

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

5/16/84

Date: 5-25-84

The Committee on FINANCE has had CSHB 325 (16)

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

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with ^HCS for CSHB 325 (16) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

DATE: February 5, 1985

TO: Senator Jan Faiks, Co-Chairman
Senate Finance Committee

FROM: Liz Blecker, ^{SD}Fiscal Analyst
Legislative Finance Division

SUBJECT: Training and Building Fund Lapse Date

The Training and Building (T & B) Fund is governed by AS23.20.130. Revenue for the T & B Fund is from interest and penalties assessed against employers for unemployment insurance infractions. The legislature can make appropriations from the T & B Fund for administration of the unemployment insurance program, manpower training and job service related capital projects. By statute, at the end of the fiscal year, any balance remaining in the T & B Fund over \$100,000 is transferred to the Unemployment Insurance (UI) Trust Fund. The UI Trust Fund is the source of revenue for unemployment insurance payments and is not reflected in the State budget.

Last year in SB525, the lapse date on the T & B Fund was changed from the last day of the fiscal year to the 30th day following the last day of the fiscal year. The change made revenues from the previous fiscal year available for current fiscal year expenditures.

Example T & B Fund

Beginning FY84 Balance	\$ 100,000
FY84 Revenues	1,140,405
FY84 Appropriations/Expenditures	(517,700)
Ending FY84 Balance	<u>722,705</u>

Before the law change, \$622,705 (\$722,705-\$100,000) would have been transferred to the UI Trust Fund and the beginning balance in the T & B Fund would have been \$100,000.

With the change in lapse date, the beginning FY85 balance for the T & B Fund was \$722,705. The legislature appropriated \$1,050,800 from the T & B Fund for FY85. On the 30th day following the end of the fiscal year, the fund balance was approximately \$722,705, but the FY85 appropriation was shown as an obligation against the T & B Fund. Therefore the T & B Fund did not have a positive balance and no money was transferred to the UI Trust Fund.

(Training and Building Fund Lapse Date cont)

Impact

The change in lapse date increased the amount of revenue available for appropriation from T & B Fund. Before the change, only \$100,000 plus any revenue received in FY85 would have been in the T & B Fund. After the change, the T & B Fund had the prior year balance plus any revenue received in FY85.

The change in lapse date had a negative impact on the UI Trust Fund, because the balance from the T & B Fund did not lapse into the fund. Although the loss of \$622,705 would be negligible on the overall operation of the UI Trust Fund, the funds would have provided interest income to the fund and possibly lower employer UI taxes in the event that the UI Trust Fund balance slipped below a certain point.

Attached is the page from the sectional analysis provided by the Department of Labor explaining the impact of SB525. The Department labeled the lapse date change as a "housekeeping" amendment to solve an "accounting" problem. The Department did not provide a fiscal note showing the impact on the T & B Fund, because technically, the change did not affect how revenues were generated to the T & B Fund. However without the lapse date change, the FY85 revenues for the T & B Fund would not have been sufficient to cover the FY85 appropriations.

cc Labor Subcommittee Members

Section 1. This is a "housekeeping" amendment which would make a technical change to the training and building fund provision so that unobligated money in the training and building fund could be held an additional 30 days past the end of the fiscal year. The law currently requires that any unobligated money over \$100,000 in the training and building fund must lapse to the unemployment trust fund on the last day of the fiscal year. This money is obligated in appropriations bills prior to the end of the fiscal year, but the bills are often not signed until after the end of the fiscal year. The money is therefore not technically obligated until after the money has already lapsed back to the unemployment trust fund. The proposed amendment solves this "accounting" problem by holding the money in the training and building fund until the appropriation is signed. *

Sections 2 and 3. The Tax Equity and Fiscal Responsibility Act of 1982 (Public Law 97-248) amended the Federal Unemployment Tax Act (FUTA) to increase the gross FUTA tax on employers from 3.5 percent to 6.2 percent. It also increased the additional credit against the FUTA tax for contributions to a state unemployment fund from 2.7 percent to 5.4 percent. These amendments are effective January 1, 1985. Because of the language of the FUTA, all employers in the state cannot be guaranteed the full FUTA credit of 5.4 percent unless the state law includes a maximum (standard) state tax rate of at least 5.4 percent.

Section 2 of the bill amends AS 23.20.170 to enact a standard rate of 5.4 percent. Rates below 5.4 percent would continue to be granted under AS 23.20.290.

Section 3 of the bill amends AS 23.20.290 by adding a 21st rate class comprised of employers with the highest quarterly decline quotients whose cumulative pay roll is .01 percent of the total payroll in the state. This small minority of employers would receive a rate not less than 5.4 percent. The FUTA requires that the 5.4 percent rate be actually assessed at least one employer in the state, in order for all employers in the state to be guaranteed the maximum additional FUTA credit of 5.4 percent. This amendment meets the requirements of the FUTA with the least distortion to the present rate structure.

Section 4. This section amends the benefit schedule in AS 23.20.350(d) to provide a maximum UI weekly benefit amount of \$198, not counting dependents allowance. This increase will provide approximately two-thirds of claimants with replacement of 50 percent of their average weekly wages. Federal benefit adequacy guidelines suggest that a state's benefit schedule should provide 50 percent wage replacement for at least 80 percent of claimants. However, Alaska's liberal eligibility provisions make application of the federal guidelines too costly. The benefit schedule was amended in 1980 to provide a maximum weekly benefit of \$150. This schedule did replace 50 percent of wages for approximately two-thirds of claimants, but wage inflation since 1980 has steadily eroded this level of wage replacement. Although a small increase of \$6 was approved in 1982, only about 56 percent of claimants receive 50 percent wage replacement under the current schedule. The proposed schedule would increase costs to the trust fund by about 14 percent.

Sections 5 and 6. These two sections would change the requirements for the receipt of dependents allowance. The amendments do not change the amount of the allowance.

Original sponsor: Labor and Commerce
Committee

4/27 VERSION

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 525 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unemployment insurance; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 23.20.130(d) is amended to read:

10 (d) The training and building fund consists of all interest and
11 penalties collected under AS 23.20.185, 23.20.190, and 23.20.195 and
12 all sums recovered on official bond for losses sustained by the fund.
13 Training and building fund money shall be deposited in the clearing
14 account of the unemployment compensation fund for clearance only, and
15 does not become a part of the fund. The unobligated amount in the
16 training and building fund in excess of \$100,000 on the close of
17 business of the 30th day following the last day of each fiscal year
18 shall be transferred within 20 days to this state's account in the
19 unemployment trust fund. The fund shall be included in the budget
20 submitted to the legislature under the Executive Budget Act (AS 37.-
21 07). Funds available in the training and building fund shall be
22 expended upon the direction of the department, with the approval of
23 the governor, when it appears to the governor [HIM] that the expendi-
24 ture is necessary for but not limited to

25 (1) the proper administration of this chapter if no federal
26 funds are available for the specific purpose for which the expenditure
27 is to be made, and if the funds are not substituted for appropriations

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

11-25-84

Revisor: Date: _____

No. 1

REQUEST HCS (CFIN) FISCAL DETAIL
 Bill/Resolution No.: CSSB 525 (L25) Agency Affected: Labor
 Title: "An Act relating to Unemployment Insurance" Program Category Affected: Social Services
 Sponsor: Senate Labor/Commerce BRU, Program or Subprogram(s) Affected:
 Requestor: House Labor & Commerce Employment Security, Unemployment
 Date of Request: May 14, 1984 Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		5.0				
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	5.0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
GENERAL FUND						
FEDERAL FUNDS		5.0				
OTHER						
TOTAL	0	5.0	0	0	0	0

POSITIONS:

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Federal funds will be requested to fund reprogramming of automated programs.
 [125 hours x \$40 per hour.]

ANALYSIS: Attach a separate page for analysis

Prepared By: John W. Shay, Jr. Phone: 455.2712
 Division: Employment Security Division Date: 5/14/84
 Approved by Commissioner: Robert W. Jordan
Jim Robison Date: 5/14/84
 Agency: Labor

LEG:A:5
 Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

No. 2, Page 1 of 2 Revision Date: _____

REQUEST HCS for (FIP) FISCAL DETAIL
 Bill/Resolution No.: CSSB 525 (135) Agency Affected: All
 Title: "An Act relating to Unemployment Insurance" Program Category Affected: All
 Sponsor: Senate Labor/Commerce BRU, Program or Subprogram(s) Affected:
 Requestor: House Labor & Commerce All
 Date of Request: May 14, 1984

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		169.1	463.3	518.6	522.4	526.6
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		169.1	463.3	518.6	522.4	526.6
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		126.8	347.5	389.0	391.8	395.0
FEDERAL FUNDS		11.8	32.4	36.3	36.6	36.9
OTHER		30.5	83.4	93.3	94.0	94.7
TOTAL		169.1	463.3	518.6	522.4	526.6

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Personal Service benefits would increase for all agencies based on the projected increase in unemployment insurance paid to ex-state employees and seasonal employees.

ANALYSIS: Attach a separate page for analysis

Prepared By: John W. Shay, Jr. Phone: 465-2712
 Division: Employment Security Division Date: 5/11/84
 Approved by Commissioner: Robert W. Jordan Date: 5/11/84
 Agency: Labor Jim Robison

LEG:A:4
 Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

BILL/RESOLUTION NO: HCS CSSB 525 (L&C) No. 2, Page 2 of 2

TITLE: "An Act relating to Unemployment Insurance."

AGENCY AFFECTED: Department of Labor
Page 2

The following assumptions were made in preparing the forecasted costs:

1. State employment will continue to increase through FY 1986. Thereafter, state employment will level off with consolidation of administrative jobs and belt tightening being offset by jobs based on increased population.
2. There is no wage increase for calendar year 1984. The wages through FY 1986 reflect the recent agreement with APEA. A 5 percent yearly increase continues throughout the remainder of the forecast period.
3. As provided in this bill, the maximum weekly benefit amount paid for unemployment insurance claims will increase from \$156 to \$188, effective October 1, 1984.

As a result, the State of Alaska would be required to pay more in its personal service benefit costs for unemployment insurance. The total amount of the increased costs (which would affect all Departments in the State) is projected from past experience and a computerized modeling technique. The estimated increase in the average payment using this method is 12.7%. This increase would not occur immediately in FY '85, because claimants are paid for an entire year at the rates in effect when they first claim benefits. The total effect of the increase would not be felt until FY '87.

LEG:A:4

No. 3

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST HCS FISCAL DETAIL
 Bill/Resolution No.: CSSB 525 (FIN) Agency Affected: Labor
 Title: "An Act relating to Unemployment Program Category Affected: Social Services
 ment Insurance. . ."
 Sponsor: Sen. Labor & Commerce BRU, Program or Subprogram(s) Affected:
 Requestor: House Finance Employment Security, Unemployment
 Date of Request: 5/22/84 Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 PERSONAL SERVICES		112.2	117.4	121.5	128.2	135.5
200 TRAVEL		0	0	0	0	0
300 CONTRACTUAL		66.9	60.3	63.9	67.8	71.8
400 SUPPLIES		3.4	3.6	3.9	4.1	4.4
500 EQUIPMENT		5.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		2,428.6	2,550.0	2,550.0	2,550.0	2,550.0
800 MISCELLANEOUS						
TOTAL OPERATING		2,616.1	2,731.3	2,739.3	2,750.1	2,761.7
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		2,616.1	2,731.3	2,739.3	2,750.1	2,761.7
FEDERAL FUNDS		0	0	0	0	0
OTHER		0	0	0	0	0
TOTAL		2,616.1	2,731.3	2,739.3	2,750.1	2,761.7

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: John W. Shay, Jr. Phone: 465-2712
 Division: Employment Security Division Date: 5/23/84
 Approved by Commissioner: Robert W. Jansen
William Robison Date: 5/23/84
 Agency: Labor

LEG:B:14
 Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
 THIRTEENTH LEGISLATURE
 BILL/RESOLUTION NO: HCS CSSB 525 (FIN)
 TITLE: "An Act relating to Unemployment Insurance."
 AGENCY AFFECTED: Department of Labor
 Page 2

This bill would require the Department of Labor to pay unemployment insurance benefits to qualifying persons between school terms. Two costs would be associated with this bill, the actual costs of the benefits paid and the administrative costs to run the program.

The estimated benefits to be paid in Fiscal Year 1985 are calculated as follows:

Number of Eligible Claimants	1,700
Average Weekly Benefit Amount	x \$135
	<u>\$ 229,500</u>
Average Length of Claim	x 10 wks
	<u>\$2,295,000</u>
Adjustment for Increase in Average Weekly Benefit Amount from \$135 to \$150	+ 133,600
	<u> </u>
Total Benefits Fiscal Year 1985	\$2,428,600

The estimated benefits to be paid in fiscal years 1986 - 1989 are as follows:

Number of Eligible Claimants	1,700
Average Weekly Benefit Amount	x \$150
	<u>\$ 255,000</u>
Average Length of Claim	x 10 wks
	<u> </u>
Total	\$2,550,000

Administration costs to run this program would include the salaries of ten seasonal Unemployment Insurance Specialist I's for four months each. Contractual and Supply costs associated with these positions would include postage and forms, as well as normal expenses. One-time expenses would include \$10,000 in Contractual in Fiscal Year 1985 to complete automation of the claims processing function, and \$5,000 in Fiscal Year 1985 to purchase equipment for this function.

In preparing the cost estimate for benefits to be paid the following assumptions were made:

1. An effective date of May 22, 1984.
2. The average weekly benefit amount would increase from \$135 to \$150 on October 1, 1984.
3. No increase in claims would be seen from Fiscal Year 1985 - 1989.
4. There would be no further increase in benefit amount from Fiscal Year 1985 - 1989.

