

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

9963 HOUSE LABOR & COMMERCE

Alaska Department of Community
and Economic Development

Division of Insurance

P.O. Box 110805, Juneau, AK 99811-0805

Telephone: (907) 465-2515 • Fax: (907) 465-3422 • Text Telephone: (907) 465-5437

Email: Insurance@dced.state.ak.us • Website: www.dced.state.ak.us/insurance/

March 20, 2000

The Honorable Dave Donley
Alaska State Senate
State Capitol, Room 508
Juneau, AK 99801-1182

Dear Senator Donley:

The Alaska Division of Insurance (ADOI) supports SB 177, the Alaska Insurance Consumer Protection Act, sponsored by Senator Dave Donley. The bill is now in the Senate Rules Committee.

Currently under AS 21.36.125 the ADOI cannot penalize a single unfair action of an insurance company in its handling of consumer claims, no matter how serious. Alaska Statute 21.36.125 gives authority to the director to take action against an insurance company only if a pattern of unfair trade practices acts amounting to a general business practice or multiple violations of the same claims standard is found. Individual consumers can be seriously harmed by a single unfair action of an insurance company. For example, in a recent complaint received at the division, a consumer was pre-certified for hospitalization by a health insurance company, but the insurance company unfairly delayed payment of the hospital's \$186,000 bill for six months, threatening the consumer's credit rating. Had the provisions of SB 177 been in place, the division would have been able to take action against the insurance company to deter such actions in the future.

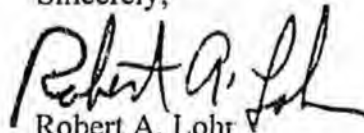
The Alaska Supreme Court stated in State Farm v. Nicholson, 777 P. 2d 1152 (Alaska 1989):

Under AS 21.36.125, entitled "Unfair claims settlement practices," an insurance company only violates the chapter if it engages in certain proscribed acts "with such frequency as to indicate a practice. [emphasis added]."

The bill confirms that AS 21.36.125 does not create a private cause for legal action.

The bill also clarifies the meaning of causation for insurance policies in Alaska. This clarification will make sure that policy benefits are consistent with the reasonable expectations consumers have regarding their insurance coverage. Consumers should not have to make complex legal arguments relating to the cause of a loss in order for insurance companies to pay benefits for their losses under the insurance policy.

Sincerely,



Robert A. Lohr
Director

LAW OFFICES

Michael J. Schneider, P.C.

TELEPHONE (907) 277-9308

880 "N" STREET, SUITE 202

FAX (907) 274-8201

ANCHORAGE, ALASKA 99501

February 16, 2000

The Honorable Dave Donley
Alaska State Legislature
Mail Stop: 3100/Room 508
Juneau, AK 99801-1182

RE: SB 177: "An Act Relating to Insurance Trade Practices; and Providing for an Effective Date"

Dear Senator Donley:

I write in support of SB 177.

The Bill makes a single, unlawful, and unreasonable act by insurance carriers subject to scrutiny by the Division of Insurance. It is about time. Alaska insurance consumers should not be subject to the "one free bite" rule. It should not be incumbent upon an insurance consumer to show some sort of pattern or practice before Alaska's regulatory agency takes action on that consumer's behalf. A carrier that does not engage in illegal or predatory practices should have nothing to fear from this change in the law.

I also want to make you aware of some common insurance company practices that I hear about every day as I interview potential clients in my office. Legislators need to be aware that constituents are being taken advantage of on a regular basis in a planned and orchestrated way by major insurance carriers who have defined an uneven playing field. If insurers cannot win on the law and the facts, they can win because of the practical circumstances of these cases.

Medical payments coverage, as you know, is coverage that pays for medical bills based on status. Typically, you have to have the status of riding in an insured automobile. If you are injured and you have medical bills, the medical payments coverage is supposed to pay for those medical bills no matter who caused the precipitating incident. No one likes to go to the doctor and no one likes to run up medical bills. Your constituents, when injured, obtain health care and follow the recommendations of their physicians. Unfortunately, this does not lead to the prompt payment of these medical bills that Alaska insurance consumers have a right to expect.

Instead, the insurance industry will slow pay the medical providers, obtain a "medical records review" from some nurse or physician (often from another state), find a basis therein to deny paying bills that have already been incurred in good faith by your constituents, and then refuse to resolve the matter with either the physician, whose bills are unpaid, or your constituent, whose medical bill is unpaid and whose credit worthiness is now at risk. This, of course, is aside from the frustration that these people feel because they cannot obtain needed medical care. There are certainly circumstances where

The Honorable Dave Donley
February 16, 2000
Page 2 of 2

this practice may ultimately have adverse and serious long-term consequences for a claimant requiring time-sensitive care.

How do insurance carriers get away with it? It is really quite easy. Disputes over medical payments coverage in most auto policies are relegated to arbitration. There is nothing wrong with that. However, there is no award of attorney's fees and costs provided in these policies to the successful party. When one of your constituents appears in my office with \$10,000.00 worth of controverted and unpaid medical bills, there is little encouragement I can offer. No matter how righteous their position, they will have to spend their own money to hire an attorney, bring their doctors into testify and pay for an arbitrator. Thus, using hypothetical figures, their problem grows from \$10,000.00 to some number likely twice as large. Or, they can pay an attorney a percentage of their recovery plus litigation costs advanced by the attorney. The last approach is purely theoretical. Attorneys would have to spend more time and money than the claim is worth to get a good result. Most of us are, therefore, very disinterested in handling these cases for the same reason that your constituents who are homebuilders refuse to pay \$300,000.00 to build houses only to sell them for half that much. We simply cannot stay in business fighting some of the largest economic forces in America on a *pro bono* basis. Even if we took these cases, your constituents would be left holding the bag. They need 100% of their medical bills paid, not some percentage left over after attorneys fees and costs. Anyway you shake it, regular, ordinary, everyday Alaskans are getting the short-end of the stick from an industry that seems perfectly willing to bully them to defeat and deny these reasonable claims.

Your Bill has the advantage of giving the Division of Insurance a bit more leverage when it comes to looking into these claims. The Bill could further be improved if legislation were introduced compelling carriers to pay costs, attorney's fees, and related arbitration expenses only when they lose a dispute over medical payments or some other coverage. This costs the industry nothing when its position is righteous: it will cost it plenty on a regular basis in light of practices that the industry currently engages in. It would make it possible for private attorneys to become involved in these cases, and it would make it possible for your constituents, who have medical payments coverage claims, to be, for the first time, treated with a measure of respect and to receive what they reasonably thought they had a right to receive under their medical payments coverage.

If you or other members of the Legislature have any questions about this letter or my opinions regarding these practices, I hope you will feel free to call me. Thanks again for your good work in proposing SB 177. I hope it receives the bi-partisan support that it deserves.

Yours very truly,

LAW OFFICES
MICHAEL J. SCHNEIDER, P.C.

Michael J. Schneider

cc: Robert Lohr, Director
Division of Insurance

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSSB 177(L&C)

1 Page 2, line 29:

2 Delete all material and insert:

3 "(7) compel

4 (A) an insured [INSUREDS] to"

5 Page 3, lines 1 - 2:

6 Delete "or third-party claimant"

7 Insert "; or

8 (B) a third-party claimant regarding a claim in which

9 liability is not at issue to litigate for recovery of an amount due under an

10 insurance policy by offering an amount that does not have a reasonable

11 basis in law or fact"



Tony Knowles, Governor

**Department of Community
and Economic Development**

Division of Insurance

P.O. Box 110805, Juneau, AK 99811-0805

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April 10, 2000

The Honorable Norman Rokeberg
House of Representatives
State Capitol, Room 24
Juneau, AK 99801-1182

RECEIVED

APR 10 2000

Dear Representative Rokeberg:

The Alaska Division of Insurance (ADOI) supports SB 177, the Alaska Insurance Consumer Protection Act, sponsored by Senator Dave Donley. The bill is now in the House Labor and Commerce Committee.

Currently under AS 21.36.125 the ADOI cannot penalize a single unfair action of an insurance company in its handling of consumer claims, no matter how serious. Alaska Statute 21.36.125 gives authority to the director to take action against an insurance company only if a pattern of unfair trade practices acts amounting to a general business practice or multiple violations of the same claims standard is found. Individual consumers can be seriously harmed by a single unfair action of an insurance company. For example, in a recent complaint received at the division, a consumer was pre-certified for hospitalization by a health insurance company, but the insurance company unfairly delayed payment of the hospital's \$186,000 bill for six months, threatening the consumer's credit rating. Had the provisions of SB 177 been in place, the division would have been able to take action against the insurance company to deter such actions in the future.

The Alaska Supreme Court stated in State Farm v. Nicholson, 777 P. 2d 1152 (Alaska 1989):

Under AS 21.36.125, entitled "Unfair claims settlement practices," an insurance company only violates the chapter if it engages in certain proscribed acts "with such frequency as to indicate a practice. [emphasis added]."

The bill confirms that AS 21.36.125 does not create a private cause for legal action.

The bill also clarifies the meaning of causation for insurance policies in Alaska. This clarification will make sure that policy benefits are consistent with the reasonable expectations consumers have regarding their insurance coverage. Consumers should not have to make complex legal arguments relating to the cause of a loss in order for insurance companies to pay benefits for their losses under the insurance policy.

Sincerely,

Robert A. Lohr
Director

RAL/pb4408.21.doc

SB

193

HOUSE COMMITTEE REPORT

Date Referred to Committee: March 15, 2000

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 29 MAR 2000

The LABOR AND COMMERCE Committee considered:

CSSB 193(FIN)

FOR SENATE BILL NO. 193(FIN)

COLLECTION OF UNPAID WAGES

An Act relating to the payment of wages and claims for the payment of wages."

recommends it be replaced with the following committee substitute [] the same title [] a new title

[] additional referral to _____ Committee [] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Dept/Date) [] fiscal note(s) [] fiscal note(s)

[] zero fiscal note(s) [X] zero fiscal note(s) DLWD 2/7/00

Table with 5 columns: SIGNING WITH RECOMMENDATIONS, DP, DNP, NR, AM. Contains handwritten signatures and checkmarks.

