

SB

120

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/11/08

FURTHER:

DATE TURNED IN TO OFFICE: 3/15/08

Finance Committee considered SENATE BILL NO. 120

SB 120 UNEMPLOYMENT COMPENSATION BENEFITS

"An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

and recommends:

- be replaced with SCS or CS SB 120 (FIN)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

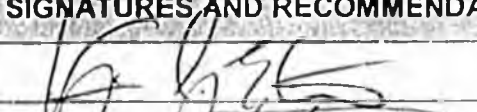
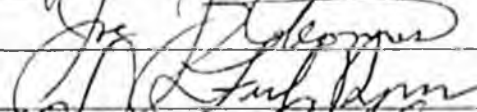
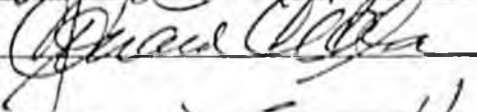
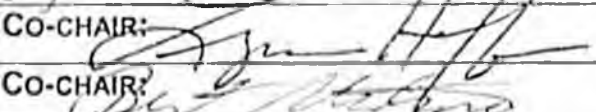

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DOL	2/4/08	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Ellen Thomas	✓			
	Thomas Dyson			✓	
	Dyson Solson			✓	
	Hoffman			✓	
CO-CHAIR: 	Solomon	✓			

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 120(FIN)
() Publish Date: _____

Identifier (file name): SB120CS-DOLWD-UI-03-17-08 Dept. Affected: Labor and Workforce Development
Title: Unemployment Compensation Benefits RDU: Employment Security
Component: Unemployment Insurance
Sponsor: Senate L&C
Requester: Senate Rules Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
OPERATING EXPENDITURES							
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	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES (33030*)	0.0	0.0	2,000.0	8,000.0	14,000.0	16,000.0	16,000.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: None

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Thomas W. Nelson, Director
Division: Employment Security
Approved by: Click Bishop, Commissioner
Department of Labor and Workforce Development

Phone: 365-5933
Date/Time: 3/17/08 9:50 AM
Date: 3/17/08

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. CSSB 120(FIN)

ANALYSIS CONTINUATION

The fiscal impact of this legislation arises from two proposed changes to Alaska's Unemployment Insurance Tax/Benefit system:

- (1) Raising the maximum unemployment compensation weekly benefit amount (WBA) from \$248.00 to \$370.00 effective January 1, 2009.
- (2) Changing the minimum qualifying wage from \$1,000 during the individual's base period (in at least two of the four qualifying quarters preceding a claim) to \$2,500.

The net effect of these two changes will be a gradual increase in employer/employee unemployment insurance (UI) tax receipts to the Unemployment Insurance Trust Fund. The projected change in the revenues is based on past UI tax trends and is displayed on the revenue line of the fiscal note. UI tax rates have the potential to fluctuate substantially depending on the economic strength of the state and the unemployment rate.

Note: Unemployment Insurance Tax Revenue (from employer and employee assessments) is routed through the State Treasury to the United States Treasury to be held in trust for Alaska Unemployment Insurance Benefit Payments. UI payments are not subject to appropriation under the Executive Budget Act so no expenditure information is displayed on this fiscal note. However, over time, the net amount of revenues resulting from tax changes arising from this legislation will be equal to the net amount of benefit payments.

Adopted 1/15/08

RECEIVED

MAR 13 2008

25-LS0622N
Wayne
3/14/08

CS FOR SENATE BILL NO. 120()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): **SENATE LABOR AND COMMERCE COMMITTEE**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to disclosure of certain information from the records of the
2 Department of Labor and Workforce Development and limiting the use of the disclosed
3 information, and to the calculation and payment of unemployment compensation
4 benefits; and providing for an effective date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * Section 1. AS 23.20.110(a) is amended to read:

7 (a) Except for disclosures required by 42 U.S.C. 503, as amended, and 20
8 C.F.R. 603, as amended, and disclosures authorized under [AS PROVIDED IN (h)
9 AND (i) OF] this section, the department shall hold information obtained from an
10 employing unit or individual in the course of administering this chapter and
11 determinations as to the benefit rights of an individual confidential and may not
12 disclose them or open them to public inspection in a manner that reveals the identity of
13 the individual or employing unit. A claimant or an employing unit [, OR THE LEGAL
14 REPRESENTATIVE OF THE CLAIMANT OR THE EMPLOYING UNIT,] is

1 entitled to information from the records of the department only to the extent necessary
2 to properly present or protest a claim or determination under this chapter. The
3 department may not provide information that is confidential under this section to
4 a person for use in any civil or administrative matter not directly involving the
5 presentation or protest of a claim or determination under this chapter; however,
6 subject [SUBJECT] to restrictions that the department prescribes by regulation, the
7 information must [MAY] be made available to the United States Department of
8 Homeland Security, Bureau of Citizenship and Immigration Services, for the
9 purpose of verifying a claimant's immigration status, to the United States
10 Railroad Retirement Board, to an agency of this state or another state or federal
11 agency charged with the administration of an unemployment compensation law or the
12 maintenance of a system of public employment offices, to the United States
13 Department of the Treasury, Internal Revenue Service [OR], for the purposes of
14 the Federal Unemployment Tax Act, or to the Department of Revenue [TO THE
15 INTERNAL REVENUE SERVICE OF THE UNITED STATES, OR,] for tax
16 purposes [, TO THE DEPARTMENT OF REVENUE]. Information obtained in the
17 course of administering this chapter or in connection with the administration of the
18 employment service may be made available to persons or agencies for purposes
19 appropriate to the operation of a public employment service or the administration of
20 employment and training programs planned or coordinated by the Alaska Workforce
21 Investment Board under AS 23.15.550 - 23.15.585.

22 * Sec. 2. AS 23.20.110(e) is amended to read:

23 (e) The department shall provide wage and unemployment compensation
24 information

25 (1) requested by a state or federal agency under an income and
26 eligibility verification system that meets the requirements of 42 U.S.C. 1320b-7
27 (Social Security Act); [OR]

28 (2) as required by federal law for child support purposes;

29 (3) to the United States Secretary of Health and Human Services
30 for the National Directory of New Hires as required by 42 U.S.C. 503 and 42
31 U.S.C. 653; or

1 (4) to a state or a political subdivision of a state that administers a
2 program funded under 42 U.S.C. 60 - 619 that provides temporary assistance
3 for needy families.

4 * Sec. 3. AS 23.20.110(g) is amended to read:

5 (g) A recipient of records disclosed under [THE REQUIREMENTS OF]
6 this section may not use the disclosed records for a purpose other than the
7 purpose for which the disclosure was made. The requirements concerning the
8 confidentiality of information obtained in the course of administering this chapter
9 apply to officers and employees of a state, federal, [OR] municipal, or other agency to
10 whom the department provides information as authorized by this section.

11 * Sec. 4. AS 23.20.110(k) is amended to read:

12 (k) If an individual who is applying for or participating in a housing assistance
13 program administered by the United States Department of Housing and Urban
14 Development gives authorization, the department shall disclose, to the United States
15 Department of Housing and Urban Development or to representatives of the housing
16 assistance program operating the program, wage information and unemployment
17 compensation information. The authorization shall be made by the individual on a
18 consent form approved by the department. The form must state the information
19 authorized to be released and require the signature of the individual. In this subsection,

20 (1) "unemployment compensation information" means whether the
21 individual is receiving, has received, or has applied for unemployment compensation,
22 and the amount of unemployment compensation that the individual is receiving, has
23 received, or is eligible to [WILL] receive, and the individual's current address and
24 other contact information;

25 (2) "wage information" means the social security number, or numbers
26 if there are more than one, and quarterly wages of an employee, and the name,
27 address, state, and, if known, federal employer identification number of an employer
28 reporting wages under this chapter.

29 * Sec. 5. AS 23.20.110(m) is amended to read:

30 (m) The department may not release information under this section to a state
31 agency or to a person under contract with the state until the department and the agency

1 or person have entered into a written agreement that governs the release of
2 information. The written agreement must specify

3 (1) the purpose for the information;

4 (2) a description of the information to be provided;

5 (3) a description of the procedure for transmitting, securing, using, and
6 disposing of the information; [AND]

7 (4) the method of reimbursement, if any, for the cost of providing the
8 information; and

9 (5) that the department may perform on-site inspections to ensure
10 that the confidentiality requirements of this section are met.

11 * Sec. 6. AS 23.20.110(n) is amended to read:

12 (n) Notwithstanding (a) of this section, the [THE] department may produce
13 statistical and other public reports based on information obtained in the course of
14 administering this chapter, so long as the department complies with the
15 requirements of 20 C.F.R. 603, as amended, regarding the use or release of
16 confidential records [REPORTS DO NOT REVEAL WAGE AND PAYROLL
17 DATA FOR AN EMPLOYING UNIT OR THE NAME OR NUMBER
18 IDENTIFYING AN INDIVIDUAL. THE REPORTS MAY INCLUDE THE FIRM
19 NAME, ADDRESS, NORTH AMERICAN INDUSTRY CLASSIFICATION
20 SYSTEM CODE, CENSUS AREA CODE, NUMBER OF WORKERS EMPLOYED,
21 AND OCCUPATIONAL STAFFING PATTERNS FOR AN EMPLOYING UNIT].

22 * Sec. 7. AS 23.20.110 is amended by adding a new subsection to read:

23 (r) The confidentiality requirements of this section do not apply to disclosure
24 of decisions and records on appeal in any matter before the department as long as the
25 federal social security number of the claimant and the employer's federal employer
26 identification number and federal social security number are redacted or removed
27 before disclosure is made.

28 * Sec. 8. AS 23.20.115 is amended to read:

29 Sec. 23.20.115. Unauthorized disclosure of information. A member of the
30 department, an employee of the department, an agent of the department, or an officer
31 or employee of a state, federal, [OR] municipal, or other agency that has been

1 provided with information by the department who, in violation of AS 23.20.110,
 2 makes a disclosure of information obtained from an employing unit or from an
 3 individual in the administration of this chapter, or a person who has obtained a list of
 4 applicants for work or of claimants or recipients of benefits under this chapter and
 5 who uses or permits the use of the list for a purpose not authorized by AS 23.20.110 is
 6 guilty of a class B misdemeanor.

7 * Sec. 9. AS 23.20.290(c) is amended to read:

8 (c) The [BEGINNING JANUARY 1, 1997, THE] rate of contributions for
 9 each employer is a percentage [80 PERCENT] of the average benefit cost rate
 10 multiplied by the employer's experience factor set out in column C of the table in this
 11 subsection opposite the employer's applicable rate class set out in column A plus the
 12 fund solvency adjustment required under (f) of this section. That percentage is 76
 13 percent beginning January 1, 2009, and 73 percent beginning January 1, 2010.
 14 However, the rate of contributions for an employer may not be less than one percent or
 15 more than six and one-half percent. The rate of contributions for an employer in rate
 16 class 21 may not be less than 5.4 percent. The rate of contributions for an employer
 17 must be rounded to the nearest 1/100th of one percent.

COLUMN A	COLUMN B		COLUMN C
Rate Class	Cumulative Ratable Payroll		Experience Factor
	at least (percent)	but less than (percent)	
1		5	.40
2	5	10	.45
3	10	15	.50
4	15	20	.55
5	20	25	.60
6	25	30	.65
7	30	35	.70
8	35	40	.80
9	40	45	.90

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

13 * Sec. 10. AS 23.20.290(d) is amended to read:

14 (d) The [BEGINNING JANUARY 1, 1997, AND FOR EACH
 15 SUCCEEDING YEAR THEREAFTER, THE] rate of contributions payable by each
 16 employee of an employer who is subject to AS 23.20.165 is a percentage [20
 17 PERCENT] of the average benefit cost rate as determined in (c) of this section
 18 rounded to the nearest 1/100th of one percent. That percentage is 24 percent
 19 beginning January 1, 2009, and 27 percent beginning January 1, 2010. However,
 20 the rate of contributions for an employee may not be less than one-half percent or
 21 more than one percent.

