

SB

162

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 19, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/23/93

The FINANCE Committee considered:

CSSB 162(FIN)

CS FOR SENATE BILL NO. 162(FIN)

EMERGENCY UNEMPLOYMENT COMP PROGRAM

"An Act relating to the implementation of the federal emergency unemployment compensation program; making changes relating to unemployment compensation under the extended benefits program and the supplemental state benefits program; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____ 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) _____

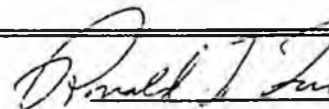
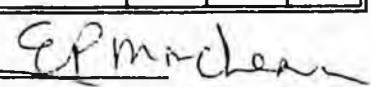
fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) Labor 2/12/93

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Ed Maclean</i> Maclean	✓				
<i>Ronald J. Larson</i> Larson	x				
<i>Richard J. Foster</i> FOSTER	*	<i>Mark Hanley</i> Hanley		x	
		<i>Larry Martin</i> martin		✓	
		<i>John Parnell</i> Parnell		x	
		<i>Jan Grussendorf</i> Grussendorf		x	
		<i>John Hoffmeyer</i> Hoffmeyer		x	
		<i>Jay Brown</i> Brown			✓
		<i>Gene Thurnhauer</i> Thurnhauer		x	



 CHAIRMAN'S SIGNATURE
 LARSON MACLEAN

21131W R/C HFC

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO : CSSB 162 (FIN)

Revision Date: _____
Title: Emergency Unemployment
Compensation Program
Sponsor: Senate Rules by Request
Requestor: Senate Rules

Department Affected: Labor
BRU: Employment Security
Component: Employment/Unemployment Services
COMPONENT SERIAL NO. 1807

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
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						
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REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Judy Knight, Director Phone: 465-2712
Division: Employment Security Date: 4/14/93

Approved by Commissioner: Charles W. Mahler
Agency: Department of Labor Date: 4/14/93

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Fiscal Note Analysis for
Emergency Unemployment Compensation Program

This bill would make changes to the state's Extended Benefits program for unemployment insurance and to enable the state to continue participation in the federal Emergency Unemployment Compensation program.

Federal law extends the Emergency Unemployment Compensation program through October 2, 1993. Claimants may continue to draw Emergency Unemployment Compensation benefits through January 15, 1994.

Under the Emergency Unemployment Compensation program, more than \$50 million has been paid to approximately 40,000 claimants since the program's inception in late 1991.

Savings to Alaska's Unemployment Insurance Trust Fund are estimated at \$20 million since Extended Benefits have not been paid and unemployment claims were paid under the Emergency Unemployment Compensation Program. These savings will continue assuming that the State of Alaska remains triggered off Extended Benefits and benefit payments continue to be paid under the Emergency Unemployment Compensation program.

Several sections of this bill require additional benefits to be paid to claimants. Under a "worst case scenario" it is projected that an additional \$2.1 million would be paid out annually. Revenues to the Unemployment Insurance Trust Fund for the past three years averaged \$164,864.8 annually. Total benefits paid to claimants averaged \$148,467.7 for the same time period.

Sections 4, 7, and 8 are conformity requirements for Alaska to keep its unemployment insurance law consistent with federal law. Failure to enact these sections can result in the loss of federal administrative funds for unemployment insurance, as well as loss of the Wagner-Peyser grant which funds the public employment service and other employment and training grants totalling \$29.4 million. Job Training Partnership funds exceeding \$10.0 million would also be eliminated.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO : CSSB 162 (FIN)

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TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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POSITIONS:

FULL-TIME						
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TEMPORARY						

Estimate of current year (FY93) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Judy Knight, Director Phone: 465-2712
 Division: Employment Security Date: 4/14/93

Approved by Commissioner: Charles W. Mahler
 Agency: Department of Labor Date: 4/14/93

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STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 21149
JUNEAU, ALASKA 99802-1149
PHONE: (907) 465-2700

FAX: (907) 465-2784

April 19, 1993

The Honorable Eileen MacLean
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 507
Juneau, AK 99801-1182

Dear Representative MacLean:

Committee Substitute for Senate Bill No. 162 (Finance), which will enable the state to continue its participation in the federal emergency unemployment compensation program and which makes changes relating to unemployment compensation under the extended benefits program and supplemental state benefits program was passed unanimously by the Senate on April 16, 1993.

