

ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 SL&C 12622

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

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

25 (e) The department shall provide wage and unemployment compensation  
26 information

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

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

31 (3) to the United States Secretary of Health and Human Services

1 for the National Directory of New Hires as required by 42 U.S.C. 503 and 42  
2 U.S.C. 653; or

3 (4) to a state or a political subdivision of a state that administers a  
4 program funded under 42 U.S.C. 601 - 619 that provides temporary assistance  
5 for needy families.

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

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

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

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

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

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

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

1 (m) The department may not release information under this section to a state  
2 agency or to a person under contract with the state until the department and the agency  
3 or person have entered into a written agreement that governs the release of  
4 information. The written agreement must specify

5 (1) the purpose for the information;

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

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

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

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

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

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

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

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

30 \* Sec. 8. AS 23.20.115 is amended to read:

31 **Sec. 23.20.115. Unauthorized disclosure of information.** A member of the

1 department, an employee of the department, an agent of the department, or an officer  
 2 or employee of a state, federal, [OR] municipal, or other agency that has been  
 3 provided with information by the department who, in violation of AS 23.20.110,  
 4 makes a disclosure of information obtained from an employing unit or from an  
 5 individual in the administration of this chapter, or a person who has obtained a list of  
 6 applicants for work or of claimants or recipients of benefits under this chapter and  
 7 who uses or permits the use of the list for a purpose not authorized by AS 23.20.110 is  
 8 guilty of a class B misdemeanor.

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

10 (c) Beginning January 1, 2009 [1997], the rate of contributions for each  
 11 employer is 78 [80] percent of the average benefit cost rate multiplied by the  
 12 employer's experience factor set out in column C of the table in this subsection  
 13 opposite the employer's applicable rate class set out in column A plus the fund  
 14 solvency adjustment required under (f) of this section. However, the rate of  
 15 contributions for an employer may not be less than one percent or more than six and  
 16 one-half percent. The rate of contributions for an employer in rate class 21 may not be  
 17 less than 5.4 percent. The rate of contributions for an employer must be rounded to the  
 18 nearest 1/100th of one percent.

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

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

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

(d) Beginning January 1, 2009 [1997], and for each succeeding year thereafter, the rate of contributions payable by each employee of an employer who is subject to AS 23.20.165 is 22 [20] percent of the average benefit cost rate as determined in (e) of this section rounded to the nearest 1/100th of one percent. However, the rate of contributions for an employee may not be less than one-half percent or more than one percent.

\* Sec. 11. AS 23.20.350(d) is amended to read:

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

	(A)	(B)
	Base Period Wages	Weekly Benefit Amount
29	At least	
30	0	\$ 0
31	1,000	44
	But less than	
	1,000	
	1,250	

1	1,250	1,500	46
2	1,500	1,750	48
3	1,750	2,000	50
4	2,000	2,250	52
5	2,250	2,500	54
6	2,500	2,750	56
7	2,750	3,000	58
8	3,000	3,250	60
9	3,250	3,500	62
10	3,500	3,750	64
11	3,750	4,000	66
12	4,000	4,250	68
13	4,250	4,500	70
14	4,500	4,750	72
15	4,750	5,000	74
16	5,000	5,250	76
17	5,250	5,500	78
18	5,500	5,750	80
19	5,750	6,000	82
20	6,000	6,250	84
21	6,250	6,500	86
22	6,500	6,750	88
23	6,750	7,000	90
24	7,000	7,250	92
25	7,250	7,500	94
26	7,500	7,750	96
27	7,750	8,000	98
28	8,000	8,250	100
29	8,250	8,500	102
30	8,500	8,750	104
31	8,750	9,000	106

WORK DRAFT

WORK DRAFT

25-LS0622VM

1	9,000	9,250	108
2	9,250	9,500	110
3	9,500	9,750	112
4	9,750	10,000	114
5	10,000	10,250	116
6	10,250	10,500	118
7	10,500	10,750	120
8	10,750	11,000	122
9	11,000	11,250	124
10	11,250	11,500	126
11	11,500	11,750	128
12	11,750	12,000	130
13	12,000	12,250	132
14	12,250	12,500	134
15	12,500	12,750	136
16	12,750	13,000	138
17	13,000	13,250	140
18	13,250	13,500	142
19	13,500	13,750	144
20	13,750	14,000	146
21	14,000	14,250	148
22	14,250	14,500	150
23	14,500	14,750	152
24	14,750	15,000	154
25	15,000	15,250	156
26	15,250	15,500	158
27	15,500	15,750	160
28	15,750	16,000	162
29	16,000	16,250	164
30	16,250	16,500	166
31	16,500	16,750	168

WORK DRAFT

WORK DRAFT

25-LS0627M

1	16,750	17,000	170
2	17,000	17,250	172
3	17,250	17,500	174
4	17,500	17,750	176
5	17,750	18,000	178
6	18,000	18,250	180
7	18,250	18,500	182
8	18,500	18,750	184
9	18,750	19,000	186
10	19,000	19,250	188
11	19,250	19,500	190
12	19,500	19,750	192
13	19,750	20,000	194
14	20,000	20,250	196
15	20,250	20,500	198
16	20,500	20,750	200
17	20,750	21,000	202
18	21,000	21,250	204
19	21,250	21,500	206
20	21,500	21,750	208
21	21,750	22,000	210
22	22,000	22,250	212
23	22,250	22,500	214
24	22,500	22,750	216
25	22,750	23,000	218
26	23,000	23,250	220
27	23,250	23,500	222
28	23,500	23,750	224
29	23,750	24,000	226
30	24,000	24,250	228
31	24,250	24,500	230