22 * Sec. 11. AS 23.20.350(a) is amended to read:

23 (a) An individual who is paid at least \$2,500 [\$1,000] in wages during the
 24 individual's base period for employment covered by this chapter is eligible to receive
 25 benefits under this chapter if those wages were paid in at least two of the calendar
 26 quarters of the individual's base period.

27 * Sec. 12. AS 23.20.350(d) is amended to read:

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

	(A)		(B)
	Base Period Wages		Weekly Benefit
			Amount
	At least	But less than	
1			
2			
3			
4			
5	0	<u>2,500</u> [1,000]	\$ 0
6	[1,000	1,250	44
7	1,250	1,500	46
8	1,500	1,750	48
9	1,750	2,000	50
10	2,000	2,250	52
11	2,250	2,500	54]
12	2,500	2,750	56
13	2,750	3,000	58
14	3,000	3,250	60
15	3,250	3,500	62
16	3,500	3,750	64
17	3,750	4,000	66
18	4,000	4,250	68
19	4,250	4,500	70
20	4,500	4,750	72
21	4,750	5,000	74
22	5,000	5,250	76
23	5,250	5,500	78
24	5,500	5,750	80
25	5,750	6,000	82
26	6,000	6,250	84
27	6,250	6,500	86
28	6,500	6,750	88
29	6,750	7,000	90
30	7,000	7,250	92
31	7,250	7,500	94

WORK DRAFT

WORK DRAFT

25-LS0622\N

1	7,500	7,750	96
2	7,750	8,000	98
3	8,000	8,250	100
4	8,250	8,500	102
5	8,500	8,750	104
6	8,750	9,000	106
7	9,000	9,250	108
8	9,250	9,500	110
9	9,500	9,750	112
10	9,750	10,000	114
11	10,000	10,250	116
12	10,250	10,500	118
13	10,500	10,750	120
14	10,750	11,000	122
15	11,000	11,250	124
16	11,250	11,500	126
17	11,500	11,750	128
18	11,750	12,000	130
19	12,000	12,250	132
20	12,250	12,500	134
21	12,500	12,750	136
22	12,750	13,000	138
23	13,000	13,250	140
24	13,250	13,500	142
25	13,500	13,750	144
26	13,750	14,000	146
27	14,000	14,250	148
28	14,250	14,500	150
29	14,500	14,750	152
30	14,750	15,000	154
31	15,000	15,250	156

WORK DRAFT

WORK DRAFT

25-LS0622N

1	15,250	15,500	158
2	15,500	15,750	160
3	15,750	16,000	162
4	16,000	16,250	164
5	16,250	16,500	166
6	16,500	16,750	168
7	16,750	17,000	170
8	17,000	17,250	172
9	17,250	17,500	174
10	17,500	17,750	176
11	17,750	18,000	178
12	18,000	18,250	180
13	18,250	18,500	182
14	18,500	18,750	184
15	18,750	19,000	186
16	19,000	19,250	188
17	19,250	19,500	190
18	19,500	19,750	192
19	19,750	20,000	194
20	20,000	20,250	196
21	20,250	20,500	198
22	20,500	20,750	200
23	20,750	21,000	202
24	21,000	21,250	204
25	21,250	21,500	206
26	21,500	21,750	208
27	21,750	22,000	210
28	22,000	22,250	212
29	22,250	22,500	214
30	22,500	22,750	216
31	22,750	23,000	218

WORK DRAFT

WORK DRAFT

25-LS0622N

1	23,000	23,250	220
2	23,250	23,500	222
3	23,500	23,750	224
4	23,750	24,000	226
5	24,000	24,250	228
6	24,250	24,500	230
7	24,500	24,750	232
8	24,750	25,000	234
9	25,000	25,250	236
10	25,250	25,500	238
11	25,500	25,750	240
12	25,750	26,000	242
13	26,000	26,250	244
14	26,250	26,500	246
15	26,500	26,750	248
16	26,750	<u>27,000</u>	<u>250</u>
17	<u>27,000</u>	<u>27,250</u>	<u>252</u>
18	<u>27,250</u>	<u>27,500</u>	<u>254</u>
19	<u>27,500</u>	<u>27,750</u>	<u>256</u>
20	<u>27,750</u>	<u>28,000</u>	<u>258</u>
21	<u>28,000</u>	<u>28,250</u>	<u>260</u>
22	<u>28,250</u>	<u>28,500</u>	<u>262</u>
23	<u>28,500</u>	<u>28,750</u>	<u>264</u>
24	<u>28,750</u>	<u>29,000</u>	<u>266</u>
25	<u>29,000</u>	<u>29,250</u>	<u>268</u>
26	<u>29,250</u>	<u>29,500</u>	<u>270</u>
27	<u>29,500</u>	<u>29,750</u>	<u>272</u>
28	<u>29,750</u>	<u>30,000</u>	<u>274</u>
29	<u>30,000</u>	<u>30,250</u>	<u>276</u>
30	<u>30,250</u>	<u>30,500</u>	<u>278</u>
31	<u>30,500</u>	<u>30,750</u>	<u>280</u>

1	<u>30,750</u>	<u>31,000</u>	<u>282</u>
2	<u>31,000</u>	<u>31,250</u>	<u>284</u>
3	<u>31,250</u>	<u>31,500</u>	<u>286</u>
4	<u>31,500</u>	<u>31,750</u>	<u>288</u>
5	<u>31,750</u>	<u>32,000</u>	<u>290</u>
6	<u>32,000</u>	<u>32,250</u>	<u>292</u>
7	<u>32,250</u>	<u>32,500</u>	<u>294</u>
8	<u>32,500</u>	<u>32,750</u>	<u>296</u>
9	<u>32,750</u>	<u>33,000</u>	<u>298</u>
10	<u>33,000</u>	<u>33,250</u>	<u>300</u>
11	<u>33,250</u>	<u>33,500</u>	<u>302</u>
12	<u>33,500</u>	<u>33,750</u>	<u>304</u>
13	<u>33,750</u>	<u>34,000</u>	<u>306</u>
14	<u>34,000</u>	<u>34,250</u>	<u>308</u>
15	<u>34,250</u>	<u>34,500</u>	<u>310</u>
16	<u>34,500</u>	<u>34,750</u>	<u>312</u>
17	<u>34,750</u>	<u>35,000</u>	<u>314</u>
18	<u>35,000</u>	<u>35,250</u>	<u>316</u>
19	<u>35,250</u>	<u>35,500</u>	<u>318</u>
20	<u>35,500</u>	<u>35,750</u>	<u>320</u>
21	<u>35,750</u>	<u>36,000</u>	<u>322</u>
22	<u>36,000</u>	<u>36,250</u>	<u>324</u>
23	<u>36,250</u>	<u>36,500</u>	<u>326</u>
24	<u>36,500</u>	<u>36,750</u>	<u>328</u>
25	<u>36,750</u>	<u>37,000</u>	<u>330</u>
26	<u>37,000</u>	<u>37,250</u>	<u>332</u>
27	<u>37,250</u>	<u>37,500</u>	<u>334</u>
28	<u>37,500</u>	<u>37,750</u>	<u>336</u>
29	<u>37,750</u>	<u>38,000</u>	<u>338</u>
30	<u>38,000</u>	<u>38,250</u>	<u>340</u>
31	<u>38,250</u>	<u>38,500</u>	<u>342</u>

1	<u>38,500</u>	<u>38,750</u>	<u>344</u>
2	<u>38,750</u>	<u>39,000</u>	<u>346</u>
3	<u>39,000</u>	<u>39,250</u>	<u>348</u>
4	<u>39,250</u>	<u>39,500</u>	<u>350</u>
5	<u>39,500</u>	<u>39,750</u>	<u>352</u>
6	<u>39,750</u>	<u>40,000</u>	<u>354</u>
7	<u>40,000</u>	<u>40,250</u>	<u>356</u>
8	<u>40,250</u>	<u>40,500</u>	<u>358</u>
9	<u>40,500</u>	<u>40,750</u>	<u>360</u>
10	<u>40,750</u>	<u>41,000</u>	<u>362</u>
11	<u>41,000</u>	<u>41,250</u>	<u>364</u>
12	<u>41,250</u>	<u>41,500</u>	<u>366</u>
13	<u>41,500</u>	<u>41,750</u>	<u>368</u>
14	<u>41,750</u>	<u>42,000</u>	<u>370</u>
15	<u>42,000</u>		<u>370</u> [248].

16 * Sec. 13. AS 23.20.110(h), 23.20.110(i), and 23.20.110(j) are repealed.

17 * Sec. 14. The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 TRANSITION: REGULATIONS. Notwithstanding sec. 16 of this Act, the
20 Department of Labor and Workforce Development may immediately proceed to adopt
21 regulations necessary to implement the changes made by this Act. The regulations take effect
22 under AS 44.62 (Administrative Procedure Act), but not before the effective date of the
23 statutory change.

24 * Sec. 15. Sections 1 - 8, 13, and 14 of this Act take effect immediately under
25 AS 01.10.070(e).

26 * Sec. 16. Except as provided in sec. 15 of this Act, this Act takes effect January 1, 2009.

UNITED STATES CODE ANNOTATED
TITLE 26. INTERNAL REVENUE CODE
SUBTITLE C--EMPLOYMENT TAXES
CHAPTER 23--FEDERAL UNEMPLOYMENT TAX ACT

§ 3309. State law coverage of services performed for nonprofit organizations or governmental entities

(a) State law requirements.--For purposes of section 3304(a)(6)—

(1) except as otherwise provided in subsections (b) and (c), the services to which this paragraph applies are—

(A) service excluded from the term "employment" solely by reason of paragraph (8) of section 3306(c), and

(B) service excluded from the term "employment" solely by reason of paragraph (7) of section 3306(c); and

(2) the State law shall provide that a governmental entity, including an Indian tribe, or any other organization (or group of governmental entities or other organizations) which, but for the requirements of this paragraph, would be liable for contributions with respect to service to which paragraph (1) applies may elect, for such minimum period and at such time as may be provided by State law, to pay (in lieu of such contributions) into the State unemployment fund amounts equal to the amounts of compensation attributable under the State law to such service. The State law may provide safeguards to ensure that governmental entities or other organizations so electing will make the payments required under such elections.

