96-499 AND P.L. 96-364

JUNE 2 1981

OFFICE OF THE COMMISSIONER

02723

JUN 16 1981

PMS GOVERNOR JAY HARMOND

RECEIVED

72693 WASHDC JUNE 2 1981

TWX DCU WSH

GOVERNORS OFFICE

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IRAFIHA 486

JUN 8 1981

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STATE TAX DEPT
MAY 28 1981

RECEIVED
MAY 28 1981

1160314

ADMIN-

ISTRATOR OF THE EMPLOYMENT AND TRAINING ADMINISTRATION.

I RECOGNIZE THE PROBLEM PRESENTED BY THE MARCH 31, 1981 EFFECTIVE DATE,

AND KNOW THAT IT POSES DIFFICULTIES FOR YOU TO ACT WITHIN SUCH TIME RESTRAINTS. WITH YOUR HELP, I BELIEVE WE CAN ACHIEVE A PRACTICAL SOLUTION FOR ALL CONCERNED. I HOPE YOU UNDERSTAND THAT THE SECRETARY OF LABOR HAS A RESPONSIBILITY TO ASSURE THAT STATE LAW SATISFIES FEDERAL LAW REQUIREMENTS, FOR THE PURPOSE OF THE CERTIFICATIONS TO BE MADE ON OCTOBER 31, 1981, UNDER THE FEDERAL UNEMPLOYMENT TAX ACT.

AS YOU KNOW, THE STATES FAILURE TO AMEND ITS LAW TO MEET THE NEW FEDERAL REQUIREMENTS APPLICABLE TO CLAIMANTS FOR EXTENDED BENEFITS AS SET FORTH IN P.L. 96-499 AND P.L. 96-364 IMPACTS ON THE NORMAL AND

ADDITIONAL TAX CREDITS ALLOWABLE TO THE STATES EMPLOYERS, AND ALSO ON PAYMENT TO THE STATE OF GRANTED FUNDS FOR ADMINISTRATION OF THE STATES UNEMPLOYMENT COMPENSATION PROGRAM.

IF YOU OR THE STATE AGENCY NEED ADVICE OR ASSISTANCE, PLEASE CALL UPON

THE REGIONAL ADMINISTRATOR OF THE EMPLOYMENT AND TRAINING ADMINISTRATION. I WOULD APPRECIATE YOUR INFORMING ME BY THE END OF THIS MONTH OF THE ACTIONS YOU WILL TAKE.

SINCERELY,

ALBERT ANGRISANI ASST SEC FOR LABOR ETA U S DEPT OF LABOR WASHDC
22210. TWX 710-8229531.

1442 EST

IPMAFUA AHG

JUN 8 '81

GOVERNORS OFFICE



May 29, 1981

Dear Chief Elected Official:

We in the Department are beginning the process of examining our legislative options for employment and training programs beyond Fiscal Year 1982. As we undertake this effort, we want to invite proposals and ideas from all of the individuals and organizations who have been part of or close to the employment and training system. This process will provide a unique opportunity to examine the system and, thus, learn from its problems and build on its successes.

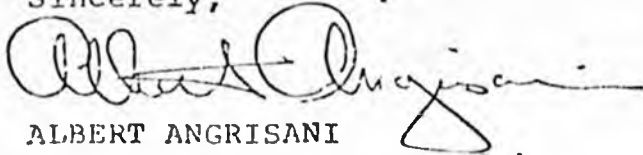
Based upon your experience with the present operation of employment and training programs, I would like you to join with the Employment and Training Administration (ETA) in a dialogue which focuses on the principal issues which will be key in a legislative proposal. Enclosed is an outline of 10 major issue areas which is intended to serve as a framework for the dialogue. While the debate on the specifics of the proposed legislation will not take place until after the introduction of bills next spring and summer, the Department will begin immediately to receive comments on the policy issues and will continue to evaluate ideas received throughout the legislative process.