1	24,500	24,750	232
2	24,750	25,000	234
3	25,000	25,250	236
4	25,250	25,500	238
5	25,500	25,750	240
6	25,750	26,000	242
7	26,000	26,250	244
8	26,250	26,500	246
9	26,500	26,750	248
10	26,750	<u>27,000</u>	<u>250</u>
11	<u>27,000</u>	<u>27,250</u>	<u>252</u>
12	<u>27,250</u>	<u>27,500</u>	<u>254</u>
13	<u>27,500</u>	<u>27,750</u>	<u>256</u>
14	<u>27,750</u>	<u>28,000</u>	<u>258</u>
15	<u>28,000</u>	<u>28,250</u>	<u>260</u>
16	<u>28,250</u>	<u>28,500</u>	<u>262</u>
17	<u>28,500</u>	<u>28,750</u>	<u>264</u>
18	<u>28,750</u>	<u>29,000</u>	<u>266</u>
19	<u>29,000</u>	<u>29,250</u>	<u>268</u>
20	<u>29,250</u>	<u>29,500</u>	<u>270</u>
21	<u>29,500</u>	<u>29,750</u>	<u>272</u>
22	<u>29,750</u>	<u>30,000</u>	<u>274</u>
23	<u>30,000</u>	<u>30,250</u>	<u>276</u>
24	<u>30,250</u>	<u>30,500</u>	<u>278</u>
25	<u>30,500</u>	<u>30,750</u>	<u>280</u>
26	<u>30,750</u>	<u>31,000</u>	<u>282</u>
27	<u>31,000</u>	<u>31,250</u>	<u>284</u>
28	<u>31,250</u>	<u>31,500</u>	<u>286</u>
29	<u>31,500</u>	<u>31,750</u>	<u>288</u>
30	<u>31,750</u>	<u>32,000</u>	<u>290</u>
31	<u>32,000</u>	<u>32,250</u>	<u>292</u>

1	<u>32.250</u>	<u>32.500</u>	<u>294</u>
2	<u>32.500</u>	<u>32.750</u>	<u>296</u>
3	<u>32.750</u>	<u>33.000</u>	<u>298</u>
4	<u>33.000</u>	<u>33.250</u>	<u>300</u>
5	<u>33.250</u>	<u>33.500</u>	<u>302</u>
6	<u>33.500</u>	<u>33.750</u>	<u>304</u>
7	<u>33.750</u>	<u>34.000</u>	<u>306</u>
8	<u>34.000</u>	<u>34.250</u>	<u>308</u>
9	<u>34.250</u>	<u>34.500</u>	<u>310</u>
10	<u>34.500</u>	<u>34.750</u>	<u>312</u>
11	<u>34.750</u>	<u>35.000</u>	<u>314</u>
12	<u>35.000</u>	<u>35.250</u>	<u>316</u>
13	<u>35.250</u>	<u>35.500</u>	<u>318</u>
14	<u>35.500</u>	<u>35.750</u>	<u>320</u>
15	<u>35.750</u>	<u>36.000</u>	<u>322</u>
16	<u>36.000</u>	<u>36.250</u>	<u>324</u>
17	<u>36.250</u>	<u>36.500</u>	<u>326</u>
18	<u>36.500</u>	<u>36.750</u>	<u>328</u>
19	<u>36.750</u>	<u>37.000</u>	<u>330</u>
20	<u>37.000</u>	<u>37.250</u>	<u>332</u>
21	<u>37.250</u>	<u>37.500</u>	<u>334</u>
22	<u>37.500</u>	<u>37.750</u>	<u>336</u>
23	<u>37.750</u>	<u>38.000</u>	<u>338</u>
24	<u>38.000</u>	<u>38.250</u>	<u>340</u>
25	<u>38.250</u>	<u>38.500</u>	<u>342</u>
26	<u>38.500</u>	<u>38.750</u>	<u>344</u>
27	<u>38.750</u>	<u>39.000</u>	<u>346</u>
28	<u>39.000</u>	<u>39.250</u>	<u>348</u>
29	<u>39.250</u>	<u>39.500</u>	<u>350</u>
30	<u>39.500</u>	<u>39.750</u>	<u>352</u>
31	<u>39.750</u>	<u>40.000</u>	<u>354</u>

1	<u>40.000</u>	<u>40.250</u>	<u>356</u>
2	<u>40.250</u>	<u>40.500</u>	<u>358</u>
3	<u>40.500</u>	<u>40.750</u>	<u>360</u>
4	<u>40.750</u>	<u>41.000</u>	<u>362</u>
5	<u>41.000</u>	<u>41.250</u>	<u>364</u>
6	<u>41.250</u>	<u>41.500</u>	<u>366</u>
7	<u>41.500</u>	<u>41.750</u>	<u>368</u>
8	<u>41.750</u>	<u>42.000</u>	<u>370</u>
9	<u>42.000</u>		<u>370</u> [248].

10 \* Sec. 12. AS 23.20.350(e) is amended to read:

11 (e) An individual who is eligible under (d) or (h) of this section is entitled to  
 12 receive a weekly benefit under this chapter for the number of weeks set out in column  
 13 (B) of the table in this subsection opposite the applicable earnings ratio of the  
 14 individual set out in column (A):

15	(A)	(B)
16	Earnings Ratio	Number of Weeks
17	less than 1.50	16
18	1.50-1.99	18
19	2.00-2.49	20
20	2.50-2.99	22
21	3.00-3.49	24
22	3.50 or more	26.

23 \* Sec. 13. AS 23.20.350 is amended by adding new subsections to read:

24 (h) Notwithstanding (d) of this section, for a benefit year beginning on or after  
 25 January 1, 2009, an individual who is eligible under (a) of this section is entitled to  
 26 receive the weekly benefit amount calculated in accordance with this subsection and  
 27 set under (i) of this section if the individual's base period wages determined under (c)  
 28 of this section are at least \$42,250. The department shall adopt regulations to establish  
 29 a methodology to calculate new amounts that increase the highest weekly benefit  
 30 amount shown in (d) of this section by \$2 increments and the highest base period  
 31 wages amount shown in (d) of this section by \$250 increments if the average weekly

1 wage in this state, as calculated under (k) of this section, has increased by an  
2 increment amount established by the department in the regulations. The methodology  
3 established under this subsection may not result in new weekly benefit amounts that  
4 exceed 50 percent replacement of the average weekly wages in this state as determined  
5 under (k) of this section. By December 1 of each year, the department shall apply the  
6 methodology established under this subsection to calculate any new weekly benefit  
7 and base period wages amounts.

8 (i) By December 1 of each year, the department shall give notice of any  
9 proposed new weekly benefit amounts calculated under (h) of this section by posting  
10 notice on the Alaska Online Public Notice System (AS 44.62.175), furnishing notice  
11 to interested persons who have requested notification, and providing a press release to  
12 the media. In the notice, the department shall provide the public with an opportunity to  
13 comment on the accuracy of the department's calculations. Fifteen days after posting  
14 the notice on the Alaska Online Public Notice System, the department shall set the  
15 new weekly benefit amounts. A new weekly benefit amount set under this subsection  
16 applies January 1 of the following calendar year, but does not apply to an individual  
17 whose current benefit year began before that date. The department may set new  
18 weekly benefit amounts under this subsection only once each calendar year, beginning  
19 in December 2008. The process under this subsection is exempt from AS 44.62  
20 (Administrative Procedure Act), but the weekly benefit amounts set under this  
21 subsection shall be submitted to the lieutenant governor for publication in the Alaska  
22 Administrative Code for informational purposes.