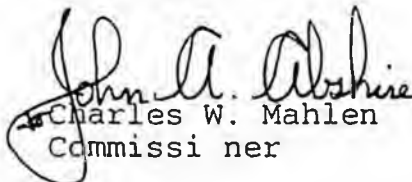
Since the federal government pays 100 percent of the benefits under the federal unemployment compensation program as opposed to the 50 percent paid under the state extended benefit program, savings to Alaska's Unemployment Insurance Trust Fund is considerable. However, continued state participation in the program must be approved this legislative session as required by AS 23.20.080(b) enacted in 1992.

In addition, certain amendments to Alaska's unemployment insurance law are required to be consistent with federal law. Failure to act can result in the loss of federal administrative funds for unemployment insurance as well as the loss of the Wagner-Peyser grant which funds the public employment service. These grants, plus the department's other employment and training grants total \$29.4 million. Job Training Partnership funds exceeding \$10.0 million would also be eliminated.

Therefore, I am requesting that the bill be scheduled for a hearing before the House Finance Committee at the earliest possible date. A sectional analysis, fiscal note, position paper, and a copy of the bill are enclosed for your information. If you would like additional information concerning this legislation, please do not hesitate to contact my Special Assistant, Arbe Williams.

Thank you for your consideration of my request to schedule Committee Substitute for Senate Bill No. 162 (Finance) for a hearing.

Sincerely,


Charles W. Mahlen
Commissioner

Enclosures

DEPARTMENT OF LABOR

SECTIONAL ANALYSIS

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 162 (FINANCE)

"An Act relating to the implementation of the federal emergency unemployment compensation program; making changes relating to unemployment compensation under the extended benefits program and the supplemental state benefits program; and providing for an effective date."

Section 1.

Authorizes the implementation of the federal emergency unemployment compensation program in this state as required under AS 23.20.080(b) for continued state participation in this program.

Specifies that the eligibility standards for the emergency unemployment compensation program are the same as for the existing unemployment compensation extended benefits program as provided for in AS 23.20.406.

Section 2.

Provides that an unemployed individual who cannot qualify for emergency unemployment benefits because of the earnings requirements of AS 23.20.406(1) will be able to receive supplemental state unemployment benefits during a period in which emergency unemployment compensation benefits are being provided in this state and will be able to receive supplemental state benefits under the same conditions as those established for emergency benefits.

Section 3.

Establishes an alternative method that will allow an unemployment benefits claimant to qualify for extended or emergency benefits by incorporating an earnings test that was added as an option in the 1992 version of the federal Emergency Unemployment Compensation Act.

Section 4.

Outlines a second level of benefits that are available during a high unemployment period. Under this provision, Alaskans will be eligible for extended or emergency benefits for a longer period of time when the total unemployment rate equals or exceeds eight percent.

Section 5.

Adds an additional optional "trigger" to allow the state to provide extended unemployment benefits. Under this provision, the state may qualify under an additional set of requirements for the extended unemployment benefit program.

Section 6.

Eliminates the calculations that have been used to determine the "off" indicator and indicates that the "off" trigger occurs whenever the conditions indicating an "on" trigger are not applicable.

Adds a provision that will allow the state to trigger "off" extended benefits in order to pay emergency unemployment compensation.

Section 7.

Sets out the conditions under which the state will be considered to be in a high unemployment period, thereby indicating that a longer duration of unemployment payments may be made to qualified individuals.

Section 8.

Temporarily suspends the more stringent work search and eligibility requirements that have been required under the federal extended benefit program so that Alaska law will conform with new federal requirements. As a result, from March 7, 1993 through December 31, 1994, the same requirements that currently apply to regular unemployment benefits will be applicable to extended benefits or emergency benefits.

Section 9.

Repeals sections 1 and 2 which authorize the implementation of the federal emergency unemployment compensation program in Alaska and enact laws to treat emergency unemployment compensation claimants the same as claimants under the extended benefits program.

Section 10.

Consistent with federal law, repeals the temporary suspension of the more stringent work search and eligibility requirements of the extended benefits program established in Section 8 of this bill. Section 9 is to be effective January 1, 1995.

Section 11.