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE
BILL/RESOLUTION NO: HCS CSSB 525 (FIN)
TITLE: "An Act relating to Unemployment Insurance."
AGENCY AFFECTED: Department of Labor
Page 3

In preparing the cost estimates for administrative costs the following assumptions were made:

1. An effective date of May 22, 1984.
2. An annual inflation rate of six percent.

LEG:B:14

Original sponsor: Labor and Commerce
Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 525 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unemployment insurance; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 23.20.130(d) is amended to read:

10 (d) The training and building fund consists of all interest and
11 penalties collected under AS 23.20.135, 23.20.190, and 23.20.195 and
12 all sums recovered on official bond for losses sustained by the fund.
13 Training and building fund money shall be deposited in the clearing
14 account of the unemployment compensation fund for clearance only, and
15 does not become a part of the fund. The unobligated amount in the
16 training and building fund in excess of \$100,000 on the close of
17 business of the 30th day following the last day of each fiscal year
18 shall be transferred within 20 days to this state's account in the
19 unemployment trust fund. The fund shall be included in the budget
20 submitted to the legislature under the Executive Budget Act (AS 37.-
21 07). Funds available in the training and building fund shall be
22 expended upon the direction of the department, with the approval of
23 the governor, when it appears to the governor [HIM] that the expendi-
24 ture is necessary for but not limited to

25 (1) the proper administration of this chapter if no federal
26 funds are available for the specific purpose for which the expenditure
27 is to be made, and if the funds are not substituted for appropriations
28 from federal funds that [WHICH] would be made available in the absence
29 of those funds;

1 (2) the proper administration of this chapter, if [FOR
2 WHICH PURPOSE] appropriations from federal funds have been requested
3 but not yet received, and [IF] the training and building fund will be
4 reimbursed upon receipt of the requested federal appropriation;

5 (3) the purposes specified in AS 23.15.611;

6 (4) the purposes specified in AS 23.20.075.

7 * Sec. 2. AS 23.20.170 is amended by adding a new subsection to read:

8 (c) The standard rate of contributions with respect to employ-
9 ment is 5.4 percent of wages paid. Reductions from the standard rate
10 may only be made under this section and AS 23.20.280 - 23 20.310.

11 * Sec. 3. AS 23.20.290(c) is amended to read:

12 (c) Beginning January 1, 1981, the rate of contributions for
13 each employer is 82 percent of the average benefit cost rate multi-
14 plied by the employer's experience factor set out in column C of the
15 table in this subsection opposite the employer's [HIS] applicable rate
16 class set out in column A plus the fund solvency adjustment [CONTRI-
17 BUTION] required under (f) of this section. However, the rate of
18 contributions for an employer may not be less than one percent or more
19 than six and one-half percent. The rate of contributions for an
20 employer in rate class 21 may not be less than 5.4 percent. The rate
21 of contributions for an employer must be rounded to the nearest one-
22 hundredth of one percent.

23	COLUMN A	COLUMN B	COLUMN C
24	Rate Class	Cumulative	Experience
25		Rateable Payroll	Factor
26		at least	but less than
27		(percent)	(percent)
28	1	5	.40
29	2	10	.45

1	3	10	15	.50
2	4	15	20	.55
3	5	20	25	.60
4	6	25	30	.65
5	7	30	35	.70
6	8	35	40	.80
7	9	40	45	.90
8	10	45	50	1.00
9	11	50	55	1.00
10	12	55	60	1.10
11	13	60	65	1.20
12	14	65	70	1.30
13	15	70	75	1.35
14	16	75	80	1.40
15	17	80	85	1.45
16	18	85	90	1.50
17	19	90	95	1.55
18	20	95	<u>99.99</u>	1.60
19	<u>21</u>	<u>99.99</u>		<u>1.65</u>

* Sec. 4. AS 23.20.290(e) is amended to read:

(e) The department shall determine the average benefit cost rate as follows:

(1) the department shall determine the amount of benefits paid to insured workers during the last three computation years;

(2) the department shall subtract from the amount determined in (1) of this subsection the amount of any benefits reimbursed to the fund and the amount of interest earned on the trust fund balance during those computation years;

(3) the department shall divide the amount determined in

1 (2) of this subsection by the total wages paid by all employers re-
2 quired to pay contributions under this chapter during the first three
3 of the last four computation years;

4 (4) the department shall determine the amount of total
5 wages subject to contributions under this chapter paid during the
6 preceding computation years;

7 (5) the department shall determine the amount of all wages
8 paid to insured workers during the preceding computation year;

9 (6) the department shall subtract from the amount deter-
10 mined in (5) of this subsection the amount of wages paid during the
11 preceding computation year by employers who elect to reimburse the
12 department under AS 23.20.276 and 23.20.277;

13 (7) the department shall divide the amount determined in
14 (4) of this subsection by the amount determined in (6) of this sub-
15 section; and

16 (3) the department shall divide the amount determined in
17 (3) of this subsection by the amount determined in (7) of this sub-
18 section.

19 * Sec. 5. AS 23.20.290(f) is repealed and reenacted to read:

20 (f) An employer shall pay a fund solvency adjustment equal to
21 the contribution rate set out in column B of the table in this sub-
22 section opposite the reserve rate of the fund set out in column A.
23 However, the fund solvency adjustment rate of an employer may not
24 increase or decrease more than three-tenths of one percent from one
25 year to the next.

COLUMN A		COLUMN B
Reserve Rate		Fund Solvency Adjustment
at least	but less than	(percent)
(percent)	(percent)	

1	3.6		-0.4
2	3.5	3.6	-0.3
3	3.4	3.5	-0.2
4	3.3	3.4	-0.1
5	3.0	3.3	0.0
6	2.9	3.0	0.1
7	2.8	2.9	0.2
8	2.7	2.8	0.3
9	2.6	2.7	0.4
10	2.5	2.6	0.5
11	2.4	2.5	0.6
12	2.3	2.4	0.7
13	2.2	2.3	0.8
14	2.1	2.2	0.9
15	2.0	2.1	1.0
16		2.0	1.1

* Sec. 6. AS 23.20.350(d) is repealed and reenacted to read:

(d) An individual who is eligible under (a) of this section is entitled to receive the weekly benefit amount set out in column (B) of the table in this subsection that is opposite the amount set out in column (A) of the individual's base period wages determined under (c) of this section:

(A)		(B)
Base Period Wages		Weekly Benefit Amount
At Least	But less than	
0	1,000	\$ 0
1,000	1,250	33
1,250	1,500	40
1,500	1,750	42

1	1,750	2,000	44
2	2,000	2,250	46
3	2,250	2,500	48
4	2,500	2,750	50
5	2,750	3,000	52
6	3,000	3,250	54
7	3,250	3,500	56
8	3,500	3,750	58
9	3,750	4,000	60
10	4,000	4,250	62
11	4,250	4,500	64
12	4,500	4,750	66
13	4,750	5,000	68
14	5,000	5,250	70
15	5,250	5,500	72
16	5,500	5,750	74
17	5,750	6,000	76
18	6,000	6,250	78
19	6,250	6,500	80
20	6,500	6,750	82
21	6,750	7,000	84
22	7,000	7,250	86
23	7,250	7,500	88
24	7,500	7,750	90
25	7,750	8,000	92
26	8,000	8,250	94
27	8,250	8,500	96
28	8,500	8,750	98
29	8,750	9,000	100

1	9,000	9,250	102
2	9,250	9,500	104
3	9,500	9,750	106
4	9,750	10,000	108
5	10,000	10,250	110
6	10,250	10,500	112
7	10,500	10,750	114
8	10,750	11,000	116
9	11,000	11,250	118
10	11,250	11,500	120
11	11,500	11,750	122
12	11,750	12,000	124
13	12,000	12,250	126
14	12,250	12,500	128
15	12,500	12,750	130
16	12,750	13,000	132
17	13,000	13,250	134
18	13,250	13,500	136
19	13,500	13,750	138
20	13,750	14,000	140
21	14,000	14,250	142
22	14,250	14,500	144
23	14,500	14,750	146
24	14,750	15,000	148
25	15,000	15,250	150
26	15,250	15,500	152
27	15,500	15,750	154
28	15,750	16,000	156
29	16,000	16,250	158

1	15,250	16,500	160
2	16,500	16,750	162
3	16,750	17,000	164
4	17,000	17,250	166
5	17,250	17,500	168
6	17,500	17,750	170
7	17,750	18,000	172
8	18,000	18,250	174
9	18,250	18,500	176
10	18,500	18,750	178
11	18,750	19,000	180
12	19,000	19,250	182
13	19,250	19,500	184
14	19,500	19,750	186
15	19,750		188

* Sec 7. AS 23.20.350(f) is repealed and reenacted to read:

(f) An individual who establishes a benefit year is eligible for an allowance for dependents in addition to the individual's weekly benefit amount. The department may require an individual claiming or receiving an allowance for dependents to produce income tax returns, birth certificates, notices of adoption or custody, social security account number of spouse, verification of support documents, or other information necessary to verify that the allowance is payable to the individual. The allowance for dependents

(1) is \$24 per week for each dependent, except that the total allowance for dependents paid to an individual may not exceed \$72 for each week of unemployment;

(2) is payable beginning with the week during the benefit year in which the individual claims an allowance for the dependent and

1 is payable for the remainder of the individual's eligibility for
2 regular, extended, or supplemental payments during the benefit year;

3 (3) may not be claimed for a new dependent after the end of
4 the benefit year or after the exhaustion of regular benefits in the
5 benefit year;

6 (4) may not be paid to an individual if

7 (A) that dependent has been claimed by another indi-
8 vidual;

9 (B) the other individual has been found eligible to
10 receive the allowance for the dependent; and

11 (C) the benefit year of the other individual has not
12 expired; and

13 (5) may be paid only if the department determines that no
14 other individual having an unexpired benefit year has been found
15 eligible for an allowance for the same dependent.

16 * Sec. 8. AS 23.20.350(g)(1) is amended to read:

17 (1) "dependent" means an individual's

18 (A) unmarried child, stepchild, legally adopted child,
19 or legal ward under 18 years of age who is

20 (i) lawfully in the individual's physical custody
21 at the time the individual claims the allowance for depen-
22 dents; or

23 (ii) dependent on the individual for more than 50
24 percent of support;

25 (B) unmarried child, stepchild, legally adopted child,
26 or legal ward of any age who is dependent on the individual for
27 more than 50 percent of support and who is prevented by infirmity
28 from engaging in a gainful occupation;

29 * Sec. 9. AS 23.20 is amended by adding a new section to read:

1 Sec. 23.20.354. STATE INTERIM BENEFITS. (a) There is estab-
2 lished a state interim benefits program. State interim benefits are
3 payable only to the extent that money is appropriated from the general
4 fund for that purpose.

5 (b) An individual who has otherwise satisfied the requirements
6 of this chapter for the receipt of regular benefits is eligible for
7 state interim benefits if

8 (1) the individual's weekly benefit amount payable under
9 this chapter is reduced or denied under AS 23.20.381(h); or

10 (2) the individual is a noncertificated individual who
11 provides compensated service to a school district for teaching in-
12 digenous languages and the individual's weekly benefit amount payable
13 under this chapter is reduced or denied under AS 23.20.381(c).

14 (c) The amount of state interim benefits payable to an individ-
15 ual for a week is equal to the difference between the individual's
16 weekly benefit amount, including the dependents allowance, established
17 under AS 23.20.250 and the individual's weekly benefit amount, includ-
18 ing the dependents allowance, payable for that week under AS 23.20.-
19 381(e) or 23.20.381(h). The total amount of state interim benefits
20 paid may not exceed the total amount of regular benefits denied solely
21 under AS 23.20.381(e) or 23.20.381(h).

22 (d) State interim benefits are subject to reduction, disquali-
23 fication, recoupment, and offset in the same manner as regular bene-
24 fits under this chapter.

25 (e) Extended, additional, or supplemental benefits of any kind
26 are not payable on the basis of a claim for, or the payment of, state
27 interim benefits. State interim benefits may not be used to supple-
28 ment a reduction or denial of extended, additional, or supplemental
29 benefits.

1 * Sec. 10. AS 23.20.362(c) is amended to read:

2 (c) The amount of benefits payable to an insured worker for a
3 week of unemployment shall be reduced by the amount of any severance
4 or termination payment, wages in lieu of dismissal notice, or payment
5 for vacation, sic. leave, or holidays that is attributable to that
6 week [PAYMENT ATTRIBUTABLE TO THAT WEEK WHICH COMPENSATES THE INSURED
7 WORKER FOR A DISMISSAL FROM EMPLOYMENT WITHOUT NOTICE, OR FOR ACCRUED
8 VACATION, SICK LEAVE, OR HOLIDAYS].

9 * Sec. 11. AS 23.20.381 is amended by adding new subsections to read:

10 (h) Benefits based on services for an educational institution in
11 other than an instructional, research, or principal administrative
12 capacity may not be paid to an individual for a week of unemployment
13 that begins during the period between two successive academic years or
14 terms if the individual performed those services in the first of those
15 academic years or terms and there is a reasonable assurance that the
16 individual will perform those services in the second of those academic
17 years or terms. If an individual is denied benefits for any week
18 under this subsection and the individual is not later offered an
19 opportunity to perform services for the educational institution in the
20 second academic year or term, the individual is entitled to a retroac-
21 tive payment of benefits for each week for which the individual filed
22 a timely claim for benefits and for which benefits were denied solely
23 under this subsection.

24 (i) Benefits based on services described in (e) and (h) of this
25 section may not be paid to an individual for a week that begins during
26 an established and customary vacation period or holiday recess if the
27 individual performs those services in the period immediately before
28 the vacation period or holiday recess and there is a reasonable assur-
29 ance that the individual will perform those services in the period

1 immediately following the vacation period or holiday recess.

2 (j) Benefits based on services described in (e) and (h) of this
3 section shall be denied under (e), (h), and (i) of this section to an
4 individual who performed those services in an educational institution
5 while in the employ of an educational service agency. In this sub-
6 section, "educational service agency" means a governmental agency or
7 governmental entity that is established and operated exclusively for
8 the purpose of providing services to one or more educational insti-
9 tutions.

10 * Sec. 12. AS 23.20.406(c) is amended to read:

11 (c) Notwithstanding (a) and (b) of this section, an individual
12 is ineligible for payment of extended benefits for any week of unem-
13 ployment in the individual's [HIS] eligibility period if the depart-
14 ment finds that during that period the individual

15 (1) [HE] failed to accept an offer of suitable work as
16 defined under (k) of this section or failed to apply for suitable work
17 to which the individual [HE] was referred by the department; or

18 (2) [HE] failed to actively seek work as prescribed under
19 (f) of this section, except that the eligibility of the individual
20 will be determined under AS 23.20.378 without regard to the disquali-
21 fication provisions otherwise applicable under (d) of this section if
22 the individual is not actively engaged in seeking work because the
23 individual is (A) summoned for jury duty before a court of the United
24 States or any state; or (B) hospitalized for treatment of an emergency
25 or life-threatening condition.

26 * Sec. 13. AS 23.20.505 is amended by adding a new subsection to read:

27 (d) An individual is not considered "unemployed" in a week if

28 (1) the individual is not performing services during that
29 week because the individual is on leave from the regular employer of

1 the individual for a period of four weeks or less; and

2 (2) the leave is part of a work schedule consisting of
3 alternating periods of work and leave in which the hours of work for
4 one complete period of work and leave average at least 40 hours per
5 week.