CHAIR'S SIGNATURE

Handwritten signature and date 3/29/2000

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

No. 1
BILL NO. Bill Version: CS SB 193 (L&C)
(S) Publish Date: 2/11/00

Revision Date/Time (Note if correction): _____
Title: Collection of Unpaid Wages
Sponsor: Senator Pearce
Requestor: Senate L&C

Department Affected: Labor and Workforce Develop
BRU: Labor Standards and Safety
Component: Wage and Hour

COMPONENT SERIAL NO. 345

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

OPERATING	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
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						
---------	--	--	--	--	--	--

CHANGE IN REVENUE FUND SOURCE #						
------------------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY00) impact: \$ none

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Alan Dwyer, Director *al dw* Phone: 465-4855
Division: Labor Standards and Safety Date/Time: 2/7/00 10:36 AM
Approved by Commissioner: Ed Flanagan, Commissioner *Ed*
Agency: Department of Labor Date: 2/7/00

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Alaska State Legislature



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During Session: (Jan. - May)
State Capitol
Juneau, Alaska 99801-1182
(907) 465-4993
Fax (907) 465-3872

Senator Drue Pearce

Sponsor Statement

SB 193

“An Act relating to the payment of wages and claims for the payment of wages”

The Department of Labor and Workforce Development (DLWD) was established to serve the interests of the employee through fair business practice. SB 193 will address complaints from the public regarding unethical employers who illegally withhold final wages from employees.

SB 193 increases the amount of past wages that employees are allowed to retain from \$7500 to \$20,000. SB 193 will update the law making it possible for attorneys and the DLWD to pursue small wage claims. In current statute AS 23.05.220(c), it is not feasible for private attorneys to take such cases on a contingency fee basis when the maximum cap is \$7500.

SB 193 would provide a source of assistance for this category of employee. It would serve the state's best interest to keep these cases in small claims rather than District or Superior Court in order to expedite resolution and lower costs to all parties.

This measure would serve as a tool to assist employees in their effort to acquire representation for wages not paid by their previous employer. SB 193 is a sensible bill that will strengthen Alaskan labor relations.

ALASKA STATE LEGISLATURE

HOUSE LABOR AND COMMERCE COMMITTEE

Representative Norman Rokeberg, Chairman
Representative Andrew Halcro, Vice-Chairman
Representative John Harris
Representative Lisa Murkowski
Representative Jerry Sanders
Representative Tom Brice
Representative Sharon Cissna



State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4954
Fax: (907) 465-2040

FOR YOUR SENATE BILL 193 FILE

From Wednesday's meeting



COVER SHEET

Anchorage Legislative Information Office
Office - (907) 269-0111 Fax - (907) 269-0229

To: (H) L & C

Atten: Rep Rabeberg Fax: _____ Phone: _____

From: _____ Phone: _____

Instructions: Written (F) on SB 193

Sent: _____ Date: _____ Time: _____

Disposal of Original: Discard: _____ Hold for Pickup: _____

Number of Pages: _____ (counting cover sheet)

Transmitted by: _____

FAX COVER SHEET

DROP BOX

JUL 16 1999

TO: Margie

FAX: 522-4071

Pages (incl. Cover): 1

FROM: Kristin Southerland, Administrative Manager

Here's the printout you asked for. I hope all is good. If you have any questions call me. Do you want me to mail your reimbursement check or do you want to pick it up?

Thanks,
Kristin

ALASKA BUSINESS & INDUSTRY NEWSPAPERS (LLC)

05/19/99

Unpaid Bills by Vendor

As of May 19, 1999

Type	Date	Num	Open Balance
Bill	10/8/97	AUG/S...	1,868.00
Bill	12/9/97	OCT/N...	881.20
Bill	4/15/99	MAR 99	2,500.00
Bill	4/15/99	APR 99	3,000.00
Bill	5/19/99	MAY 99	3,000.00
Total MARGARET BAUMAN			11,249.20

Alaska Business and Industry Newspapers, LLC

PO Box 233101

Anchorage, Alaska 99523-3101

Phone (907) 274-3450 • Fax (907) 274-3451

EXHIBIT 18

Page 1 of 1

The following liens / judgements
appear to still be open.

PUBLIC INFORMATION ACCESS SYSTEM ---> STATEWIDE RECORDERS OFFICE FILE
SERIAL #- 95-039827 OFFICE- ANCHORAGE DESCRIPT- JUDGEMENT 5672.87
DATE- 08-25-95 TIME- 01:13 PM INDEX- LI BOOK- 02925 PAGE- 0626 FOR 0002
OF GRANTORS- 0002 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N-
GRANTORS

GRANTEES CASHMAN KAY/ALASKA FLYING MAGAZINE/
(AM) /

WITHIN THIS DOCUMENT - PF1 PAGES FORWARD
ENTER RETURNS TO PREVIOUS LEVEL

PF2 PAGES BACKWARDS
PF9 RETURNS TO THE MENU

PUBLIC INFORMATION ACCESS SYSTEM ---> STATEWIDE RECORDERS OFFICE FILE
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 # OF GRANTORS- 0001 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N-
 GRANTORS

CASHMAN KAY H

GRANTEES

INTERNAL REVENUE SERVICE

COMMENTS

AMOUNT: 10,902.80

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OF GRANTORS- 0003 GRANTEES- 0003 PARCELS- 0000 ASSOC. S/N-
GRANTORS

GRANTEES CASHMAN KAY LASLAY/OCASAIN OF ALASKA/CASHMAN AND ASSOCIATES/
GOLDEN DANIEL J JR/GOLDEN ENTERPRISES/GOLDEN INVESTMENTS/

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 # OF GRANTORS- 0001 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N-
 GRANTORS

CASHMAN KAY LASLEY/

GRANTEES

(IRS)/

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 # OF GRANTORS- 0001 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N- 1901 524
 GRANTORS

CASHMAN KAY LASLEY/

GRANTEES

(IRS)/

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 DATE- 04-01-92 TIME- 09:56 AM INDEX- LI BOOK- 02295 PAGE- 0626 FOR 0002
 # OF GRANTORS- 0003 GRANTEES- 0003 PARCELS- 0000 ASSOC. S/N-

GRANTORS

CASHMAN KAY LASLEY/OCASAIN OF ALASKA/CASHMAN AND ASSOCIATES/

GRANTEES

GOLDEN DANIEL J JR/GOLDEN ENTERPRISES/GOLDEN INVESTMENTS/

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DATE- 06-17-88 TIME- 09:12 AM INDEX- TL BOOK- 00000 PAGE- 0000 FOR 0000
OF GRANTORS- 0002 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N- 88-1065-F
GRANTORS

GRANTEES LASLEY KAY/PACIFIC NORTHWEST PUB/
(IRS)/

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ENTER RETURNS TO PREVIOUS LEVEL

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SB193
#1

Fiscal Note: SB 193 - Collection of Unpaid Wages

This bill will allow the Department to represent those wage claimants that cannot find an attorney to represent them due to the relative small size of their claim. The Department of Labor and Workforce Development (DOL) statutory cap for a straight claim for unpaid wages under AS 23.05.220(c) is tied to the Small Claims cap of \$7,500. Wage claims exceeding \$7,500 cannot be pursued by DOL. Private attorneys cannot profitably handle those cases. This leaves a large gap where employees with wage claims between \$7,500 up to about \$20,000 are unable to get representation.

There is no incentive for attorneys to pursue private wage claims under \$20,000. It is not cost effective for an employee to pay hourly attorney's fees and it is not profitable for an attorney to take such cases on a contingency fee basis. The only recourse for such employees is to proceed Pro Se in the appropriate court, a daunting option for the average non-attorney and usually unsuccessful due to unfamiliarity with the system.

By raising the limit for Wage and Hour cases handled in Small Claims Court, this amendment provides a source of assistance for this category of employee. It is desirable to keep these cases in Small Claims Court rather than District or Superior Court in order to expedite resolution and keep down costs to all parties.

The division does not anticipate that the volume of such claims will require additional staff in order to handle them.

8100 Lamplighter Circle
Anchorage, Alaska 99502
February 18, 2000

The Honorable Drue Pearce
Alaska State Senate

Dear Senator Pearce:

Thank you very much for your introduction of Senate Bill 193, which would raise to from \$7,500 to \$20,000 the amount of money the state Labor Department can collect via the court system from employers owing back wages.

Please accept this letter as testimony which may be used in hearings on the bill, in the event that I am unable to testify personally at the time of the legislative hearings.

I had talked with Rep. Andrew Halcro, who represents the Sand Lake area of Anchorage about such legislation and am very pleased that you are pursuing this matter.

My request to Andrew Halcro was sparked by the refusal of a former employer to pay me several months back wages. The employer, Alaska Business and Industry Newspapers, hired me in the autumn of 1998 in advance of publication of the first issue of Business News Alaska. At the time I was caring for my elderly mother at home and of course needed work to support myself and my son, who is attending college. I took the job because, thanks to the Internet, I could work hours flexible enough to care for my parent.

I was advised that myself and all other employees were hired on a contract basis. The business did not have proper financial backing and became more and more in arrears to me on payment for work. When the back pay exceeded \$10,000 and we parted ways, I went to the Labor Department after Kay Cashman, one of the publishers, said that since I was contract labor she could pay me when she felt like it. Neither Ms. Cashman nor Raylene Combs, the other publisher, have made any attempt to pay me since.

I asked both the Alaska Department of Labor and Internal Revenue Service for determinations on whether I was an employee or contract

laborer. I filled out lengthy forms for both. The company didn't even bother to respond to the form sent to them by IRS, but has repeatedly challenged the state's determination that I was an employee. On the initial determination and in the appeal process, the state ruled that I was an employee. Now Alaska Business and Industry Newspapers is appealing the matter on the commissioner level, to Stephen Long, chief of appeals in the Labor Department. I am told that process takes 45-60 days.

The employer claims they can't pay me because they don't know if they have to take out taxes until the appeal process is done. Being an investigative reporter, I went to Motznik Computer Service in Anchorage and asked for the financial background on Ms. Combs and Ms. Cashman. Ms. Cashman has an extraordinary financial record, including over \$10,000 owed to IRS in back taxes, and an Alaska Superior Court judgement of \$34,548 found for a private businessman and former state deputy commissioner. Despite the state Superior Court judgement, Cashman has never paid a dime of that judgement, which stems from a magazine in Delta back in the 1980s. Ms. Cashman declared bankruptcy in that venture and never paid related debts. Then she began a new publication. Records also show she owes money to a variety of other people. Interesting too that in various proceedings she is listed as Kay Cashman, Kay Cushman and Kay Lasley. I have talked to numerous other people to whom she owes a great deal of money; but she is able to continue in business because she lists her son, Dan, as an owner and keeps for herself the position of publisher.

I was advised by the Labor Department that if an employer owes over \$7,500 that the agency is not authorized to collect; that I would have to hire a lawyer and go to court to collect. Labor Department officials said my only option was to ask the Legislature to raise the collectible amount. Since I am a single working parent, I can't afford those legal fees, and I have been advised informally by two attorneys that given Cashman's track record a judgement wouldn't matter, because there is no way to force her to pay.