To enhance your involvement in this dialogue, we would encourage you to undertake several actions. Where appropriate, you may wish to initiate forums with the support of your CETA Director and Private Industry Council Chairperson. These might involve program operators, employers, educators, and others who would discuss their concerns regarding the future design and structure of employment and training programs. You may also participate in meetings with other organizations interested in employment and training. Such meetings can provide a valuable exchange of ideas as well as an efficient means of obtaining a broad range of views. Regional Offices of the ETA Administration will be undertaking meetings as well, and we would encourage your participation. Finally, your input in this process may take the form of general comments and suggestions or discussion papers on specific issues which are submitted to the Department. While we consider that this involvement will continue throughout the legislative process, your early participation and comment will have the potential for greater impact.

To facilitate the flow of input into the Department, I have established a task force within ETA whose duties include the solicitation of ideas and the overall coordination of the dialogue process. I have named Hugh Davies as Task Force Director. Please feel free to contact him directly at (202) 375-3058. Mr. Davies' mailing address is Room 5208, Patrick Henry Building, 601 D Street, N. W., Washington, D. C. 20213. Through this process, I intend to provide for as meaningful a public dialogue on the issues as possible in order to enhance our deliberations on the critical employment and training issues facing our Nation.

As we move into this new phase for employment and training programs, I hope I may rely upon your continued involvement and support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Albert Angrisani". The signature is written in dark ink and is positioned above the typed name.

ALBERT ANGRISANI
Assistant Secretary of Labor

Enclosure

Legislative Strategy for Employment and Training Programs
Beyond FY 1982 - A Plan for Involving the System

I. Introduction

The legislative authority for the Comprehensive Employment and Training Act (CETA) expires at the end of Fiscal Year 1982 (i.e., September 30, 1982).

In anticipation of the steps which necessarily are involved in developing a legislative proposal for employment and training programs beyond that point, the Employment and Training Administration (ETA) has planned a broad dialogue with the principal organizations and individuals concerned about such programs. Examining what has happened in programs to date and listening to the observations and advice of those involved in or close to the system are critically important aspects of the legislative process. Presented herein is ETA's plan for conducting a public dialogue on the legislative issues, within the general schedule and constraints imposed by the Executive Branch and the Congressional legislative and budgetary review procedures.

II. Public Dialogue Arrangements and Procedures

To be effective, the public dialogue must be timely, focussed on the principal issues, and directed to a clearly designated point within the Department. To assure that each of these is accomplished, a Task Force within ETA has been established. All comments will be directed to the Task Force Director, who will in turn coordinate the dialogue process. The dialogue will be undertaken as follows:

A. Framing the Issues

To effectively facilitate the dialogue, observations and recommendations should be undertaken within a common framework. The framework to be used is necessarily broad, while providing a focus for the process. As discussion or comment is initiated, it should be undertaken within this framework, which is attached to the plan.

B. Soliciting Comment

The Assistant Secretary is specifically requesting a broad range of organizations to participate in the dialogue through a variety of ways, including meetings, forums, submission of comments and recommendations to the Task Force and other means as appropriate. Letters will be directed to all of those organizations which have a significant concern or stake in employment and training programs. These would include:

- Public interest groups
- Business organizations
- Federal agencies
- Governors
- Mayors
- Community based organizations
- Veterans groups
- Unions
- Special interest and advocacy organizations
- Education organizations

C. Meeting with Principal Groups and Organizations

Meetings and forums for the purpose of discussing the issues will be undertaken as follows:

- 1) Meetings with principal public interest groups and organizations. Many of these organizations are likely undertaking their own review. If so, we will arrange to coordinate our process with theirs.
- 2) ETA regional offices have been directed to undertake meetings with prime sponsors and service deliverers in their regions, using the framework included in the plan. Through this approach, a broad cross section of program operators can participate in the dialogue.
- 3) Arrangements are being undertaken for the ETA sponsored CETA Directors Workgroup and CBO Workgroup to meet to discuss the issues within the framework. The Task Force will assist in these.