6 * Sec. 14. AS 23.20.526(a)(22) is amended to read:

7 (22) service performed for a corporation by an employee of
8 the corporation if

9 (A) the corporation is incorporated under AS 10.05;

10 (B) the corporation is not a government corporation;

11 and

12 (C) the employee is an executive officer of the corpo-
13 ration [WHO DIRECTLY OR INDIRECTLY OWNS 25 PERCENT OR MORE OF THE
14 VOTING SECURITIES OF THE CORPORATION; AND

15 (D) THE EXECUTIVE OFFICER AGREES THAT THE SERVICES NOT
16 BE "EMPLOYMENT" UNDER THIS PARAGRAPH].

17 * Sec. 15. Sections 2 and 3 of this Act take effect January 1, 1985.

18 * Sec. 16. Sections 4 - 8 of this Act take effect October 1, 1984, and
19 apply to benefit years established after September 30, 1984.

20 * Sec. 17. Section 11 of this Act is retroactive to April 1, 1984.

21 * Sec. 18. Section 14 of this Act takes effect July 1, 1984.

22 * Sec. 19. Sections 1 and 9 - 13 of this Act take effect immediately in
23 accordance with AS 01.10.070(c).

Introduced: 3/7/84
Referred: Labor and Commerce and
Finance

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 525

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unemployment insurance; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 23.20.130(d) is amended to read:

10 (d) The training and building fund consists of all interest and
11 penalties collected under AS 23.20.185, 23.20.190, and 23.20.195 and
12 all sums recovered on official bond for losses sustained by the fund.
13 Training and building fund money shall be deposited in the clearing
14 account of the unemployment compensation fund for clearance only, and
15 does not become a part of the fund. The unobligated amount in the
16 training and building fund in excess of \$100,000 on the close of
17 business of the 30th day following the last day of each fiscal year
18 shall be transferred within 20 days to this state's account in the
19 unemployment trust fund. The fund shall be included in the budget
20 submitted to the legislature under the Executive Budget Act (AS 37.-
21 07). Funds available in the training and building fund shall be
22 expended upon the direction of the department, with the approval of
23 the governor, when it appears to the governor [HIM] that the expendi-
24 ture is necessary for but not limited to

25 (1) the proper administration of this chapter if no federal
26 funds are available for the specific purpose for which the expenditure
27 is to be made, and if the funds are not substituted for appropriations
28 from federal funds that [WHICH] would be made available in the absence
29 of those funds;

1 (2) the proper administration of this chapter, if [FOR
2 WHICH PURPOSE] appropriations from federal funds have been requested
3 but not yet received, and [IF] the training and building fund will be
4 reimbursed upon receipt of the requested federal appropriation;

5 (3) the purposes specified in AS 23.15.611;

6 (4) the purposes specified in AS 23.20.075.

7 * Sec. 2. AS 23.20.170 is amended by adding a new subsection to read:

8 (c) The standard rate of contributions with respect to employ-
9 ment is 5.4 percent of wages paid. Reductions from the standard rate
10 may only be made under this section and AS 23.20.280 - 23.20.310.

11 * Sec. 3. AS 23.20.290(c) is amended to read:

12 (c) Beginning January 1, 1981, the rate of contributions for
13 each employer is 82 percent of the average benefit cost rate multi-
14 plied by the employer's experience factor set out in column C of the
15 table in this subsection opposite the employer's [HIS] applicable rate
16 class set out in column A plus the fund solvency contribution required
17 under (f) of this section. However, the rate of contributions for an
18 employer may not be less than one percent or more than six and one-
19 half percent. The rate of contributions for an employer in a rate class
20 21 may not be less than 5.4 percent. The rate of contributions for an
21 employer must be rounded to the nearest one-hundredth of one percent.

22	COLUMN A	COLUMN B	COLUMN C
23	Rate Class	Cumulative	Experience
24		Ratable Payroll	Factor
25		at least	but less than
26		(percent)	(percent)
27	1	5	.40
28	2	10	.45
29	3	15	.50

1	4	15	20	.55
2	5	20	25	.60
3	6	25	30	.65
4	7	30	35	.70
5	8	35	40	.80
6	9	40	45	.90
7	10	45	50	1.00
8	11	50	55	1.00
9	12	55	60	1.10
10	13	60	65	1.20
11	14	65	70	1.30
12	15	70	75	1.35
13	16	75	80	1.40
14	17	80	85	1.45
15	18	85	90	1.50
16	19	90	95	1.55
17	20	95	<u>99.99</u>	1.60
18	<u>21</u>	<u>99.99</u>		<u>1.65</u>

19 * Sec. 4. AS 23.20.350(d) is amended to read:

20 (d) An individual who is eligible under (a) of this section is
 21 entitled to receive the weekly benefit amount set out in column (B) of
 22 the table in this subsection that [WHICH] is opposite the amount set
 23 out in column (A) of the individual's base period wages determined
 24 under (c) of this section:

(A)		(B)
Base Period Wages		Weekly Benefit Amount
At Least	But less than	
28 0	1,000	\$ 0
29 1,000	1,250	34

1	1,250	1,500	36
2	1,500	1,750	38
3	1,750	2,000	40
4	2,000	2,250	42
5	2,250	2,500	44
6	2,500	2,750	46
7	2,750	3,000	48
8	3,000	3,250	50
9	3,250	3,500	52
10	3,500	3,750	54
11	3,750	4,000	56
12	4,000	4,250	58
13	4,250	4,500	60
14	4,500	4,750	62
15	4,750	5,000	64
16	5,000	5,250	66
17	5,250	5,500	68
18	5,500	5,750	70
19	5,750	6,000	72
20	6,000	6,250	74
21	6,250	6,500	76
22	6,500	6,750	78
23	6,750	7,000	80
24	7,000	7,250	82
25	7,250	7,500	84
26	7,500	7,750	86
27	7,750	8,000	88
28	8,000	8,250	90
29	8,250	8,500	92

1	8,500	8,750	94
2	8,750	9,000	96
3	9,000	9,250	98
4	9,250	9,500	100
5	9,500	9,750	102
6	9,750	10,000	104
7	10,000	10,250	106
8	10,250	10,500	108
9	10,500	10,750	110
10	10,750	11,000	112
11	11,000	11,250	114
12	11,250	11,500	116
13	11,500	11,750	118
14	11,750	12,000	120
15	12,000	12,250	122
16	12,250	12,500	124
17	12,500	12,750	126
18	12,750	13,000	128
19	13,000	13,250	130
20	13,250	13,500	132
21	13,500	13,750	134
22	13,750	14,000	136
23	14,000	14,250	138
24	14,250	14,500	140
25	14,500	14,750	142
26	14,750	15,000	144
27	15,000	15,200	146
28	15,200	15,400	148
29	15,400	15,600	150

1	15,600	15,800	152
2	15,800	16,000	154
3	16,000	<u>16,200</u>	156
4	<u>16,200</u>	<u>16,400</u>	158
5	<u>16,400</u>	<u>16,600</u>	160
6	<u>16,600</u>	<u>16,800</u>	162
7	<u>16,800</u>	<u>17,000</u>	164
8	<u>17,000</u>	<u>17,200</u>	166
9	<u>17,200</u>	<u>17,400</u>	168
10	<u>17,400</u>	<u>17,600</u>	170
11	<u>17,600</u>	<u>17,800</u>	172
12	<u>17,800</u>	<u>18,000</u>	174
13	<u>18,000</u>	<u>18,200</u>	176
14	<u>18,200</u>	<u>18,400</u>	178
15	<u>18,400</u>	<u>18,600</u>	180
16	<u>18,600</u>	<u>18,800</u>	182
17	<u>18,800</u>	<u>19,000</u>	184
18	<u>19,000</u>	<u>19,200</u>	186
19	<u>19,200</u>	<u>19,400</u>	188
20	<u>19,400</u>	<u>19,600</u>	190
21	<u>19,600</u>	<u>19,800</u>	192
22	<u>19,800</u>	<u>20,000</u>	194
23	<u>20,000</u>	<u>20,200</u>	196
24	<u>20,200</u>		198

25 * Sec. 5. AS 23.20.350(f) is repealed and reenacted to read:

26 (f) An individual who establishes a benefit year is eligible for
27 an allowance for dependents in addition to the individual's weekly
28 benefit amount. The department may require an individual claiming or
29 receiving an allowance for dependents to produce income tax returns,

1 birth certificates, notices of adoption or custody, social security
2 account number of spouse, verification of support documents, or other
3 information necessary to verify that the allowance is payable to the
4 individual. The allowance for dependents

5 (1) is \$24 per week for each dependent, except that the
6 total allowance for dependents paid to an individual may not exceed
7 \$72 for each week of unemployment;

8 (2) is payable beginning with the week during the benefit
9 year in which the individual claims an allowance for the dependent and
10 is payable for the remainder of the individual's eligibility for
11 regular, extended, or supplemental payments during the benefit year;

12 (3) may not be claimed for a new dependent after the end of
13 the benefit year or after the exhaustion of regular benefits in the
14 benefit year;

15 (4) may not be paid to an individual if

16 (A) that dependent has been claimed by another indi-
17 vidual;

18 (B) the other individual has been found eligible to
19 receive the allowance for the dependent; and

20 (C) the benefit year of the other individual has not
21 expired; and

22 (5) may be paid only if the department determines that no
23 other individual having an unexpired benefit year has been found
24 eligible for an allowance for the same dependent.

25 * Sec. 6. AS 23.20.350(g)(1) is amended to read:

26 (1) "dependent" means an individual's

27 (A) unmarried child, stepchild, legally adopted child,
28 or legal ward under 18 years of age who is

29 (i) lawfully in the individual's physical custody

1 at the time the individual claims the allowance for depen-
2 dents; or

3 (ii) dependent on the individual for more than 50
4 percent of support;

5 (B) unmarried child, stepchild, legally adopted child,
6 or legal ward of any age who is dependent on the individual for
7 more than 50 percent of support and who is prevented by infirmity
8 from engaging in a gainful occupation;

9 * Sec. 7. AS 23.20.362(c) is amended to read:

10 (c) The amount of benefits payable to an insured worker for a
11 week of unemployment shall be reduced by the amount of any severance
12 or termination payment, wages in lieu of dismissal notice, or payment
13 for vacation, sick leave, or holidays which is attributable to that
14 week [PAYMENT ATTRIBUTABLE TO THAT WEEK WHICH COMPENSATES THE INSURED
15 WORKER FOR A DISMISSAL FROM EMPLOYMENT WITHOUT NOTICE, OR FOR ACCRUED
16 VACATION, SICK LEAVE, OR HOLIDAYS].

17 * Sec. 8. AS 23.20.381 is amended by adding new subsections to read:

18 (h) Benefits based on services for an educational institution in
19 other than an instructional, research, or principal administrative
20 capacity shall not be paid to an individual for a week of unemployment
21 that begins during the period between two successive academic years or
22 terms if the individual performed those services in the first of those
23 academic years or terms and there is a reasonable assurance that the
24 individual will perform those services in the second of those academic
25 years or terms. If an individual is denied benefits for any week
26 under this subsection and the individual is not later offered an
27 opportunity to perform services for the educational institution in the
28 second academic year or term, the individual is entitled to a retroac-
29 tive payment of benefits for each week for which the individual filed

1 a timely claim for benefits and for which benefits were denied solely
2 under this subsection.

3 (i) Benefits based on services described in (e) and (h) of this
4 section shall not be paid to an individual for a week that begins
5 during an established and customary vacation period or holiday recess
6 if the individual performs those services in the period immediately
7 before the vacation period or holiday recess and there is a reasonable
8 assurance that the individual will perform those services in the
9 period immediately following the vacation period or holiday recess.

10 (j) Benefits based on services described in (e) and (h) of this
11 section shall be denied under (e), (h), and (i) of this section to an
12 individual who performed those services in an educational institution
13 while in the employ of an educational service agency. For the purpose
14 of this subsection, "educational service agency" means a governmental
15 agency or governmental entity that is established and operated exclu-
16 sively for the purpose of providing services to one or more education-
17 al institutions.

18 * Sec. 9. AS 23.20.406(c) is amended to read:

19 (c) Notwithstanding (a) and (b) of this section, an individual
20 is ineligible for payment of extended benefits for any week of unem-
21 ployment in the individual's [HIS] eligibility period if the depart-
22 ment finds that during that period

23 (1) the individual [HE] failed to accept an offer of suit-
24 able work as defined under (k) of this section or failed to apply for
25 suitable work to which the individual [HE] was referred by the depart-
26 ment; or

27 (2) the individual [HE] failed to actively seek work as
28 prescribed under (f) of this section, except that the eligibility of
29 the individual will be determined under AS 23.20.378 without regard to

1 the disqualification provisions otherwise applicable under (d) of this
2 section if the individual is not actively engaged in seeking work
3 because the individual is (A) summoned for jury duty before a court of
4 the United States or any state; or (B) hospitalized for treatment of
5 an emergency or life-threatening condition.

6 * Sec. 10. AS 23.20.505 is amended by adding a new subsection to read:

7 (d) An individual is not considered "unemployed" in a week if

8 (1) the individual is not performing services during that
9 week because the individual is on leave from the regular employer of
10 the individual for a period of four weeks or less; and

11 (2) the leave is part of a work schedule consisting of
12 alternating periods of work and leave in which the hours of work for
13 one complete period of work and leave average at least 40 hours per
14 week.

15 * Sec. 11. AS 23.20.526(a)(22) is amended to read:

16 (22) s rvice performed for a corporation by an employee of
17 the corporation if

18 (A) the corporation is incorporated under AS 10.05;

19 (F) the corporation is not a government corporation;

20 and

21 (C) the employee is an executive officer of the corpo-
22 ration who directly or indirectly owns 25 percent or more of the
23 voting securities of the corporation [; AND

24 (D) THE EXECUTIVE OFFICER AGREES THAT THE SERVICES NOT
25 BE "EMPLOYMENT" UNDER THIS PARAGRAPH].

26 * Sec. 12. Sections 2 and 3 of this Act take effect January 1, 1985.

27 * Sec. 13. Sections 4 - 6 of this Act take effect October 1, 1984, and
28 apply to benefit years established after September 30, 1984.

29 * Sec. 14. Section 11 of this Act takes effect July 1, 1984.