I am appealing to the Legislature to protect working Alaskans from employers like Kay Cashman and Raylene Combs. It seems that if other professional people can lose their license to practice their profession because of dishonesty that the rules ought to apply across the board.

profession because of dishonesty that the rules ought to apply across the board.

I did several months ago call the attorney general's office about having fraud charges brought against Ms. Cashman but Marge Feldman, who took the call, refused to do anything except send me consumer complaint forms. She had absolutely no interest in the fact that Ms. Cashman has a documented track record of fraud.

I hope that the Legislature will not only pass this Senate bill, but strengthen existing laws to force unethical business people to abide by the laws or get out of business.

Thank you very much for your efforts.

Sincerely,

Margaret Bauman
Margaret Bauman

349-7917)

Anchorage

Subject: [Fwd: Fw: SB193]

Date: Mon, 07 Feb 2000 12:32:15 -0900

From: "J. R. (Randy) Carr" ?Randy_Carr@labor.state.ak.us?

Organization: Alaska Department of Labor and Workforce Development

To: Dwight L Perkins ?dwight_perkins@labor.state.ak.us?

here are Wil's comments

Subject: Fw: SB193

Date: Sat, 5 Feb 2000 13:23:54 -0800

From: "Will Schendel" ?schenlaw@ptialaska.net?

To: ?randy_carr@labor.state.ak.us?

----- Original Message -----

From: Will Schendel

To: [Senator Drue Pearce@legis.state.ak.us](mailto:Senator_Drue_Pearce@legis.state.ak.us)

Sent: Saturday, February 05, 2000 1:22 PM

Subject: SB193

Dear Senator Pearce,

I write in support of SB 193 regarding raising the limit on unpaid wage claims assignable to Wage and Hour. My perspective and experience is as an attorney specializing in employment law. I represent both employees and employers.

Very few ex-employees with unpaid wage claims for less than \$20,000.00 or \$30,00.00 can find a private attorney to represent them (because they cannot afford to pay an attorney on an hourly basis, and because no rational attorney will represent them for a percentage of the possible recovery when the costs of going to trial, if necessary, will greatly exceed the possible fee recovery). There are two solutions to this problem: One solution is to make a statutory change to award the winning employee a full recovery of attorney fees, as is currently the case for suits over unpaid minimum or overtime wages. That solution, of course, will add to the expense to the losing employer, and doesn't address another problem in unpaid wages suits - that the defaulting employer often is insolvent (and no rational attorney will be motivated by the prospects of a full fee award against an insolvent defendant). The second solution is to provide essentially free counsel to the unpaid employee, by permitting Wage and Hour to take the claim to court (without charge to the ex-employee). That second solution, however, assumes that Wage and Hour has the time (or, if it contracts with the Department of Law for legal services, that it has the money) to go to court. It's been my experience, here in Fairbanks, that Wage and Hour goes to court once in a blue moon, because its staff can do more good for other employees, by doing non-court claims processing. Raising the Wage and Hour cap isn't going to do much to actually induce Wage and Hour to take these claims, unless there are additional appropriations to Wage and Hour to actually pursue these claims, or, maybe, until Wage and Hour is given authority to recover its actual costs and fees from the defaulting employers. If the Legislature isn't in favor of enacting a full attorney's fee award provision for unpaid wages (though I would encourage it to do so), or in favor of increasing the Wage and Hour Division's appropriations for enforcement, raising the cap won't do much good, but it might frighten a few employers into paying wages.

My first preference, then, is for the Legislature to put some real teeth into the unpaid wage assignment law in Alaska by encouraging the private bar to take more of these cases (through an award of full attorney fees); at the same time, the cap on wage and Hour assignments could be raised, so that Wage and Hour could, if it had the resources and time, take more of the claims, but the Division should also be given a bigger hammer and inducement to enforce these claims, by awarding full fees and costs to the Department of Labor, and by increasing enforcement-targeted appropriations to the Division.

ROBERT W. LANDAU
ATTORNEY AT LAW, ARBITRATOR & MEDIATOR
2525 BLUEBERRY ROAD, SUITE 108
ANCHORAGE, ALASKA 99503

(907) 272-2266
FAX (907) 272-1077

February 4, 2000

Senator Drue Pearce
State Capitol
Juneau, AK 99801

Representative Andrew Halcro
State Capitol
Juneau, AK 99801

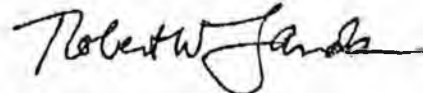
Re: SB 193 / HB 276
Wage and Hour Claim Limit

Dear Senator Pearce and Representative Halcro:

I am actively involved in the area of labor and employment law as an attorney, arbitrator and mediator. I am writing in support of the above bills which would raise the jurisdictional amount limit for wage and hour claims brought by the Department of Labor in small claims court from \$7,500 to \$20,000. I believe that raising the wage claim limit would allow the Department to seek relief for a greater number of employees who otherwise would not be able to obtain legal representation because of the relatively small size of their claims. In addition, I believe that the Department should be provided with sufficient resources and staffing to adequately pursue the greater number of wage claims it is being asked to handle. Without adequate funding, the goal of these bills would be nothing more than an empty promise.

Thank you for your consideration of these comments.

Sincerely,



Robert W. Landau

RL:hs

Legislation - U.I.

Margaret Bauman

SB. 193

I am here to testify in favor of legislation which would raise the amount of back wages for residents which the state can pursue through the court system. At present the Labor Department can only pursue amounts up to \$7,500 and my former employer owes me in excess of \$10,000. The employer, Business News Alaska, has refused to pay me any of the amount due since last July, although the company has acknowledged in writing that they owe me the money.

At the time I worked as the news editor for Business News Alaska, a monthly business publication in Anchorage, from October 1998 through June 1999, I was caring for an elderly parent at home. My mother was not in good health and required 24 hour care, so I needed a job I could do largely at home, except for hours when I had a caregiver or my mother was at day care. Business News Alaska hired everyone on a contract labor basis. I had no idea at the time that this practice was illegal, as the state Labor Department has twice since concluded. As the company became further and further behind in paying me the publisher, Kay Cashman, continued to hire other people and kept coming up with excuses for not paying up.

When we parted company last summer I asked for the money due to me in full within three working days. She said I was not an employee and she could pay me in the indefinite future. I inquired at the Labor Department, filed the proper paperwork for them to make a determination, as did Kay Cashman. The department spent a considerable amount of time studying the situation and concluded I was an employee. So did the Internal Revenue Service. Ms. Cashman and her publishing partner then appealed the Labor Department's decision. The hearing officer for the appeal also concluded I was an employee and the state is now studying all the records of Business News Alaska, because the company hired most people on a contract basis, with no benefits and no taxes paid.

Now Business News Alaska is appealing the matter to the commissioner level. It's a good thing the labor department took my case because even if I could afford an attorney to handle my side, I've been advised that given her track record, Cashman has no intention of paying me any of the money she acknowledges owing.

I have with me for the Legislature copies of records which I paid for myself from Motznik Computer Service, showing that Ms. Cashman

Raylene
Combs

has numerous debts outstanding, including a \$35,000 judgement against her through the state Superior Court. She has never paid a dime on that judgement either. To cover herself, she lists herself as publisher and her son and partner Raylene Combs as owners.

Changing state law to allow the Labor Department to pursue through the court system back wages would benefit Alaska residents like myself who have no other recourse. It would also put companies like Business News Alaska on notice that this state will not tolerate employers who think they can operate outside of the law.

SB 193 ~~which~~ would make Alaska a much fairer playing field for
Thank you very much. *employees who operate under the law & are at a disadvantage when other employees are allowed to operate outside of the law.*

PUBLIC INFORMATION ACCESS SYSTEM ---> STATEWIDE RECORDERS OFFICE FILE
SERIAL #- 89-022275 OFFICE- ANCHORAGE DESCRIPT- LIEN 9601.15
DATE- 04-03-89 TIME- 01:09 PM INDEX- TL BOOK- 01803 PAGE- 0479 FOR 0001
OF GRANTORS- 0002 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N-
GRANTORS

CASHMAN KAY/LASLEY KAY/

GRANTEES

(IRS)/

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PF2 PAGES BACKWARDS
PF9 RETURNS TO THE MENU

PUBLIC INFORMATION ACCESS SYSTEM ----> STATEWIDE RECORDERS OFFICE FILE
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OF GRANTORS- 0001 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N-
GRANTORS

LASLEY KAY/

GRANTEES

(IRS)/

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 # OF GRANTORS- 0002 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N-
 GRANTORS

CASHMAN KAY H/LASLEY KAY/

GRANTEES

(IRS)/

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DATE- 08-06-92 TIME- 01:02 PM INDEX- LI BOOK- 02302 PAGE- 0252 FOR 0002
OF GRANTORS- 0003 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N-
GRANTORS

GRANTEES LASLEY JIMMIE R/CASHMAN KAY/LASLEY KAY/
(AS/DA)/

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GRANTEES

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 # OF GRANTORS- 0002 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N- 1883 479
 GRANTORS

CASHMAN KAY/LASLEY KAY/

GRANTEES

(IRS)/

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 # OF GRANTORS- 0002 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N- 88-1065-F
 GRANTORS

GRANTEES LASLEY KAY/PACIFIC NORTHWEST PUB/
 (IRS)/

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 # OF GRANTORS- 0002 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N- 88-1065-F
 GRANTORS

GRANTEES LASLEY KAY/PACIFIC NORTHWEST PUB/
 (IRS)/

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PUBLIC INFORMATION ACCESS SYSTEM ---> STATEWIDE RECORDERS OFFICE FILE
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OF GRANTORS- 0001 GRANTEES- 0001 PARCELS- 0000 ASSOC. S/N- 2055975

GRANTORS

LASLEY KAY/

GRANTEES

(IRS)/

COMMENTS

LIEN AMOUNT \$17107.30/

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 GRANTORS CASHMAN KAY/LASLEY KAY/
 GRANTEES INTERNAL REVENUE SERVICE/
 COMMENTS 94204.07/

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SB

222

(7)

HOUSE COMMITTEE REPORT

Date Referred to Committee: February 18, 2000

FURTHER REFERRALS:

Date of Committee Action: Feb. 28, 2000

The LABOR AND COMMERCE Committee considered:

SB 222

SENATE BILL NO. 222

EMPLOYMENT SECURITY ACT

"An Act relating to standard industrial classification for, eligibility for benefits under, and the definition of 'benefit year' for, the Alaska Employment Security Act; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS SB 222(LTC) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

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

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) Laba 1/24/00

<u>SIGNING WITH RECOMMENDATIONS</u>	DP	DNP	NR	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			

CHAIR'S SIGNATURE

[Signature]

2/28/2000

2/28/00 Halcrow adopts as working document
unanimous zero
2/28/00 2 M out wind rest fiscal note

1-GS2032ND
Cramer
2/24/00

HOUSE CS FOR SENATE BILL NO. 222(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to standard industrial classification for, eligibility for benefits
2 under, and the definition of 'benefit year' for the Alaska Employment Security
3 Act; and providing for an effective date."