23 (j) The commissioner shall report to the governor and the legislature if the  
24 average weekly wage in this state decreases to the extent that an adjustment in weekly  
25 benefit amounts set in (d) of this section or under (h) and (i) of this section is  
26 appropriate for the proper administration of trust funds under this chapter.

27 (k) By December 1 of each year, the department shall determine the average  
28 weekly wage in this state by dividing the average annual wage in this state for the  
29 preceding 12-month period ending June 30 by 52. The resulting figure is the average  
30 weekly wage in this state for purposes of the department's calculations under (h) and  
31 (j) of this section. For purposes of this subsection, the department's calculation of the

1 average annual wage in this state must include the wages of all employees in the state,  
2 both public and private, who are covered by this chapter.

3 \* Sec. 14. AS 23.20 is amended by adding a new section to read:

4 Sec. 23.20.377. **Discharge for misconduct.** (a) An insured worker is  
5 disqualified for unemployment insurance benefits if the insured worker was  
6 discharged for misconduct connected with the insured worker's last work.

7 (b) The disqualification required in (a) of this section is terminated if the  
8 insured worker returns to employment and earns at least eight times the insured  
9 worker's weekly benefit amount. However, if the disqualification was for a discharge  
10 based on a felony or theft connected with the insured worker's last work, the  
11 disqualification is terminated when the insured worker has worked subsequent to the  
12 discharge from work and earned 20 times the insured worker's weekly benefit amount  
13 in employment covered under this chapter.

14 (c) In this section,

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

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

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

20 \* Sec. 15. AS 23.20.379(a) is amended to read:

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

24 [(1)] left the insured worker's last suitable work voluntarily without  
25 good cause [; OR

26 (2) WAS DISCHARGED FOR MISCONDUCT CONNECTED  
27 WITH THE INSURED WORKER'S LAST WORK].

28 \* Sec. 16. AS 23.20.406(h) is amended to read:

29 (h) An individual is not eligible to receive extended benefits for any week of  
30 unemployment in the individual's eligibility period if the individual has been  
31 disqualified for benefits because the individual

1                   **(1)** voluntarily left work [, WAS DISCHARGED FOR  
2 MISCONDUCT,] or refused an offer of suitable work, unless the disqualification  
3 imposed for those reasons has been terminated in accordance with AS 23.20.379(d);  
4 **or**

5                   **(2)** was discharged for misconduct connected with the insured  
6 **worker's last work unless the disqualification imposed for that reason has been**  
7 **terminated under AS 23.20.377(b).**

8 \* Sec. 17. AS 23.20.110(h), 23.20.110(i), and 23.20.110(j) are repealed.

9 \* Sec. 18. AS 23.20.379(e) and 23.20.379(f) are repealed.

10 \* Sec. 19. The uncodified law of the State of Alaska is amended by adding a new section to  
11 read:

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

17 \* Sec. 20. Sections 1 - 8, 17, and 19 of this Act take effect immediately under  
18 AS 01.10.070(c).

19 \* Sec. 21. Except as provided in sec. 20 of this Act, this Act takes effect January 1, 2009.

25-LS0627C

Wayne

2/1/08

**CS FOR SENATE BILL NO. 120( )****IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTY-FIFTH LEGISLATURE - SECOND SESSION****BY****Offered:****Referred:****Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE****A BILL****FOR AN ACT ENTITLED**

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

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

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

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

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

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

25 (e) The department shall provide wage and unemployment compensation  
26 information

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

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

31 (3) to the United States Secretary of Health and Human Services

1 for the National Directory of New Hires as required by 42 U.S.C. 503 and 42  
2 U.S.C. 653; or

3 (4) to a state or a political subdivision of a state that administers a  
4 program funded under 42 U.S.C. 601 - 619 that provides temporary assistance  
5 for needy families.

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

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

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

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

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

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

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

1 (m) The department may not release information under this section to a state  
2 agency or to a person under contract with the state until the department and the agency  
3 or person have entered into a written agreement that governs the release of  
4 information. The written agreement must specify

5 (1) the purpose for the information;

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

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

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

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

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

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

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

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

30 \* Sec. 8. AS 23.20.115 is amended to read:

31 Sec. 23.20.115. Unauthorized disclosure of information. A member of the

1 department, an employee of the department, an agent of the department, or an officer  
 2 or employee of a state, federal, [OR] municipal, or other agency that has been  
 3 provided with information by the department who, in violation of AS 23.20.110,  
 4 makes a disclosure of information obtained from an employing unit or from an  
 5 individual in the administration of this chapter, or a person who has obtained a list of  
 6 applicants for work or of claimants or recipients of benefits under this chapter and  
 7 who uses or permits the use of the list for a purpose not authorized by AS 23.20.110 is  
 8 guilty of a class B misdemeanor.

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

10 (c) Beginning January 1, 2009 [1997], the rate of contributions for each  
 11 employer is 78 [80] percent of the average benefit cost rate multiplied by the  
 12 employer's experience factor set out in column C of the table in this subsection  
 13 opposite the employer's applicable rate class set out in column A plus the fund  
 14 solvency adjustment required under (f) of this section. However, the rate of  
 15 contributions for an employer may not be less than one percent or more than six and  
 16 one-half percent. The rate of contributions for an employer in rate class 21 may not be  
 17 less than 5.4 percent. The rate of contributions for an employer must be rounded to the  
 18 nearest 1/100th of one percent.

20 21 22 23 24 25 26 27 28 29 30 31	COLUMN A Rate Class	COLUMN B		COLUMN C
		Cumulative		Experience
		Ratable Payroll		Factor
		at least	but less than	
		(percent)	(percent)	
	1	5		.40
	2	5	10	.45
	3	10	15	.50
	4	15	20	.55
	5	20	25	.60
	6	25	30	.65
	7	30	35	.70
		35	40	.80

*Mr. Wilson*  
*78/22*  
*2008*  
*tax less than 28 years*

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

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

(d) Beginning January 1, 2009 [1997], and for each succeeding year thereafter, the rate of contributions payable by each employee of an employer who is subject to AS 23.20.165 is 22 [20] percent of the average benefit cost rate as determined in (e) of this section rounded to the nearest 1/100th of one percent. However, the rate of contributions for an employee may not be less than one-half percent or more than one percent.