For all of the above mentioned meetings, principal ETA or Departmental officials may attend, and all meetings will be supported through the efforts of the Task Force.

III. Conclusion

Through these procedures, we intend to provide for as broad and vibrant a public dialogue on the issues as possible. Through such a process we can discern the ideas, concerns, and recommendations of these organizations and thereby enhance our deliberations. Questions on this process should be directed to Hugh Davies, Task Force Director.

Attachment

Principal Legislative Issues

- 1) What should be the primary objective of employment and training programs?
 - o Should the objective be to increase the employability of individuals through training and skills development?
 - o Should the objective be to improve job search assistance and placement activities for the unemployed?
 - o Should the objective be directed toward employers?
 - o Are there other objectives or a combination of objectives which should be considered?
 - o Should the underlying objective be to reduce the national unemployment rate, the unemployment rate for particular groups (i.e., minority youth) or should the impact not really be expected to significantly impact general, local, or specific group unemployment rates?

- 2) What are the most effective program designs or models?
 - o What has the extensive experience and research with employment and training programs shown to work most effectively?
 - o Have traditional employment and training programs been sufficiently cost beneficial to warrant their continuation?
 - o Are there activities, strategies or items not currently allowable under CETA which might improve program performance?
 - o Is sequencing of services, or a particular service mix, a more effective approach?

- o Is there an optimal length of participation or training for an individual which maximizes rates of placement, wage increases, and cost of placement?
- 3) What would be the most effective delivery mechanism?
- o Who should deliver employment and training programs? How should deliverers be selected? Should there be any presumptive roles for particular groups?
 - o Should there be a block grant mechanism which gives maximum local discretion?
 - o Is it desirable to create more effective ways to operate programs or systems throughout a labor market area? Are there better ways to do this than current consortium provisions?
 - o Who should manage programs? Who should be accountable for performance?
 - o What should the role of the governor be?
 - o What should the role of county and local governments be?
 - o What should the role of community-based organizations and non-profits be?
 - o What are the problems with the current system? Is there sufficient capacity to deliver new program designs? Has the system been prepared or can it be prepared to deliver new designs?
 - o What should the role of the Job Service be in relation to other employment and training efforts?
 - o Is it desirable to require or promote greater coordination with other community employment and training institutions (UI, vocational education, BAT vocational rehabilitation, WIN and others)?

4) Targeting - How can we assure the most effective use of scarce resources?

- o What is the nature and dimension of the unemployment problem?
- o Who should be targeted for programs? Should it be the traditional economically disadvantaged long-term unemployed? Or those who need only upgrading or retraining?
- o Have participant eligibility requirements and the formula fund distribution methodologies been effective in targeting resources?
- o Does there need to be a more effective process for addressing the needs of structural versus counter cyclical unemployment?
- o Are there more effective approaches which can be taken to serve the needs of rural as well as urban unemployed?
- o To what extent should local program and service delivery mechanisms be mandated in a decentralized block grant mode?
- o Do problems of different groups (young, older workers, displaced homemakers, etc.) require different strategies?
- o Should particular attention be given to special needs groups (i.e., handicapped, offenders, veterans, etc.)?
- o Is a better approach needed to clearly differentiate between service requirements for particular special groups and equitably serving the significant segments (race, age, sex) of the eligible population?

5) What is the appropriate role of the private sector?

- o Has experience under PSIF indicated that this approach should be extended or expanded?

- o Should the private sector manage, operate, or oversee the delivery of programs?
 - o What can be done to encourage private employers to accept employment and training operators as a principal training and recruitment resource?
 - o Are tax credits or vouchering viable alternatives for access to the private sector?
 - o Is private sector job subsidization a viable alternative?
 - o What should the approach be to federally supported income generating projects which are expected to become self-sustaining private enterprises?
- 6) What sort of interrelationships and coordination mechanisms should be considered for the broader human services community?
- o What should the relationship be with income maintenance and food stamp programs? Are income disregard provisions sufficient? Are work requirements for such programs effective, integrated with other employment and training activity?
 - o What should the relationship be to economic development activities, enterprise zones, entrepreneurial efforts, or other urban development efforts?
 - o How effective have planning and advisory committees been in facilitating coordination among human service and employment and training agencies?
- 7) What should the federal management responsibility be?
- o Who should be held accountable for program performance?
 - o Can performance standards be established to equitably lever improved performance?