1 * Sec. 15. Sections 1 and 7 - 10 of this Act take effect immediately in
2 accordance with AS 01.10.070(c).

A M E N D M E N T

OFFERED IN THE HOUSE:

RAB

BY: Rep. Bettisworth

TO: Rep. Adams HOUSE BILL No. _____

SENATE BILL No. 525

PAGE: 10

LINE: 5

Under AS 23.20.354 (b) amend as follows:

(c) An individual is eligible for state interim benefits if the individual has severed his or her employment benefits and employment rights, and if

2

Berrier
5/23/84 ✓

Original sponsor: Labor and Commerce
Committee

KEY
— additions
[] deletions

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 525 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unemployment insurance; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 23.20.130(d) is amended to read:

10 (d) The training and building fund consists of all interest and
11 penalties collected under AS 23.20.185, 23.20.190, and 23.20.195 and
12 all sums recovered on official bond for losses sustained by the fund.
13 Training and building fund money shall be deposited in the clearing
14 account of the unemployment compensation fund for clearance only, and
15 does not become a part of the fund. The unobligated amount in the
16 training and building fund in excess of \$100,000 on the close of
17 business of the 30th day following the last day of each fiscal year
18 shall be transferred within 20 days to this state's account in the
19 unemployment trust fund. The fund shall be included in the budget
20 submitted to the legislature under the Executive Budget Act (AS 37.-
21 07). Funds available in the training and building fund shall be
22 expended upon the direction of the department, with the approval of
23 the governor, when it appears to the governor [HIM] that the expendi-
24 ture is necessary for but not limited to

25 (1) the proper administration of this chapter if no federal
26 funds are available for the specific purpose for which the expenditure
27 is to be made, and if the funds are not substituted for appropriations
28 from federal funds that [WHICH] would be made available in the absence
29 of those funds;

1 (2) the proper administration of this chapter, if [FOR
 2 WHICH PURPOSE] appropriations from federal funds have been requested
 3 but not yet received, and [IF] the training and building fund will be
 4 reimbursed upon receipt of the requested federal appropriation;

5 (3) the purposes specified in AS 23.15.611;

6 (4) the purposes specified in AS 23.20.075.

7 * Sec. 2. AS 23.20.170 is amended by adding a new subsection to read:

8 (c) The standard rate of contributions with respect to employ-
 9 ment is 5.4 percent of wages paid. Reductions from the standard rate
 10 may only be made under this section and AS 23.20.280 - 23.20.310.

11 * Sec. 3. AS 23.20.290(c) is amended to read:

12 (c) Beginning January 1, 1981, the rate of contributions for
 13 each employer is 82 percent of the average benefit cost rate multi-
 14 plied by the employer's experience factor set out in column C of the
 15 table in this subsection opposite the employer's [HIS] applicable rate
 16 class set out in column A plus the fund solvency adjustment [CONTRI-
 17 BUTION] required under (f) of this section. However, the rate of
 18 contributions for an employer may not be less than one percent or more
 19 than six and one-half percent. The rate of contributions for an
 20 employer in rate class 21 may not be less than 5.4 percent. The rate
 21 of contributions for an employer must be rounded to the nearest one-
 22 hundredth of one percent.

COLUMN A Rate Class	COLUMN B Cumulative Ratable Payroll at least (percent)	COLUMN C Experience Factor but less than (percent)
1		5
2	5	10
		.40
		.45

1	3	10	15	.50
2	4	15	20	.55
3	5	20	25	.60
4	6	25	30	.65
5	7	30	35	.70
6	8	35	40	.80
7	9	40	45	.90
8	10	45	50	1.00
9	11	50	55	1.00
10	12	55	60	1.10
11	13	60	65	1.20
12	14	65	70	1.30
13	15	70	75	1.35
14	16	75	80	1.40
15	17	80	85	1.45
16	18	85	90	1.50
17	19	90	95	1.55
18	20	95	<u>99.99</u>	1.60
19	<u>21</u>	<u>99.99</u>		<u>1.65</u>

* Sec. 4. AS 23.20.290(e) is amended to read:

(e) The department shall determine the average benefit cost rate as follows:

(1) the department shall determine the amount of benefits paid to insured workers during the last three computation years;

(2) the department shall subtract from the amount determined in (1) of this subsection the amount of any benefits reimbursed to the fund and the amount of interest earned on the trust fund balance during those computation years;

(3) the department shall divide the amount determined in

1 (2) of this subsection by the total wages paid by all employers re-
 2 quired to pay contributions under this chapter during the first three
 3 of the last four computation years;

4 (4) the department shall determine the amount of total
 5 wages subject to contributions under this chapter paid during the
 6 preceding computation years;

7 (5) the department shall determine the amount of all wages
 8 paid to insured workers during the preceding computation year;

9 (6) the department shall subtract from the amount deter-
 10 mined in (5) of this subsection the amount of wages paid during the
 11 preceding computation year by employers who elect to reimburse the
 12 department under AS 23.20.276 and 23.20.277;

13 (7) the department shall divide the amount determined in
 14 (4) of this subsection by the amount determined in (6) of this sub-
 15 section; and

16 (8) the department shall divide the amount determined in
 17 (3) of this subsection by the amount determined in (7) of this sub-
 18 section.

19 * Sec. 5. AS 23.20.290(f) is repealed and reenacted to read:

20 (f) An employer shall pay a fund solvency adjustment equal to
 21 the contribution rate set out in column B of the table in this sub-
 22 section opposite the reserve rate of the fund set out in column A.
 23 However, the fund solvency adjustment rate of an employer may not
 24 increase or decrease more than three-tenths of one percent from one
 25 year to the next.

COLUMN A		COLUMN B
Reserve Rate		Fund Solvency Adjustment
at least	but less than	(percent)
(percent)	(percent)	

1	3.6		-0.4
2	3.5	3.6	-0.3
3	3.4	3.5	-0.2
4	3.3	3.4	-0.1
5	3.0	3.3	0.0
6	2.9	3.0	0.1
7	2.8	2.9	0.2
8	2.7	2.8	0.3
9	2.6	2.7	0.4
10	2.5	2.6	0.5
11	2.4	2.5	0.6
12	2.3	2.4	0.7
13	2.2	2.3	0.8
14	2.1	2.2	0.9
15	2.0	2.1	1.0
16		2.0	1.1

* Sec. 6. AS 23.20.350(d) is repealed and reenacted to read:

(d) An individual who is eligible under (a) of this section is entitled to receive the weekly benefit amount set out in column (B) of the table in this subsection that is opposite the amount set out in column (A) of the individual's base period wages determined under (c) of this section:

(A)		(B)
Base Period Wages		Weekly Benefit Amount
At Least	But less than	
0	1,000	\$ 0
1,000	1,250	38
1,250	1,500	40
1,500	1,750	42

1	1,750	2,000	44
2	2,000	2,250	46
3	2,250	2,500	48
4	2,500	2,750	50
5	2,750	3,000	52
6	3,000	3,250	54
7	3,250	3,500	56
8	3,500	3,750	58
9	3,750	4,000	60
10	4,000	4,250	62
11	4,250	4,500	64
12	4,500	4,750	66
13	4,750	5,000	68
14	5,000	5,250	70
15	5,250	5,500	72
16	5,500	5,750	74
17	5,750	6,000	76
18	6,000	6,250	78
19	6,250	6,500	80
20	6,500	6,750	82
21	6,750	7,000	84
22	7,000	7,250	86
23	7,250	7,500	88
24	7,500	7,750	90
25	7,750	8,000	92
26	8,000	8,250	94
27	8,250	8,500	96
28	8,500	8,750	98
29	8,750	9,000	100

1	9,000	9,250	102
2	9,250	9,500	104
3	9,500	9,750	106
4	9,750	10,000	108
5	10,000	10,250	110
6	10,250	10,500	112
7	10,500	10,750	114
8	10,750	11,000	116
9	11,000	11,250	118
10	11,250	11,500	120
11	11,500	11,750	122
12	11,750	12,000	124
13	12,000	12,250	126
14	12,250	12,500	128
15	12,500	12,750	130
16	12,750	13,000	132
17	13,000	13,250	134
18	13,250	13,500	136
19	13,500	13,750	138
20	13,750	14,000	140
21	14,000	14,250	142
22	14,250	14,500	144
23	14,500	14,750	146
24	14,750	15,000	148
25	15,000	15,250	150
26	15,250	15,500	152
27	15,500	15,750	154
28	15,750	16,000	156
29	16,000	16,250	158

1	16,250	16,500	160
2	16,500	16,750	162
3	16,750	17,000	164
4	17,000	17,250	166
5	17,250	17,500	168
6	17,500	17,750	170
7	17,750	18,000	172
8	18,000	18,250	174
9	18,250	18,500	176
10	18,500	18,750	178
11	18,750	19,000	180
12	19,000	19,250	182
13	19,250	19,500	184
14	19,500	19,750	186
15	19,750		188

* Sec. 7. AS 23.20.350(f) is repealed and reenacted to read:

(f) An individual who establishes a benefit year is eligible for an allowance for dependents in addition to the individual's weekly benefit amount. The department may require an individual claiming or receiving an allowance for dependents to produce income tax returns, birth certificates, notices of adoption or custody, social security account number of spouse, verification of support documents, or other information necessary to verify that the allowance is payable to the individual. The allowance for dependents

(1) is \$24 per week for each dependent, except that the total allowance for dependents paid to an individual may not exceed \$72 for each week of unemployment;

(2) is payable beginning with the week during the benefit year in which the individual claims an allowance for the dependent and

1 is payable for the remainder of the individual's eligibility for
2 regular, extended, or supplemental payments during the benefit year;

3 (3) may not be claimed for a new dependent after the end of
4 the benefit year or after the exhaustion of regular benefits in the
5 benefit year;

6 (4) may not be paid to an individual if

7 (A) that dependent has been claimed by another indi-
8 vidual;

9 (B) the other individual has been found eligible to
10 receive the allowance for the dependent; and

11 (C) the benefit year of the other individual has not
12 expired; and

13 (5) may be paid only if the department determines that no
14 other individual having an unexpired benefit year has been found
15 eligible for an allowance for the same dependent.

16 * Sec. 8. AS 23.20.350(g)(1) is amended to read:

17 (1) "dependent" means an individual's

18 (A) unmarried child, stepchild, legally adopted child,
19 or legal ward under 18 years of age who is

20 (i) lawfully in the individual's physical custody
21 at the time the individual claims the allowance for depen-
22 dents; or

23 (ii) dependent on the individual for more than 50
24 percent of support;

25 (B) unmarried child, stepchild, legally adopted child,
26 or legal ward of any age who is dependent on the individual for
27 more than 50 percent of support and who is prevented by infirmity
28 from engaging in a gainful occupation;

29 * Sec. 9. AS 23.20 is amended by adding a new section to read:

1 Sec. 23.20.354. STATE INTERIM BENEFITS. (a) There is estab-
2 lished a state interim benefits program. State interim benefits are
3 payable only to the extent that money is appropriated from the general
4 fund for that purpose.

5 (b) An individual is eligible for state interim benefits if

6 (1) the individual's weekly benefit amount payable under
7 this chapter is reduced or denied under AS 23.20.381(h) and ⁽²⁾ the
8 individual has otherwise satisfied the requirements of this chapter
9 for the receipt of regular benefits; or

10 (2) the individual is a non-certificated individual who
11 provides compensated service to a school district for teaching
12 indigenous languages.

13 (c) The amount of state interim benefits payable to an individ-
14 ual for a week is equal to the difference between the individual's
15 weekly benefit amount, including the dependents allowance, established
16 under AS 23.20.350 and the individual's weekly benefit amount, includ-
17 ing the dependents allowance, payable for that week under AS 23.20.-
18 381(h). The total amount of state interim benefits paid may not
19 exceed the total amount of regular benefits denied solely under
20 AS 23.20.381(h).

21 (d) State interim benefits are subject to reduction, disquali-
22 fication, recoupment, and offset in the same manner as regular bene-
23 fits under this chapter.

24 (e) Extended, additional, or supplemental benefits of any kind
25 are not payable on the basis of a claim for, or the payment of, state
26 interim benefits. State interim benefits may not be used to supple-
27 ment a reduction or denial of extended, additional, or supplemental
28 benefits.

29 * Sec. 10. AS 23.20.362(c) is amended to read:

1 (c) The amount of benefits payable to an insured worker for a
2 week of unemployment shall be reduced by the amount of any severance
3 or termination payment, wages in lieu of dismissal notice, or payment
4 for vacation, sick leave, or holidays that is attributable to that
5 week [PAYMENT ATTRIBUTABLE TO THAT WEEK WHICH COMPENSATES THE INSURED
6 WORKER FOR A DISMISSAL FROM EMPLOYMENT WITHOUT NOTICE, OR FOR ACCRUED
7 VACATION, SICK LEAVE, OR HOLIDAYS].

8 * Sec. 11. AS 23.20.381 is amended by adding new subsections to read:

9 (h) Benefits based on services for an educational institution in
10 other than an instructional, research, or principal administrative
11 capacity may not be paid to an individual for a week of unemployment
12 that begins during the period between two successive academic years or
13 terms if the individual performed those services in the first of those
14 academic years or terms and there is a reasonable assurance that the
15 individual will perform those services in the second of those academic
16 years or terms. If an individual is denied benefits for any week
17 under this subsection and the individual is not later offered an
18 opportunity to perform services for the educational institution in the
19 second academic year or term, the individual is entitled to a retroac-
20 tive payment of benefits for each week for which the individual filed
21 a timely claim for benefits and for which benefits were denied solely
22 under this subsection.

23 (i) Benefits based on services described in (e) and (h) of this
24 section may not be paid to an individual for a week that begins during
25 an established and customary vacation period or holiday recess if the
26 individual performs those services in the period immediately before
27 the vacation period or holiday recess and there is a reasonable assur-
28 ance that the individual will perform those services in the period
29 immediately following the vacation period or holiday recess.

1 (j) Benefits based on services described in (e) and (h) of this
2 section shall be denied under (e), (h), and (i) of this section to an
3 individual who performed those services in an educational institution
4 while in the employ of an educational service agency. In this sub-
5 section, "educational service agency" means a governmental agency or
6 governmental entity that is established and operated exclusively for
7 the purpose of providing services to one or more educational insti-
8 tutions.