\* Sec. 11. AS 23.20.350(d) is amended to read:

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

	(A)	(B)
	Base Period Wages	Weekly Benefit Amount
	At least	But less than
30	0	1,000
31	1,000	1,250
		\$ 0
		44

1	1,250	1,500	46
2	1,500	1,750	48
3	1,750	2,000	50
4	2,000	2,250	52
5	2,250	2,500	54
6	2,500	2,750	56
7	2,750	3,000	58
8	3,000	3,250	60
9	3,250	3,500	62
10	3,500	3,750	64
11	3,750	4,000	66
12	4,000	4,250	68
13	4,250	4,500	70
14	4,500	4,750	72
15	4,750	5,000	74
16	5,000	5,250	76
17	5,250	5,500	78
18	5,500	5,750	80
19	5,750	6,000	82
20	6,000	6,250	84
21	6,250	6,500	86
22	6,500	6,750	88
23	6,750	7,000	90
24	7,000	7,250	92
25	7,250	7,500	94
26	7,500	7,750	96
27	7,750	8,000	98
28	8,000	8,250	100
29	8,250	8,500	102
30	8,500	8,750	104
31	8,750	9,000	106

1	9,000	9,250	108
2	9,250	9,500	110
3	9,500	9,750	112
4	9,750	10,000	114
5	10,000	10,250	116
6	10,250	10,500	118
7	10,500	10,750	120
8	10,750	11,000	122
9	11,000	11,250	124
10	11,250	11,500	126
11	11,500	11,750	128
12	11,750	12,000	130
13	12,000	12,250	132
14	12,250	12,500	134
15	12,500	12,750	136
16	12,750	13,000	138
17	13,000	13,250	140
18	13,250	13,500	142
19	13,500	13,750	144
20	13,750	14,000	146
21	14,000	14,250	148
22	14,250	14,500	150
23	14,500	14,750	152
24	14,750	15,000	154
25	15,000	15,250	156
26	15,250	15,500	158
27	15,500	15,750	160
28	15,750	16,000	162
29	16,000	16,250	164
30	16,250	16,500	166
31	16,500	16,750	168

1	16,750	17,000	170
2	17,000	17,250	172
3	17,250	17,500	174
4	17,500	17,750	176
5	17,750	18,000	178
6	18,000	18,250	180
7	18,250	18,500	182
8	18,500	18,750	184
9	18,750	19,000	186
10	19,000	19,250	188
11	19,250	19,500	190
12	19,500	19,750	192
13	19,750	20,000	194
14	20,000	20,250	196
15	20,250	20,500	198
16	20,500	20,750	200
17	20,750	21,000	202
18	21,000	21,250	204
19	21,250	21,500	206
20	21,500	21,750	208
21	21,750	22,000	210
22	22,000	22,250	212
23	22,250	22,500	214
24	22,500	22,750	216
25	22,750	23,000	218
26	23,000	23,250	220
27	23,250	23,500	222
28	23,500	23,750	224
29	23,750	24,000	226
30	24,000	24,250	228
31	24,250	24,500	230

1	24,500	24,750	232
2	24,750	25,000	234
3	25,000	25,250	236
4	25,250	25,500	238
5	25,500	25,750	240
6	25,750	26,000	242
7	26,000	26,250	244
8	26,250	26,500	246
9	26,500	26,750	248
10	26,750	<u>27,000</u>	<u>250</u>
11	<u>27,000</u>	<u>27,250</u>	<u>252</u>
12	<u>27,250</u>	<u>27,500</u>	<u>254</u>
13	<u>27,500</u>	<u>27,750</u>	<u>256</u>
14	<u>27,750</u>	<u>28,000</u>	<u>258</u>
15	<u>28,000</u>	<u>28,250</u>	<u>260</u>
16	<u>28,250</u>	<u>28,500</u>	<u>262</u>
17	<u>28,500</u>	<u>28,750</u>	<u>264</u>
18	<u>28,750</u>	<u>29,000</u>	<u>266</u>
19	<u>29,000</u>	<u>29,250</u>	<u>268</u>
20	<u>29,250</u>	<u>29,500</u>	<u>270</u>
21	<u>29,500</u>	<u>29,750</u>	<u>272</u>
22	<u>29,750</u>	<u>30,000</u>	<u>274</u>
23	<u>30,000</u>	<u>30,250</u>	<u>276</u>
24	<u>30,250</u>	<u>30,500</u>	<u>278</u>
25	<u>30,500</u>	<u>30,750</u>	<u>280</u>
26	<u>30,750</u>	<u>31,000</u>	<u>282</u>
27	<u>31,000</u>	<u>31,250</u>	<u>284</u>
28	<u>31,250</u>	<u>31,500</u>	<u>286</u>
29	<u>31,500</u>	<u>31,750</u>	<u>288</u>
30	<u>31,750</u>	<u>32,000</u>	<u>290</u>
31	<u>32,000</u>	<u>32,250</u>	<u>292</u>

1	<u>32.250</u>	<u>32.500</u>	<u>294</u>
2	<u>32.500</u>	<u>32.750</u>	<u>296</u>
3	<u>32.750</u>	<u>33.000</u>	<u>298</u>
4	<u>33.000</u>	<u>33.250</u>	<u>300</u>
5	<u>33.250</u>	<u>33.500</u>	<u>302</u>
6	<u>33.500</u>	<u>33.750</u>	<u>304</u>
7	<u>33.750</u>	<u>34.000</u>	<u>306</u>
8	<u>34.000</u>	<u>34.250</u>	<u>308</u>
9	<u>34.250</u>	<u>34.500</u>	<u>310</u>
10	<u>34.500</u>	<u>34.750</u>	<u>312</u>
11	<u>34.750</u>	<u>35.000</u>	<u>314</u>
12	<u>35.000</u>	<u>35.250</u>	<u>316</u>
13	<u>35.250</u>	<u>35.500</u>	<u>318</u>
14	<u>35.500</u>	<u>35.750</u>	<u>320</u>
15	<u>35.750</u>	<u>36.000</u>	<u>322</u>
16	<u>36.000</u>	<u>36.250</u>	<u>324</u>
17	<u>36.250</u>	<u>36.500</u>	<u>326</u>
18	<u>36.500</u>	<u>36.750</u>	<u>328</u>
19	<u>36.750</u>	<u>37.000</u>	<u>330</u>
20	<u>37.000</u>	<u>37.250</u>	<u>332</u>
21	<u>37.250</u>	<u>37.500</u>	<u>334</u>
22	<u>37.500</u>	<u>37.750</u>	<u>336</u>
23	<u>37.750</u>	<u>38.000</u>	<u>338</u>
24	<u>38.000</u>	<u>38.250</u>	<u>340</u>
25	<u>38.250</u>	<u>38.500</u>	<u>342</u>
26	<u>38.500</u>	<u>38.750</u>	<u>344</u>
27	<u>38.750</u>	<u>39.000</u>	<u>346</u>
28	<u>39.000</u>	<u>39.250</u>	<u>348</u>
29	<u>39.250</u>	<u>39.500</u>	<u>350</u>
30	<u>39.500</u>	<u>39.750</u>	<u>352</u>
31	<u>39.750</u>	<u>40.000</u>	<u>354</u>