- o What are appropriate measures of performance? Cost per placement? Wage level improvement? Other?
 - o What should be the nature and extent of federal versus state or local monitoring?
 - o What should be the nature and extent of federal reporting requirements?
 - o Are there other methods for program implementation which might serve to improve performance, such as performance contracting or use of intermediaries?
- 8) Who should pay for employment and training activities and services?
- o Should this be largely a local responsibility to support, like education?
 - o Would local support enhance the viability and credibility of programs?
 - o Could there be support arrangements such as an ES tax system or through matching requirements that would enhance the local investment and stake in the program?
- 9) What can be done to alleviate local deliverer problems?
- o How can the stability of the local delivery system be improved, particularly in light of substantial shifts in funding levels, program designs, and administrative resources? How can the system attract and hold good staff? Is forward or two year funding a solution?
 - o How can the liability issue be resolved?
 - o What should be the approach on whether program participants should receive equal or comparable benefits and pay?

10) What are the economics of employment and training investments?

o Have current programs shown:

- reduced local unemployment,
- reduced UC payout,
- reduced welfare payout,
- increased local and national productivity and reduced inflation,
- reduced crime, or
- other benefits, quantifiable or not?

o What should be the economic objective of employment and training programs?

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

P. O. BOX 1149
JUNEAU, ALASKA 99811

Ph: 465-2700

June 17, 1981

The Honorable Ramona L. Barnes, Chairman
House Judiciary Committee
House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Barnes:

Subject: Committee Substitute for Senate Bill No. 50

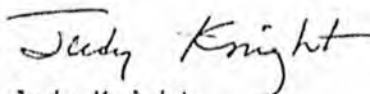
Attached is a copy of a federal directive (General Administrative Letter No. 21-81) regarding interpretation of P.L. 96-449, a bill amending the Federal-State Extended Unemployment Compensation Act of 1970.

Because this bill created a conformity issue with states, it was necessary to submit legislation to the State Legislature (CSSB No. 50). The attached directive relates to Page 3, Line 29, of CS for SB No. 50. Although the federal law says "and" in that particular section, the U.S. Department of Labor has decided the legislative intent was "or" instead of "and."

We are submitting this to you for your review. The Department of Labor would prefer the wording of the Alaska statute to read "or" to be consistent with the intent of P.L. 96-449 and to simplify administration.

If you would like to discuss this change with me, please call me at the above telephone number.

Sincerely,



Judy Knight
Legislative Liaison

Enclosure

cc: Representative Terry Martin
Chairman, House Labor & Commerce Committee

Senator Bob Mulcahy
Chairman, Senate Labor & Commerce Committee

DATE

May 12, 1981

DIRECTIVE : GENERAL ADMINISTRATION LETTER NO. 21-81

TO : ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM : T. JAMES WALKER
 Administrator
 Administration and Management

SUBJECT : Extended Benefits Program--P.L. 96-499, Amendment to
 the Federal-State Extended Unemployment Compensation
 Act of 1970

1. Purpose. To transmit instructions and procedures to SESAs for handling extended benefit claims.
2. References. P.L. 96-499, Section 1024, UIPL 14-81, P.L. 96-364, UIPL 16-81, 20 CFR 615, Part V, ES Manual, Sections 5720-5769.
3. Background. During the development of these procedures several issues arose concerning the interpretation of the new EB provisions in Section 1024 of P.L. 96-499 which impact on the implementation of these provisions. Those issues have now been settled and the resulting interpretations made are to the extent applicable, reflected in the procedures in this letter.