9 * Sec. 12. AS 23.20.406(c) is amended to read:

10 (c) Notwithstanding (a) and (b) of this section, an individual
11 is ineligible for payment of extended benefits for any week of unem-
12 ployment in the individual's [HIS] eligibility period if the depart-
13 ment finds that during that period the individual

14 (1) [HE] failed to accept an offer of suitable work as
15 defined under (k) of this section or failed to apply for suitable work
16 to which the individual [HE] was referred by the department; or

17 (2) [HE] failed to actively seek work as prescribed under
18 (f) of this section, except that the eligibility of the individual
19 will be determined under AS 23.20.378 without regard to the disquali-
20 fication provisions otherwise applicable under (d) of this section if
21 the individual is not actively engaged in seeking work because the
22 individual is (A) summoned for jury duty before a court of the United
23 States or any state; or (B) hospitalized for treatment of an emergency
24 or life-threatening condition.

25 * Sec. 13. AS 23.20.505 is amended by adding a new subsection to read:

26 (d) An individual is not considered "unemployed" in a week if

27 (1) the individual is not performing services during that
28 week because the individual is on leave from the regular employer of
29 the individual for a period of four weeks or less; and

1 (2) the leave is part of a work schedule consisting of
2 alternating periods of work and leave in which the hours of work for
3 one complete period of work and leave average at least 40 hours per
4 week.

5 * Sec. 14. AS 23.20.526(a)(22) is amended to read:

6 (22) service performed for a corporation by an employee of
7 the corporation if

8 (A) the corporation is incorporated under AS 10.05;

9 (B) the corporation is not a government corporation;

10 and

11 (C) the employee is an executive officer of the corpo-
12 ration who directly or indirectly owns 25 percent or more of the
13 voting securities of the corporation [; AND

14 (D) THE EXECUTIVE OFFICER AGREES THAT THE SERVICES NOT
15 BE "EMPLOYMENT" UNDER THIS PARAGRAPH].

16 * Sec. 15. Sections 2 and 3 of this Act take effect January 1, 1985.

17 * Sec. 16. Sections 4 - 8 of this Act take effect October 1, 1984, and
18 apply to benefit years established after September 30, 1984.

19 * Sec. 17. Section 11 of this Act is retroactive to April 1, 1984.

20 * Sec. 18. Section 14 of this Act takes effect July 1, 1984.

21 * Sec. 19. Sections 1 and 9 - 13 of this Act take effect immediately in
22 accordance with AS 01.10.070(c).

HCS FOR CS FOR SB 525 (L&C)

BILL ANALYSIS

Section 1. This is a "housekeeping" amendment which would make a technical change to the training and building fund provision so that unobligated money in the training and building fund could be held an additional 30 days past the end of the fiscal year. The law currently requires that any unobligated money over \$100,000 in the training and building fund must lapse to the unemployment trust fund on the last day of the fiscal year. This money is obligated in appropriations bills prior to the end of the fiscal year, but the bills are often not signed until after the end of the fiscal year. The money is therefore not technically obligated until after the money has already lapsed back to the unemployment trust fund. The proposed amendment solves this "accounting" problem by holding the money in the training and building fund until the appropriation is signed.

Sections 2 and 3. The Tax Equity and Fiscal Responsibility Act of 1982 (Public Law 97-248) amended the Federal Unemployment Tax Act (FUTA) to increase the gross FUTA tax on employers from 3.5 percent to 6.2 percent. It also increased the additional credit against the FUTA tax for contributions to a state unemployment fund from 2.7 percent to 5.4 percent. These amendments are effective January 1, 1985. Because of the language of the FUTA, all employers in the state cannot be guaranteed the full FUTA credit of 5.4 percent unless the state law includes a maximum (standard) state tax rate of at least 5.4 percent.

Section 2 of the bill amends AS 23.20.170 to enact a standard rate of 5.4 percent. Rates below 5.4 percent would continue to be granted under AS 23.20.290.

Section 3 of the bill amends AS 23.20.290 by adding a 21st rate class comprised of employers with the highest quarterly decline quotients whose cumulative payroll is .01 percent of the total payroll in the state. This small minority of employers would receive a rate not less than 5.4 percent. The FUTA requires that the 5.4 percent rate be actually assessed at least one employer in the state, in order for all employers in the state to be guaranteed the maximum additional FUTA credit of 5.4 percent. This amendment meets the requirements of the FUTA with the least distortion to the present rate structure.

Section 4. This section amends AS 23.20.290(e) to include interest earned on the unemployment trust fund in the benefit cost rate computation. Unemployment tax contributions are computed as a percentage of the benefit cost rate, under a formula designed to recover all outlays from the fund. Interest earnings are not currently shown as income to the fund. Unless corrected, this will continue to cause higher than necessary taxes.

Section 5. This section complements the amendment made to AS 23.20.290(e) under sec. 4 of the bill. It amends AS 23.20.290(f) to provide for a negative fund solvency adjustment (in effect, a fund solvency credit) when the unemployment trust fund reaches a certain level of adequacy, defined as a reserve rate (ratio of fund balance to total state wages) of at least 3.3 percent.

Section 6. This section amends the benefit schedule in AS 23.20.350(d) to provide a maximum UI weekly benefit amount of \$188, not counting dependents allowance. This will provide approximately 60 percent of claimants with replacement of 50 percent of their average weekly wages. Federal benefit adequacy guidelines suggest that a state's benefit schedule should provide 50 percent wage replacement for at least 80 percent of claimants. However, Alaska's liberal eligibility provisions make application of the federal guidelines too costly. The benefit schedule was amended in 1980 to provide a maximum weekly benefit of \$150. This schedule replaced 50 percent of wages for approximately two-thirds of claimants, but wage inflation since 1980 has steadily eroded this level of wage replacement. Although a small increase of \$6 was approved in 1982, only about 56 percent of claimants receive 50 percent wage replacement under the current schedule. The proposed schedule would increase costs to the trust fund by about 12.7 percent.

Sections 7 and 8. These two sections would change the requirements for the receipt of dependents allowance. The amendments do not change the amount of the allowance.

Under the current statute, an individual claiming dependents allowance must certify (and be able to prove) that he or she is providing more than 50 percent of the dependents' support. The dependents must be claimed when the claimant first files for benefits, and the number of dependents cannot be changed during the benefit year unless the claimant acquires an additional dependent by birth or adoption. These two features of the present law -the "primary support" requirement and the requirement that dependents must be claimed at the beginning of the benefit year -- are not necessary for the administration of the dependents provision, and they may frustrate its purpose.

In households where both parents work, the children are jointly supported. However, under the "primary support" requirement only one parent may claim dependents in the household, even though the other parent may be providing a larger percentage of his or her wages for support of the children. The proposed changes would pay dependents allowance to either parent having physical custody of the child. The same dependent could not be claimed by both parents, but a parent could claim any dependents in the household which are not being claimed by the other parent. The "primary support" requirement has been retained as an alternative, so that a non-custodial parent may qualify for the dependents allowance. In other words, "dependent" has been redefined to mean one who is either in the physical custody of the claimant or dependent on the claimant for more than 50 percent of support. However, to claim a dependent over 18 years of age the claimant would still be required to show primary support, the same as in the current law.

The proposed changes would also allow a claimant to add dependents (up to a limit of three) for any reason while drawing regular benefits during his benefit year. For example, a claimant whose wife is claiming their two children would not be able to claim the children when he first files his claim. However, he would be able to claim the children after his wife's benefit year ends, for the remainder of his own benefit year. Under the current law, this claimant would be unable to claim the dependents for his entire benefit year.

Section 9. This section establishes an interim benefits program to pay benefits to employees of educational institutions who would have their regular unemployment benefits reduced or denied under the changes proposed in sec. 11 of this bill. Section 11 adds a new subsection (h) to AS 23.20.381 to disqualify employees

other than instructional, research, and administrative employees during the period between academic years or terms. This change is required in all state laws by Public Law 98-21. The interim benefits program would pay these employees the difference between their regular amount and the amount they would receive under AS 23.20.381(h). The administrative and benefit costs of interim benefits must be financed from the general fund, because financing the benefits from the unemployment trust fund would constitute noncompliance with Public Law 98-21.

Section 10. This section amends AS 23.20.362(c) by adding severance and termination payments to the list of income which is deducted from UI benefits. Under the provision as it now stands, wages in lieu of dismissal notice and payments for accrued vacation, sick leave, and holidays are deducted dollar for dollar from UI benefits payable. These payments are treated differently from regular wage payments, which are deducted under AS 23.20.360 at the rate of \$.75 for every \$1 earned for the week in excess of \$50. The vacation, sick, and holiday pay, and wages in lieu of notice, unlike regular wage payments, do not show any new attachment to the labor market, but are paid on for these payments is justifiable on the basis that unemployment insurance should not be paid for a week if the claimant is already receiving a "wage replacement" for that week based on his previous work. However, because of the language of the provision, "severance" and "termination" pay are not deductible, even though the rationale for deducting them is the same as for the other "wage replacement" payments.

Section 11. AS 23.20.381(e) currently disqualifies an individual working in an instructional, research, or principal administrative capacity in an educational institution, during the period between two academic years or terms, or during a period of paid sabbatical leave. This provision is required in all state laws for conformity with Sec. 3304 (a)(6)(A) of the Federal Unemployment Tax Act (FUTA).

The FUTA has now been amended by Public Law 98-21 to extend the disqualification to:

1. All employees of educational institutions.
2. Employees of "educational service agencies" serving in educational institutions.
3. Any established vacation period or holiday recess.

These changes are required in all state laws to avoid denial of certification for the FUTA tax offset credit and administrative grants.

Section 12. Section 202 of the Federal State Extended Unemployment Compensation Act previously required the indefinite disqualification of an extended benefit claimant who did not actively engage in seeking work, regardless of the reason the claimant did not seek work. This requirement has been relaxed by P.L. 98-21. A state is now permitted to apply regular state able and available provisions if the extended benefit claimant failed to seek work because he was hospitalized or on jury duty. This is entirely optional, but we recommend enactment of conforming legislation to take advantage of the relaxation of federal requirements.

Section 13. This amendment to AS 23.20.505 addresses circumstances under which workers on "R and R" might qualify as "unemployed" and thus be potentially eligible for benefits under the Act. Under current Sec. 505 a person is "unemployed" for a week in which he performs no service and receives no wages. This allows potential abuse by individuals who are fully employed but receive "R and R" for a week (or more) as part of their regular work schedule. For example, an individual may work 60 hours per week for two weeks and then receive a week off. This "two weeks on, one week off" schedule may continue indefinitely. This individual is technically unemployed under Sec. 505 during his week off. But we do not believe it is correct to pay benefits when the employment relationship has not been severed and the individual is actually fully employed, i.e., working an average of at least 40 hours per week.

Section 14. AS 23.20.526(a) was amended in 1982 by adding paragraph (22) to exclude from UI coverage certain corporate officers who control at least 25 percent of corporate stock. Subparagraph (D) of paragraph (22) specifies that the corporate officer must agree to noncoverage. The U.S. Department of Labor now believes that subparagraph (D) constitutes a waiver of benefit rights. This raises an issue of conformity with Sec. 303(a)(1) of the Social Security Act, which is interpreted as forbidding any waiver, assignment, pledge, or encumbrance of a right to unemployment compensation. (Such a waiver would also be contrary to AS 23.20.395).

This conformity issue could result in the withholding of administrative grants to Alaska. The proposed repeal of subparagraph (D) would remove the "waiver", resulting in an outright exclusion of coverage for these corporate officers and resolving the conformity problem.

FY 84 cost - to be included
in SB 409

HSC CSSB 525 (FIN)

FY '84 Expenditures

100 Personal Services	\$ 40.8
200 Travel	0
300 Contractual	20.4
400 Supplies	1.2
500 Equipment	0
600 Land and Structures	0
700 Grants, Claims	<u>726.0</u>

Total Operating - General Fund \$ 788.4

Program Category: Social Services

BRU: Employment Security

Component: Unemployment Insurance

C:11

MEMORANDUM

State of Alaska

TO: Louann Cutler
Professional Assistant
House Finance Committee

DATE: May 23, 1984

FILE NO:

TELEPHONE NO: 465-2700

FROM: Eileen Platte
Special Assistant
to the Commissioner
Department of Labor

SUBJECT: House CS for
CS for SB 525

This will confirm our telephone conversation and your request for additional information.

1. The UI Trust Fund currently has a balance of \$148 million.
2. Sections 11 and 14 of the UI bill, House CS for CS for SB 525, are conformity items with the Federal Unemployment Tax Act (FUTA). The additional cost to Alaska for not remaining in conformity with FUTA is the loss of \$21 million in Administrative funds to the State for operation of the Unemployment Insurance (UI) and Job Service programs; \$86.4 million in increased FUTA taxes to all employers in the state; and loss of \$4.8 million in benefit payments for their Extended Benefits program. The total cost would be \$112.2 million.

Attached is a copy of a letter from the U.S. Department of Labor regarding the conformity requirements of Section 11.

3. Sections 2 and 3, which are not strictly conformity items, would cost the employers in this State an additional \$2 million annually if not passed. Attached is a paper that was prepared on this subject in cooperation with the House Research Agency. On page 4 of the paper, the affect on employers is detailed. On page 7 the options are listed -- we elected to propose the option that would have the least affect on Alaskan employers.

If Sections 2 and 3 had been in effect for 1984, there would have been no impact on employers. This is because of the requirement placed in the lower rate class rather than splitting the group. In 1983 there would have been 163 employers affected, for a total of \$2,800 (or \$17 per employer).

If you need any additional information, please contact me at 465-2700.

Attachments (2)

EP:ph
H:24

Offered: 5/16/84
Referred: Finance

Original sponsor: Labor and Commerce
Committee

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE SENATE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 525 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unemployment insurance; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 23.20.130(d) is amended to read:

10 (d) The training and building fund consists of all interest and
11 penalties collected under AS 23.20.185, 23.20.190, and 23.20.195 and
12 all sums recovered on official bond for losses sustained by the fund.
13 Training and building fund money shall be deposited in the clearing
14 account of the unemployment compensation fund for clearance only, and
15 does not become a part of the fund. The unobligated amount in the
16 training and building fund in excess of \$100,000 on the close of
17 business of the 30th day following the last day of each fiscal year
18 shall be transferred within 20 days to this state's account in the
19 unemployment trust fund. The fund shall be included in the budget
20 submitted to the legislature under the Executive Budget Act (AS 37.-
21 07). Funds available in the training and building fund shall be
22 expended upon the direction of the department, with the approval of
23 the governor, when it appears to the governor [HIM] that the expendi-
24 ture is necessary for but not limited to

25 (1) the proper administration of this chapter if no federal
26 funds are available for the specific purpose for which the expenditure
27 is to be made, and if the funds are not substituted for appropriations
28 from federal funds that [WHICH] would be made available in the absence
29 of those funds;

1 (2) the proper administration of this chapter, if [FOR
 2 WHICH PURPOSE] appropriations from federal funds have been requested
 3 but not yet received, and [IF] the training and building fund will be
 4 reimbursed upon receipt of the requested federal appropriation;

5 (3) the purposes specified in AS 23.15.611;

6 (4) the purposes specified in AS 23.20.075.

