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(7)

Date Referred: February 14, 1992

FURTHER REFERRAL

Finance

Date of Committee Action: 3-2-92

The JUDICIARY Committee considered:

SB 349 am

SENATE BILL NO. 349 am

UNEMPLOYMENT COMPENSATION

"An Act relating to the implementation of special federal programs for unemployment compensation; and providing for an effective date."

RECOMMENDATIONS.

be replaced with HCS SB 349 (JUD) the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) labor

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>David Douley</i>	X				
<i>Ph. Ellis</i>	X				
<i>Kevin P. ... 27m</i>	✓				
<i>Mike Miller</i>	✓				
<i>Terry Martin</i>	✓				
<i>Mark Stanley</i>	X				
<i>Bob ...</i>	✓				

David Douley
CHAIRMAN'S SIGNATURE

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN
SEAT A

3111 "C" STREET, SUITE 450
ANCHORAGE, ALASKA 99503
(907) 561-7629 (FAX) 562-4376

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NORTHWOOD • ROMIG • ROOSEVELT PARK • SPENARD • THOMPSON • TURNAGAIN • WINDEMERE • WOODLAND PARK




CHAIRMAN
JUDICIARY COMMITTEE

VICE CHAIRMAN
REGULATION REVIEW COMMITTEE

MEMBER
RULES COMMITTEE
LABOR AND COMMERCE COMMITTEE

MEMORANDUM

TO: Members of the House Finance Committee

FROM: Representative Dave Donley, Chair 
House Judiciary Committee

RE: Fiscal note for SB 349, "An Act relating to the implementation of special federal programs for unemployment compensation."

DATE: March 3, 1992

SB 349 received a unanimous "Do Pass" from the members of the House Judiciary Committee. However, the committee had concerns about the zero fiscal note from the Department of Labor.

The Judiciary Committee requests that the Finance Committee review this legislation with a view toward reflecting the fiscal benefits of its passage.

DD/hk



FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO : SB 349 am

Revision Date: _____
 Title: "An Act relating to the implementation of special ... unemployment compensation"
 Sponsor: Senate Rules Committee
 Requestor: Senate Labor & Commerce

Department Affected: Labor
 BRU: Employment Security
 Component: Unemployment Insurance

COMPONENT SERIAL NO. 329

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
-----------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

Prepared by Judy Knight, Director
 Division: Employment Security Division

Phone : 465-2712
 Date : 2/12/92

Approved by Commissioner: John A. Abshire, Acting Commissioner
 Agency: Department of Labor

Date: 2/12/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 10, 1992

FURTHER REFERRALS:

Judiciary
Finance

Date of Committee Action: 2-13-92

The LABOR AND COMMERCE Committee considered:

SB 349 am

SENATE BILL NO. 349 am

UNEMPLOYMENT COMPENSATION

"An Act relating to the implementation of special federal programs for unemployment compensation; and providing for an effective date."

RECOMMENDATIONS: [] the same title
 be replaced with _____ [] a new title

[] have attached amendments(s)

do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): _____ (Dept)


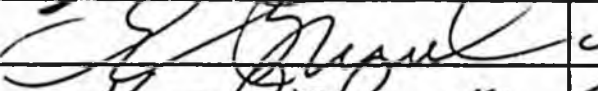
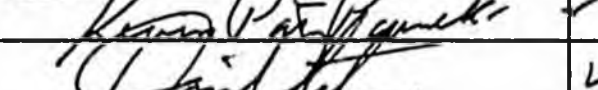
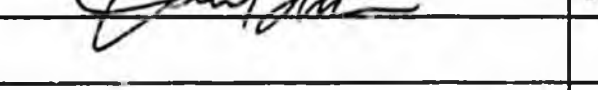
APPROVES PREVIOUS: _____ (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[] zero fiscal note _____

zero fiscal note(s) Dept of Labor

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
	✓				
	✓				
	✓				
	✓				


 CHAIRMAN'S SIGNATURE

SENATE BILL NO. 349 by the Senate Rules Committee by request of the Governor, entitled:

"An Act relating to the implementation of special federal programs for unemployment compensation; and providing for an effective date."

was read the first time and referred to the Labor and Commerce Committee.

Zero fiscal note published today from Department of Labor.