Previous issuances (UIPL 14-81 and UIPL 14-81 Change 1) have provided instructions as to the application of the provision in Section 202(a) (3)(D)(i) requiring that an offer of work be in writing "and" be listed with the State employment service. Such instructions specified that this provision be interpreted as requiring both conditions to be satisfied before the denial is applied. However, upon further consideration and analysis of the statute, it has been concluded that there is sufficient legal basis for carrying out the legislative intent that the word "and" be construed as "or." Accordingly, we now construe this provision as permitting a job to be either offered in writing or be listed with the employment service.

Section 202(a)(4) which requires that disqualifications for voluntarily leaving of employment, discharge for misconduct and refusal of suitable work shall not be considered terminated except by subsequent employment required by State law applies to initial EB claims filed after March 31, 1981, unless State law provides that this disqualification shall apply to all EB claims (initial and continued) filed after March 31, 1981.

RESCISSIONS

EXPIRATION DATE

May 31, 1982

DISTRIBUTION

APR 27 1981

RE: SB 50

Since enactment of the Social Security Act of 1935 (of which the Unemployment Compensation Act was a part) the federal and state governments have been partners in the financing of state unemployment insurance programs. Since inception of the program, the federal government has paid for administration of the program and allowed certain credits against taxes imposed by law providing the states conform to federal laws and regulations. This carrot and cudgel relationship virtually guarantees conformity with federal laws and regulations.

The reason we have Senate Bill 50 before us today is to bring state law into conformity with certain changes made in unemployment compensation law during the closing hours of the last session of Congress. This legislature had nothing to do with the enactment of these changes, but like them or not, there is little that this legislature can do about them if Alaska wishes to retain tax credits and the administrative expense now allowed.

What if Alaska does not conform? Employers could lose the federal unemployment tax credit and would then pay the full 3.4% FUTA tax and the state could also lose its share of administrative funds. Funds from the 3.4% FUTA tax are used to pay extended benefits to claimants who have exhausted their state benefits. At the present time, Alaska employers' FUTA credit is 2.7%. Alaska employers now pay 0.7% on a tax base of \$6,000 or \$42. If Alaska does not conform, Alaska employers are liable for the full tax of 3.4% of \$6,000 or Alaska employers are liable for the full tax of 3.4% of \$6,000 or \$204. Thus employers would be paying \$162 more into the Washington maw while employers in other states similarly situated would be paying only \$42. We are informed by the Division that the total estimated cost to employers by loss of the FUTA tax credit would be \$30 million in 1981. Similarly, if the state wished to continue an unemployment insurance program, the Employment Security Division would be required to request this legislature for an appropriation of \$17 million.

A M E N D M E N T

Offered in the HOUSE

By Hayes

TO: CSSB 50(L&C)

Page 5, after line 25:

Add the following new material:

* Sec. 6. AS 23.20.165(e) is amended to read:

(e) An employer shall maintain a record of the amount deducted from the wages of each employee and shall furnish a statement of the deductions to each employee at the times and in the manner the department prescribes by regulation. No deduction may be made from those wages paid to an employee during a calendar year which are in excess of the wages subject to contributions under AS 23.20.175. If an employee in the employ of two or more employers earns wages in one calendar year totaling more than the wages subject to contributions or if an employer through error makes a deduction and erroneously pays contributions or interest on wages of an employee in excess of the wages subject to contributions during a calendar year, the amount of deductions in excess of those required by this chapter [ERRONEOUSLY PAID] may be requested by the employee. Employee deductions in excess of the wages subject to contributions shall be refunded to the employee by the department upon application for them in accordance with regulations adopted by the department. Application must be made during the calendar year after the calendar year in which the deductions are made.

* Sec. 7. Section 6 of this Act is retroactive to January 1, 1981.