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

5 * Section 1. AS 23.20.110(n) is amended to read:

6 (n) The department may produce statistical and other public reports based on
7 information obtained in the course of administering this chapter, so long as the reports
8 do not reveal wage and payroll data for an employing unit or the name or number
9 identifying an individual. The reports may include the firm name, address, North
10 American Industry Classification System [STANDARD INDUSTRIAL
11 CLASSIFICATION] code, census area code, number of workers employed, and
12 occupational staffing patterns for an employing unit.

13 * Sec. 2. AS 23.20.170(b) is amended to read:

14 (b) An employer who is not entitled to a rate determination under

1 AS 23.20.280 - 23.20.310 because the employer is ineligible under AS 23.20.281 shall
2 pay contributions at a rate equal to the average industry tax rate as determined by the
3 commissioner. Assignment by the commissioner of employers to industrial
4 classification, for the purposes of this subsection, shall be to the industry group code
5 specified in the most current version of the North American Industry
6 Classification System, United States [TWO-DIGIT MAJOR GROUP PROVIDED IN
7 THE STANDARD INDUSTRIAL CLASSIFICATION CODE], in accordance with
8 established classification practices found in the most current version of the North
9 American Industry Classification System manual prepared by the United States
10 Office of Management and Budget ["STANDARD INDUSTRIAL
11 CLASSIFICATION MANUAL" ISSUED BY THE UNITED STATES DEPARTMENT
12 OF LABOR].

13 * Sec. 3. AS 23.20.379(a) is amended to read:

14 (a) An insured worker is disqualified for waiting-week credit or benefits for
15 the first week in which the insured worker is unemployed and for the next five weeks
16 of unemployment following that week if the insured worker

17 (1) left the insured worker's last suitable work voluntarily without good
18 cause; or

19 (2) was discharged for misconduct connected with the insured worker's
20 last work.

21 * Sec. 4. AS 23.20.379 is amended by adding a new subsection to read:

22 (f) In this section,

23 (1) "alcohol" has the meaning given in AS 23.10.699;

24 (2) "drugs" has the meaning given in AS 23.10.699;

25 (3) "misconduct" includes conduct in violation of an employer's policy
26 concerning the use of drugs or alcohol, but only if the policy is consistent with
27 AS 23.10.620.

28 * Sec. 5. AS 23.20.382(d) is amended to read:

29 (d) An otherwise eligible individual may not be denied benefits or waiting-
30 week credit for any week because the individual is in any training approved under
31 P.L. 105-220 (Workforce Investment Act of 1998) [29 U.S.C. 1651 - 1658,

1 AS AMENDED BY P.L. 100-418,] and, while attending the training, is not available
2 for work, fails to seek work, or refuses work.

3 * Sec. 6. AS 23.20.520(5) is repealed and reenacted to read:

4 (5) "benefit year" means a period of 52 consecutive weeks beginning
5 at 12:00 a.m. of the Sunday preceding the day that an insured worker first files a
6 request for determination of the worker's insured status, and, thereafter, the period of
7 52 consecutive weeks beginning at 12:00 a.m. of the Sunday preceding the day that
8 the insured worker next files the request after the end of the worker's last preceding
9 benefit year; however, for a worker covered by this paragraph, "benefit year" also
10 means a period of 53 weeks if the filing of a request for determination would result
11 in overlapping any quarter of the base year of a previously filed request for
12 determination; the filing of a notice of unemployment is considered a request for
13 determination of insured status if a current benefit year has not previously been
14 established;

15 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section
16 to read:

17 TRANSITION PROVISION. Notwithstanding the change to the definition of "benefit
18 year" enacted by sec. 6 of this Act, for an insured worker who, on October 6, 2001, has an
19 established current benefit year, the definition of "benefit year" as it existed in
20 AS 23.20.520(5) on October 6, 2001, applies to that worker's claim under AS 23.20 until that
21 worker's current benefit year is completed. If an insured worker's current benefit year under
22 this section ends on a day other than Sunday, the current benefit year is extended until 11:59
23 p.m. of the Saturday following that ending week.

24 * Sec. 8. Sections 1 - 5 of this Act take effect July 1, 2000.

25 * Sec. 9. Sections 6 and 7 of this Act take effect October 7, 2001.

ALASKA STATE LEGISLATURE

HOUSE LABOR AND COMMERCE COMMITTEE

Representative Norman Rokeberg, Chairman
Representative Andrew Halcro, Vice-Chairman
Representative John Harris
Representative Lisa Murkowski
Representative Jerry Sanders
Representative Tom Brice
Representative Sharon Cissna



State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4954
Fax: (907) 465-2040

MEMORANDUM

TO: Rep. John Cowdery, Chairman
House Rules Committee

FROM: Rep. Norman Rokeberg, Chairman
House Labor & Commerce Committee

DATE: February 29, 2000

RE: HCS SB 222 (L&C)
Employment Security Act

A handwritten signature in black ink, appearing to read "Norman Rokeberg".

Please schedule HCS SB 222 (L&C) for a vote on the House floor.

Attached are the following:

1. HCS SB 222 (L&C)
2. Fiscal Note
3. Governor's Transmittal Letter
4. The difference between SB 222 and HCS SB 222 (L&C) is contained in Section 4, page 2, lines 21-27. The Committee added this language to make it plain that drug or alcohol abuse is to be considered "misconduct" under an unemployment insurance claim if the employer has a written policy concerning same. The Committee feels that drug or alcohol policies established by an employer should be supported in every manner. Under a written policy, an employee knows what is expected, what kind of tests may be administered, and other items. The Committee has been informed of cases concerning dismissal for failure of such tests where benefits have started immediately. The impact of this legislation would be to delay the start of unemployment insurance payments on the same time line as others that quit without cause.
5. The Department of Labor & Workforce Development supports HCS SB 222 (L&C) and has worked with the Committee on drafting the language. The Committee has heard no opposition to the legislation.

Thank you.

FISCAL NOTE

No. 1

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL I Bill Version: SB 222
(S) Publish Date: 1-24-00

Revision Date/Time (Note if correction): _____
 Title: An Act relating to the Alaska
Employment Security Act
 Sponsor: Rules Committee
 Requestor: Governor

Department Affected: Labor
 BRU: Employment Security
 Component: _____
Unemployment Insurance
 COMPONENT SERIAL NO. 2 2 7 6

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

OPERATING	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
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						
---------	--	--	--	--	--	--

CHANGE IN REVENUE FUND SOURCE #						
------------------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY00) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

This bill proposes to amend the standard industrial classification for, and eligibility for benefits while in training as recognized under the Alaska Employment Security Act, AS 23.20.

Prepared by: Rebecca Gamez, Director Phone: 465-2711
 Division: Employment Security Division Date/Time: 10/14/99 2:05 PM
 Approved by Commissioner: Ed Flanagan, Commissioner
 Agency: Department of Labor Date: 10/14/1999

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Juneau, Alaska 99811-0001
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SB 222

January 21, 2000

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

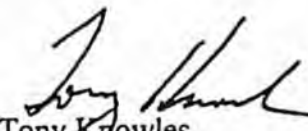
Recent amendments to federal law regarding job training and unemployment insurance require the state to update certain statutory references in these areas. This bill I transmit today accomplishes this requirement.

Congress repealed the Job Training Partnership Act, replacing it with the Workforce Investment Act of 1998. This bill makes corresponding changes to state law. Similarly, the bill updates the classification system for employers determining their contribution rate to the unemployment compensation fund. The federal Office of Management and Budget decided in 1997 to replace the Standard Industrial Classification Code with the North American Industry Classification System. The updated coding system was developed jointly by the United States, Canada, and Mexico to provide new comparability in data about business activity across North America.

The bill also clarifies that an unemployment insurance claimant is not entitled to benefits for the first six weeks of unemployment if termination was for misconduct connected with the claimant's last work. Finally, the bill provides definite beginning and ending dates for a claimant's "benefit year."

In order to keep Alaska's labor and unemployment statutes current with federal law, I urge your prompt and favorable action on this measure.

Sincerely,


Tony Knowles
Governor

ALASKA STATE LEGISLATURE

HOUSE LABOR AND COMMERCE COMMITTEE

Representative Norman Rokeberg, Chairman
Representative Andrew Halcro, Vice-Chairman
Representative John Harris
Representative Lisa Murkowski
Representative Jerry Sanders
Representative Tom Brice
Representative Sharon Cissna



State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4954
Fax: (907) 465-2040

Notice

SB 222 is the Senate companion to HB 316. The committee has previously heard HIB 316.

testing policy or program shall receive the full benefits of AS 23.10.600 — 23.10.699 if the required policy or program is not consistent with AS 23.10.600 — 23.10.699 as the employer complies with the state or federal requirements applicable to the employer's operations. (§ 1 ch 106 SLA 1997)

Sec. 23.10.699. Definitions. In AS 23.10.600 — 23.10.699,

- (1) "alcohol" means ethanol, isopropanol, or methanol;
- (2) "drugs" means a substance considered unlawful under AS 11.71 or the manufacture of the substance;
- (3) "drug testing" means testing for evidence of the use of a drug;
- (4) "employee" means a person in the service of an employer;
- (5) "employer" means a person who employs one or more full-time employees under a contract of hire, express or implied, oral or written;
- (6) "good faith" means reasonable reliance on fact, or that which is held to be factual, without the intent to deceive or be deceived and without reckless or wanton disregard for the truth;
- (7) "prospective employee" means a person who has made application to an employer, whether written or oral, to become an employee;
- (8) "random" means a scientifically valid method that ensures that all employees have an equal chance of being selected;
- (9) "sample" means urine or breath from the person being tested. (§ 1 ch 106 SLA 1997)

Chapter 15. Employment Services.

Article

- 1. Vocational Rehabilitation (§§ 23.15.010 — 23.15.210)
- 2. Governor's Committee on Employment of People with Disabilities (§§ 23.15.220 — 23.15.320)
- 3. Employment Agencies (§§ 23.15.330 — 23.15.520)
- 4. Manpower Development and Training (§§ 23.15.611, 23.15.614)
- 5. State Training and Employment Program (§§ 23.15.620 — 23.15.660)

Article 1. Vocational Rehabilitation.