Governor's transmittal letter dated January 13:

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will clarify the Department of Labor's authority to implement special federal unemployment compensation programs.

The bill adds a new subsection to AS 23.20.080 to clarify the Department of Labor's authority to implement additional unemployment compensation programs upon a determination by the Commissioner of Labor that the program will be beneficial to the state and its citizens. This will allow the department to act promptly to obtain benefits for the state as they are made available through changes in the federal unemployment compensation program.

AS 23.20.005 allows a liberal construction of the Alaska Employment Security Act (AS 23.20), and AS 23.20.080 currently promotes federal-state cooperation, directing the department to adopt regulations to obtain all advantages available under 26 U.S.C. 3303 and 3304 (Internal Revenue Code) and the Wagner-Peyser Act (29 U.S.C. 49). The Emergency Compensation Act of 1991 (P.L. 102-164) was signed into law by the president on November 15, 1991. It made 100 percent federal funding available to the states for an emergency unemployment compensation program. However, the state was just about to "trigger on" to an extended unemployment benefits period (under AS 23.20.408) under which only 50 percent federal funding would be made available to the state. Under the new federal law, a state entering an extended benefit period was required to "trigger off" extended benefits in order to proceed with payment of the new emergency unemployment compensation.

The department found it necessary to adopt an emergency regulation, effective December 10, 1991, to "trigger off" the extended benefit period and thus qualify for the emergency unemployment compensation money. Paying benefits under the extended benefits program would have placed an additional cost on Alaskan employers and burdened Alaska's unemployment trust fund account (AS 23.20.130; AS 23.20.135). Preserving the trust fund account could result in lower tax rates for employers under Alaska law. Additionally, some claimants eligible for the federal emergency unemployment compensation program would qualify for more benefits under that program than they would under the state's extended benefits program. It is estimated that Alaska will be able to save from \$3.5 - \$7.5 million by "triggering off" the extended benefit period to receive the federal emergency compensation money. Although the Department of Labor considers that existing AS 23.20.005 and 23.20.080 provide authority for the emergency action, explicit authority for the department to act under these, and similar, circumstances is desirable.

Section 2 of the bill provides that the authorization in sec. 1 is retroactive to December 1, 1991, and sec. 3 provides an immediate effective date. These sections provide clarification for the Department of Labor's emergency regulation.

The explicit authority provided by this bill will more clearly authorize the department to maintain the "triggered off" status. The emergency regulation, 8 A.C. 85.045, will expire on April 7, 1992. For this reason, I urge your prompt consideration and passage of this bill.

Sincerely,

UNEMPLOYMENT INSURANCE
AT-A-GLANCE

STATE ELIGIBILITY REQUIREMENTS

\$1000 in the base period with at least \$100 outside the highest quarter of wages.

Must have worked in at least two quarters.

Able and available for work each week claimed.

FEDERAL REQUIREMENTS FOR EXTENDED AND EMERGENCY UNEMPLOYMENT COMPENSATION

Must have earned 40 times the regular weekly benefit amount.

Must have not been disqualified for separating from an employer.

Have a more proscribed work search each week.

If living out of state, only two weeks are payable if that state is not paying extended benefits.

BENEFITS FOR ALL PROGRAMS

A claimant will qualify for a minimum of \$44 per week to the maximum of \$212 per week.

Dependent's allowance for children under 18 of \$24 per dependent up to 3 dependents.

REGULAR BENEFITS

The claimant may be eligible for a minimum of 16 weeks to a maximum of 26 weeks during the benefit year.

FUNDING SOURCE

UI Trust Fund
or
Direct billed to
reimbursible employers
(Gov't and non-profits)

EXTENDED BENEFITS

A claimant will be eligible for additional weeks equal to one-half the regular entitlement, or an additional 8-13 weeks.

1/2 UI Trust Fund and
1/2 Federal Funding
or
100% Direct billed to
reimbursible employers
(Gov't and non-profits)

EMERGENCY UNEMPLOYMENT COMPENSATION (EUC)

A claimant qualifies for 16, 18, or 20 weeks, dependent on the regular entitlement, less any EB paid.