(b) Section not to apply to certain service.--This section shall not apply to service performed—

(1) in the employ of (A) a church or convention or association of churches, (B) an organization which is operated primarily for religious purposes and which is operated, supervised, controlled, or principally supported by a church or convention or association of churches, or (C) an elementary or secondary school which is operated primarily for religious purposes, which is described in section 501(c)(3), and which is exempt from tax under section 501(a);

(2) by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

(3) in the employ of a governmental entity referred to in paragraph (7) of section 3306(c), if such service is performed by an individual in the exercise of his duties—

(A) as an elected official;

(B) as a member of a legislative body, or a member of the judiciary, of a State or political subdivision thereof, or of an Indian tribe;

(C) as a member of the State National Guard or Air National Guard;

(D) as an employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or similar emergency;

(E) in a position which, under or pursuant to the State or tribal law, is designated as (i) a major nontenured policymaking or advisory position, or (ii) a policymaking or advisory position the performance of the duties of which ordinarily does not require more than 8 hours per week; or

* (F) as an election official or election worker if the amount of remuneration received by the individual during the calendar year for services as an election official or election worker is less than \$1,000;

(4) in a facility conducted for the purpose of carrying out a program of—

(A) rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury, or

(B) providing remunerative work for individuals who because of their impaired physical or mental capacity cannot be readily absorbed in the competitive labor market, by an individual receiving such rehabilitation or remunerative work;

25th
ALASKA STATE LEGISLATURE

Dana Owen
3/12/08

Senator Johnny Ellis, Chair
Senator Gary Stevens, Vice Chair
Senator Bettye Davis
Senator Lyman Hoffman
Senator Con Bunde



State Capitol, Room 9
465-3704

Senate Labor & Commerce Committee

The Case for Raising Alaska's Unemployment Benefit Amount

[Data cited in this paper are provided by the Alaska Department of Labor and Workforce Development. See especially February 2007 Alaska Economic Trends, "Alaska's Unemployment Insurance Benefits."]

A Healthy UI System Benefits All Alaskans

Unemployment insurance is a prime tool for stabilizing communities by providing a shock absorber for businesses, individuals and families affected by economic change. When workers lose their jobs, whether from the fluctuations of the business cycle or extraordinary events, UI helps them pay their bills and keeps money flowing in local economies.

- UI helps both businesses and workers.
- Alaskan workers stay in Alaska, ready for jobs when business picks up.
- Employers maintain a stable, ready pool of experienced workers.
- The UI system played a key role in weathering the 1986 oil price collapse.

Alaska's UI system has been soundly managed and is healthy today. Other states have depleted their trust funds during times of economic stress. Alaska has never depleted its trust fund.

- Alaska's UI system has always been able to maintain payments, even during the severe 1986 oil price crisis.
- Deposits into the trust fund have exceeded benefit payment in six of the last seven years.
- In 2006, deposits into the trust fund were \$178,851,000; benefit payments were \$108,500,575.

Wage Replacement

Since its inception, the UI system has sought to replace roughly 50% of lost wages, a goal repeatedly confirmed by presidents and commissions over many decades. Additionally, the system adheres to a second principle: the weekly benefit amount should be directly related to the individual's usual wage.

Alaska's benefit amount has fallen far behind wages.

- Alaska's wage replacement rate is dead last among all states (Washington, D.C. is lower).
- The average weekly wage in Alaska is \$782.
- The average weekly benefit amount is \$198, only 25% of the average wage.
- The current Alaska maximum weekly benefit of \$248 is only 32% of the average weekly wage.

- Our maximum weekly benefit amount of \$248 is the fourth lowest in the nation
- Alaska's maximum weekly benefit amount has not been adjusted since 1997.
- Eligible wages are capped at \$26,500.
- One third of Alaskan wage earners earn that much or more but are limited to \$248 in weekly benefits.

Alaska compares poorly with other western states.

- Utah replaces 42% of average wages.
- Montana and Idaho replace 40%.
- Oregon and Washington 38%.
- Nevada 35%.

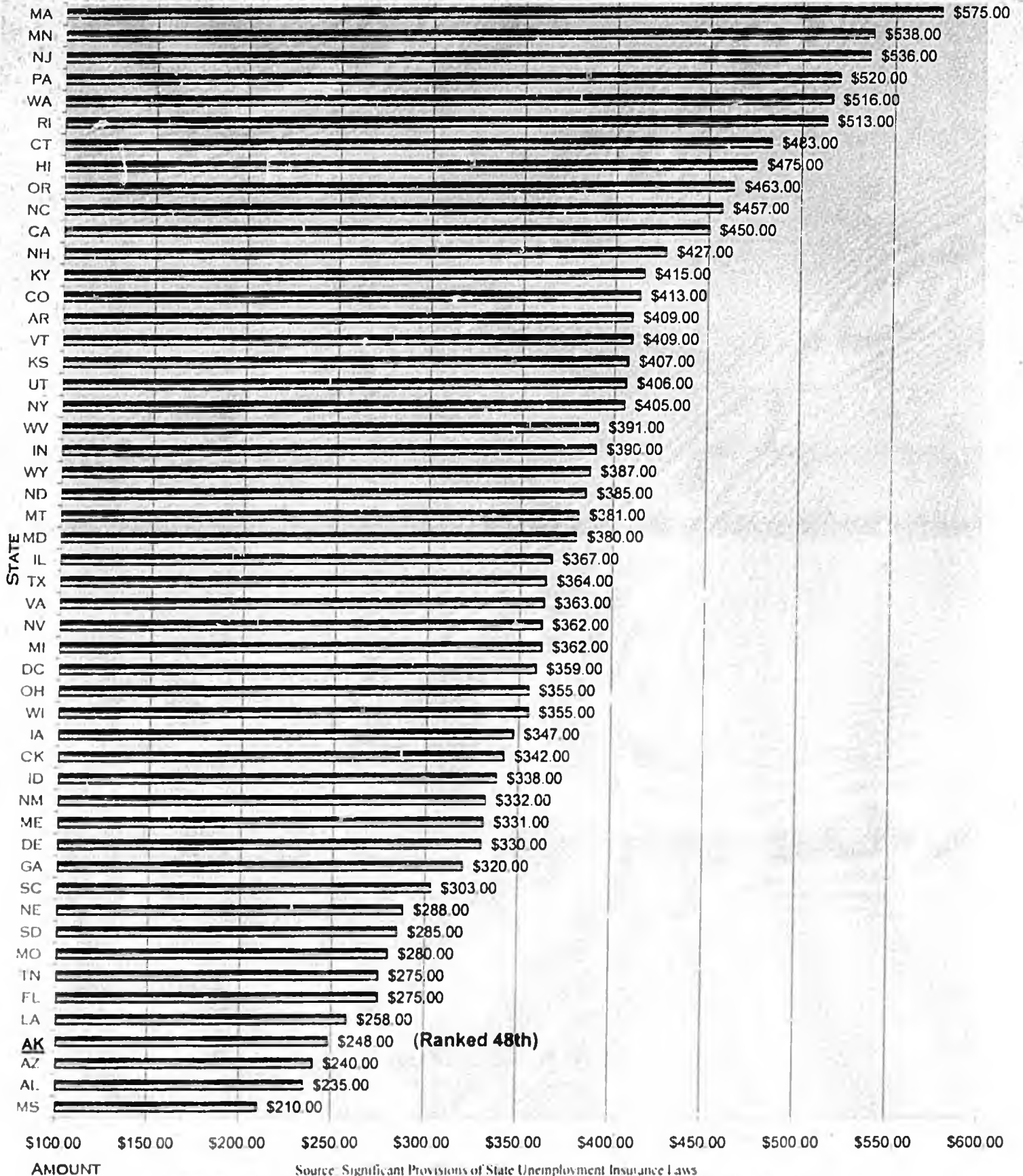
Taxes

Alaska's 2008 UI tax rates are the lowest in 28 years. There is room to raise the MWBA to \$370.

- CSSB 120 (L&C) would raise the average employer cost \$25 per employee from the 2008 level, but the total out of pocket cost would remain \$89 below 2007.
- The average employee cost will rise \$37 per year over 2008.

Retaining a well-trained Alaskan workforce is essential for a strong economy. It is long past time to adjust our UI benefit rates.

UNEMPLOYMENT INSURANCE MAXIMUM WEEKLY BENEFIT AMOUNT BY STATE



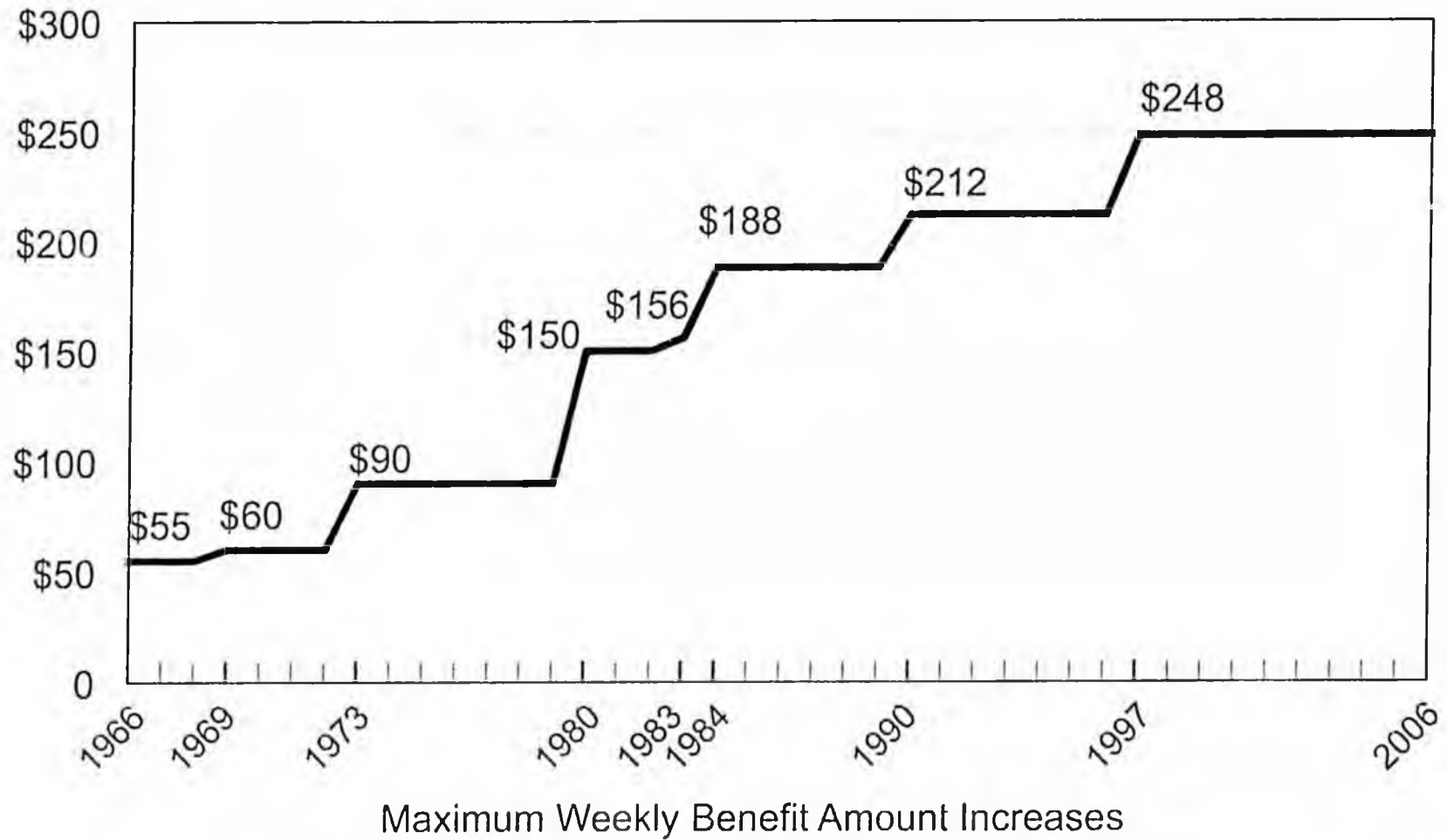
Source: Significant Provisions of State Unemployment Insurance Laws
Prepared by: Alaska Department of Labor and Workforce Development, Employment Security Division, January 2008



Alaska's Maximum Weekly Benefit

Unemployment insurance, 1966 to 2006

Maximum Benefit Amount



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Alaska's Unemployment Insurance **2**