Section

- 10. Board of Vocational Rehabilitation
- 20. Powers and duties of board
- 30. Appointment of administrative officers
- 40. Division of vocational rehabilitation established
- 50. Director of vocational rehabilitation
- 60. Agreements under Social Security Act
- 70. Personnel policies
- 80. Eligibility for vocational rehabilitation service
- 90. Priority as to eligibility
- 100. Powers and duties; vending facilities
- 110. Extension of services outside state
- 120. Cooperation with federal government
- 125. Assistive technology loan guarantee and interest subsidy program
- 130. Vocational rehabilitation small business enterprise revolving fund

Section

- 132. Vending facilities
- 133. Vendors' licenses
- 134. Active participation by severely handicapped licensees
- 135. Committee of blind vendors
- 136. Group insurance for certain licensees
- 150. Custodian of funds
- 160. Gifts
- 170. Maintenance not assignable
- 180. Hearings
- 190. Misuse of lists and records
- 200. Limitation on political activity
- 210. Definitions

Collateral references. — 79 Am. Jur. 2d, Welfare Laws, §§ 32-37.

51B C.J.S., Labor Relations, § 41
Social Security and Public Welfare, § 41

testing policy or program shall receive the full benefits of AS 23.10.600 — 23.10.699 if the required policy or program is not consistent with AS 23.10.600 — 23.10.699, as the employer complies with the state or federal requirements applicable to the employer's operations. (§ 1 ch 106 SLA 1997)

Sec. 23.10.699. Definitions. In AS 23.10.600 — 23.10.699,

- (1) "alcohol" means ethanol, isopropanol, or methanol;
- (2) "drugs" means a substance considered unlawful under AS 11.71 or the medical use of the substance;
- (3) "drug testing" means testing for evidence of the use of a drug;
- (4) "employee" means a person in the service of an employer;
- (5) "employer" means a person who employs one or more full-time employees under a contract of hire, express or implied, oral or written;
- (6) "good faith" means reasonable reliance on fact, or that which is held to be true, factual, without the intent to deceive or be deceived and without reckless or malicious disregard for the truth;
- (7) "prospective employee" means a person who has made application to an employer, whether written or oral, to become an employee;
- (8) "random" means a scientifically valid method that ensures that all employees have an equal chance of being selected;
- (9) "sample" means urine or breath from the person being tested. (§ 1 ch 106 SLA 1997)

Chapter 15. Employment Services.

Article

- 1. Vocational Rehabilitation (§§ 23.15.010 -- 23.15.210)
- 2. Governor's Committee on Employment of People with Disabilities (§§ 23.15.220 — 23.15.320)
- 3. Employment Agencies (§§ 23.15.330 — 23.15.520)
- 4. Manpower Development and Training (§§ 23.15.611, 23.15.614)
- 5. State Training and Employment Program (§§ 23.15.620 — 23.15.660)

Article 1. Vocational Rehabilitation.

Section

- 10. Board of Vocational Rehabilitation
- 20. Powers and duties of board
- 30. Appointment of administrative officers
- 40. Division of vocational rehabilitation established
- 50. Director of vocational rehabilitation
- 60. Agreements under Social Security Act
- 70. Personnel policies
- 80. Eligibility for vocational rehabilitation service
- 90. Priority as to eligibility
- 100. Powers and duties; vending facilities
- 110. Extension of services outside state
- 120. Cooperation with federal government
- 125. Assistive technology loan guarantee and interest subsidy program
- 130. Vocational rehabilitation small business enterprise revolving fund

Section

- 132. Vending facilities
- 133. Vendors' licenses
- 134. Active participation by severely handicapped vendors' licensees
- 135. Committee of blind vendors
- 136. Group insurance for certain licensees
- 150. Custodian of funds
- 160. Gifts
- 170. Maintenance not assignable
- 180. Hearings
- 190. Misuse of lists and records
- 200. Limitation on political activity
- 210. Definitions

Collateral references. — 79 Am. Jur. 2d, Welfare Laws, §§ 32-37.

51B C.J.S., Labor Relations, § 10; Social Security and Public Welfare, § 9.

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Session
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Phone: 907-465-3783
Fax: 907-465-293

REPRESENTATIVE LISA MURKOWSKI
GOVERNMENT HILL • ELMENDORF • EAST ANCHORAGE

RECEIVED
FEB 28 2000

To: Labor and Commerce Committee
From: Representative Lisa Murkowski
CC:
Date: 2/28/00
Re: HB 316 / SB 222 – Employment Securities Act Subcommittee Report

February 15, 2000.

Members present: Representative(s) Halcro, Rokeberg and Cissna.

Also present Dwight Perkins, Deputy Commissioner, DOL; Rebecca Gamez, Director, Division of Employment Security and Charles Blankenship of the same Division.

Amendment #1 by Representative Rokeberg

Issue: Including failure to comply with an employer's written drug policy while on the job under the definition of "Misconduct"

Action: The Department representatives noted that they have no objection to the addition of the language, however, they wished to take the proposed language and work to make it a bit clearer. With no objection that was so moved.

Result: The "Misconduct" amended language was returned, approved and inserted into the CS SB 222 which is before the committee today.

Amendment #2 by Representative Murkowski

Issue: Relating to allowing a person on unemployment insurance the ability to attend jury service and keep their insurance uninterrupted.

Action: The Department representatives noted this exception and that they have created steps to alleviate this situation.

Result: The subcommittee decided not to take action on this amendment as it was an isolated case. Instead, the Department was asked to come forward to explain on the record these types of situations and how they have acted to alleviate them.

SB

229

(7)

HOUSE COMMITTEE REPORT

Date Referred to Committee: February 18, 2000

FURTHER REFERRALS:

Finance

Date of Committee Action: Feb 23, 2000

The LABOR AND COMMERCE Committee considered:

CSSB 229(FIN)

CS FOR SENATE BILL NO. 229(FIN)

REGULATORY COMM. OF ALASKA/AOGCC

"An Act relating to the employment of hearing examiners, arbitrators, and mediators by the Regulatory Commission of Alaska; repealing a requirement that the principal office of the Alaska Oil and Gas Conservation Commission move to the same location as the principal office of the Regulatory Commission of Alaska; relating to the sharing of record-keeping facilities and clerical staff by the two commissions; and providing for an effective date."

recommends it be replaced the same title
with the following committee substitute _____ a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

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

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) DCED 2/8/00

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>John L. Harris</i>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
<i>James Sanders</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>Nan Kobaly</i>	<input checked="" type="checkbox"/>			

CHAIR'S SIGNATURE

Nan Kobaly

2/23/00

FISCAL NOTE

No. 1

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL # CS9B 229 (FIN)
(S) Publish Date: 2-15-00

Revision Date: <u>2/8/00 8:43 AM</u>	Dept. Affected: <u>DCED</u>
Title: <u>Employment of Hrg Examiners & Mediators and Repealing Colocation of RCA & AOGCC</u>	BRU: <u>RCA</u>
Sponsor: <u>Senator Pearce</u>	Component: <u>RCA</u>
Requester: <u>Senate Finance</u>	Component No.: <u>2417</u>

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous (Moving Costs)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()						
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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 (Regulatory Cost Charge)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 229 is not expected to cause any increase to the agency's FY01 budget.

Prepared by: <u>G. Nanette Thompson</u>	Phone: <u>276-6222</u>
Division: <u>Chair, RCA</u>	Date/Time: <u>2/8/00 8:43 AM</u>
Approved by: <u>Commissioner Deborah B. Sedwick</u>	Date: <u>2/8/00 8:43 AM</u>
Agency: <u>Community & Economic Development</u>	

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Senator Drue Pearce

RECEIVED
FEB 17 2000

Memorandum

Date: February 17, 2000

To: Representative Norm Rokeberg
House Labor and Commerce Committee

From: Senator Drue Pearce, Senate President

RE: SB 229 – REGULATORY COMM. OF ALASKA/ AOGCC

I respectfully request that SB 229, pending referral be scheduled for the House Labor & Commerce Committee at your earliest possible convenience.

Thank you for your consideration.

Finalized on

Approved by

State of Alaska Class Specifications

Created By: Adrienne Snow on 10/21/97 at 10:57 AM

Category: Professional

Class Title: Hearing Examiner

Class Code: P2380

Class Range: 24

Original Date:
10/16/74

Original Comments:
ORIGINAL

Subsequent Revision Dates/Comments:

Last Update:
09/16/77

Last Update Comments:
Revised Def. and MQs.

Definition:

Under general direction, conducts hearings and prepares proposed decisions on formal proceedings related to the substantive rights and obligations of persons, including corporations, subject to the provisions of the laws administered by the agency.

Distinguishing Characteristics:

Examples of Duties:

Presides over formal hearings and processes complex ex parte matters on complaints or applications filed with the agency or investigations instituted for the agency.

Instructs parties as to their rights.

Issues subpoenas, administers oaths, examines witnesses and receives documentary evidence.

Hears arguments, directs or permits the filing of briefs and makes ruling prior to submission of assigned matters.

Consults with agency staff members on technical subjects.

Analyzes pleadings in preparation for hearings and determines the need for, and holds

pre-hearing conferences; analyzes and evaluates facts and pertinent laws, and exercises independent judgment in preparation and issuance of reports and findings.

Prepares and recommends drafts of opinions, decisions, orders and recommendations for consideration by the agency.

Advises agency officials on needed changes in hearing procedures and rules.

Performs other related duties.

Knowledge, Skills and Abilities:

Dependent on the agency to which assigned:

Knowledge of laws governing the agency and law administered by it, and the judicial interpretation of such laws; rules and regulations of the agency; the conduct of formal hearings and proceedings; rules of evidence and procedure before the hearing body; administrative and constitutional law applicable to the agency; basic principles of organization, structure and classification; valuation of industry operating properties, and rate fixing procedures.

Ability to conduct proceedings or formal administrative hearings involving controversial issues; do the research on problems which arise in connection with hearings; analyze a variety of controversial problems in the light of applicable principles and precedents and exercise independent judgment in arriving at findings of fact and conclusions of law; make accurate summaries of evidence and prepare examiners' reports, opinions, and findings; present written statements of fact, law, and argument clearly and logically; conduct fair and impartial hearings; analyze situations accurately and effectively.

Minimum Qualifications:

Graduation from a law school approved by the American Bar Association.

AND

Two years of legal or quasi-judicial experience.

Required Job Qualifications:

The special note is to be used to explain any additional information an applicant might need in order to understand or answer questions about the minimum qualifications.

Special Note:

Minimum Qualification Questions:

Have you graduated from a law school approved by the American Bar Association?

AND

Do you have two years of legal or quasi-judicial experience?