100% Federal Funding

Initially a claimant must have exhausted regular or extended benefits, or had the benefit year end after 3/1/91 to be eligible.

year after the two calendar years of the election, only if not later than March 15 of the year (1) the employing unit has filed with the department a written notice to that effect, or (2) the department on its own motion has given notice of termination of coverage. (§ 604 ch 5 ESLA 1955; am § 5 ch 122 SLA 1977)

Revisor's notes. — See revisor's note at AS 23.20.278.

Sec. 23.20.326. *Elective coverage by political subdivisions. [Repealed, § 25 ch 122 SLA 1977.]*

Article 6. Benefits.

- Section
- 330. Claims
- 335. Notice to employees
- 340. Determination of claims
- 345. Payment of benefits
- 350. Amount of benefits
- 353. Supplemental state benefits
- 354. State interim benefits
- 360. Earnings deducted from weekly benefit amount
- 362. Disqualifying or deductible income
- 365. Limited liability of state
- 370. Benefits of decedent or incompetent
- 375. Filing requirements
- 376. Base period extension and limitation
- 378. Able to work and available for suitable work
- 379. Voluntary quit, discharge for misconduct, and refusal of work

- Section
- 381. Other disqualifications
- 382. Benefits while attending approved vocational training course
- 383. Labor dispute disqualification
- 385. Suitable work
- 387. Disqualification for misrepresentation
- 390. Recovery of improper payments; penalty
- 392. Deductions from back pay awards
- 395. Waiver of rights void
- 400. Limitation of fees
- 401. Child support interception
- 405. Assignment void; exemption of benefits

- 406 Extended Unemployment Benefits
- 407 Weekly extended benefit amount, total payable
- 408 Extended benefit periods
- 409 Definitions

Cross references. — For effect of receipt of unemployment benefits on permanent and temporary total disability compensation payments, see AS 23.30.187.

Collateral references. — 76 Am. Jur. 2d, Unemployment Compensation, §§ 82-90.

81 C.J.S., Social Security and Public Welfare, §§ 291-297.

Vested right of applicant for unemployment compensation in mode and manner of computing benefits in effect at time of his discharge or loss of employment. 20 ALR2d 963.

Termination of employment as a result of union action or pursuant to a union contract as "voluntary" for purposes of unemployment compensation. 90 ALR2d 835.

Right to unemployment compensation as affected by claimant's receipt of holiday pay. 3 ALR4th 557.

Unemployment compensation as affected by vacation or payment in lieu thereof. 14 ALR4th 1175.

Discharge from employment on ground of political views or conduct as affecting right to unemployment compensation. 29 ALR4th 287.

Sec. 23.20.326. *Employment by political subdivisions.*

An employer for the same person. *Alin v. Alas*

Collateral liability for wrongful death benefits. *Criminal liability*

Sec. 23.20.326. *Employment by political subdivisions.* maintain in the employee matters which shall supply the printed which the department shall supply the printed. 5 ESLA 1955

Sec. 23.20.326. *Employment by political subdivisions.* nated by the take all evidence promptly transmitted a representative the evidence an initial determination eligible for benefits of the weekly amount.

(b) Within the weekly benefits established under the determination of the determination in computation pertinent to that the initial representation monetary amount

(c) The claimant or a subsidiary

FINDING OF EMERGENCY

The Department of Labor, Division of Employment Security finds that an emergency exists and that the attached regulation is necessary for the immediate preservation of the public peace, health, safety, or general welfare. The facts constituting the emergency are as follows:

The Department of Labor has determined that the State of Alaska, under AS 23.20.408, has triggered into an Extended Benefit "on" period, having the first week payable the week beginning December 8, 1991. However, this extended benefit period coincides with an emergency unemployment compensation period under the Emergency Compensation Act of 1991. Section 101 (e) of the Emergency Unemployment Compensation Act of 1991 (P.L. 102-164) authorizes the Governor of a State to trigger off an extended unemployment compensation period in order to provide payment of Emergency Unemployment Compensation to individuals who have exhausted their rights to regular compensation under the law.

Emergency Unemployment Compensation is funded entirely from federal funds whereas the Extended Benefits program is 50% funded by Alaska employers through the State UI Trust Fund and 50% from federal funds. Additionally, claimants eligible for Emergency Unemployment Compensation will qualify for more benefits than under the Extended Benefits program. It is necessary for the general welfare of the public to provide payment of Emergency Unemployment Compensation in lieu of Extended Benefits. AS 23.20.005 requires that AS 23.20 be liberally construed to accomplish its purposes. The accumulation of reserves in the State UI Trust Fund for the payment of benefits is specifically listed as a specific purpose of the chapter.