Weekly benefit amount schedule

Base Period Wages		Weekly Benefit Amount Starting Oct. 1, 1990	Base Period Wages		Weekly Benefit Amount Starting Oct. 1, 1990
At Least	But Less Than		At Least	But Less Than	
0	\$1,000	0	\$15,000	\$15,250	\$156
\$1,000	\$1,250	\$44	\$15,250	\$15,500	\$158
\$1,250	\$1,500	\$46	\$15,500	\$15,750	\$160
\$1,500	\$1,750	\$48	\$15,750	\$16,000	\$162
\$1,750	\$2,000	\$50	\$16,000	\$16,250	\$164
\$2,000	\$2,250	\$52	\$16,250	\$16,500	\$166
\$2,250	\$2,500	\$54	\$16,500	\$16,750	\$168
\$2,500	\$2,750	\$56	\$16,750	\$17,000	\$170
\$2,750	\$3,000	\$58	\$17,000	\$17,250	\$172
\$3,000	\$3,250	\$60	\$17,250	\$17,500	\$174
\$3,250	\$3,500	\$62	\$17,500	\$17,750	\$176
\$3,500	\$3,750	\$64	\$17,750	\$18,000	\$178
\$3,750	\$4,000	\$66	\$18,000	\$18,250	\$180
\$4,000	\$4,250	\$68	\$18,250	\$18,500	\$182
\$4,250	\$4,500	\$70	\$18,500	\$18,750	\$184
\$4,500	\$4,750	\$72	\$18,750	\$19,000	\$186
\$4,750	\$5,000	\$74	\$19,000	\$19,250	\$188
\$5,000	\$5,250	\$76	\$19,250	\$19,500	\$190
\$5,250	\$5,500	\$78	\$19,500	\$19,750	\$192
\$5,500	\$5,750	\$80	\$19,750	\$20,000	\$194
\$5,750	\$6,000	\$82	\$20,000	\$20,250	\$196
\$6,000	\$6,250	\$84	\$20,250	\$20,500	\$198
\$6,250	\$6,500	\$86	\$20,500	\$20,750	\$200
\$6,500	\$6,750	\$88	\$20,750	\$21,000	\$202
\$6,750	\$7,000	\$90	\$21,000	\$21,250	\$204
\$7,000	\$7,250	\$92	\$21,250	\$21,500	\$206
\$7,250	\$7,500	\$94	\$21,500	\$21,750	\$208
\$7,500	\$7,750	\$96	\$21,750	\$22,000	\$210
\$7,750	\$8,000	\$98	\$22,000	and over	\$212
\$8,000	\$8,250	\$100			
\$8,250	\$8,500	\$102			
\$8,500	\$8,750	\$104			
\$8,750	\$9,000	\$106			
\$9,000	\$9,250	\$108			
\$9,250	\$9,500	\$110			
\$9,500	\$9,750	\$112			
\$9,750	\$10,000	\$114			
\$10,000	\$10,250	\$116			
\$10,250	\$10,500	\$118			
\$10,500	\$10,750	\$120			
\$10,750	\$11,000	\$122			
\$11,000	\$11,250	\$124			
\$11,250	\$11,500	\$126			
\$11,500	\$11,750	\$128			
\$11,750	\$12,000	\$130			
\$12,000	\$12,250	\$132			
\$12,250	\$12,500	\$134			
\$12,500	\$12,750	\$136			
\$12,750	\$13,000	\$138			
\$13,000	\$13,250	\$140			
\$13,250	\$13,500	\$142			
\$13,500	\$13,750	\$144			
\$13,750	\$14,000	\$146			
\$14,000	\$14,250	\$148			
\$14,250	\$14,500	\$150			
\$14,500	\$14,750	\$152			
\$14,750	\$15,000	\$154			

Amendment Effective Jan. 1, 1997		Weekly Benefit Amount Starting Oct. 1, 1997
\$22,000	\$22,250	\$212
\$22,250	\$22,500	\$214
\$22,500	\$22,750	\$216
\$22,750	\$23,000	\$218
\$23,000	\$23,250	\$220
\$23,250	\$23,500	\$222
\$23,500	\$23,750	\$224
\$23,750	\$24,000	\$226
\$24,000	\$24,250	\$228
\$24,250	\$24,500	\$230
\$24,500	\$24,750	\$232
\$24,750	\$25,000	\$234
\$25,000	\$25,250	\$236
\$25,250	\$25,500	\$238
\$25,500	\$25,750	\$240
\$25,750	\$26,000	\$242
\$26,000	\$26,250	\$244
\$26,250	\$26,500	\$246
\$26,500	\$26,750	\$248
\$26,750	and over	\$248

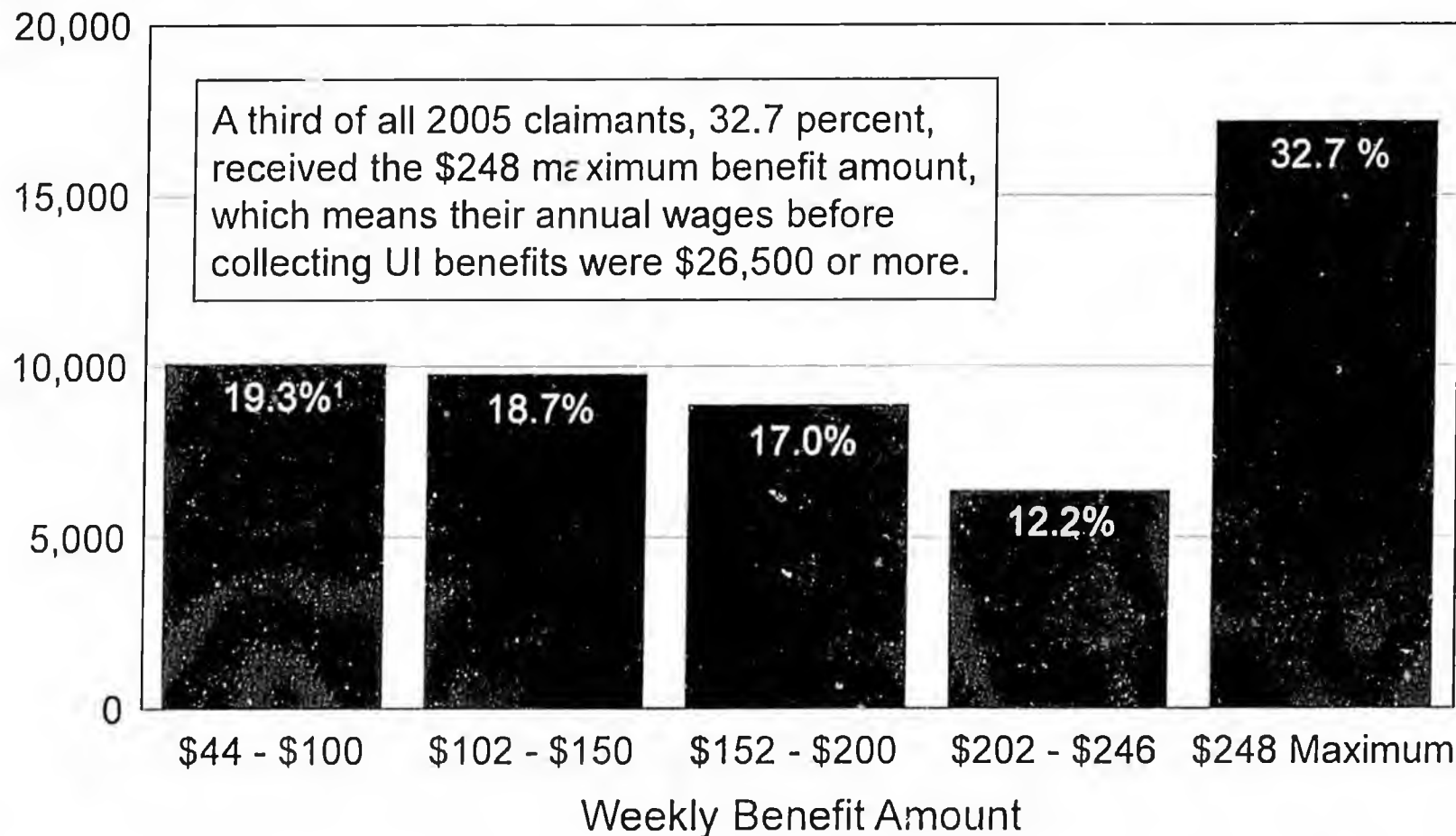
Note: To calculate whether a weekly benefit meets the 50 percent principle for wage replacement, divide the annual wages by 52 weeks, then divide by two. So, for \$20,750 in wages, the \$200 weekly benefit would replace 50 percent of the wages. (\$199.52)

Source: Alaska Statute, 23.20.750(d). This schedule was amended July 1, 1997. (a) payable for wages over \$27,000.

4 Alaska Unemployment Insurance

Recipients by weekly benefit amount, 2005

UI Recipients



Note: A claimant must make \$8,000 a year to get a \$100 weekly benefit, \$14,250 to get \$150, \$20,500 to get \$200, \$26,250 to get \$246 and \$26,500 to get \$248. (See Exhibit 2.)

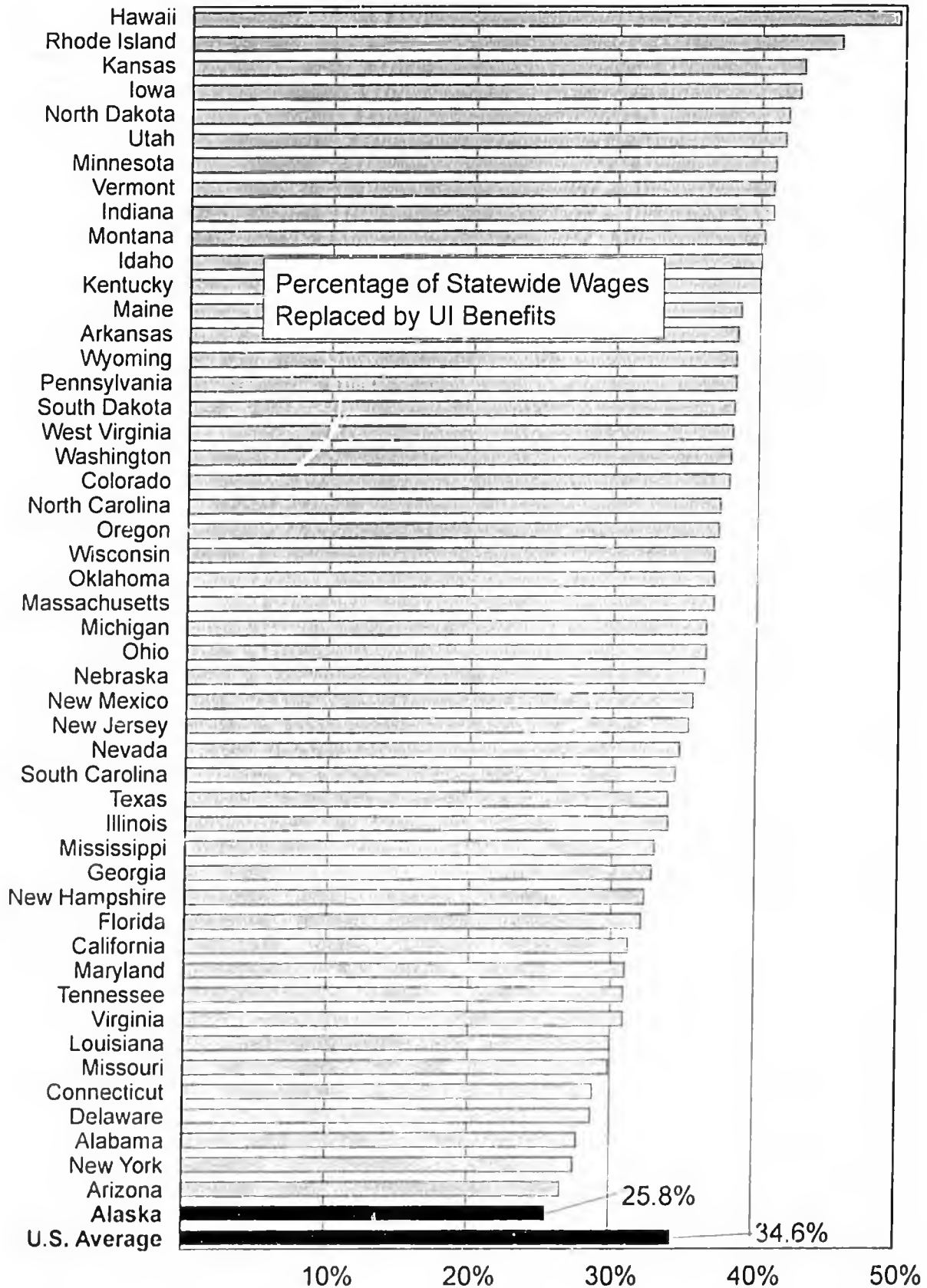
¹ Percentages don't add to 100 due to rounding.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Average-Wage Replacement Rates