1	<u>40,000</u>	<u>40,250</u>	<u>356</u>
2	<u>40,250</u>	<u>40,500</u>	<u>358</u>
3	<u>40,500</u>	<u>40,750</u>	<u>360</u>
4	<u>40,750</u>	<u>41,000</u>	<u>362</u>
5	<u>41,000</u>	<u>41,250</u>	<u>364</u>
6	<u>41,250</u>	<u>41,500</u>	<u>366</u>
7	<u>41,500</u>	<u>41,750</u>	<u>368</u>
8	<u>41,750</u>	<u>42,000</u>	<u>370</u>
9	<u>42,000</u>		<u>370</u> [248].

10 \* Sec. 12. AS 23.20.350(e) is amended to read:

11 (e) An individual who is eligible under (d) or (h) of this section is entitled to  
12 receive a weekly benefit under this chapter for the number of weeks set out in column  
13 (B) of the table in this subsection opposite the applicable earnings ratio of the  
14 individual set out in column (A):

15	(A)	(B)
16	Earnings Ratio	Number of Weeks
17	less than 1.50	16
18	1.50-1.99	18
19	2.00-2.49	20
20	2.50-2.99	22
21	3.00-3.49	24
22	3.50 or more	26 <sub>2</sub>

23 \* Sec. 13. AS 23.20.350 is amended by adding new subsections to read:

24 (h) Notwithstanding (d) of this section, for a benefit year beginning on or after  
25 January 1, 2009, an individual who is eligible under (a) of this section is entitled to  
26 receive the weekly benefit amount calculated in accordance with this subsection and  
27 set under (i) of this section if the individual's base period wages determined under (c)  
28 of this section are at least \$42,250. The department shall adopt regulations to establish  
29 a methodology to calculate new amounts that increase the highest weekly benefit  
30 amount shown in (d) of this section by \$2 increments and the highest base period  
31 wages amount shown in (d) of this section by \$250 increments if the average weekly

1 wage in this state, as calculated under (k) of this section, has increased by an  
2 increment amount established by the department in the regulations. The methodology  
3 established under this subsection may not result in new weekly benefit amounts that  
4 exceed 50 percent replacement of the average weekly wages in this state as determined  
5 under (k) of this section. By December 1 of each year, the department shall apply the  
6 methodology established under this subsection to calculate any new weekly benefit  
7 and base period wages amounts.

8 (i) By December 1 of each year, the department shall give notice of any  
9 proposed new weekly benefit amounts calculated under (h) of this section by posting  
10 notice on the Alaska Online Public Notice System (AS 44.62.175), furnishing notice  
11 to interested persons who have requested notification, and providing a press release to  
12 the media. In the notice, the department shall provide the public with an opportunity to  
13 comment on the accuracy of the department's calculations. Fifteen days after posting  
14 the notice on the Alaska Online Public Notice System, the department shall set the  
15 new weekly benefit amounts. A new weekly benefit amount set under this subsection  
16 applies January 1 of the following calendar year, but does not apply to an individual  
17 whose current benefit year began before that date. The department may set new  
18 weekly benefit amounts under this subsection only once each calendar year, beginning  
19 in December 2008. The process under this subsection is exempt from AS 44.62  
20 (Administrative Procedure Act), but the weekly benefit amounts set under this  
21 subsection shall be submitted to the lieutenant governor for publication in the Alaska  
22 Administrative Code for informational purposes.

23 (j) The commissioner shall report to the governor and the legislature if the  
24 average weekly wage in this state decreases to the extent that an adjustment in weekly  
25 benefit amounts set in (d) of this section or under (h) and (i) of this section is  
26 appropriate for the proper administration of trust funds under this chapter.

27 (k) By December 1 of each year, the department shall determine the average  
28 weekly wage in this state by dividing the average annual wage in this state for the  
29 preceding 12-month period ending June 30 by 52. The resulting figure is the average  
30 weekly wage in this state for purposes of the department's calculations under (h) and  
31 (j) of this section. For purposes of this subsection, the department's calculation of the

1 average annual wage in this state must include the wages of all employees in the state,  
2 both public and private, who are covered by this chapter.

3 \* Sec. 14. AS 23.20 is amended by adding a new section to read:

4 Sec. 23.20.377. Discharge for misconduct. An insured worker is disqualified  
5 for unemployment insurance benefits if the insured worker was discharged for  
6 misconduct connected with the insured worker's last work. In this section,

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

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

9 (3) "misconduct" includes conduct in violation of an employer's policy  
10 concerning the use of drugs or alcohol, but only if the policy is consistent with  
11 AS 23.10.620. *Preserve re-qual.*

12 \* Sec. 15. AS 23.20.379(a) is amended to read:

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

16 [(1)] left the insured worker's last suitable work voluntarily without  
17 good cause [; OR

18 (2) WAS DISCHARGED FOR MISCONDUCT CONNECTED  
19 WITH THE INSURED WORKER'S LAST WORK].

20 \* Sec. 16. AS 23.20.406(h) is amended to read:

21 (h) An individual is not eligible to receive extended benefits for any week of  
22 unemployment in the individual's eligibility period if the individual has been  
23 disqualified for benefits because the individual voluntarily left work [, WAS  
24 DISCHARGED FOR MISCONDUCT,] or refused an offer of suitable work, unless  
25 the disqualification imposed for those reasons has been terminated in accordance with  
26 AS 23.20.379(d). *part of confidentiality section*

*delete*

27 \* Sec. 17. AS 23.20.110(h), 23.20.110(i), and 23.20.110(j) are repealed.

*delete*

28 \* Sec. 18. AS 23.20.379(e) and 23.20.379(f) are repealed.