7 * Sec. 2. AS 23.20.170 is amended by adding a new subsection to read:

8 (c) The standard rate of contributions with respect to employ-
 9 ment is 5.4 percent of wages paid. Reductions from the standard rate
 10 may only be made under this section and AS 23.20.280 - 23.20.310.

11 * Sec. 3. AS 23.20.290(c) is amended to read:

12 (c) Beginning January 1, 1981, the rate of contributions for
 13 each employer is 82 percent of the average benefit cost rate multi-
 14 plied by the employer's experience factor set out in column C of the
 15 table in this subsection opposite the employer's [HIS] applicable rate
 16 class set out in column A plus the fund solvency adjustment [C. TRI-
 17 BUTION] required under (f) of this section. However, the rate of
 18 contributions for an employer may not be less than one percent or more
 19 than six and one-half percent. The rate of contributions for an
 20 employer in rate class 21 may not be less than 5.4 percent. The rate
 21 of contributions for an employer must be rounded to the nearest one-
 22 hundredth of one percent.

23	COLUMN A	COLUMN B	COLUMN C
24	Rate Class	Cumulative	Experience
25		Ratable Payroll	Factor
26		at least	but less than
27		(percent)	(percent)
28	1	5	.40
29	2	5 10	.45

1	3	10	15	.50
2	4	15	20	.55
3	5	20	25	.60
4	6	25	30	.65
5	7	30	35	.70
6	8	35	40	.80
7	9	40	45	.90
8	10	45	50	1.00
9	11	50	55	1.00
10	12	55	60	1.10
11	13	60	65	1.20
12	14	65	70	1.30
13	15	70	75	1.35
14	16	75	80	1.40
15	17	80	85	1.45
16	18	85	90	1.50
17	19	90	95	1.55
18	20	95	<u>99.99</u>	1.60
19	<u>21</u>	<u>99.99</u>		<u>1.65</u>

* Sec. 4. AS 23.20.290(e) is amended to read:

(e) The department shall determine the average benefit cost rate as follows:

(1) the department shall determine the amount of benefits paid to insured workers during the last three computation years;

(2) the department shall subtract from the amount determined in (1) of this subsection the amount of any benefits reimbursed to the fund and the amount of interest earned on the trust fund balance during those computation years;

(3) the department shall divide the amount determined in

1 (2) of this subsection by the total wages paid by all employers re-
2 quired to pay contributions under this chapter during the first three
3 of the last four computation years;

4 (4) the department shall determine the amount of total
5 wages subject to contributions under this chapter paid during the
6 preceding computation years;

7 (5) the department shall determine the amount of all wages
8 paid to insured workers during the preceding computation year;

9 (6) the department shall subtract from the amount deter-
10 mined in (5) of this subsection the amount of wages paid during the
11 preceding computation year by employers who elect to reimburse the
12 department under AS 23.20.276 and 23.20.277;

13 (7) the department shall divide the amount determined in
14 (4) of this subsection by the amount determined in (6) of this sub-
15 section; and

16 (8) the department shall divide the amount determined in
17 (3) of this subsection by the amount determined in (7) of this sub-
18 section.

19 * Sec. 5. AS 23.20.290(f) is repealed and reenacted to read:

20 (f) An employer shall pay a fund solvency adjustment equal to
21 the contribution rate set out in column B of the table in this sub-
22 section, opposite the reserve rate of the fund set out in column A.
23 However, the fund solvency adjustment rate of an employer may not
24 increase or decrease more than three-tenths of one percent from one
25 year to the next.

26	COLUMN A	COLUMN B
27	Reserve Rate	Fund Solvency Adjustment
28	at least but less than	(percent)
29	(percent) (percent)	

1	3.6		-0.4
2	3.5	3.6	-0.3
3	3.4	3.5	-0.2
4	3.3	3.4	-0.1
5	3.0	3.3	0.0
6	2.9	3.0	0.1
7	2.8	2.9	0.2
8	2.7	2.8	0.3
9	2.6	2.7	0.4
10	2.5	2.6	0.5
11	2.4	2.5	0.6
12	2.3	2.4	0.7
13	2.2	2.3	0.8
14	2.1	2.2	0.9
15	2.0	2.1	1.0
16		2.0	1.1

17 * Sec. 6. AS 23.20.350(d) is repealed and reenacted to read:

18 (d) An individual who is eligible under (a) of this section is
19 entitled to receive the weekly benefit amount set out in column (B) of
20 the table in this subsection that is opposite the amount set out in
21 column (A) of the individual's base period wages determined under (c)
22 of this section:

(A)		(B)
Base Period Wages		Weekly Benefit Amount
At Least	But less than	
26	0 1,000	\$ 0
27	1,000 1,250	38
28	1,250 1,500	40
29	1,500 1,750	42

1	1,750	2,000	44
2	2,000	2,250	46
3	2,250	2,500	48
4	2,500	2,750	50
5	2,750	3,000	52
6	3,000	3,250	54
7	3,250	3,500	56
8	3,500	3,750	58
9	3,750	4,000	60
10	4,000	4,250	62
11	4,250	4,500	64
12	4,500	4,750	66
13	4,750	5,000	68
14	5,000	5,250	70
15	5,250	5,500	72
16	5,500	5,750	74
17	5,750	6,000	76
18	6,000	6,250	78
19	6,250	6,500	80
20	6,500	6,750	82
21	6,750	7,000	84
22	7,000	7,250	86
23	7,250	7,500	88
24	7,500	7,750	90
25	7,750	8,000	92
26	8,000	8,250	94
27	8,250	8,500	96
28	8,500	8,750	98
29	8,750	9,000	100

1	9,000	9,250	102
2	9,250	9,500	104
3	9,500	9,750	106
4	9,750	10,000	108
5	10,000	10,250	110
6	10,250	10,500	112
7	10,500	10,750	114
8	10,750	11,000	116
9	11,000	11,250	118
10	11,250	11,500	120
11	11,500	11,750	122
12	11,750	12,000	124
13	12,000	12,250	126
14	12,250	12,500	128
15	12,500	12,750	130
16	12,750	13,000	132
17	13,000	13,250	134
18	13,250	13,500	136
19	13,500	13,750	138
20	13,750	14,000	140
21	14,000	14,250	142
22	14,250	14,500	144
23	14,500	14,750	146
24	14,750	15,000	148
25	15,000	15,250	150
26	15,250	15,500	152
27	15,500	15,750	154
28	15,750	16,000	156
29	16,000	16,250	158

1	16,250	16,500	160
2	16,500	16,750	162
3	16,750	17,000	164
4	17,000	17,250	166
5	17,250	17,500	168
6	17,500	17,750	170
7	17,750	18,000	172
8	18,000	18,250	174
9	18,250	18,500	176
10	18,500	18,750	178
11	18,750	19,000	180
12	19,000	19,250	182
13	19,250	19,500	184
14	19,500	19,750	186
15	19,750		188

16 * Sec. 7. AS 23.20.350(f) is repealed and reenacted to read:

17 (f) An individual who establishes a benefit year is eligible for
18 an allowance for dependents in addition to the individual's weekly
19 benefit amount. The department may require an individual claiming or
20 receiving an allowance for dependents to produce income tax returns,
21 birth certificates, notices of adoption or custody, social security
22 account number of spouse, verification of support documents, or other
23 information necessary to verify that the allowance is payable to the
24 individual. The allowance for dependents

25 (1) is \$24 per week for each dependent, except that the
26 total allowance for dependents paid to an individual may not exceed
27 \$72 for each week of unemployment;

28 (2) is payable beginning with the week during the benefit
29 year in which the individual claims an allowance for the dependent and

1 is payable for the remainder of the individual's eligibility for
2 regular, extended, or supplemental payments during the benefit year;

3 (3) may not be claimed for a new dependent after the end of
4 the benefit year or after the exhaustion of regular benefits in the
5 benefit year;

6 (4) may not be paid to an individual if

7 (A) that dependent has been claimed by another indi-
8 vidual;

9 (B) the other individual has been found eligible to
10 receive the allowance for the dependent; and

11 (C) the benefit year of the other individual has not
12 expired; and

13 (5) may be paid only if the department determines that no
14 other individual having an unexpired benefit year has been found
15 eligible for an allowance for the same dependent.

16 * Sec. 8. AS 23.20.350(g)(1) is amended to read:

17 (1) "dependent" means an individual's

18 (A) unmarried child, stepchild, legally adopted child,
19 or legal ward under 18 years of age who is

20 (i) lawfully in the individual's physical custody
21 at the time the individual claims the allowance for depen-
22 dents; or

23 (ii) dependent on the individual for more than 50
24 percent of support;

25 (B) unmarried child, stepchild, legally adopted child,
26 or legal ward of any age who is dependent on the individual for
27 more than 50 percent of support and who is prevented by infirmity
28 from engaging in a gainful occupation;

29 * Sec. 9. AS 23.20 is amended by adding a new section to read:

1 Sec. 23.20.354. STATE INTERIM BENEFITS. (a) There is estab-
2 lished a state interim benefits program. State interim benefits are
3 payable only to the extent that money is appropriated from the general
4 fund for that purpose.

5 (b) An individual is eligible for state interim benefits if

6 (1) the individual's weekly benefit amount payable under
7 this chapter is reduced or denied under AS 23.20.381(h); and

8 (2) the individual has otherwise satisfied the requirements
9 of this chapter for the receipt of regular benefits.

10 (c) The amount of state interim benefits payable to an individ-
11 ual for a week is equal to the difference between the individual's
12 weekly benefit amount, including the dependents allowance, established
13 under AS 23.20.350 and the individual's weekly benefit amount, includ-
14 ing the dependents allowance, payable for that week under AS 23.20.-
15 381(h). The total amount of state interim benefits paid may not
16 exceed the total amount of regular benefits denied solely under
17 AS 23.20.381(h).

18 (d) State interim benefits are subject to reduction, disquali-
19 fication, recoupment, and offset in the same manner as regular bene-
20 fits under this chapter.

21 (e) Extended, additional, or supplemental benefits of any kind
22 are not payable on the basis of a claim for, or the payment of, state
23 interim benefits. State interim benefits may not be used to supple-
24 ment a reduction or denial of extended, additional, or supplemental
25 benefits.

26 * Sec. 10. AS 23.20.362(c) is amended to read:

27 (c) The amount of benefits payable to an insured worker for a
28 week of unemployment shall be reduced by the amount of any severance
29 or termination payment, wages in lieu of dismissal notice, or payment

1 for vacation, sick leave, or holidays that is attributable to that
2 week [PAYMENT ATTRIBUTABLE TO THAT WEEK WHICH COMPENSATES THE INSURED
3 WORKER FOR A DISMISSAL FROM EMPLOYMENT WITHOUT NOTICE, OR FOR ACCRUED
4 VACATION, SICK LEAVE, OR HOLIDAYS].

5 * Sec. 11. AS 23.20.381 is amended by adding new subsections to read:

6 (h) Benefits based on services for an educational institution in
7 other than an instructional, research, or principal administrative
8 capacity may not be paid to an individual for a week of unemployment
9 that begins during the period between two successive academic years or
10 terms if the individual performed those services in the first of those
11 academic years or terms and there is a reasonable assurance that the
12 individual will perform those services in the second of those academic
13 years or terms. If an individual is denied benefits for any week
14 under this subsection and the individual is not later offered an
15 opportunity to perform services for the educational institution in the
16 second academic year or term, the individual is entitled to a retroac-
17 tive payment of benefits for each week for which the individual filed
18 a timely claim for benefits and for which benefits were denied solely
19 under this subsection.

20 (i) Benefits based on services described in (e) and (h) of this
21 section may not be paid to an individual for a week that begins during
22 an established and customary vacation period or holiday recess if the
23 individual performs those services in the period immediately before
24 the vacation period or holiday recess and there is a reasonable assu-
25 rance that the individual will perform those services in the period
26 immediately following the vacation period or holiday recess.

27 (j) Benefits based on services described in (e) and (h) of this
28 section shall be denied under (e), (h), and (i) of this section to an
29 individual who performed those services in an educational institution

1 while in the employ of an educational service agency. In this sub-
2 section, "educational service agency" means a governmental agency or
3 governmental entity that is established and operated exclusively for
4 the purpose of providing services to one or more educational insti-
5 tutions.

6 * Sec. 12. AS 23.20.406(c) is amended to read:

7 (c) Notwithstanding (a) and (b) of this section, an individual
8 is ineligible for payment of extended benefits for any week of unem-
9 ployment in the individual's [HIS] eligibility period if the depart-
10 ment finds that during that period the individual

11 (1) [HE] failed to accept an offer of suitable work as
12 defined under (k) of this section or failed to apply for suitable work
13 to which the individual [HE] was referred by the department; or

14 (2) [HE] failed to actively seek work as prescribed under
15 (f) of this section, except that the eligibility of the individual
16 will be determined under AS 23.20.378 without regard to the disquali-
17 fication provisions otherwise applicable under (d) of this section if
18 the individual is not actively engaged in seeking work because the
19 individual is (A) summoned for jury duty before a court of the United
20 States or any state; or (B) hospitalized for treatment of an emergency
21 or life-threatening condition.

22 * Sec. 13. AS 23.20.505 is amended by adding a new subsection to read:

23 (d) An individual is not considered "unemployed" in a week if

24 (1) the individual is not performing services during that
25 week because the individual is on leave from the regular employer of
26 the individual for a period of four weeks or less; and

27 (2) the leave is part of a work schedule consisting of
28 alternating periods of work and leave in which the hours of work for
29 one complete period of work and leave average at least 40 hours per

1 week.

2 * Sec. 14. AS 23.20.526(a)(22) is amended to read:

3 (22) service performed for a corporation by an employee of
4 the corporation if

5 (A) the corporation is incorporated under AS 10.05;

6 (B) the corporation is not a government corporation;

7 and

8 (C) the employee is an executive officer of the corpo-
9 ration who directly or indirectly owns 25 percent or more of the
10 voting securities of the corporation [; AND

11 (D) THE EXECUTIVE OFFICER AGREES THAT THE SERVICES NOT
12 BE "EMPLOYMENT" UNDER THIS PARAGRAPH].