Finalized on

Approved by

State of Alaska Class Specifications

Created By: Rachel Wilson on 08/20/97 at 01:27 PM

Category: Professional

Class Title: Hearing Officer

Class Code: P1925

Class Range: 21

Original Date:

11/16/85

Original Comments:

ORIGINAL

Subsequent Revision Dates/Comments:

Last Update:

08/16/90

Last Update Comments:

Title change and
broadened class concept
(KKG).

Definition:

Under administrative direction, independently performs investigations of alleged violations of State statutes and/or regulations; conducts hearings, regarding complaints, petitions, or alleged violation; and issues determinations.

Distinguishing Characteristics:

This class is distinguished from other hearing officer related classes which review decisions or actions taken by other employees within the same organization, relating to a particular program or service. This class is characterized by the variety of appeals and has responsibility for reviewing and rendering decisions on actions taken by personnel in all State agencies and/or outside State government, but within their jurisdiction.

Examples of Duties:

Presides over appeal hearings and maintains record of the hearings; administers oaths; receives and marks documentary evidence; maintains order; issues subpoenas; rules on admissibility of evidence; examines witnesses; determines use of past hearing briefs or arguments; determines closing of the record.

Schedules hearings; determines scope of the hearing; arranges pre-hearing conference, if necessary; may mediate between parties to attempt resolution of issues.

Investigates alleged violations and claims regarding state statutes and/or regulations; reviews points on appeal; contacts affected parties; evaluates record and makes recommendations whether to accept the filing for hearing or to reject the filing for lack of merit or procedural deficiencies.

Drafts letter to affected parties setting out the reasons for the action to be taken.

Receives and evaluates all sworn testimony and documentary evidence and prepares a written decision based on the facts as they relate to statutes and regulations governing the areas in dispute.

Determines applications of laws and regulations; makes administrative decisions such as evidentiary rulings, and preliminary motions.

Recommends changes in policies and practices to minimize future financial or legal jeopardy to State.

Prepares the "record on appeal" if the Hearing Officer's decision is appealed to the courts.

Performs related work as assigned.

Knowledge, Skills and Abilities:

Thorough knowledge of statutes and regulations pertaining to various State appeal processes and procedures.

Thorough knowledge of the rules of evidence, legal terminology, administrative or quasi-judicial hearing procedures.

Ability to evaluate, interpret and apply complex laws, rules and regulations.

Ability to interview individuals to obtain factual information, analyze evidence, and draw logical conclusions.

Ability to conduct quasi-judicial hearings.

Ability to communicate effectively, both orally and in writing, in a clear and concise manner.

Minimum Qualifications:

One year of experience presiding over adversarial hearings and writing decisions which are directly appealable to superior court or to a court of competent jurisdiction.

OR

Five years of experience in a professional adversarial role involving complex legal or contractual matters and authoring hearing memoranda or briefs. Experience must include extensive advocacy before a neutral third party.

OR

Graduation from an accredited law school and one year of professional experience in administrative or regulatory law.

FISCAL NOTE

Bill Version: HB 323

(H) Publish Date: 2/16/00

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) 2/8/00 Dept. Affected Dept. of Administration
 Title Regulatory Commission of Alaska/AOGCC BRU AOGCC
 Component AOGCC
 Sponsor Representative Hudson
 Requester House Special Committee on Utility Restructuring Component Serial No. 2010

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
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 EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1108 Statutory Designated Rcpts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY00) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation will not have a fiscal impact on the Commission.

Prepared by Robert N. Christenson, P.E. Phone _____
 Division AOGCC Date/Time 2/8/00 4:09 PM
 Approved by Commissioner Date 2/8/00
 Agency _____

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UTILITIES RESTRUCTURING COMMITTEE

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Phone: (907) 465-6820
Fax: (907) 465-2273
bill_hudson@legis.state.ak.us

Bill Hudson Chair
John Cowdery Vice Ch.
Brian Porter
Norman Rokeberg
Pete Kott
John Davies
Ethan Berkowitz
Joe Green Alt.

SPONSOR STATEMENT

HB 323

Rep. Bill Hudson

HB 323 makes technical changes to SB 133, which passed the legislature last year. SB 133 abolished the Alaska Public Utilities Commission (APUC) and established the Regulatory Commission of Alaska (RCA).

The first change repeals the provision contained in SB 133 that statutorily obligated the RCA to co-locate with Alaska Oil & Gas Conservation Commission (AOGCC). The intention of this provision was to achieve cost savings through shared record storage facilities as well as clerical staff. The Department of Administration conducted a thorough review and determined that the economies of scale we had hoped to achieve could not be realized primarily due to the low cost of the current leased space of the RCA.

The second change corrects a drafting error. SB 133 allowed the commission to employ hearing "officers" instead of hearing "examiners". The difference is that the hearing "officer" need not be an attorney and the hearing "examiner" is an attorney. Hearing examiners are needed to adjudicate legal matters during the RCA's hearing process. This requires them to act as a judge during the hearing. The hearing examiner needs to be proficient in judicial proceedings, rules of evidence, and the rules of practice.

The final revision clarifies that the RCA may employ and utilize mediators as well as arbitrators in their hearing process. That was the intent of SB 133, however the language was unclear. Mediation is a less formal process than arbitration and more expeditious in finding common ground among the interested parties.

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE COMMITTEE, CHAIRMAN
JUDICIARY COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &
TOURISM, MEMBER

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us



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SESSION:
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JUNEAU, AK 99801-1182
PHONE: (907) 465-4968
FAX: (907) 465-2040

Representative Norman Rokeberg

February 8, 2000

Special Committee on Utility Restructuring
Attn: Representative Bill Hudson

Re: AOGCC Leasehold

Dear Mr. Chairman,

As I indicated at the last meeting, I would check on the lease situation for the AOGCC. I talked to Ms. Loretta Delk, the Anchorage leasing officer for the Department of Administration. She informed me that the Department had withdrawn the RFP for the joint RCA/AOGCC premises and was awaiting direction for future action.

She indicated that the lease terms of the existing RCA lease were very favorable and that the building was not adequate for additional joint occupancy. Therefore, she recommended the AOGCC not co-locate with the RCA.

I would recommend that the AOGCC find new premises. The building they currently occupy is in an industrially zoned area in Anchorage. It is obsolete and inadequate for their purposes and activities. The state owns this building, but it has seen its better days. I recommend that the AOGCC be allowed to let new premises and that the state surplus the Mountain View building or find a better use for it. It is my understanding that the fiscal note from last year covers the rental costs for new premises for the agency. Therefore, it should not create a budget problem.

I hope this information is useful and regret that I will be unable to attend tomorrow's meeting.

Respectfully submitted by,

A handwritten signature in black ink, appearing to read "Norman Rokeberg".

Norman Rokeberg
Representative
House District 11

SB

289

(7)
Date Referred to Committee: April 13, 2000

HOUSE COMMITTEE REPORT

FURTHER REFERRALS:

Finance

Date of Committee Action: April 14, 2000

The LABOR AND COMMERCE Committee considered:

CSSB 289(FIN)

CS FOR SENATE BILL NO. 289(FIN) am

TECH & VOC EDUC/ EMPLOYMENT ASSISTANCE

"An Act relating to technical and vocational education and to employment assistance and training; and providing for an effective date."

recommends it be replaced with the following committee substitute _____ the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) _____

fiscal note(s) S Fin for Employment Security,

S Fin for WA

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>		<input checked="" type="checkbox"/>		
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>			<input checked="" type="checkbox"/>	

CHAIR'S SIGNATURE

[Signature: Nan Rotely]

4-14-2000

4/14/00
Wendy Redman
University of
Alaska



Position Paper

CSSB 289 – Vocational & Technical Education & Employee Assistance
Sponsor: Senate Finance Committee

This bill establishes a new Alaska Technical and Vocational Education Program to be funded through an employee credit on the Unemployment Insurance Trust Fund. The new credit is two-tenths of one percent and is patterned after the credit currently in place for the Statewide Employment Program (STEP)

The program is a grant program that will be administered by the Alaska Human Resource Investment Council (AHRIC). AHRIC will establish priorities for funding and design a grant application process. All public, private and proprietary training programs in the state will be eligible to receive grants through this program. It is anticipated that approximately \$8.6 million a year will be available for distribution.

The new program is intended to build capacity in the state's training programs. The funding will go to training entities to establish/enhance programs that meet the highest priority employment needs as identified by AHRIC. The new program limits the amount of money available for administrative costs to 5% in an effort to get maximum funding directly to instruction and training.

The bill includes intent language directing the AHRIC to undergo an internal review to improve its efficiency and effectiveness in serving as the state's primary planning and coordinating entity for vocational and technical education.

In FY01, the first year of operation, the funds are allocated to the three public vocational institutions – University of Alaska (\$4.9 m); Alaska Vocational Technical Center in Seward (\$1.0 m); and Kotzebue Technical Center (\$516.0). In subsequent years, following establishment of the program by AHRIC, the money will be distributed in annual or multi-year grants, according to priorities and regulations established by AHRIC.

A decade of flat funding has caused significant erosion in the vocational and workforce training programs at the UA community campuses charged with providing vocational and technical education. The programs have been struggling to maintain their ability to respond to the needs of Alaska's employers through minimal reallocation of funding from one program to another. The employment needs of Alaska business and industry have reached a critical level of need while the University's ability to respond is at an all time low. The legislation will provide a much needed infusion of money specifically designated for job training.

QUESTIONS AND ANSWERS

Who will be eligible for grant funding under this legislation?

AHRIC is charged with developing the guidelines for the program. It is anticipated they will develop an annual process for solicitation of grant applications for distribution of the grants to all of the state's eligible training entities. The training entities include all public, private, and proprietary training programs authorized to operate in Alaska.

Does this program replace or eliminate the current STEP program?

No, the current STEP program stays in place. The bill adds clarifying language on three of the six program elements that are eligible for funding under the current program: (4) support services, including allowances, (5) relocation assistance, and (6) provisions of necessary tools, etc. The new language requires that grants for those proposes may be awarded only if funds from other assistance programs or grants are not available or have been exhausted.

Is this program funded with additional taxes on employees?

No. The new program is funded through a diversion of .20% of the current employee unemployment insurance tax. The current STEP program is funded by a diversion of .10% of the same employee tax. The training program diversions do not affect the employee UI tax rate. If the trust fund balance requires a solvency adjustment, employer contributions will be increased.

Will the new program affect the solvency of the UI trust fund?

According to the testimony of the Department of Labor, the initiation of this grant program causes no danger whatsoever to the UI trust. In the future, if unemployment becomes very high, or if other demands such as an increase in weekly benefits are approved by the legislature, it may be necessary to amend this program or increase the employer tax to assure the fund remains actuarially sound.

Why are the public institutions getting this money in the first year?