*alcohol def. now in 23.20.377*

29 \* Sec. 19. The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

*Alcohol def. now in 23.20.377*  
*types of misconduct*  
~~SECTION~~

31 TRANSITION: REGULATIONS. Notwithstanding sec. 21 of this Act, the

*move 23.20.379(d) into Sec. 14. + (a)*



1 Department of Labor and Workforce Development may immediately proceed to adopt  
2 regulations necessary to implement the changes made by this Act. The regulations take effect  
3 under AS 44.62 (Administrative Procedure Act), but not before the effective date of the  
4 statutory change.

5 \* Sec. 20. Secs. 1 - 8, 17, and 19 of this Act take effect immediately under AS 01.10.070(c).

6 \* Sec. 21. Except as provided in sec. 20 of this Act, this Act takes effect January 1, 2009.

# LEGAL SERVICES

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

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
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State Capitol  
Juneau, Alaska 99801-1182  
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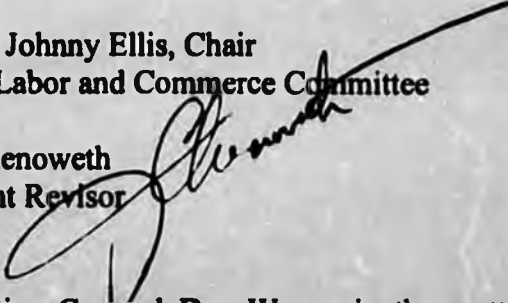
## MEMORANDUM

February 2, 2008

**SUBJECT:** Draft CSSB 120( ): considering the necessity of incorporating one additional amendment (Work Order No. 25-LS0622\E)

**TO:** Senator Johnny Ellis, Chair  
Senate Labor and Commerce Committee

**FROM:** Jack Chenoweth  
Assistant Revisor



I am stepping in for Legislative Counsel Dan Wayne in the matter of delivering the accompanying draft to you. Dan is not scheduled to work today (Saturday) and you've asked for delivery of the draft committee substitute this afternoon.

The drafting instruction on which the "E" draft transmitted with this memo is based directs that former bill section 16 of the previous "C" draft, amending AS 23.20.406(h) to remove reference to the phrase "discharged for misconduct," should be deleted from the bill, thereby leaving AS 23.20.406(h) unchanged. Dan has made that deletion in the "E" draft so that AS 23.20.406(h) would not be amended by this measure.

However, on review, given changes proposed elsewhere in the draft, it seems to me that AS 23.20.406(h) should have the committee's attention, and I commend for your consideration the following as an insert to the "E" draft:

Page 14, to follow line 27:

\* Sec. 16. AS 23.20.406(h) is amended to read:

(h) An individual is not eligible to receive extended benefits for any week of unemployment in the individual's eligibility period if the individual has been disqualified for benefits because the individual

(1) voluntarily left work [, WAS DISCHARGED FOR MISCONDUCT,] or refused an offer of suitable work, unless the disqualification imposed for those reasons has been terminated in accordance with AS 23.20.379(d); or

(2) was discharged for misconduct connected with the insured worker's last work unless the disqualification imposed for that reason has been terminated under AS 23.20.377(b).

Renumber the following bill sections and bill section references accordingly. The relevant bill section references appear on page 15, lines 1, 6, and 7.

The suggested amendment would restore language allowing the insured worker who has been discharged for misconduct to regain weekly benefits but would incorporate the appropriate cross-reference (AS 23.20.377(b), as added by bill section 14) under which the disqualification from benefits may be terminated.

If I've missed the point of the original request for the deletion of AS 23.20.406(h), you may ignore the suggested amendment.

JBC:lmb  
08-008.lmb

Enclosure

# LEGAL SERVICES

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

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

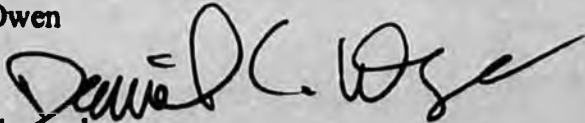
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 9, 2008

**SUBJECT:** Minimum earnings in a base period (CSSB120( )  
(Work Order No. 25-LS0622L))

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

**FROM:** Dan Wayne   
Legislative Counsel

Enclosed is the draft referenced above. Secs. 11 and 15 change \$1,000 to \$2,500 to conform to the proposed new minimum in Sec. 12, but note that the \$1,000/\$2,500 in sec. 15 refers to income in a calendar year, not a "base period" -- "base period" is defined in AS 23.20.520(3), which says:

(3) "base period" means the first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year;

Since a base period and a calendar year can be the same, depending on the facts in a case, you might need to make the change as in sec. 15 of this draft.

Also note a third possibility. In AS 23.20.525(a), which defines "employment," paragraph 15 says:

(15) domestic services performed after December 31, 1977 for an employer who paid wages of \$1,000 or more in any calendar quarter in the current or preceding calendar year for those services;

A person can earn wages of less than \$1,000 or more in a calendar quarter and still make \$2,500 or more in a benefit period (which has 4 quarters); therefore I don't think raising the \$1,000 in this section is necessary in order to conform to other changes in the draft bill, but I bring the section to your attention in case you want to amend it.

DCW:lmb  
08-022.lmb

Enclosure

# HOMER TRIBUNE

## EDITORIAL

February 21, 2007

### **Unemployment pay rates need increase**

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

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

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

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

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

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

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

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

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

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

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

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

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



**Alaska**

March 16, 2007

The Honorable Johnny Ellis  
Room 9  
Alaska State Capitol Building  
Juneau, Alaska 99801

RE: Senate Bill 120

Dear Senator Ellis,

On behalf of the Alaska Chapter of the National Federation of Independent Business, I wish to express our opposition to Senate Bill 120. The Alaska Chapter of the National Federation of Independent Business with over 2,500 members is the largest small-business advocacy group in the state.