Provides for an effective date retroactive to March 7, 1993 for the temporary suspension of the more stringent work search and eligibility requirements of the extended benefits program established in Section 8 of this bill.

Section 12.

Provides for an immediate effective date for the implementation of Sections 8 and 11 of this bill pertaining to the temporary suspension of the more stringent work search and eligibility requirements of the extended benefits program retroactive to March 7, 1993.

Section 13.

Provides for an effective date of July 1, 1993 for Sections 1, 2 and 4 through 7 pertaining to the authorization for the continuation of the federal emergency unemployment compensation program (Sec. 1); to various eligibility standards for claimants for the extended benefits program and the supplemental state benefits program (Sec. 1 and Sec. 2); to additional benefits available during a high unemployment benefits (Sec. 4 and Sec. 7); and to the triggering mechanisms for the state's qualifications to participate in the extended unemployment benefit program (Sec. 5 and Sec. 6).

Section 14.

Provides for an effective date of October 3 for Section 3 pertaining to an alternative method that will allow an unemployment benefits claimant to qualify for extended or emergency benefits.

DEPARTMENT OF LABOR
SECTIONAL ANALYSIS

-4-

Section 15.

Provides for an effective date for section 9 which repeals the emergency unemployment compensation program as the date that the federal Emergency Unemployment Compensation Program expires.

Section 16.

Provides for an effective date of January 1, 1995 for Section 10 pertaining to the repeal of the temporary suspension of the more stringent work search and eligibility requirements of the extended benefits program established in Section 8 of this bill.

Fiscal Note Analysis for
Emergency Unemployment Compensation Program

This bill would make changes to the state's Extended Benefits program for unemployment insurance and to enable the state to continue participation in the federal Emergency Unemployment Compensation program.

Federal law extends the Emergency Unemployment Compensation program through October 2, 1993. Claimants may continue to draw Emergency Unemployment Compensation benefits through January 15, 1994.

Under the Emergency Unemployment Compensation program, more than \$50 million has been paid to approximately 40,000 claimants since the program's inception in late 1991.

Savings to Alaska's Unemployment Insurance Trust Fund are estimated at \$20 million since Extended Benefits have not been paid and unemployment claims were paid under the Emergency Unemployment Compensation Program. These savings will continue assuming that the State of Alaska remains triggered off Extended Benefits and benefit payments continue to be paid under the Emergency Unemployment Compensation program.

Several sections of this bill require additional benefits to be paid to claimants. Under a "worst case scenario" it is projected that an additional \$2.1 million would be paid out annually. Revenues to the Unemployment Insurance Trust Fund for the past three years averaged \$164,864.8 annually. Total benefits paid to claimants averaged \$148,467.7 for the same time period.

Sections 4, 7, and 8 are conformity requirements for Alaska to keep its unemployment insurance law consistent with federal law. Failure to enact these sections can result in the loss of federal administrative funds for unemployment insurance, as well as loss of the Wagner-Peyser grant which funds the public employment service and other employment and training grants totalling \$29.4 million. Job Training Partnership funds exceeding \$10.0 million would also be eliminated.

BILL NO: CSSB 162(FIN)

DATE: April 14, 1993

TITLE: Emergency Unemployment Compensation Program **CONTACT:** Arbe Williams
465-2700

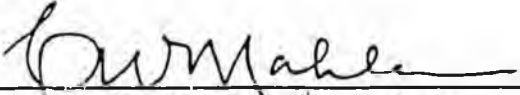
Congress first passed the Emergency Unemployment Compensation Act in late 1991. The state has participated in the federal emergency unemployment compensation program under emergency regulations and the provisions of AS 23.20.080(b) enacted in 1992. Under the Emergency Unemployment Compensation program, more than \$50 million has been paid to approximately 40,000 claimants since the program's inception in late 1991.

Savings to Alaska's Unemployment Insurance Trust Fund for the first year are estimated at \$20 million since the federal government pays 100 percent of the benefits under the federal unemployment compensation program as opposed to the 50 percent paid under the extended benefits program. An additional savings of \$20 million is expected through January of 1994. Continued state participation in the emergency unemployment benefit program must be approved this legislative session.