The three public training institutions will only be given a direct appropriation in the first year while the AHRIC is developing the process and guidelines for implementation of the program. The appropriations are not continuing money; in subsequent years, they will apply for grants with all other state training entities. The public institutions, which provide the majority of job training in Alaska, depend on state money for their programs and, unlike private and proprietary training programs, are open-admission programs serving the broadest possible array of state constituents.

BILL NO: SB 289
TITLE: TECHNICAL AND VOCATIONAL EDUCATION

DATE: April 13, 2000
CONTACT: Dwight Perkins
465-2700


The Department of Labor and Workforce Development is opposed to SB 289 in its current form [CSSB 289(FIN)am]. While the department strongly supports the intent of the bill – to adequately fund vocational and technical education and build capacity at the post-secondary level, primarily through the University, Seward Skills Center and Kotzebue Technical Center – we are adamantly opposed to the diversion of funds from the Unemployment Insurance Trust Fund to achieve that laudable intent.

The UI Trust Fund is just that - a protected, dedicated fund comprised of employer and employee payroll taxes. It is held in trust for the state by the federal government for the sole purpose of paying unemployment benefits to Alaskan workers in times of individual and, often, community-wide economic hardship. The solvency of the trust fund is not, barring a major recession, a large concern, since the formula for determining employer and employee insurance contributions renders it "self-adjusting" over the long term. The impact on employer tax rates, however, is a major concern. Trust fund solvency adjustments are charged to employers, and the diversion of \$8.6 million from the corpus of the trust fund will result in higher employer tax rates than would have occurred without the diversion.

The result is, in effect, a vocational and technical education tax on private sector, for profit employers (approximately 25% of the state's workforce works for "reimbursable" employers who do not pay UI tax – state and federal governments, the University of Alaska, most local governments, and many non-profits.) The department is not opposed to some form of tax support for vocational and technical education. The use of UI taxes, however, is inappropriate; they should be restricted to their intended purpose.

It is true that there is currently a diversion of .1% of the employee UI contribution to the State Training and Employment Program (STEP), which was established by legislation in 1989. STEP, however, is closely tied to the Unemployment Insurance Program: eligibility for service is restricted to workers who have contributed to UI by working for a contributing employer; the statutory purpose of the program is to reduce claims against unemployment benefits and reduce unemployment costs; when not reappropriated to the STEP account, unexpended funds have always been deposited back into the corpus of the UI Trust Fund.

APPROVED:


Ed Flanagan, Commissioner

DATE:

4/13/00

POSITION PAPER/Department of Labor

FISCAL NOTE

STATE OF ALASKA
2000 Legislative Session

No. 6
Bill Version: CSSB 289(FIN)
(S) Publish Date: 4-5-00

Revision Date: _____
Title: Board of Technical and Vocational Education
Sponsor: Senate Finance
Requester: Senate Finance

Dept. Affected Labor
BRU Employment Security
Component Unemployment Insurance

Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY01	FY02	FY03	FY04	FY05	FY06
Personal Services	0.0					
Travel	4.5					
Contractual	3,124.9					
Supplies	1.5					
Equipment	0.0					
Land & Structures	0.0					
Grants & Claims	1,422.9					
Miscellaneous	0.0					
TOTAL OPERATING	4,553.8	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES []						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	0.0					
1005 GF/Program Receipts	0.0					
1054 Empl Trng	4,553.8					
1091 Designated Program Receipts	0.0					
TOTAL	4,553.8	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) costs: 0.0


POSITIONS

Full-time						
Part-time						
Temporary						

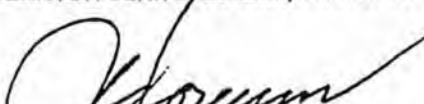
ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared By: SENATE FINANCE COMMITTEE


SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/05/00
Phone: 465-2995


SENATOR JOHN TORGERSON, CO-CHAIR

Date: 4/05/00
Phone: 465-2828

Attachment CS SB 289(FIN)

The current Statewide Employment Program, (STEP - AS 23.15) is funded with the inclusion of this SB 289 fiscal note.

This fiscal note for STEP matches the Governor's FY 01 amended request

The new Alaska Technical and Vocational Education Program (ATV - AS 23.15 Article 7) is funded with the inclusion of this SB 289 fiscal note.

The fiscal note for ATV reflects a 2/10ths of one percent employee credit in a manner similar to that which is currently applied for the STEP program. It is estimated that in FY 2001, additional contributions to establish this account will total \$6,450,000. In subsequent years it is estimated that \$8,600,000 will be collected annually. This fiscal note addresses FY01. FY02-06 will be addressed by the administrative board for the new program.

The first year will be \$6,450,000 in the following percentage:

University of Alaska	76% = 4,902,000
Kotzebue Technical Center	8% = 516,000
Alaska Vocational Technical Center	16% = \$1,032,000

FISCAL NOTE

STATE OF ALASKA
2000 Legislative Session

Bill Version: 5
(S) Publish Date: CSSB 289 (FIN)
4-5-00

Revision Date: _____
Title: Board of Technical and Vocational Education
Sponsor: Senate Finance
Requester: Senate Finance

Dept. Affected: University of Alaska/Education
BRU: _____
Component: _____
Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY01	FY02	FY03	FY04	FY05	FY06
Personal Services	0.0					
Travel	0.0					
Contractual	0.0					
Supplies	0.0					
Equipment	0.0					
Land & Structures	0.0					
Grants & Claims	6,450.0					
Miscellaneous	0.0					
TOTAL OPERATING	6,450.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES

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CHANGE IN REVENUES ()

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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	0.0					
1005 GF/Program Receipts	0.0					
1054 Empl Trng	6,450.0					
1091 Designated Program Receipts	0.0					
TOTAL	6,450.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) costs: 0.0

POSITIONS

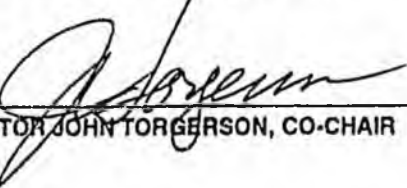
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 Technical and Vocational Education board funds these one year grants to fund \$4,902,000 to the University of Alaska, \$516,000 to Kotzebue Tech and 1,032,000 to AVTEC.

Prepared By: SENATE FINANCE COMMITTEE


 SENATOR SEAN PARNELL, CO-CHAIR

Date: 4/05/00
 Phone: 465-2995


 SENATOR JOHN TORGERSON, CO-CHAIR

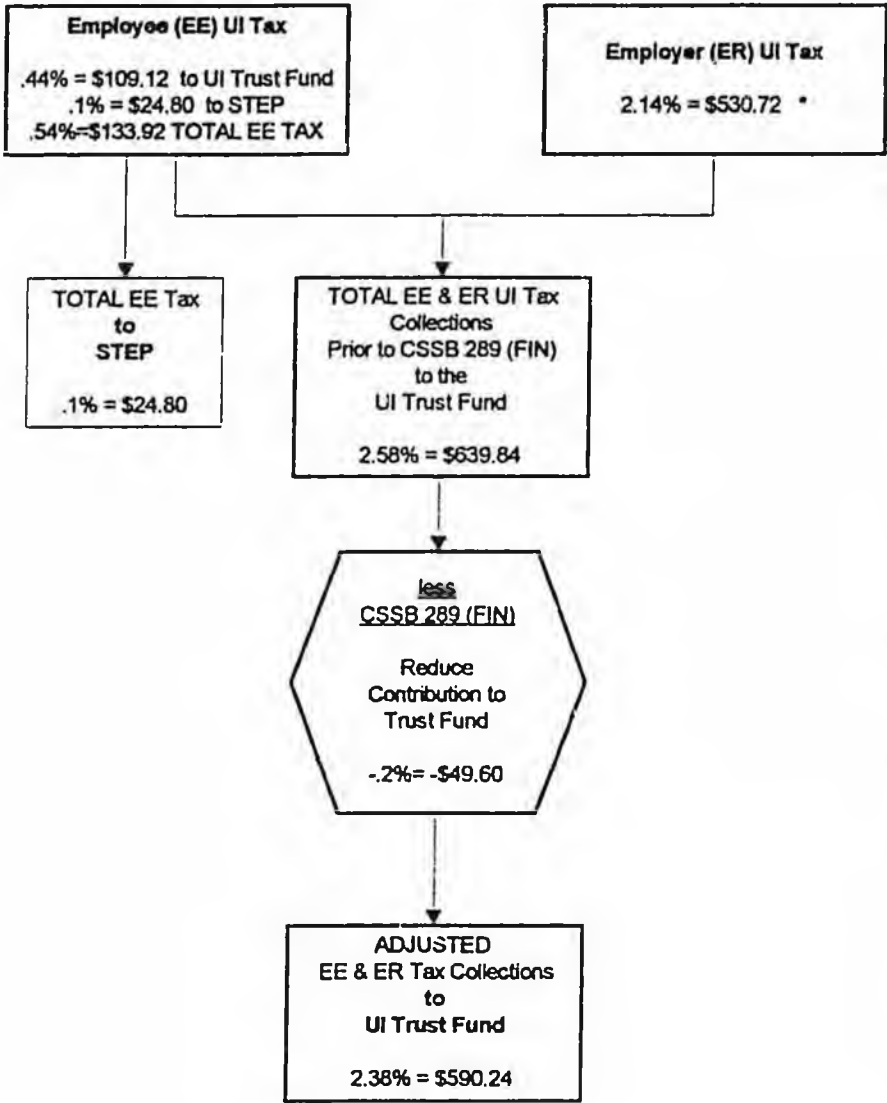
Date: 4/05/00
 Phone: 465-2828

Current Rates for CY2000 PER INDIVIDUAL

Average Employer Tax Rate - 2.14% or \$530.72
 Employee Tax Rate - .54% or \$133.90
 Taxable Wage Base - \$24,800 (maximum wages subject to tax)

CSSB 289(FIN) Diversion of Unemployment Insurance (UI) Tax

TAXABLE WAGE BASE PER INDIVIDUAL = \$24,800 (maximum wages subject to tax)



CURRENT ESTIMATED
 ANNUAL COLLECTIONS TO UI
 TRUST FUNDS

\$110,940,000

In the first year the allocation of funds to each of the recipients is estimated to be as follows:

University of Alaska	\$6,536,000
Kotzebue Tech Center -	\$688,000
Alaska Voc Tech Center -	<u>\$1,376,000</u>
TOTAL	\$8,600,000

ADJUSTED ESTIMATED
 ANNUAL COLLECTIONS TO UI
 TRUST FUNDS PER CSSB289 (FIN)

\$102,340,000

Alaska UI Trust Fund
 Reduced by \$8.6 Million

*This is the average tax rate. Rates are as low as 1.0% and as high as 5.4%. Most employers are between 1.0-3.0%