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

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

Sincerely,

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

cc: Senator Gary Stevens  
Senator Bettye Davis  
Senator Lyman Hoffman  
Senator Con Bunde

## State Comparison of Amounts of Weekly Dependence Allowances (DA) for Unemployment Insurance (UI) Programs

State	Weekly Allowance Per Dependent	Weekly Dependents Allowances Capped At:	Maximum Dependents Allowance For Minimum Weekly Benefit	Maximum Dependents Allowance For Maximum Weekly Benefit
Alaska	\$24	\$72	\$72	\$72
Connecticut	\$15	Lesser of WBA and \$75.	\$15	\$75
Illinois	\$6-\$125	\$6-\$125	\$12	\$125
Iowa	\$2-\$29	Schedule \$2-\$74	\$10	\$74
Maine	\$10	½ WBA	\$27	\$156
Maryland	\$8	\$40	\$40	\$0; same maximum WBA with/without dependents.
Massachusetts	\$25	½ WBA	\$14	\$250
Michigan	\$6	\$30	\$30	\$0; same maximum WBA with/without dependents.
New Jersey	7% of WBA for 1 <sup>st</sup> dependent and 4% for each of the next two dependents.		\$11	\$0; same maximum WBA with/without dependents.
New Mexico	\$15	½ WBA up to \$60.	\$30	\$60
Ohio	\$1-\$119	Determined by schedule according to the AWW and dependency class.	\$0	\$119
Pennsylvania	\$5; \$3 for one other dependent.	\$8	\$8	\$8
Rhode Island	The greater of \$10 or 5% WBA per dependent, up to 5 dependents.		\$50	\$119

**NOTE:** Full DA given for weeks of partial benefits in all states with the following exceptions:  
 Maryland, Pennsylvania - Not more than 26 DA payments for dependents may be made in any one benefit year (Workers are partially unemployed if they earn less than the unadjusted WBA.);  
 Illinois - Spouse does not qualify as dependant if they qualify for regular UI benefits based on their own earnings.

WBA = Weekly Benefit Amount

AWW = Average Weekly Wage

## **States' Disqualification Provisions For Unemployment Insurance (UI) Benefits**

### **Voluntarily Leaving Work Without Good Cause**

Of the 53 unemployment insurance programs (includes DC, Puerto Rico, and Virgin Islands):

- 47 states deny benefits for the duration of the claimant's unemployment.
- 6 states (including Alaska) temporarily postpone benefits.
- 10 states (including Alaska) have provisions to reduce or cancel the amount of total benefits that are payable.
- All states have provisions that enable the claimant to requalify for benefits following a voluntary leave disqualification.
  - To requalify, the claimant must return to work, earn between 4 and 17 times (number varies from state to state) their weekly benefit amount (WBA), and be separated from this new employment through no fault of their own.

### **Discharge for Misconduct**

Of the 53 UI Programs (includes DC, Puerto Rico, and Virgin Islands):

- 41 states deny benefits for the duration of the claimant's unemployment.
- 12 states (including Alaska) temporarily postpone benefits.
- 12 states (including Alaska) have provisions to reduce or cancel the amount of total benefits that are payable.
- All states have provisions that enable the claimant to requalify for benefits following a misconduct disqualification.
  - To requalify, the claimant must return to work, earn between 3 and 17 times (number varies from state to state) their WBA, and be separated from this new employment through no fault of their own.

### **Refusal of Suitable Work**

Of the 53 UI Programs (includes DC, Puerto Rico, and Virgin Islands):

- 38 states deny benefits for the duration of the claimant's unemployment.
- 15 states (including Alaska) temporarily postpone benefits.
- 12 states (including Alaska) have provisions to reduce or cancel the amount of total benefits that are payable.
- All states have provisions that enable the claimant to requalify for benefits following refusal of suitable work disqualification.
  - To requalify, the claimant must return to work, earn between 4 and 17 times (number varies from state to state) their WBA, and then be unemployed through no fault of their own.

**Alaska, New Jersey and Pennsylvania levy unemployment insurance taxes on workers. In Alaska employees contribute 20% of the benefit costs.**

## **Reasons not to deny UI benefits to workers who are discharged for misconduct:**

- **Providing an incentive for employers to claim employees have been discharged for misconduct could lead to abuse of the system. Instead of laying workers off, employers will discharge workers for misconduct.**
- **The appeals that would result from this drastic change will likely create more of a workload for the Department of Labor and could bog down the system.**

*(We didn't discuss these next two points, but I thought I would mention them anyway.)*

- **Every dollar that you deny to an unemployed worker is another dollar taken out of the Alaskan economy.**
- **Regardless of misconduct, these workers have paid into the UI system and should rightfully have access to their unemployment insurance benefits.**

# Alaska's Unemployment Insurance Benefits

By James Wilson, Economist

## The economic value and the cost



One of the primary duties of the Alaska Department of Labor and Workforce Development is to pay unemployment insurance benefits to unemployed workers. The department continually evaluates the health of Alaska's unemployment insurance system and identifies areas where it can be improved.

The department's Research and Analysis Section is responsible for identifying how changes to the system will impact employers, the unemployed and the overall health of the unemployment insurance trust fund, where the tax revenue is held.

This article will look at the major issues surrounding unemployment insurance benefits, the cost of those benefits and how Alaska compares with the rest of the nation.<sup>1</sup>

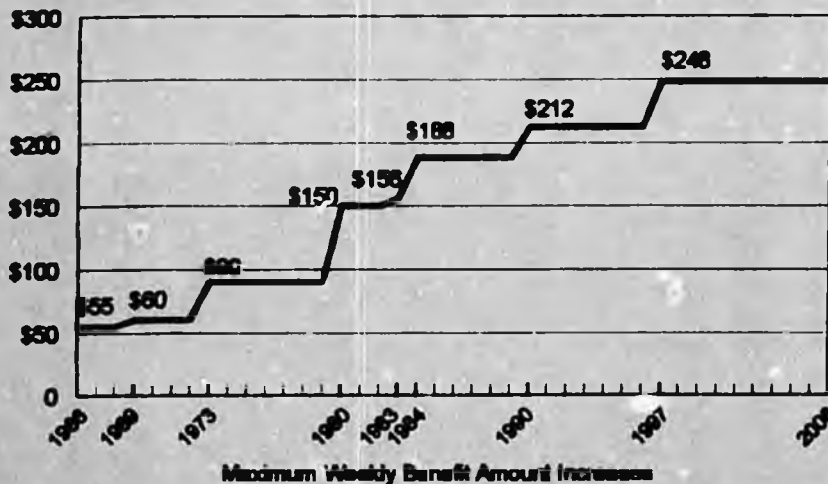
Alaska's unemployment insurance system pays a low weekly benefit in comparison to other states.

Yet Alaska has relatively broad eligibility requirements that enable Alaska's program to have one of the highest participation rates in the country: it ranked second in 2005 in terms of the percentage of unemployed workers who receive unemployment insurance benefits.

Alaska paid out \$119.8 million in unemployment insurance benefits in 2005<sup>2</sup> to 53,053 people – almost 18 percent of the state's work force. Roughly 98 percent of the state's nonagricultural wage and salary workers are covered by unemployment insurance.<sup>3</sup>

## 1 Alaska's Maximum Weekly Benefit Unemployment Insurance, 1966 to 2006

Maximum Benefit Amount



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

## The weekly benefit

Unemployment insurance has been a part of the national economy since 1935, when the country was in the midst of the Depression. The intent was that workers would be paid something when they were out of work and employers would have a more stable work force because experienced workers, collecting benefits, would be available

<sup>1</sup> All references in this article are to regular benefits.