By state, 2005¹

5



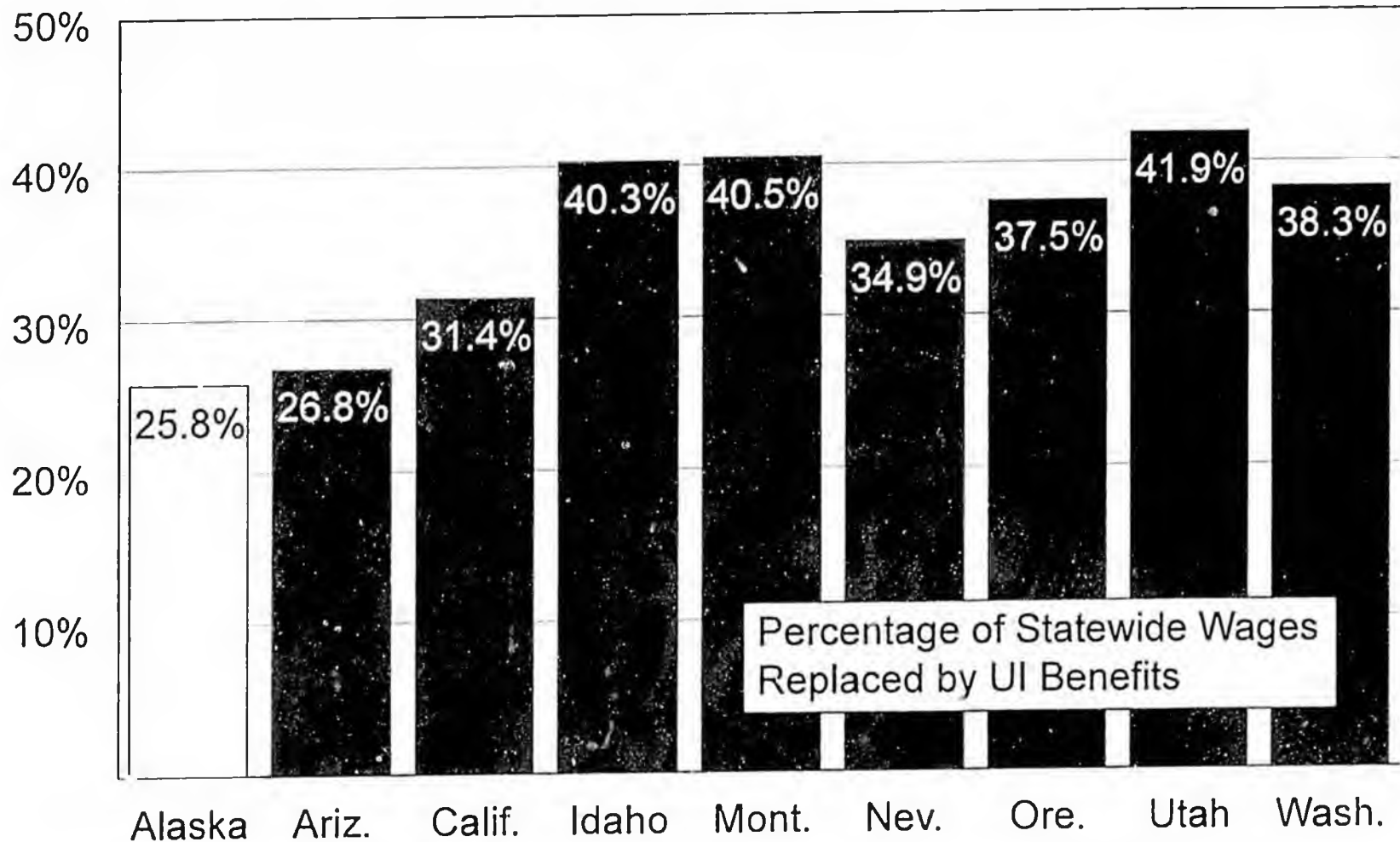
Note: This exhibit is based on the U.S. Department of Labor average-wage replacement rate for each state.

¹ These percentages were calculated by dividing the average weekly benefit by the statewide average weekly wage. The wages of only those who were unemployed in 2005 aren't available.

Source: U.S. Department of Labor, Employment and Training Administration

6 Replacement Rates

Western states, 2005

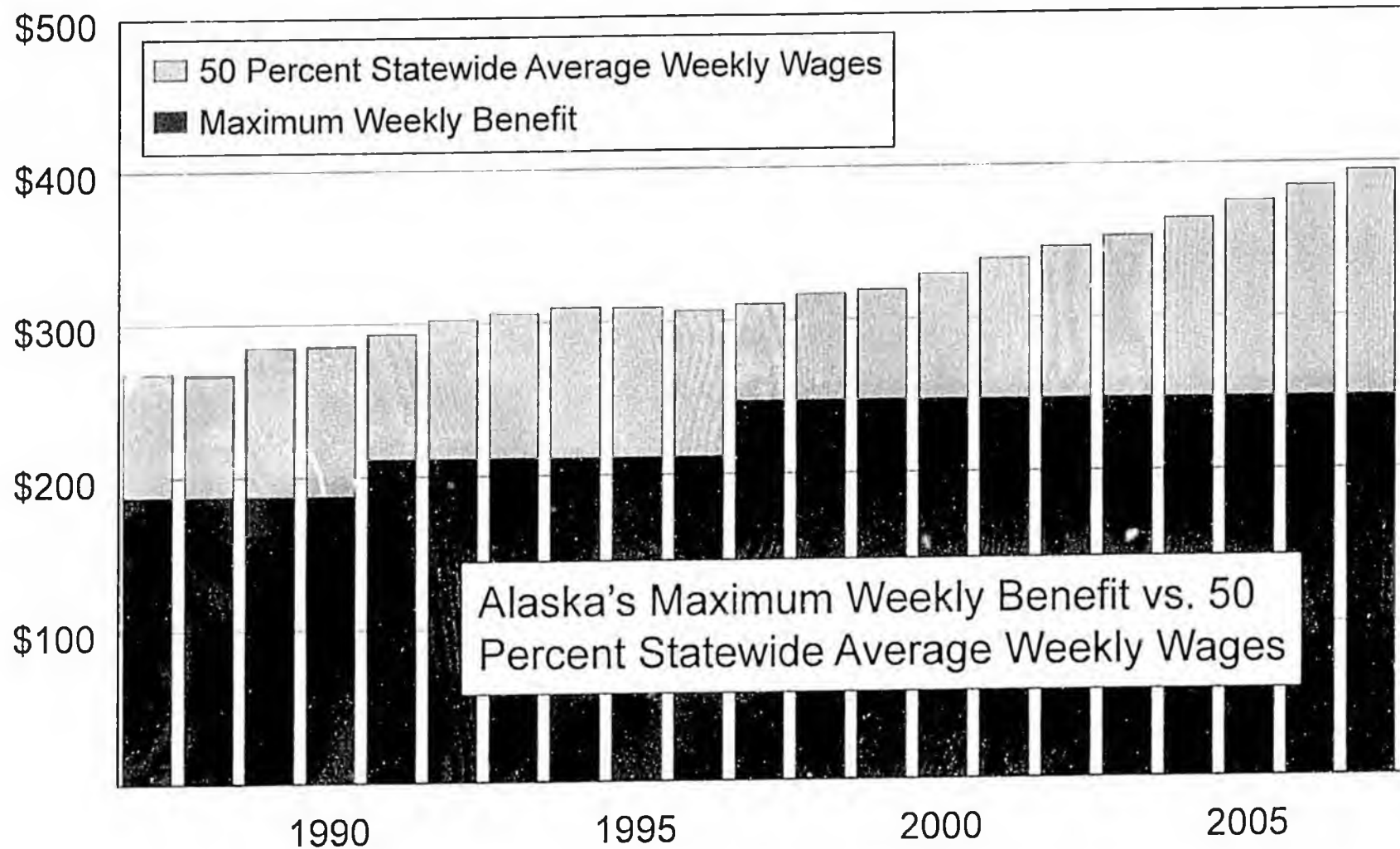


Note: This exhibit is based on the U.S. Department of Labor average-wage replacement rate for each state.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

7

The Target Gets Farther Away Alaska, 1987 to 2007



Note: Earnings for 2006 and 2007 are projections assuming a growth rate of 2.5 percent.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