13 * Sec. 15. Sections 2 and 3 of this Act take effect January 1, 1985.

14 * Sec. 16. Sections 4 - 8 of this Act take effect October 1, 1984, and
15 apply to benefit years established after September 30, 1984.

16 * Sec. 17. Section 11 of this Act is retroactive to April 1, 1984.

17 * Sec. 18. Section 14 of this Act takes effect July 1, 1984.

18 * Sec. 19. Sections 1 and 9 - 13 of this Act take effect immediately in
19 accordance with AS 01.10.070(c).

Offered: 5/3/84
Referred: Rules

Original sponsor: Labor and Commerce
Committee

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 525 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to unemployment insurance; and
7 providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 23.20.130(d) is amended to read:
10 (d) The training and building fund consists of all interest and
11 penalties collected under AS 23.20.185, 23.20.190, and 23.20.195 and
12 all sums recovered on official bond for losses sustained by the fund.
13 Training and building fund money shall be deposited in the clearing
14 account of the unemployment compensation fund for clearance only, and
15 does not become a part of the fund. The unobligated amount in the
16 training and building fund in excess of \$100,000 on the close of
17 business of the 30th day following the last day of each fiscal year
18 shall be transferred within 20 days to this state's account in the
19 unemployment trust fund. The fund shall be included in the budget
20 submitted to the legislature under the Executive Budget Act (AS 37.-
21 07). Funds available in the training and building fund shall be
22 expended upon the direction of the department, with the approval of
23 the governor, when it appears to the governor [HIM] that the expendi-
24 ture is necessary for but not limited to
25 (1) the proper administration of this chapter if no federal
26 funds are available for the specific purpose for which the expenditure
27 is to be made, and if the funds are not substituted for appropriations
28 from federal funds that [WHICH] would be made available in the absence
29 of those funds;

1 (2) the proper administration of this chapter, if [FOR
2 WHICH PURPOSE] appropriations from federal funds have been requested
3 but not yet received, and [IF] the training and building fund will be
4 reimbursed upon receipt of the requested federal appropriation;

5 (3) the purposes specified in AS 23.15.611;

6 (4) the purposes specified in AS 23.20.075.

7 * Sec. 2. AS 23.20.170 is amended by adding a new subsection to read:

8 (c) The standard rate of contributions with respect to employ-
9 ment is 5.4 percent of wages paid. Reductions from the standard rate
10 may only be made under this section and AS 23.20.280 - 23.20.310.

11 * Sec. 3. AS 23.20.290(c) is amended to read:

12 (c) Beginning January 1, 1981, the rate of contributions for
13 each employer is 82 percent of the average benefit cost rate multi-
14 plied by the employer's experience factor set out in column C of the
15 table in this subsection opposite the employer's [HIS] applicable rate
16 class set out in column A plus the fund solvency adjustment [CONTRI-
17 BUTION] required under (f) of this section. However, the rate of
18 contributions for an employer may not be less than one percent or more
19 than six and one-half percent. The rate of contributions for an
20 employer in rate class 21 may not be less than 5.4 percent. The rate
21 of contributions for an employer must be rounded to the nearest one-
22 hundredth of one percent.

23	COLUMN A	COLUMN B	COLUMN C	
24	Rate Class	Cumulative	Experience	
25		Ratable Payroll	Factor	
26		at least	but less than	
27		(percent)	(percent)	
28	1	5	.40	
29	2	5	10	.45

1	3	10	15	.50
2	4	15	20	.55
3	5	20	25	.60
4	6	25	30	.65
5	7	30	35	.70
6	8	35	40	.80
7	9	40	45	.90
8	10	45	50	1.00
9	11	50	55	1.00
10	12	55	60	1.10
11	13	60	65	1.20
12	14	65	70	1.30
13	15	70	75	1.35
14	16	75	80	1.40
15	17	80	85	1.45
16	18	85	90	1.50
17	19	90	95	1.55
18	20	95	<u>99.99</u>	1.60
19	<u>21</u>	<u>99.99</u>		<u>1.65</u>

20 * Sec. 4. AS 23.20.290(e) is amended to read:

21 (e) The department shall determine the average benefit cost rate
22 as follows:

23 (1) the department shall determine the amount of benefits
24 paid to insured workers during the last three computation years;

25 (2) the department shall subtract from the amount deter-
26 mined in (1) of this subsection the amount of any benefits reimbursed
27 to the fund and the amount of interest earned on the trust fund
28 balance during those computation years;

29 (3) the department shall divide the amount determined in

1 (2) of this subsection by the total wages paid by all employers re-
2 quired to pay contributions under this chapter during the first three
3 of the last four computation years;

4 (4) the department shall determine the amount of total
5 wages subject to contributions under this chapter paid during the
6 preceding computation years;

7 (5) the department shall determine the amount of all wages
8 paid to insured workers during the preceding computation year;

9 (6) the department shall subtract from the amount deter-
10 mined in (5) of this subsection the amount of wages paid during the
11 preceding computation year by employers who elect to reimburse the
12 department under AS 23.20.276 and 23.20.277;

13 (7) the department shall divide the amount determined in
14 (4) of this subsection by the amount determined in (6) of this sub-
15 section; and

16 (8) the department shall divide the amount determined in
17 (3) of this subsection by the amount determined in (7) of this sub-
18 section.

19 * Sec. 5. AS 23.20.290(f) is repealed and reenacted to read:

20 (f) An employer shall pay a fund solvency adjustment equal to
21 the contribution rate set out in column B of the table in this sub-
22 section opposite the reserve rate of the fund set out in column A.
23 However, the fund solvency adjustment rate of an employer may not
24 increase or decrease more than three-tenths of one percent from one
25 year to the next.

COLUMN A		COLUMN B
Reserve Rate		Fund Solvency Adjustment
at least	but less than	(percent)
(percent)	(percent)	

1	3.6		-0.4
2	3.5	3.6	-0.3
3	3.4	3.5	-0.2
4	3.3	3.4	-0.1
5	3.0	3.3	0.0
6	2.9	3.0	0.1
7	2.8	2.9	0.2
8	2.7	2.8	0.3
9	2.6	2.7	0.4
10	2.5	2.6	0.5
11	2.4	2.5	0.6
12	2.3	2.4	0.7
13	2.2	2.3	0.8
14	2.1	2.2	0.9
15	2.0	2.1	1.0
16		2.0	1.1

* Sec. 6. AS 23.20.350(d) is repealed and reenacted to read:

(d) An individual who is eligible under (a) of this section is entitled to receive the weekly benefit amount set out in column (B) of the table in this subsection that is opposite the amount set out in column (A) of the individual's base period wages determined under (c) of this section:

(A)		(B)
Base Period Wages		Weekly Benefit Amount
At Least	But less than	
0	1,000	\$ 0
1,000	1,250	38
1,250	1,500	40
1,500	1,750	42

1	1,750	2,000	44
2	2,000	2,250	46
3	2,250	2,500	48
4	2,500	2,750	50
5	2,750	3,000	52
6	3,000	3,250	54
7	3,250	3,500	56
8	3,500	3,750	58
9	3,750	4,000	60
10	4,000	4,250	62
11	4,250	4,500	64
12	4,500	4,750	66
13	4,750	5,000	68
14	5,000	5,250	70
15	5,250	5,500	72
16	5,500	5,750	74
17	5,750	6,000	76
18	6,000	6,250	78
19	6,250	6,500	80
20	6,500	6,750	82
21	6,750	7,000	84
22	7,000	7,250	86
23	7,250	7,500	88
24	7,500	7,750	90
25	7,750	8,000	92
26	8,000	8,250	94
27	8,250	8,500	96
28	8,500	8,750	98
29	8,750	9,000	100

1	9,000	9,250	102
2	9,250	9,500	104
3	9,500	9,750	106
4	9,750	10,000	108
5	10,000	10,250	110
6	10,250	10,500	112
7	10,500	10,750	114
8	10,750	11,000	116
9	11,000	11,250	118
10	11,250	11,500	120
11	11,500	11,750	122
12	11,750	12,000	124
13	12,000	12,250	126
14	12,250	12,500	128
15	12,500	12,750	130
16	12,750	13,000	132
17	13,000	13,250	134
18	13,250	13,500	136
19	13,500	13,750	138
20	13,750	14,000	140
21	14,000	14,250	142
22	14,250	14,500	144
23	14,500	14,750	146
24	14,750	15,000	148
25	15,000	15,250	150
26	15,250	15,500	152
27	15,500	15,750	154
28	15,750	16,000	156
29	16,000	16,250	158

1	16,250	16,500	160
2	16,500	16,750	162
3	16,750	17,000	164
4	17,000	17,250	166
5	17,250	17,500	168
6	17,500	17,750	170
7	17,750	18,000	172
8	18,000	18,250	174
9	18,250	18,500	176
10	18,500	18,750	178
11	18,750	19,000	180
12	19,000	19,250	182
13	19,250	19,500	184
14	19,500	19,750	186
15	19,750		188

16 * Sec. 7. AS 23.20.350(f) is repealed and reenacted to read:

17 (f) An individual who establishes a benefit year is eligible for
18 an allowance for dependents in addition to the individual's weekly
19 benefit amount. The department may require an individual claiming or
20 receiving an allowance for dependents to produce income tax returns,
21 birth certificates, notices of adoption or custody, social security
22 account number of spouse, verification of support documents, or other
23 information necessary to verify that the allowance is payable to the
24 individual. The allowance for dependents

25 (1) is \$24 per week for each dependent, except that the
26 total allowance for dependents paid to an individual may not exceed
27 \$72 for each week of unemployment;

28 (2) is payable beginning with the week during the benefit
29 year in which the individual claims an allowance for the dependent and

1 is payable for the remainder of the individual's eligibility for
2 regular, extended, or supplemental payments during the benefit year;

3 (3) may not be claimed for a new dependent after the end of
4 the benefit year or after the exhaustion of regular benefits in the
5 benefit year;

6 (4) may not be paid to an individual if

7 (A) that dependent has been claimed by another indi-
8 vidual;

9 (B) the other individual has been found eligible to
10 receive the allowance for the dependent; and

11 (C) the benefit year of the other individual has not
12 expired; and

13 (5) may be paid only if the department determines that no
14 other individual having an unexpired benefit year has been found
15 eligible for an allowance for the same dependent.

16 * Sec. 8. AS 23.20.350(g)(1) is amended to read:

17 (1) "dependent" means an individual's

18 (A) unmarried child, stepchild, legally adopted child,
19 or legal ward under 18 years of age who is

20 (i) lawfully in the individual's physical custody
21 at the time the individual claims the allowance for depen-
22 dents; or

23 (ii) dependent on the individual for more than 50
24 percent of support;

25 (B) unmarried child, stepchild, legally adopted child,
26 or legal ward of any age who is dependent on the individual for
27 more than 50 percent of support and who is prevented by infirmity
28 from engaging in a gainful occupation;

29 * Sec. 9. AS 23.20.362(c) is amended to read:

1 (c) The amount of benefits payable to an insured worker for a
2 week of unemployment shall be reduced by the amount of any severance
3 or termination payment, wages in lieu of dismissal notice, or payment
4 for vacation, sick leave, or holidays that is attributable to that
5 week [PAYMENT ATTRIBUTABLE TO THAT WEEK WHICH COMPENSATES THE INSURED
6 WORKER FOR A DISMISSAL FROM EMPLOYMENT WITHOUT NOTICE, OR FOR ACCRUED
7 VACATION, SICK LEAVE, OR HOLIDAYS].

8 * Sec. 10. AS 23.20.381 is amended by adding new subsections to read:

9 (h) Benefits based on services for an educational institution in
10 other than an instructional, research, or principal administrative
11 capacity may not be paid to an individual for a week of unemployment
12 that begins during the period between two successive academic years or
13 terms if the individual performed those services in the first of those
14 academic years or terms and there is a reasonable assurance that the
15 individual will perform those services in the second of those academic
16 years or terms. If an individual is denied benefits for any week
17 under this subsection and the individual is not later offered an
18 opportunity to perform services for the educational institution in the
19 second academic year or term, the individual is entitled to a retroac-
20 tive payment of benefits for each week for which the individual filed
21 a timely claim for benefits and for which benefits were denied solely
22 under this subsection.

23 (i) Benefits based on services described in (e) and (h) of this
24 section may not be paid to an individual for a week that begins during
25 an established and customary vacation period or holiday recess if the
26 individual performs those services in the period immediately before
27 the vacation period or holiday recess and there is a reasonable assur-
28 ance that the individual will perform these services in the period
29 immediately following the vacation period or holiday recess.

1 (j) Benefits based on services described in (e) and (h) of this
2 section shall be denied under (e), (h), and (i) of this section to an
3 individual who performed those services in an educational institution
4 while in the employ of an educational service agency. In this sub-
5 section, "educational service agency" means a governmental agency or
6 governmental entity that is established and operated exclusively for
7 the purpose of providing services to one or more educational insti-
8 tutions.

9 * Sec. 11. AS 23.20.40b(c) is amended to read:

10 (c) Notwithstanding (a) and (b) of this section, an individual
11 is ineligible for payment of extended benefits for any week of unem-
12 ployment in the individual's [HIS] eligibility period if the depart-
13 ment finds that during that period the individual

14 (1) [HE] failed to accept an offer of suitable work as
15 defined under (k) of this section or failed to apply for suitable work
16 to which the individual [HE] was referred by the department; or

17 (2) [HE] failed to actively seek work as prescribed under
18 (f) of this section, except that the eligibility of the individual
19 will be determined under AS 23.20.378 without regard to the disquali-
20 fication provisions otherwise applicable under (d) of this section if
21 the individual is not actively engaged in seeking work because the
22 individual is (A) summoned for jury duty before a court of the United
23 States or any state; or (B) hospitalized for treatment of an emergency
24 or life-threatening condition.

25 * Sec. 12. AS 23.20.505 is amended by adding a new subsection to read:

26 (d) An individual is not considered "unemployed" in a week if

27 (1) the individual is not performing services during that
28 week because the individual is on leave from the regular employer of
29 the individual for a period of four weeks or less; and

1 (2) the leave is part of a work schedule consisting of
2 alternating periods of work and leave in which the hours of work for
3 one complete period of work and leave average at least 40 hours per
4 week.