Current Rates for CY2000 PER INDIVIDUAL

Average Employer Tax Rate - 2.14% or \$530.72

Employee Tax Rate - .54% or \$133.90

Taxable Wage Base - \$24,800 (maximum wages subject to tax)

CSSB 289(FIN) Diversion of Unemployment Insurance (UI) Tax

TAXABLE WAGE BASE PER INDIVIDUAL = \$24,800 (maximum wages subject to tax)

Employee (EE) UI Tax
.44% = \$109.12 to UI Trust Fund
.1% = \$24.80 to STEP
.54% = \$133.92 TOTAL EE TAX

Employer (ER) UI Tax
2.14% = \$530.72 *

TOTAL EE Tax to STEP
.1% = \$24.80

TOTAL EE & ER UI Tax Collections
Prior to CSSB 289 (FIN) to the UI Trust Fund
2.58% = \$639.84

less
CSSB 289 (FIN)
Reduce Contribution to Trust Fund
-.2% = -\$49.60

ADJUSTED EE & ER Tax Collections to UI Trust Fund
2.38% = \$590.24

CURRENT ESTIMATED ANNUAL COLLECTIONS TO UI TRUST FUNDS

\$110,940,000

In the first year the allocation of funds to each of the recipients is estimated to be as follows:

University of Alaska	\$6,536,000
Kotzebue Tech Center -	\$688,000
Alaska Voc Tech Center -	<u>\$1,376,000</u>
TOTAL	\$8,600,000

ADJUSTED ESTIMATED ANNUAL COLLECTIONS TO UI TRUST FUNDS PER CSSB289 (FIN)

\$102,340,000

Alaska UI Trust Fund
Reduced by \$8.6 Million

*This is the average tax rate. Rates are as low as 1.0% and as high as 5.4%. Most employers are between 1.0-3.0%



Official Business

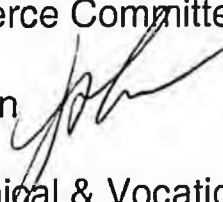
Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

DATE: April 13, 2000

TO: Representative Rokeberg, Chair
House Labor & Commerce Committee

FROM: Senator John Torgerson 

RE: Senate Bill 289 - Technical & Vocational Education/
Employment Assistance

I am hereby requesting that you schedule SB 289 before the House Labor and Commerce Committee, at your earliest convenience.

I am enclosing a committee packet for distribution to your members.

Thank you for your time and I appreciate your consideration in this matter.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

CSSB 289(Fin)am

House Labor & Commerce Packet

1. Sponsor Statement – 1 page
2. Sectional Analysis – 2 pages
3. Q & A on SB 289 - 2 pages
4. Attachment #1: Flow Chart on New Program – 1 page
5. Attachment #2: DOL/WD Information on UI Trust Fund – 10 pages



Official Business

Alaska State Senate

Senate Finance Committee

CS SB 289 (FIN) am Sponsor Statement

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

This bill establishes a new Alaska Technical and Vocational Education Program which is funded through an employee credit on the Unemployment Insurance Trust Fund. The new credit is two-tenths of one percent and is patterned after the credit currently in place for the Statewide Employment Program (STEP).

The new program will be administered by the existing Alaska Human Resource Investment Council (AHRIC), which is charged with the responsibility of determining the priorities for grant submittal and distributions on an annual basis. The revenue from this source is expected to be about \$8.6 million annually. Entities eligible to receive grants are those that are authorized by and are physically located in the State of Alaska.

The first year revenues (about \$6.4 million) are directed to specific entities because the AHRIC will not have had the opportunity to formulate regulations to solicit grant applications. Those funds are directed to the University of Alaska (76% = \$4.902 million), Kotzebue Technical Center (8% = \$516,000) and Alaska Vocational Technical Center (16% = \$1.032 million).

The bill also provides for the AHRIC to act as the lead state planning and coordinating entity for Alaska. The state will then be in position to receive funds from the federal government for technical and vocational education programs.

After the first year, grants shall be awarded to programs in Alaska run by technical and vocational entities that hold valid authorization to operate. The AHRIC will award grants to entities that have sufficient accounting systems, that have secured private sector contribution commitments for matching purposes, and whose grant application purpose is listed first on the list of priorities adopted by the AHRIC. The AHRIC will adopt a priority list each year based on economic, employment, and other relevant data in order to maximize employment opportunities for participants.

The bill sets out intent language directing the AHRIC to undergo an internal review to improve its efficiency and minimize its membership and requires a report to the 22nd Legislature on that review and also on the developed guidelines for implementing the new grant program.

Finally, the bill revises some program elements of the existing STEP by adding clarifying language on grant fund use for relocation assistance, tools and other gear, and support services, including allowances.



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Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

CSSB 289(FIN) am – Board of Technical and Vocational Education **Sectional Analysis**

Section 1 Intent language so that AHRIC minimizes its membership; develops regulations on the new grant program, and reports to the legislature on both by the 15th day of next session.

Section 2 Amends AS 23.15.640 (STEP Program) by inserting new subsections (b), (c), and (d) that add clarifying language on three of the six program elements for STEP, which are; (4) support services, including allowances, (5) relocation assistance and (6) provisions of necessary tools, etc..

(b) requires that grants for elements (a) 4, 5, and 6 may be awarded only if funds from other assistance programs or grants are either not available or have been exhausted.

(c) requires reimbursement by the individual, if economically feasible, for funds provided for items under program element (a)(6) tools, etc., and requires the department to account for the receipts and implement the subsection by regulation.

(d) Clarifies that "support service" for program element (a)(4) can be extended to an individual only when they are participating in program elements (a)(1), (a) (2), or (a) (3).

Section 3 New section defining the new program – Article 7. Alaska Technical and Vocational Education.

Sec. 23.15.820 This section outlines the powers and duties of the Alaska Human Resource Investment Council as administrators of the new program.

Sec. 23.15.830 This section formally establishes the account for the new program and specifies the functions of the departments in regards to the account.

Sec. 23.15.835 This section sets out the amount and collection method for the new program – a credit of two-tenths of one percent in a manner similar to the existing Statewide Employment Program.

Sec. 23.15.840 This section identifies the process for the grants for the new program.

- (a) The AHRIC awards grants to technical and vocational education/ training entities, according to a priority list (f) they develop. The entity is eligible if its program is physically located in Alaska and they:
 - (1) have adequate accounting systems
 - (2) do not replace or compete with certain other training programs
 - (3) have secured matching funds for the program
- (b) The AHRIC can not award if it would displace money through existing programs.
- (c) An entity receiving a grant must provide at least one of:
 - (1) industry-specific training;
 - (2) on-the-job training; and
 - (3) institutional or classroom job-linked training
- (d) An educational institution that receives a grant must provide full access to records for accounting purposes.
- (e) When making a grant, AHRIC will limit the amount spent by entities on administration to not exceed five percent. A program funded must:
 - (1) meet the standards on the administrative costs percentage
 - (2) be operated by an institution authorized under AS 14.48 if the program is one operated by an institution subject to AS 14.48.
- (f) Grants are awarded based on the list of priorities adopted by the AHRIC. That list is based on economic, employment, and other data that is reviewed annually by AHRIC.

Section 4 This section specifies that the funds collected for the first year of the program will be distributed to the institutions listed.

Section 5 The effective date of the legislation.



Alaska State Senate

Senate Finance Committee

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Juneau, Alaska 99801-1182

SB 289 Questions and Answers

(4-12-00)

1. What training entities are affected by this bill?

The first year of the program, funds will go to the University of Alaska, the Kotzebue Technical Center, and the Alaska Vocational and Technical Center in Seward. The University of Alaska campuses that provide vocational and technical education are:

Anchorage Technical & Community College	Bethel
Dillingham	Ketchikan
Kenai Peninsula (Kenai/Soldotna & Homer)	Kodiak
Kotzebue ¹	Mat-Su (Palmer)
Nome	Sitka
Tanana Valley ²	Valdez

The first year revenues (about \$6.4 million) are directed to those specific entities because the AHRIC will not have had the opportunity to formulate regulations to solicit grant applications. Those funds are directed to the University of Alaska (76% = \$4.902 million), Kotzebue Technical Center (8% = \$516,000) and Alaska Vocational Technical Center (16% = \$1.032 million).

Grants after the first year will be awarded according to regulations developed by the Alaska Human Resource Investment Council (AHRIC). The revenue from this source is expected to be about \$8.6 million annually. Entities eligible to receive grants are those that are authorized by and are physically located in the State of Alaska. Recipients are not restricted to only the public education institutions.

The AHRIC may only award grants to entities that have sufficient accounting systems, that have secured private sector contribution commitments for matching purposes, and who's grant application purpose is listed first on the list of priorities adopted by the AHRIC. The AHRIC will adopt a priority list each year based on economic, employment, and other relevant data in order to maximize employment opportunities for participants.

¹ Through Kotzebue Technical Center

² In coordination with the Hutchison Career Center

2. How does the bill affect the AHRIC?

This bill affects the AHRIC (Alaska Human Resource Investment Council) in three areas. First, it makes AHRIC the responsible board for the new program. AHRIC is charged with the task of promulgating guidelines, which must be submitted to the next legislature by the 15th day of the session.

AHRIC is also charged with the task of conducting an internal reassessment and reorganization to minimize the number of members of the council and to improve its ability to efficiently and effectively serve as the state's primary planning and coordinating entity for vocational and technical education. They must also submit a report on that task to the next legislature by the 15th day of the session.

3. How does this bill affect the Statewide Employment Program (STEP)?

There are six program elements of the STEP in current statute, shown below.

- (1) industry specific training
- (2) on-the-job training
- (3) institutional or classroom job-linked training
- (4) support services, including allowances
- (5) relocation assistance
- (6) provisions of necessary tools, work related clothing, safety gear, or other necessities to obtain or retain employment.

The bill adds clarifying language on three of those program elements: (4) support services, including allowances, (5) relocation assistance and (6) provisions of necessary tools, etc.. The new language requires that grants for those purposes may be awarded only if funds from other assistance programs or grants are either not available or have been exhausted.

The bill also provides a definition for support services, now defined as a service to an individual that will enable the individual to participate in program elements (1) industry specific, (2) on-the-job, or (3) institutional or classroom job-linked training. In other words, support services can not be provided except to an individual for training under program elements (1) through (3).

Finally, when economically feasible, the individual will be required to reimburse the STEP for tools, work-related clothing, safety gear, or other similar items acquired under program element (6). The department will separately account for those reimbursements and the amounts may be used to make appropriations to the STEP account.

The intent is to have an individual, who is economically able, reimburse the program when they have obtained employment through the STEP program. Those monies can then be provided to other individuals.