**Average Weekly Benefits Amount (AWBA) as a Percentage of
Average Weekly Earnings 2006**

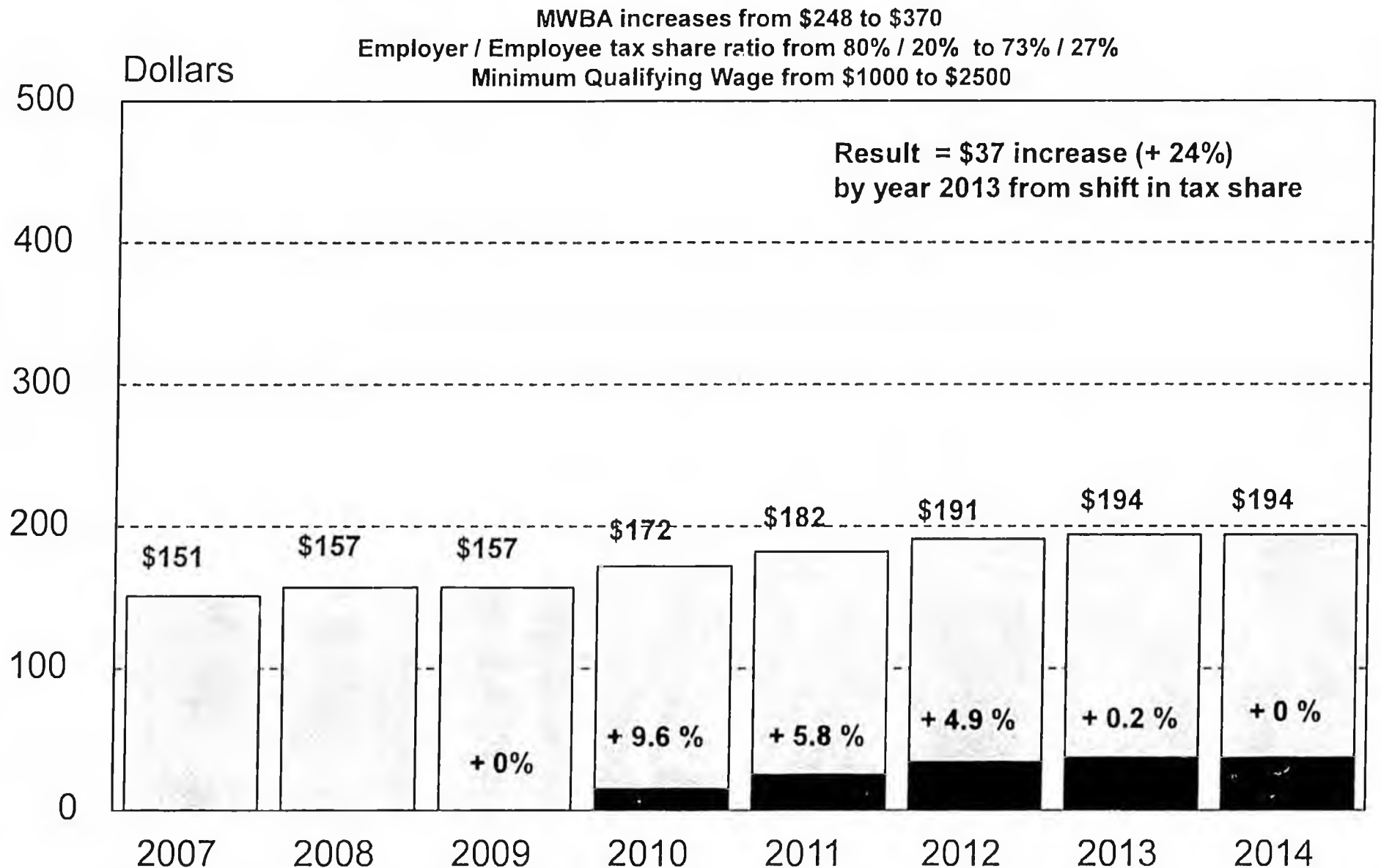
State	AWBA (\$)	Rank	Weekly Earnings (\$)	Rank	AWBA as % of Earnings	Rank
Alabama	183.76	51	681.85	34	27.0	47
ALASKA	197.63	48	781.93	18	25.3	50
Arizona	197.64	47	762.20	22	25.9	49
Arkansas	243.98	35	614.25	46	39.7	11
California	289.07	12	925.55	6	31.2	40
Colorado	312.33	7	827.84	10	37.7	18
Connecticut	304.37	8	1054.00	3	28.9	44
Delaware	251.08	33	888.58	7	28.3	45
Dist. of Columbia	282.70	16	1248.73	1	22.6	51
Florida	231.38	39	733.41	24	31.5	38
Georgia	255.59	29	766.67	20	33.3	35
Hawaii	365.09	2	705.96	29	51.7	1
Idaho	241.02	36	617.58	45	39.0	14
Illinois	291.67	11	873.24	8	33.4	34
Indiana	286.32	15	697.93	31	41.0	8
Iowa	281.97	17	655.64	39	43.0	3
Kansas	286.83	14	679.54	35	42.2	5
Kentucky	270.56	24	669.86	37	40.4	10
Louisiana	191.12	49	696.07	32	27.5	46
Maine	245.65	34	637.86	44	38.5	15
Maryland	273.68	22	856.37	9	32.0	36
Massachusetts	366.33	1	1004.08	4	36.5	24
Michigan	293.66	10	806.99	16	36.4	27
Minnesota	333.47	5	807.36	15	41.3	6
Mississippi	185.84	50	588.47	49	31.6	37
Missouri	212.28	45	707.34	28	30.0	43
Montana	203.74	46	573.32	50	35.5	30
Nebraska	230.86	40	643.13	42	35.9	28
Nevada	274.02	21	765.44	21	35.8	29
New Hampshire	255.58	30	811.42	13	31.5	39
New Jersey	344.09	3	988.98	5	34.8	31
New Mexico	237.70	37	646.21	41	36.8	22
New York	277.41	18	1064.99	2	26.0	48
North Carolina	265.08	26	714.75	26	37.1	21
North Dakota	254.84	31	593.03	48	43.0	4
Ohio	287.03	13	735.22	23	39.0	13
Oklahoma	233.23	38	640.35	43	36.4	25
Oregon	269.63	25	725.01	25	37.2	20
Pennsylvania	301.27	9	788.36	17	38.2	17
Rhode Island	341.76	4	766.96	19	44.6	2
South Carolina	222.80	42	652.80	40	34.1	32
South Dakota	218.51	43	570.97	51	38.3	16
Tennessee	215.70	44	712.33	27	30.3	42
Texas	271.04	23	810.00	14	33.5	33
Utah	274.22	20	663.94	38	41.3	7
Vermont	276.27	19	675.29	36	40.8	9
Virginia	265.67	28	823.92	11	31.0	41
Washington	322.13	6	817.15	12	39.4	12
West Virginia	230.52	41	612.82	47	37.6	19
Wisconsin	258.79	27	704.83	30	36.7	23
Wyoming	263.42	32	695.97	33	36.4	26
United States	277.20		807.08		34.3	

Note: U.S. Data include Puerto Rico and the Virgin Islands

Source: US Department of Labor

Prepared by: Alaska Department of Labor and Workforce Development, January, 2007

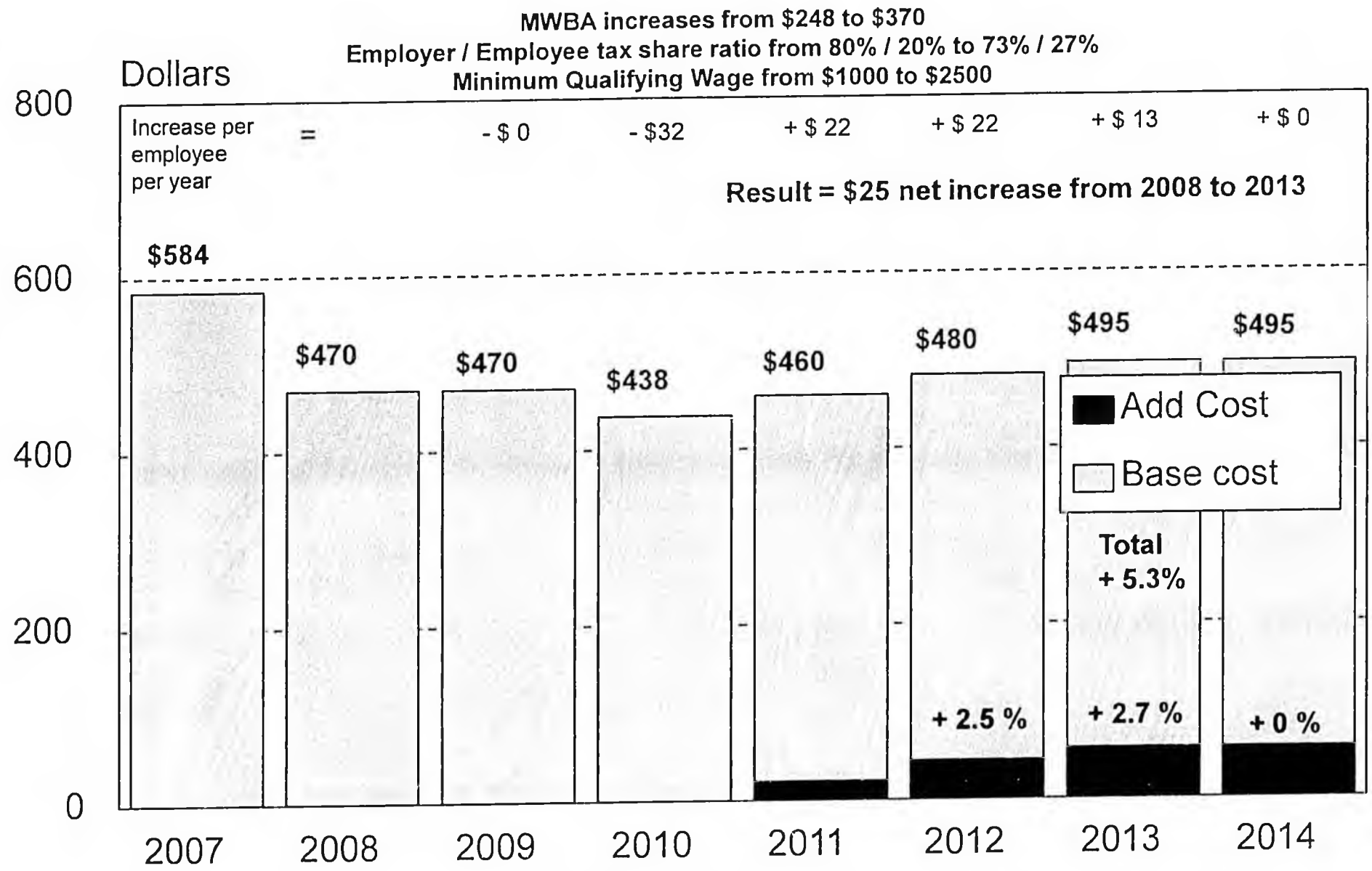
Estimated Annual Unemployment Insurance Employee Tax Cost with Maximum Weekly Benefit Amount (MWBA) Increased, Tax Share Ratio Changed, and Minimum Qualifying Wage Raised, Effective January, 2009



Note: The \$6 increase from 2007 to 2008 resulted from an increase in the taxable wage base. Employees paid the legal minimum tax rate in 2007 and 2008. These figures do not include potential economic fluctuations.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section. February 12, 2008

Estimated Annual Cost per Worker for Average Employer with Unemployment Insurance Maximum Weekly Benefit Amount (MWBA) Increased, Tax Share Ratio Changed, and Minimum Qualifying Wage Raised, Effective January, 2009



Note: Table reflects the cost increase to the average employer in tax classes 10 & 11. These figures do not include potential economic fluctuations
 Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section. February 12, 2008

10



Alaska

March 9, 2008

The Honorable Bert Stedman, Co-Chair
Senate Finance Committee
Alaska State Capitol Building
Juneau, Alaska 99801

RE: Senate Bill 120

Dear Senator Stedman,

On behalf of the National Federation of Independent Business/Alaska, I wish to express our continued opposition to Senate Bill 120. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

The proposed increase in the maximum benefit in the Alaska Unemployment Insurance Program falls heavily on small employers. The costs of doing business in Alaska are increasing making it difficult for small businesses to remain profitable. To the extent that this increase in business costs reduces that margin employee hours and jobs are reduced and businesses close.

In the 2008 NFIB State Ballot, members opposed increases until structural program issues that have caused high employer rates are addressed, such as the problem of seasonal workers who do not actively seek employment during the off season and elimination of benefits for those who are discharged for cause. In addition, we strongly oppose including automatic annual increases of the weekly benefit.

There are three parts of SB 120. Sections 1 through 8 include amendments to our state law regarding the confidentiality of UI data. We hope those sections would be adopted as they are federal requirements. Failure to adopt these sections could expose Alaska to sanctions that may increase employer costs.

Sections 13 and 14 add an automatic annual adjustment to the weekly benefit. NFIB strongly opposes these sections. We believe determining the amount of weekly benefits is properly the province of the Legislature.

The balance of the legislation addresses the benefit amount, the cost sharing of premium and amount of wages that must be earned to be eligible for any benefit. These sections, while including some reforms in the program, ultimately increase the cost to employers.