In addition, certain amendments to Alaska's unemployment insurance law are required to be consistent with federal law. Failure to act can result in the loss of federal administrative funds for unemployment insurance as well as the loss of the Wagner-Peyser grant which funds the public employment service. These grants, plus the department's other employment and training grants dependent upon the state's compliance with federal law, total \$29.4 million. Job Training Partnership funds exceeding \$10.0 million would also be eliminated.

The Department supports Committee Substitute for Senate Bill No. 162 (Finance) and urges passage this legislative session.

APPROVED:



Charles W. Mahlen, Commissioner

POSITION PAPER/Department of Labor

**UNEMPLOYMENT INSURANCE
AT-A-GLANCE**

STATE ELIGIBILITY REQUIREMENTS

\$1,000 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 or earned 1.5 times the wages during the calendar quarter of the base period in which the wages were the highest.

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

BENEFITS FOR ALL PROGRAMS

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

Dependent's allowance for children under 18 of \$24 per dependent up to three (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
reimbursable 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
reimbursable employers
(Gov't and non-profits)

(OVER)

STATE SUPPLEMENTAL BENEFITS

A state program that pays additional benefits to claimants who do not meet the federal qualifying requirements of extended benefits or emergency unemployment compensation. Benefits are the same as extended benefits or emergency unemployment compensation.

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

EMERGENCY UNEMPLOYMENT COMPENSATION (EUC)

A claimant qualifies for the same number of weeks as regular benefits, 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.

Department of Labor
March 23, 1993

WALTER J. HICKEL
GOVERNOR



P. O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 12, 1993

162

*The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182*

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will improve the financing of the state's unemployment compensation program and will enable the state to continue its participation in the federal emergency unemployment compensation program.

Section 1 authorizes the implementation of the federal emergency unemployment compensation program in this state as required under AS 23.20.080(b) for continued state participation in this program, and specifies that the eligibility standards for the emergency program are the same as for the existing unemployment compensation extended benefits program (AS 23.20.406).

Section 2 provides that an unemployed individual who cannot qualify for emergency unemployment benefits because of the earnings requirements of AS 23.20.406(l) will be able to receive supplemental state unemployment benefits during a period in which emergency unemployment compensation benefits are being provided in this state and under the same conditions as those established for emergency benefits.

Section 3 establishes an alternative method that will allow an unemployment benefits claimant to qualify for extended benefits by incorporating an earnings test that was added as an option in the 1992 version of the federal Emergency Unemployment Compensation Act (P.L. 102-318). This optional method will benefit approximately 500 Alaskan claimants and will result in unemployment trust fund savings annually of approximately \$150,000 during periods of extended benefits. The October 3, 1993 effective date for sec. 3 coincides with the end of the emergency unemployment compensation program. See sec. 13 of the bill.

*The Honorable Rick Halford
Page 2*

Section 4 outlines a second level of benefits that are available during a "high unemployment period." Under this provision, Alaskans will be eligible for extended or emergency benefits for a longer period of time when the total unemployment rate equals or exceeds eight percent.

Section 5 adds an additional optional "trigger" to allow the state to provide extended unemployment benefits. Under this provision, the state may qualify under more than one set of requirements for the extended unemployment benefit program.

Section 6 eliminates the calculations that have been used to determine the "off" indicator and indicates that the "off" trigger occurs whenever the conditions indicating an "on" trigger are not applicable. This section also adds a provision that will allow the state to trigger "off" extended benefits in order to pay emergency unemployment compensation.

Section 7 sets out the conditions under which the state will be considered to be in a "high unemployment period," thereby indicating that a longer duration of unemployment payments may be made to qualified individuals.

Section 8 temporarily suspends the more stringent work search and eligibility requirements that have been required under the federal extended benefit program so that Alaska law will conform with new federal requirements. As a result, from March 7, 1993 through December 31, 1994, the same requirements that currently apply to regular unemployment benefits will be applicable to extended benefits or emergency benefits.

Sections 9 - 14 are sections that provide that the suspension of certain eligibility requirements will be effective retroactively to March 7, 1993 and that the additional provisions of the bill become effective on July 1, 1993, or October 3, 1993, to allow for an organized transition by the department. Sections 9 and 14 repeal the temporary suspension of eligibility requirements on January 1, 1995, consistent with the federal law.

Sincerely,

A handwritten signature in cursive script, appearing to read "Walter J. Hickel".

*Walter J. Hickel
Governor*