5 * Sec. 13. AS 23.20.526(a)(22) is amended to read:

6 (22) service performed for a corporation by an employee of
7 the corporation if

8 (A) the corporation is incorporated under AS 10.05;

9 (B) the corporation is not a government corporation;

10 and

11 (C) the employee is an executive officer of the corpo-
12 ration who directly or indirectly owns 25 percent or more of the
13 voting securities of the corporation [; AND

14 (D) THE EXECUTIVE OFFICER AGREES THAT THE SERVICES NOT
15 BE "EMPLOYMENT" UNDER THIS PARAGRAPH].

16 * Sec. 14. Sections 2, 3, 4 and 5 of this Act take effect January 1,
17 1985.

18 * Sec. 15. Sections 6 - 8 of this Act take effect October 1, 1984, and
19 apply to benefit years established after September 30, 1984.

20 * Sec. 16. Section 10 of this Act is retroactive to April 1, 1984.

21 * Sec. 17. Section 13 of this Act takes effect July 1, 1984.

22 * Sec. 18. Sections 1 and 9 - 12 of this Act take effect immediately in
23 accordance with AS 01.10.070(c).

Introduced: 3/7/84
Referred: Labor and Commerce and
Finance

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 525

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unemployment insurance; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 23.20.130(d) is amended to read:

10 (d) The training and building fund consists of all interest and
11 penalties collected under AS 23.20.185, 23.20.190, and 23.20.195 and
12 all sums recovered on official bond for losses sustained by the fund.
13 Training and building fund money shall be deposited in the clearing
14 account of the unemployment compensation fund for clearance only, and
15 does not become a part of the fund. The unobligated amount in the
16 training and building fund in excess of \$100,000 on the close of
17 business of the 30th day following the last day of each fiscal year
18 shall be transferred within 20 days to this state's account in the
19 unemployment trust fund. The fund shall be included in the budget
20 submitted to the legislature under the Executive Budget Act (AS 37.-
21 07). Funds available in the training and building fund shall be
22 expended upon the direction of the department, with the approval of
23 the governor, when it appears to the governor [HIM] that the expendi-
24 ture is necessary for but not limited to

25 (1) the proper administration of this chapter if no federal
26 funds are available for the specific purpose for which the expenditure
27 is to be made, and if the funds are not substituted for appropriations
28 from federal funds that [WHICH] would be made available in the absence
29 of those funds;

1 (2) the proper administration of this chapter, if [FOR
2 WHICH PURPOSE] appropriations from federal funds have been requested
3 but not yet received, and [IF] the training and building fund will be
4 reimbursed upon receipt of the requested federal appropriation;

5 (3) the purposes specified in AS 23.15.611;

6 (4) the purposes specified in AS 23.20.075.

7 * Sec. 2. AS 23.20.170 is amended by adding a new subsection to read:

8 (c) The standard rate of contributions with respect to employ-
9 ment is 5.4 percent of wages paid. Reductions from the standard rate
10 may only be made under this section and AS 23.20.280 - 23.20.310.

11 * Sec. 3. AS 23.20.290(c) is amended to read:

12 (c) Beginning January 1, 1981, the rate of contributions for
13 each employer is 82 percent of the average benefit cost rate multi-
14 plied by the employer's experience factor set out in column C of the
15 table in this subsection opposite the employer's [HIS] applicable rate
16 class set out in column A plus the fund solvency contribution required
17 under (f) of this section. However, the rate of contributions for an
18 employer may not be less than one percent or more than six and one-
19 half percent. The rate of contributions for an employer in rate class
20 21 may not be less than 5.4 percent. The rate of contributions for an
21 employer must be rounded to the nearest one-hundredth of one percent.

22	COLUMN A	COLUMN B	COLUMN C
23	Rate Class	Cumulative	Experience
24		Ratable Payroll	Factor
25		at least	but less than
26		(percent)	(percent)
27	1		5 .40
28	2	5	10 .45
29	3	10	15 .50

1	4	15	20	.55
2	5	20	25	.60
3	6	25	30	.65
4	7	30	35	.70
5	8	35	40	.80
6	9	40	45	.90
7	10	45	50	1.00
8	11	50	55	1.00
9	12	55	60	1.10
10	13	60	65	1.20
11	14	65	70	1.30
12	15	70	75	1.35
13	16	75	80	1.40
14	17	80	85	1.45
15	18	85	90	1.50
16	19	90	95	1.55
17	20	95	<u>99.99</u>	1.60
18	<u>21</u>	<u>99.99</u>		<u>1.65</u>

* Sec. 4. AS 23.20.350(d) is amended to read:

(d) An individual who is eligible under (a) of this section is entitled to receive the weekly benefit amount set out in column (B) of the table in this subsection that [WHICH] is opposite the amount set out in column (A) of the individual's base period wages determined under (c) of this section:

(A)		(B)
Base Period Wages		Weekly Benefit Amount
At Least	But less than	
0	1,000	\$ 0
1,000	1,250	34

1	1,250	1,500	36
2	1,500	1,750	38
3	1,750	2,000	40
4	2,000	2,250	42
5	2,250	2,500	44
6	2,500	2,750	46
7	2,750	3,000	48
8	3,000	3,250	50
9	3,250	3,500	52
10	3,500	3,750	54
11	3,750	4,000	56
12	4,000	4,250	58
13	4,250	4,500	60
14	4,500	4,750	62
15	4,750	5,000	64
16	5,000	5,250	66
17	5,250	5,500	68
18	5,500	5,750	70
19	5,750	6,000	72
20	6,000	6,250	74
21	6,250	6,500	76
22	6,500	6,750	78
23	6,750	7,000	80
24	7,000	7,250	82
25	7,250	7,500	84
26	7,500	7,750	86
27	7,750	8,000	88
28	8,000	8,250	90
29	8,250	8,500	92

1	8,500	8,750	94
2	8,750	9,000	96
3	9,000	9,250	98
4	9,250	9,500	100
5	9,500	9,750	102
6	9,750	10,000	104
7	10,000	10,250	106
8	10,250	10,500	108
9	10,500	10,750	110
10	10,750	11,000	112
11	11,000	11,250	114
12	11,250	11,500	116
13	11,500	11,750	118
14	11,750	12,000	120
15	12,000	12,250	122
16	12,250	12,500	124
17	12,500	12,750	126
18	12,750	13,000	128
19	13,000	13,250	130
20	13,250	13,500	132
21	13,500	13,750	134
22	13,750	14,000	136
23	14,000	14,250	138
24	14,250	14,500	140
25	14,500	14,750	142
26	14,750	15,000	144
27	15,000	15,200	146
28	15,200	15,400	148
29	15,400	15,600	150

1	15,600	15,800	152
2	15,800	16,000	154
3	16,000	<u>16,200</u>	156
4	<u>16,200</u>	<u>16,400</u>	<u>158</u>
5	<u>16,400</u>	<u>16,600</u>	<u>160</u>
6	<u>16,600</u>	<u>16,800</u>	<u>162</u>
7	<u>16,800</u>	<u>17,000</u>	<u>164</u>
8	<u>17,000</u>	<u>17,200</u>	<u>166</u>
9	<u>17,200</u>	<u>17,400</u>	<u>168</u>
10	<u>17,400</u>	<u>17,600</u>	<u>170</u>
11	<u>17,600</u>	<u>17,800</u>	<u>172</u>
12	<u>17,800</u>	<u>18,000</u>	<u>174</u>
13	<u>18,000</u>	<u>18,200</u>	<u>176</u>
14	<u>18,200</u>	<u>18,400</u>	<u>178</u>
15	<u>18,400</u>	<u>18,600</u>	<u>180</u>
16	<u>18,600</u>	<u>18,800</u>	<u>182</u>
17	<u>18,800</u>	<u>19,000</u>	<u>184</u>
18	<u>19,000</u>	<u>19,200</u>	<u>186</u>
19	<u>19,200</u>	<u>19,400</u>	<u>188</u>
20	<u>19,400</u>	<u>19,600</u>	<u>190</u>
21	<u>19,600</u>	<u>19,800</u>	<u>192</u>
22	<u>19,800</u>	<u>20,000</u>	<u>194</u>
23	<u>20,000</u>	<u>20,200</u>	<u>196</u>
24	<u>20,200</u>		<u>198</u>

25 * Sec. 5. AS 23.20.350(f) is repealed and reenacted to read:

26 (f) An individual who establishes a benefit year is eligible for
27 an allowance for dependents in addition to the individual's weekly
28 benefit amount. The department may require an individual claiming or
29 receiving an allowance for dependents to produce income tax returns,

1 birth certificates, notices of adoption or custody, social security
2 account number of spouse, verification of support documents, or other
3 information necessary to verify that the allowance is payable to the
4 individual. The allowance for dependents

5 (1) is \$24 per week for each dependent, except that the
6 total allowance for dependents paid to an individual may not exceed
7 \$72 for each week of unemployment;

8 (2) is payable beginning with the week during the benefit
9 year in which the individual claims an allowance for the dependent and
10 is payable for the remainder of the individual's eligibility for
11 regular, extended, or supplemental payments during the benefit year;

12 (3) may not be claimed for a new dependent after the end of
13 the benefit year or after the exhaustion of regular benefits in the
14 benefit year;

15 (4) may not be paid to an individual if

16 (A) that dependent has been claimed by another indi-
17 vidual;

18 (B) the other individual has been found eligible to
19 receive the allowance for the dependent; and

20 (C) the benefit year of the other individual has not
21 expired; and

22 (5) may be paid only if the department determines that no
23 other individual having an unexpired benefit year has been found
24 eligible for an allowance for the same dependent.

25 * Sec. 6. AS 23.20.350(g)(1) is amended to read:

26 (1) "dependent" means an individual's

27 (A) unmarried child, stepchild, legally adopted child,
28 or legal ward under 18 years of age who is

29 (i) lawfully in the individual's physical custody

1 at the time the individual claims the allowance for depen-
2 dents; or

3 (ii) dependent on the individual for more than 50
4 percent of support;

5 (B) unmarried child, stepchild, legally adopted child,
6 or legal ward of any age who is dependent on the individual for
7 more than 50 percent of support and who is prevented by infirmity
8 from engaging in a gainful occupation;

9 * Sec. 7. AS 23.20.362(c) is amended to read:

10 (c) The amount of benefits payable to an insured worker for a
11 week of unemployment shall be reduced by the amount of any severance
12 or termination payment, wages in lieu of dismissal notice, or payment
13 for vacation, sick leave, or holidays which is attributable to that
14 week [PAYMENT ATTRIBUTABLE TO THAT WEEK WHICH COMPENSATES THE INSURED
15 WORKER FOR A DISMISSAL FROM EMPLOYMENT WITHOUT NOTICE, OR FOR ACCRUED
16 VACATION, SICK LEAVE, OR HOLIDAYS].

17 * Sec. 8. AS 23.20.381 is amended by adding new subsections to read:

18 (h) Benefits based on services for an educational institution in
19 other than an instructional, research, or principal administrative
20 capacity shall not be paid to an individual for a week of unemployment
21 that begins during the period between two successive academic years or
22 terms if the individual performed those services in the first of those
23 academic years or terms and there is a reasonable assurance that the
24 individual will perform those services in the second of those academic
25 years or terms. If an individual is denied benefits for any week
26 under this subsection and the individual is not later offered an
27 opportunity to perform services for the educational institution in the
28 second academic year or term, the individual is entitled to a retroac-
29 tive payment of benefits for each week for which the individual filed

1 a timely claim for benefits and for which benefits were denied solely
2 under this subsection.

3 (i) Benefits based on services described in (e) and (h) of this
4 section shall not be paid to an individual for a week that begins
5 during an established and customary vacation period or holiday recess
6 if the individual performs those services in the period immediately
7 before the vacation period or holiday recess and there is a reasonable
8 assurance that the individual will perform those services in the
9 period immediately following the vacation period or holiday recess.

10 (j) Benefits based on services described in (e) and (h) of this
11 section shall be denied under (e), (h), and (i) of this section to an
12 individual who performed those services in an educational institution
13 while in the employ of an educational service agency. For the purpose
14 of this subsection, "educational service agency" means a governmental
15 agency or governmental entity that is established and operated exclu-
16 sively for the purpose of providing services to one or more education-
17 al institutions.

18 * Sec. 9. AS 23.20.406(c) is amended to read:

19 (c) Notwithstanding (a) and (b) of this section, an individual
20 is ineligible for payment of extended benefits for any week of unem-
21 ployment in the individual's [HIS] eligibility period if the depart-
22 ment finds that during that period

23 (1) the individual [HE] failed to accept an offer of suit-
24 able work as defined under (k) of this section or failed to apply for
25 suitable work to which the individual [HE] was referred by the depart-
26 ment; or

27 (2) the individual [HE] failed to actively seek work as
28 prescribed under (f) of this section, except that the eligibility of
29 the individual will be determined under AS 23.20.378 without regard to

1 the disqualification provisions otherwise applicable under (d) of this
2 section if the individual is not actively engaged in seeking work
3 because the individual is (A) summoned for jury duty before a court of
4 the United States or any state; or (B) hospitalized for treatment of
5 an emergency or life-threatening condition.

6 * Sec. 10. AS 23.20.505 is amended by adding a new subsection to read:

7 (d) An individual is not considered "unemployed" in a week if

8 (1) the individual is not performing services during that
9 week because the individual is on leave from the regular employer of
10 the individual for a period of four weeks or less; and

11 (2) the leave is part of a work schedule consisting of
12 alternating periods of work and leave in which the hours of work for
13 one complete period of work and leave average at least 40 hours per
14 week.

15 * Sec. 11. AS 23.20.526(a)(22) is amended to read:

16 (22) service performed for a corporation by an employee of
17 the corporation if

18 (A) the corporation is incorporated under AS 10.05;

19 (B) the corporation is not a government corporation;

20 and

21 (C) the employee is an executive officer of the corpo-
22 ration who directly or indirectly owns 25 percent or more of the
23 voting securities of the corporation [; AND

24 (D) THE EXECUTIVE OFFICER AGREES THAT THE SERVICES NOT
25 BE "EMPLOYMENT" UNDER THIS PARAGRAPH].

26 * Sec. 12. Sections 2 and 3 of this Act take effect January 1, 1985.

27 * Sec. 13. Sections 4 - 6 of this Act take effect October 1, 1984, and
28 apply to benefit years established after September 30, 1984.

29 * Sec. 14. Section 11 of this Act takes effect July 1, 1984.

1 * Sec. 15. Sections 1 and 7 - 10 of this Act take effect immediately in
2 accordance with AS 01.10.070(c).