Additionally, AS 23.20.080 requires the Department's cooperation with the Secretary of Labor through the adoption of regulations and other methods and standards that are necessary to obtain all advantages available for the state and its citizens under 26 U.S.C. 3303 and 3304 (Internal Revenue Code). Paying benefits under the Extended Benefits program will burden Alaskan employers and deplete Alaska's UI Trust Fund. The benefits paid under the Emergency Unemployment Compensation program will be fully provided by the Federal government. Preserving UI Trust Funds will result in lower tax rates for employers under Alaska Law. This emergency regulation is adopted under the requirements of AS 23.20.080 in order to obtain an advantage for the citizens of Alaska through the employer tax rating which is controlled by 26 U.S.C. 3303.

The provisions of AS 23.20.353 (State Supplemental Benefits) will remain in effect since those claimants found ineligible for Extended Benefits would also be found ineligible for Emergency Unemployment Compensation. This Alaska provision is not affected by the federal legislation.

ADOPTION ORDER

Under authority of AS 23.20.045, the regulation is therefore adopted as an emergency regulation to take effect immediately upon filing by the lieutenant governor as provided in AS 44.52.180(3).

This action is not expected to require an increased appropriation.

DATE: 12/9/91
Juneau, Alaska

John A. Abshire
Name

FILING CERTIFICATION

I, John B. Coghill, Lieutenant Governor for the State of Alaska, certify that on December 10th, 1991, at 2:40 pm., I filed the attached regulations according to the provisions of AS 44.62.

Alexander Shuba
Lieutenant Governor *for John B. Coghill*

Effective _____
Register _____

NOTICE OF ADOPTION OF EMERGENCY REGULATIONS
OF THE ALASKA DEPARTMENT OF LABOR

As required by AS 44.62.250, notice is given that, under the authority of AS 23.20.005, 23.20.045, and 23.20.080, the Department of Labor adopted on December 9, 1991, as an emergency regulation, 8 AAC 85.045, relating to Emergency Unemployment Compensation Trigger. The new regulation permits the state to trigger off an extended unemployment compensation period as defined in AS 23.20.408 so that payments of Emergency Unemployment Compensation may be provided to individuals who have exhausted their rights to regular unemployment benefits.

This regulation takes effect December 10, 1991.

This action is not expected to require an increased appropriation.

Notice is also given that any person interested may present written statements and arguments relevant to the proposed action by writing to the Director, Employment Security Division, P.O. Box 25509, Juneau, Alaska 99802, to be received no later than January 16, 1992.

Copies of the emergency regulation may be obtained by telephoning or writing to:

Employment Security Division
Department of Labor
P.O. Box 25509
Juneau, AK 99802
ATTN: Jane Waid
Telephone: (907) 465-4531

12/10/91

DATE



John Abshire, Acting Commissioner
Department of Labor

Chapter

85. Employment Security
(8 AAC 85.010 - 8 AAC 85.500)

CHAPTER 85.
EMPLOYMENT SECURITY

8 AAC 85.045. EMERGENCY UNEMPLOYMENT COMPENSATION TRIGGER. (a) The department may at the direction of the Governor, in compliance with Section 101 (e) of the Emergency Unemployment Compensation Act of 1991 (Public Law 102-164), and in order to enable the citizens of the State to obtain advantages available under 26 U.S.C. 3303 (Internal Revenue Code), trigger off an extended unemployment compensation period as defined in AS 23.20.408 so that payments of Emergency Unemployment Compensation may be provided to individuals who have exhausted their rights to regular unemployment benefits.

(b) The provisions of (a) do not affect the payment of Supplemental State Benefits as defined in AS 23.20.353, as long as the conditions of an "on" indicator, as described in AS 23.20.408(f) are present in the state.

(c) When Emergency Unemployment Compensation is no longer available, the department, at the direction of the Governor, may trigger "on" an Extended Benefits period, if the criteria of AS 23.20.408 are otherwise met.

Authority: 23.23.005
23.20.045
23.20.080