Page 5, line 26:

Change "Sec. 6" to "Sec. 8"

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Senate Bill No. 50 (Rules)
 Title "An Act relating to unemployment insurance. . . ."
 Requested by House of Representatives Date 6/19/81

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Social Services
 BRU, Program, or Subprogram(s) Affected Employment Security
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		48.1	51.9	56.1	60.6	65.4
200 TRAVEL		0	0	0	0	0
300 CONTRACTUAL		19.4	10.2	11.0	11.8	12.8
400 COMMODITIES		1.0	1.1	1.2	1.3	1.4
500 EQUIPMENT		2.0	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		70.5	63.2	68.3	73.7	79.6

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		70.5	63.2	68.3	73.7	79.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		2.0	2.0	2.0	2.0	2.0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Employee refunds are provided by AS 23.20.165(e) but not recognized by federal standards; therefore federal funding for this function is not provided. These positions will supplement the existing staff in Account & Contributions. They will be responsible for accepting and processing of applications for refunds as well as issuance of refund checks when appropriate.

It is anticipated that approximately 3,000 claimants will be eligible for a refund for calendar year 1981.

In FY '82, one time cost for writing, testing, and implementation of data processing programs to process refunds. New UI System does not include this program.

Note: Assumes an 8% inflationary increase per year.

IV. DATE 6/20/81 PREPARED BY John E. Post, Director, Admin. Svcs.
 AGENCY Labor
 Original: Legislative Finance PHONE 465-2720
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

1.	Position Title Accounting Clerk II	Range/Step 9B	Barg. Unit G	Location Juneau	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leq.

3.	Type of Expenditure	Amount
	1	2
4.	Personal Services:	
	Salary \$1521 x 12	18,252
5.	Benefits 15.87%	2,897
6.	FICA 6.13%	1,119
7.	Health Ins. #150 x 12	1,800
8.	Total Personal Services 01	24,068
9.	Travel 02	-0-
10.	Contractual 03	4,700
11.	Commodities 04	500
12.	Equipment 05	1,000
13.	Other	
14.	Total Cost	30,268

Employee refunds are provided by AS 23.20.165(e) but not recognized by federal standards; therefore federal funding for this function is not provided. This position will supplement the existing staff in Account & Contributions. It will be responsible for accepting and processing of applications for refunds as well as issuance of refund checks when appropriate.

	CODE	FUNDING SOURCE
15.		FED RECPT. 1002
16.		GF MATCH. 1003
17.		GEN. FUND 1004
18.		I-A RCPTS. 1005
19.		PGM RCPTS 1028
20.		OTHER
21.	CONTINUATION	
22.	ADDITION	

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labo

PROGRAM Social Services

BRU Employment Security Division

COMPONENT Unemployment Insurance

REVISED
DATE _____

PAGE 1 OF FY 82



13 REQUEST FOR NEW
POSITION.

1.	Position Title Accounting Clerk II	Range/Step 9B	Barg. Unit G	Location Juneau	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leq.

3. Type of Expenditure		Amount
1	2	3
Personal Services:		
4. Salary \$1521 x 12	18,252	
5. Benefits 15.87%	2,897	
6. FICA 6.13%	1,119	
7. Health Ins. #150 x 12	1,800	
8. Total Personal Services 01		24,068
9. Travel 02		-0-
10. Contractual 03		4,700
11. Commodities 04		500
12. Equipment 05		1,000
13. Other		
14. Total Cost		30,268

Employee refunds are provided by AS 23.20.165(e) but not recognized by federal standards; therefore federal funding for this function is not provided. This position will supplement the existing staff in Account & Contributions. It will be responsible for accepting and processing of applications for refunds as well as issuance of refund checks when appropriate.

CODE	FUNDING SOURCE	
15.	FED RECPT. 1002	
16.	GF MATCH. 1003	
17.	GEN. FUND 1004	30,268
18.	I-A RCPTS. 1005	
19.	PGM RCPTS 1028	
20.	OTHER	
21.	CONTINUATION	
22.	ADDITION	

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor

PROGRAM Social Services

REVISED DATE _____

BRU Employment Security Division

PAGE 1 OF FY-82

COMPONENT Unemployment Insurance

13 REQUEST FOR NEW POSITION.