The Honorable Bert Stedman
March 9, 2008
Page 2

Mandated increases in employer-funded benefits must be measured against the possible reduction in employment opportunities for Alaskans. We believe that the increase in cost proposed by Senate Bill 120 will have a negative impact on employees of small and independent businesses in Alaska.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis L. DeWitt". The signature is written in a cursive, somewhat stylized font.

Dennis L. DeWitt
Alaska State Director
National Federation of Independent Business

cc: Senator Johnny Ellis

SB 120

March 11, 2008

Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman, Co-Chair
Senate Finance Committee
State Capitol
Juneau, AK 99801

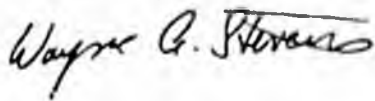
Senate Finance Co-Chairs and members of the Senate Finance Committee,

For the past four years, the Alaska State Chamber of Commerce has been active with regards to unemployment insurance legislation. Currently as written, CS for SB 120(L&C) will raise weekly benefits for unemployed workers with little cost to employers. In fact, in the final year of the bill's gradual implementation process, it is likely the cost for unemployment insurance to the employer will be less than what we pay today. We offer our tentative support for CS SB 120(L&C).

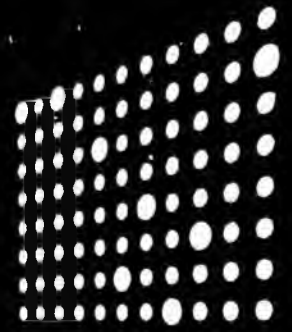
The bill has gone through multiple iterations not published with the Senate Secretary. Senator Ellis, the bill's sponsor, has had many stakeholder meetings looking at nearly every aspect of increasing or reducing costs to employers and employees, while aiming to raise the weekly benefit rate. The current weekly benefit rates are very low for Alaska's high-cost of living labor market. Maintaining a trained work force in Alaska to fill seasonal jobs and or provide necessary labor for larger construction jobs will likely have the net result of helping Alaska's businesses. When employees enter lay-off periods, raising unemployment insurance weekly benefit amounts as prescribed under SB 120 should help maintain a stronger Alaskan workforce.

As mentioned above, the state chamber offers tentative support to the bill. We feel the bill represents a painstakingly difficult process in finding a compromise with regards to unemployment insurance issues. We still feel there are many outstanding issues that could save the employer and employees more money in the long run, but as written we do support CS SB 120(L&C). We encourage the Finance Committee to take quick action with regards to SB 120 as there are many provisions, sections 1- 8, that must pass this year in order for Alaska statutes to be in concurrence with newly passed federal provisions.

Respectfully,



Wayne Stevens
President/CEO



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CHAMBER
OF COMMERCE

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www.alaskachamber.com

25th
ALASKA STATE LEGISLATURE

Senator Johnny Ellis, Chair
Senator Gary Stevens, Vice Chair
Senator Bettye Davis
Senator Lyman Hoffman
Senator Con Bunde



State Capitol, Room 9
465-3704

Senate Labor & Commerce Committee

CSSB 120 (L&C) Unemployment Compensation Benefits Changes from SB 120 as introduced

- New sections 1 – 8 have been added to bring Alaska Statutes into compliance with federal law regarding confidentiality of information related to Unemployment Compensation claims.

Title III Section 303 of the Social Security Act requires, as a condition of certification, that state law contain provisions for maintaining the confidentiality of unemployment compensation information and specifies provisions for required disclosures.

Federal regulation 20 CFR 603 sets forth limitations for release of unemployment insurance information and the confidentiality requirements under the Social Security Act and the Federal Unemployment Tax Act (FUTA).

Alaska law must comply with the federal rule as a condition for receiving approximately \$19.1 million in federal grants to administer the unemployment insurance program and for employers in the state to receive tax credit against the FUTA under 26 U.S.C. 3302. Without the credit Alaska employers would pay approximately \$87 million in additional taxes.

States are required to amend laws, policies, and procedures by October 27, 2008.

- Sections 9 and 10 change the percentage of the Unemployment Tax paid by employers and employees from 80% employer/20% employee to 73% employer/27% employee.
- Section 11 raises the amount of base period wages earned in any two months necessary to qualify for benefits from \$1,000 to \$2,500. This change is also reflected in the wage/benefit schedule set out in Section 12.

25th
ALASKA STATE LEGISLATURE

Senator Johnny Ellis, Chair
Senator Gary Stevens, Vice Chair
Senator Bettye Davis
Senator Lyman Hoffman
Senator Con Bunde




State Capitol, Room 9
465-3704

Senate Labor & Commerce Committee

MEMORANDUM

DATE: March 4, 2008

TO: Sen. Bert Stedman
Co-Chair, Senate Finance Committee

FROM: Sen. Johnny Ellis 

RE: data confidentiality measures in SB 120 Unemployment Compensation Benefits

Following up on our recent discussion of Senate Bill 120, I would like to clarify the need to update our laws regarding the confidentiality of UI data. The Alaska Dept. of Labor and Workforce Development explained the situation to me as follows and can verify the figures.

Title III Section 303 of the Social Security Act requires, as a condition of certification, that state law contain provisions for maintaining the confidentiality of unemployment compensation information and specifies provisions for required disclosures.

Federal regulation 20 CFR 603 sets forth limitations for release of unemployment insurance information and the confidentiality requirements under the Social Security Act and the Federal Unemployment Tax Act (FUTA).

Alaska law must comply with the federal rule as a condition for receiving approximately \$19.1 million in federal grants to administer the unemployment insurance program and for employers in the state to receive tax credit against the FUTA under 26 U.S.C. 3302. Without the credit Alaska employers would pay approximately \$87 million in additional taxes.

States are required to amend laws, policies, and procedures by October 27, 2008.

If you have any further questions about the need for these confidentiality provisions, I would be happy to provide answers.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

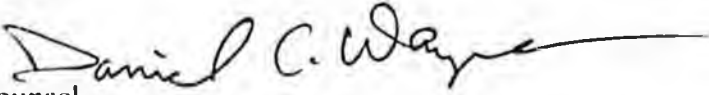
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 26, 2008

SUBJECT: Sectional summary (CSSB 120(L&C),
Work Order No. 25-LS0622\O)

TO: Senator Johnny Ellis
Chair of the Senate Labor & Commerce Committee
Attn: Dana Owen

FROM: Dan Wayne 
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Amends AS 23.20.110(a) to conform with federal law requiring disclosure to the federal agencies. Clarifies the subsection's existing restrictions on the entitlement of certain persons to information from the records of the department and the circumstances in which the department may provide certain confidential information.

Section 2. Amends AS 23.20.110(e) by clarifying what type of information the department is required to release under that subsection, and by expanding the list of persons to whom the information is required to be released to include the U.S. Secretary of Health and Human Services (for the purpose of child support enforcement) and to a state or political subdivision of a state that administers a federal "temporary assistance for needy families" (TANF) program.

Section 3. Amends AS 23.20.110(g) to limit the use of confidential unemployment insurance information provided by the department under AS 23.20, and expands the scope of that chapter's application to include all agencies -- even if they are not state, federal, or municipal -- to whom department provides information as authorized by AS 23.20.110.

Section 4. Amends AS 23.20.110(k)(1), the definition of "unemployment compensation information," to conform with the federal definition of that term.

Section 5. Amends AS 23.20.110(m) by adding a new subparagraph (5) to provide for on-sight inspections of agencies or persons with whom the department enters into a written agreement governing the release of confidential information as authorized by AS 23.20.110, for the purpose of ensuring that the recipient of the released information complies with the confidentiality requirements of that section.

Section 6. Amends AS 23.20.110(n) to conform it more closely to a federal requirement that statistical and other public reports issued by the Department may not contain certain information if it identifies individual employees or reveals information proprietary to employers.

Section 7. Amends AS 23.20.110 by adding a new subsection (r) exempting decisions and records on appeal in matters before the department from the confidentiality requirements of AS 23.20.110, if they are first edited to conceal claimant social security numbers and the federal employer identification numbers of employers.

Section 8. Amends AS 23.20.115 by expanding the list of persons who may be subject to criminal penalties for mishandling (in violation of AS 23.20.110) confidential information provided by the Department to include persons affiliated with agencies other than state, federal, or municipal agencies.

Section 9. Amends AS 23.20.290(c) to lower the unemployment insurance contribution rate payable by employers.

Section 10. Amends AS 23.20.290(d) to raise the unemployment insurance contribution rate payable by employees.

Section 11. Amends AS 23.20.350(a) by raising, from \$1,000 to \$2,500, the amount of wages a person must earn in a 12-month qualifying period in order to later qualify for unemployment insurance benefits.

Section 12. Amends AS 23.20.350(d), the statutory weekly benefit schedule, to conform to the new \$2,500 minimum eligibility requirement proposed in section 11 of the bill and to add higher benefit amounts at the top end of the schedule for eligible persons who made at least \$27,000 in the 12-month qualifying period.

Section 13. Amends AS 23.20.350(e), which provides the formula by which the Department initially determines the number of weeks for which an eligible person may receive a weekly benefit, by expanding it to allow eligibility of persons who are described in a new subsection (AS 23.20.350(h)) proposed by section 14 of the bill.

Section 14. Amends AS 23.20.350 by adding new subsections (h) - (k) requiring the Department to (h) adopt regulations that calculate and provide an additional weekly benefit amount to eligible persons with base period wages of \$42,250 or more and (i) provide notice of any proposed new weekly benefit amounts calculated under those

Senator Johnny Ellis
February 26, 2008
Page 3

regulations. Section 14 also (j) requires the commissioner to report to the governor and the legislature if the average weekly wage in Alaska decreases to an extent that an adjustment in weekly benefit amounts is appropriate, and (k) requires the Department to make an annual determination of the average weekly wage in Alaska.

Section 15. Amends AS 23.20.526(d)(8) by raising, from \$1,000 to \$2,500, the amount of wages an election official or election worker must earn in a 12-month qualifying period in order to later qualify for unemployment insurance benefits.

Section 16. Repeals AS 23.20.110(h), AS 23.20.110(i), and AS 23.20.110(j) to conform AS 23.20.110 to federal requirements.

Section 17. Provides for an immediate effective date.

DCW:med
08-138.med

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February 22, 2008

Senator Bert Stedman, Co-chair
State Capitol, Room 516
Juneau, AK 99801-1182

Re: SB 120 – Unemployment Compensation Benefits

Dear Sen. Stedman:

On behalf of the Alaska Hotel & Lodging Association (AKHLA), I would like to submit for your consideration improvements to SB 120, dealing with Alaska's unemployment insurance (UI) program.

Alaska's hospitality industry is experiencing considerable financial challenges today. For example, energy costs are through the roof, and additional operating costs of any kind will only work to degrade the financial health of our industry. These challenges underlie AKHLA's interest in identifying ways of offsetting the estimated \$17MM (+14%) in additional cost to the system brought on by SB 120. The state has broad freedom in determining key UI program components, and therefore this Legislature has the opportunity to make reasonable changes to effect cost reduction through SB 120.

The Legislature must strike a balance between employee protections and employers' affordability. We believe the following suggestions will improve Alaska's UI system, and will help offset the added financial burden to our industry while allowing for an increase in unemployment benefits paid to members of our work force that truly need short-term financial support.

1. **Attachment to the labor force:** Claimants who limit themselves to seasonal work are not really unemployed during the off season. Claimants should demonstrate substantial attachment to the labor force before qualifying for benefits.

Recommendation: To qualify for benefits, AKHLA supports increasing individuals' required base period earnings to at least \$5,000.

2. **Discharge for voluntary quit:** Current statute provides for insured workers who quit their jobs for good cause.

Recommendation: AKHLA supports the elimination of UI benefits to those who voluntarily quit their jobs without good cause attributable to the employer.

3. **Discharge for misconduct:** AKHLA believes that UI benefits should be eliminated for those who are discharged for misconduct involving drugs and alcohol, and misconduct connected with job performance such as violation of company rules, insubordination and absence from work.

Recommendation: AKHLA supports adding a new section with the following or similar language for addressing discharge for misconduct.

3434 Tongass • Ketchikan, Alaska 99901 • (907) 225-5166
Business Office: P.O. Box 6814 • (907) 225-6720 • Fax: (907) 225-6900
Web Site: www.landinghotel.com • E-mail: lwlanding@kpnnet.net

Owners: Kay Sims and Terry Wanzer

2008-02-29-08-39-23

Sec. 23 20.xxx. Discharge for misconduct. An insured worker is disqualified for unemployment insurance benefits if the insured worker was discharged for misconduct connected with the insured worker's last work. In this section, "misconduct" includes

- (1) conduct in violation of an employer's policy concerning drugs or alcohol;
 - (2) "conduct evincing such willful or wanton disregard of an employer's interests or negligence or harm of such a degree or recurrence as to manifest culpability of wrongful intent, or assault or threatened assault upon supervisors, coworkers, or others at the work site." (*Colorado Sec. 8-73-108*)
4. **Require claimants to lower suitability requirements:** Periods of low general unemployment can be indicative of claimants' refusal of suitable work. AKHLA supports reducing the added costs to the system brought upon by those who hold out indefinitely for jobs commensurate with their prior experience and wage levels.

Recommendation: AKHLA supports the following or similar language for addressing suitability requirements:

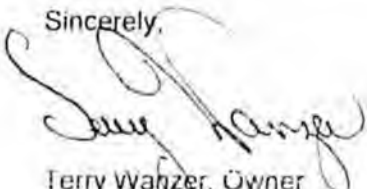
"Upon receipt of fifty percent of an individual's benefits over a calendar year, suitable work shall not be limited to an individual's customary or registered occupation." (*Oklahoma Sec. 2-408*)

"Suitable work for an individual means any work within the individual's capabilities provided it pays an amount in excess of the individual's weekly benefit amount and the local, State or Federal minimum wage, whichever is higher." (*Paragraph of P.L. 96-499*)

5. **Phase-in UI tax increase over 3 years:** AKHLA supports phasing in any UI tax increase over a period of three years to help alleviate the financial stress brought upon our industry.

Thank you for your time and consideration.

Sincerely,



Terry Wanzer, Owner
Best Western Landing Hotel

HOMER TRIBUNE

EDITORIAL

February 21, 2007

Unemployment pay rates need increase

A recent study by the state's economic number crunchers focused on Alaska's unemployment benefits, and revealed some interesting figures that ought to be examined by state lawmakers.

If you are unemployed in Alaska, and qualify for the maximum unemployment benefit, you will receive approximately half of what an unemployed Washington state resident would get. That fact needs to be corrected before the discrepancy erodes Alaska's workforce, and its economy.

While more year-round jobs would be an even better solution, the simple fact is that Alaska will always have a seasonal economy, and our economic policies will always need to embrace that fact. The state itself employs hundreds of seasonal employees who are asked to live a feast-and-famine lifestyle, working only in the summer months. Construction crews, those catering to the huge economic engine of the tourist industry and those in seasonal natural resource jobs face a similar situation, and many use unemployment insurance to span the gap between the seasons.

Alaska's policies make it relatively easy to get unemployment insurance benefits. That, combined with our seasonal economy, results in a state where a high percentage of those unemployed receive the benefits. It is, therefore, critically important that this mainstay of Alaska's economy be watched carefully.

Currently, if you make more than \$26,500 a year, you will qualify for a maximum benefit of \$248 a week. That's \$1,000 a month and according to the study, far below the benchmarks set by the federal government for unemployment insurance. In fact, while Alaska's workers use unemployment insurance more than most states, the benefit amount ranks Alaska at the bottom of the nation based on the benefit's comparison to the Alaska worker's average salary.

Translation: In a state where salaries are generally high, unemployment benefits are far too low.

Unemployment insurance was set up during a time when economies were crumbling nationwide. Like any insurance policy, it is meant to be a stabilizer between the good times and the bad, to keep economies, and families from spiraling into a crisis during lean times.

In Alaska, however, for better or worse, unemployment insurance is a necessary piece of the puzzle. Without adequate benefits, can we expect workers to come back year after year to provide the necessary services in our parks and shops and to build our roads and homes each summer?

It has been a decade since the state has increased the maximum benefit for unemployment insurance. During that time, inflation has continued to grow, along with the price of milk, gasoline, and mortgage payments.

Perhaps the relatively easy qualification standards need to be part of the answer to the puzzle of how to pay for the increase. Workers can qualify for a minimum benefit of \$44 after earning only \$1,000. That's 18 days working a minimum wage job, and it's hard to imagine someone who sincerely wants to work can't find more than 18 days worth of work. Then again, \$44 a week barely covers a week's worth of Ramen Noodles, so the incentive to find something else surely still exists at that point.

Workers are also able to qualify for benefits if they quit their job (after a six-week waiting period). Other states have different policies about such situations, and perhaps Alaska should, too.

But the bottom line is that one way or another, the state needs to realign its unemployment rates if it wants to continue to retain its large segment of seasonal workers. The last time the rates were increased, the average salary per week in the state was a full \$200 less than it is today.

While stigmas from the past surrounding accepting any sort of government assistance may make it easier for state lawmakers to ignore the needs of the state's unemployed — some 50,000 people a year and close to one-fifth of the workforce — the simple fact is that in Alaska, unemployment insurance is a key part of the economic puzzle. And while parallels with other states are not entirely straight lines, the benefits must be enough for families to hang in there during the lean times. That's why unemployment insurance was created, and it serves a necessary purpose in all our lives, whether we are seasonally employed or not. It's time to bring the unemployment benefit rates back in line with the national standards.

25th
ALASKA STATE LEGISLATURE

Senator Johnny Ellis, Chair
Senator Gary Stevens, Vice Chair
Senator Bettye Davis
Senator Lyman Hoffman
Senator Con Bunde



State Capitol, Room 9
465-3704

Senate Labor & Commerce Committee

Unemployment Compensation Benefits CSSB 120 (L&C)

SPONSOR STATEMENT

Alaska's current unemployment insurance benefits fall short in helping families cover living expenses during periods of unemployment. Alaska's maximum weekly unemployment insurance benefit of \$248 is the fourth lowest in the nation and has not been adjusted since 1997. Increasing the maximum weekly benefit is essential to alleviating skill shortages by ensuring Alaskan workers and their families survive periods of unemployment. Senate Bill 120 will increase the maximum weekly benefit available through unemployment insurance from \$248 to \$370.

The average weekly wage in Alaska is \$782. The current average benefit is only 25% of the average weekly wage, the lowest percentage of all the states – only the District of Columbia is lower. Many western states provide a much higher average weekly wage replacement: Utah replaces 42%, Montana and Idaho replace 40%, Oregon and Washington 38%, Nevada 35%.

To ensure Alaska does not again fall behind the rest of the nation, CSSB 120 (L&C) calls for an annual review of wages and unemployment benefits in Alaska. Using Alaska's average weekly earnings as the basis for calculating future unemployment insurance benefits will not only provide greater flexibility, it will also make certain the benefits accurately reflect the state's economy. The maximum weekly benefit amount would be indexed to the average weekly wage in the state for the preceding fiscal year, and maximum benefits would not exceed 50% of the average weekly wage.

CSSB 120 (L&C) represents a balance between raising benefits and lowering the cost of the UI system to employers. As Governor Palin announced in January, the tax rate for 2008 is the lowest in 28 years. Under the bill, costs to businesses would remain low. In fact, the average annual employer cost per employee would rise a modest \$25 per employee by the time the effects of the bill are fully realized in 2013. Even so, the total out of pocket cost would remain \$89 lower than 2007. The annual cost to the average employee would increase by \$37 over 2008.

Finally, CSSB 120 (L&C) adds language that protects the privacy of individuals claiming UI benefits by ensuring that claim information remains confidential except in certain circumstances. Federal law requires that we include this provision in Alaska statutes.

Maintaining benefit amounts that keep pace with the rest of the nation, and particularly our state's economy, will help Alaskan families survive periods of unemployment. Retaining a well-trained Alaskan workforce is essential for a strong economy. Providing an overdue increase in the maximum weekly benefit amount is necessary to keep Alaska's workers in Alaska.

Thank you -
Johnny Ellis ✱

This bill is the result of a year long stakeholder process

Unemployment Compensation Benefits
CSSB 120 (L&C)

Talking Points

work sessions
business groups
labor advocates
Dept of Labor

A Healthy UI System Benefits All Alaskans

- Unemployment insurance provides a shock absorber for businesses, individuals and families hit by economic change.
- UI helps both businesses and workers.
- Alaskan workers stay in Alaska, ready for jobs when business picks up.
- Employers maintain a stable, ready pool of experienced workers.
- ~~The UI system played a key role in weathering the 1986 oil price collapse.~~

Alaska's UI system has been soundly managed

- Alaska has never depleted its trust fund. Other states have depleted their trust funds during times of economic stress.
- Alaska's UI system has always been able to maintain payments, even during the severe 1986 oil price crisis.

Wage Replacement

- The UI system seeks to replace roughly 50% of lost wages, a goal repeatedly confirmed by presidents and commissions over many decades.
- Alaska's wage replacement rate is dead last among all states (Washington, D.C., *delivered*)
- Alaska's wage replacement rate was 25.8% in 2005. It is likely to be even lower today.

Alaska's benefit amount has fallen far behind wages

- Our maximum weekly benefit amount of \$248 is the fourth lowest in the nation.
- Alaska's maximum weekly benefit amount has not been adjusted since 1997.
- Eligible wages are capped at \$26,500.
- One third of Alaskan wage earners earn that much or more but are limited to \$248 in weekly benefits.

Tax rates are low. Now is the time to raise the benefit amount.

- Alaska's 2008 UI tax rates are the lowest in 28 years.
- There is room to raise the MWBA to \$370.
- CSSB 120 (L&C) would raise the average employer cost \$25 per employee from the 2008 level.

- The total out of pocket cost to employers would remain \$89 below 2007.
- The employee cost will rise \$37 per year over 2008.

The L&C Committee bill represents a compromise

- Benefits ~~must~~^{need to} be raised.
- Employers view the system as too costly.
- The bill shifts costs from employers to employees
- Currently employers pay 80%, employees pay 20%.
- Under the bill, employers would pay 73%, employees 27%.
- Alaska is one of only two states that actively mandate employee contributions.
New Jersey is the other.
- New Jersey's Max. Weekly Benefit is \$536, Alaska's is \$248. (The bill would raise it to \$370.)

We should inflation proof benefits

- The real worth of benefits falls each year.
- Legislatures will not want to visit this issue every year.

Alaska must enact confidentiality statutes

- First eight sections of the bill.
- Federal law requires all states to protect UI data by October 2008.
- Failure would mean the loss of \$19.1 million in federal funds to the State.
- Alaska businesses would pay an additional \$87 million in taxes.

Let Committee Staff
Dana Owen - charts

Long overdue
Reasonable compromise
Nearly cost neutral
Right Time