<sup>2</sup> The year 2005 is the most recent year for which data are complete.

<sup>3</sup> Wage and salary workers who are typically not covered by unemployment insurance include full-commission salespeople, domestic workers, unpaid family workers, and elected and appointed officials. Self-employed workers, including fishermen, are generally not covered by unemployment insurance.

to return to work. Local economies would also benefit from the money that unemployed workers would spend while receiving benefits.

When the national program began, individual states and territories (such as Alaska) were charged with administering the programs. Alaska's program authorized its first benefit payments to unemployed workers on Jan. 1, 1939, when the state's minimum benefit was \$5 a week and the maximum was \$15 a week.

Now Alaska's weekly benefit amount ranges from \$44 to \$248, depending on a person's annual wages. People who make \$1,000 a year – actually during their base period, which is the first four of the five most recently completed quarters, plus at least \$100 in a second quarter – get \$44 in benefits each week. People who earn at least \$26,500 a year – in their base period – qualify for the maximum \$248 benefit. (See Exhibit 2.)<sup>4</sup>

The length of time a person may claim benefits in Alaska varies with each individual. Workers qualify for 16 to 26 weeks of benefits, depending on how their wages are spread over the base period. Claimants with wages more concentrated in their highest quarter receive fewer weeks than claimants with wages less concentrated in the high quarter of their four-quarter base.

The intent is to provide a duration of benefits that relates to the duration of employment: the higher the ratio of base period earnings to high quarter earnings,<sup>5</sup> the more stable the earnings stream, and therefore, the higher potential duration of benefits. (See Exhibit 3.)

The average number of weeks of benefit payments in 2005 was 14.3 weeks.

### Claimants with dependents

Alaska is one of 13 states that provides additional benefits to claimants with dependents.

<sup>4</sup> Alaska Statute 23.20.350(d) defines the benefit schedule, which rises in \$2 increments, and sets the qualifying annual wage for each benefit, which rises in \$200 increments.

<sup>5</sup> Alaska sets the potential duration of benefits for each claimant by dividing the amount of base period earnings by the amount of earnings in the highest quarter.

## Alaska's Unemployment Insurance Weekly benefit amount schedule **2**

Base Period Wages		Weekly Benefit Amount Starting Oct. 1, 1999	Base Period Wages		Weekly Benefit Amount Starting Oct. 1, 1999
At Least	But Less Than		At Least	But Less Than	
0	\$1,000	0	\$15,000	\$15,250	\$156
\$1,000	\$1,250	\$44	\$15,250	\$15,500	\$158
\$1,250	\$1,500	\$46	\$15,500	\$15,750	\$160
\$1,500	\$1,750	\$48	\$15,750	\$16,000	\$162
\$1,750	\$2,000	\$50	\$16,000	\$16,250	\$164
\$2,000	\$2,250	\$52	\$16,250	\$16,500	\$166
\$2,250	\$2,500	\$54	\$16,500	\$16,750	\$168
\$2,500	\$2,750	\$56	\$16,750	\$17,000	\$170
\$2,750	\$3,000	\$58	\$17,000	\$17,250	\$172
\$3,000	\$3,250	\$60	\$17,250	\$17,500	\$174
\$3,250	\$3,500	\$62	\$17,500	\$17,750	\$176
\$3,500	\$3,750	\$64	\$17,750	\$18,000	\$178
\$3,750	\$4,000	\$66	\$18,000	\$18,250	\$180
\$4,000	\$4,250	\$68	\$18,250	\$18,500	\$182
\$4,250	\$4,500	\$70	\$18,500	\$18,750	\$184
\$4,500	\$4,750	\$72	\$18,750	\$19,000	\$186
\$4,750	\$5,000	\$74	\$19,000	\$19,250	\$188
\$5,000	\$5,250	\$76	\$19,250	\$19,500	\$190
\$5,250	\$5,500	\$78	\$19,500	\$19,750	\$192
\$5,500	\$5,750	\$80	\$19,750	\$20,000	\$194
\$5,750	\$6,000	\$82	\$20,000	\$20,250	\$196
\$6,000	\$6,250	\$84	\$20,250	\$20,500	\$198
\$6,250	\$6,500	\$86	\$20,500	\$20,750	\$200
\$6,500	\$6,750	\$88	\$20,750	\$21,000	\$202
\$6,750	\$7,000	\$90	\$21,000	\$21,250	\$204
\$7,000	\$7,250	\$92	\$21,250	\$21,500	\$206
\$7,250	\$7,500	\$94	\$21,500	\$21,750	\$208
\$7,500	\$7,750	\$96	\$21,750	\$22,000	\$210
\$7,750	\$8,000	\$98	\$22,000	and over	\$212
\$8,000	\$8,250	\$100			
\$8,250	\$8,500	\$102			
\$8,500	\$8,750	\$104			
\$8,750	\$9,000	\$106			
\$9,000	\$9,250	\$108			
\$9,250	\$9,500	\$110			
\$9,500	\$9,750	\$112			
\$9,750	\$10,000	\$114			
\$10,000	\$10,250	\$116			
\$10,250	\$10,500	\$118			
\$10,500	\$10,750	\$120			
\$10,750	\$11,000	\$122			
\$11,000	\$11,250	\$124			
\$11,250	\$11,500	\$126			
\$11,500	\$11,750	\$128			
\$11,750	\$12,000	\$130			
\$12,000	\$12,250	\$132			
\$12,250	\$12,500	\$134			
\$12,500	\$12,750	\$136			
\$12,750	\$13,000	\$138			
\$13,000	\$13,250	\$140			
\$13,250	\$13,500	\$142			
\$13,500	\$13,750	\$144			
\$13,750	\$14,000	\$146			
\$14,000	\$14,250	\$148			
\$14,250	\$14,500	\$150			
\$14,500	\$14,750	\$152			
\$14,750	\$15,000	\$154			

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

Note: To calculate whether a weekly benefit meets the 50 percent principle for wage replacement, divide the annual wages by 52 weeks, then divide by two. So, for \$20,750 in wages, the \$200 weekly benefit would replace 50 percent of the wages (\$199.52). Source: Alaska Statute 23.20.350(d). The schedule was amended Jan. 1, 1997, to provide for wages over \$22,000.

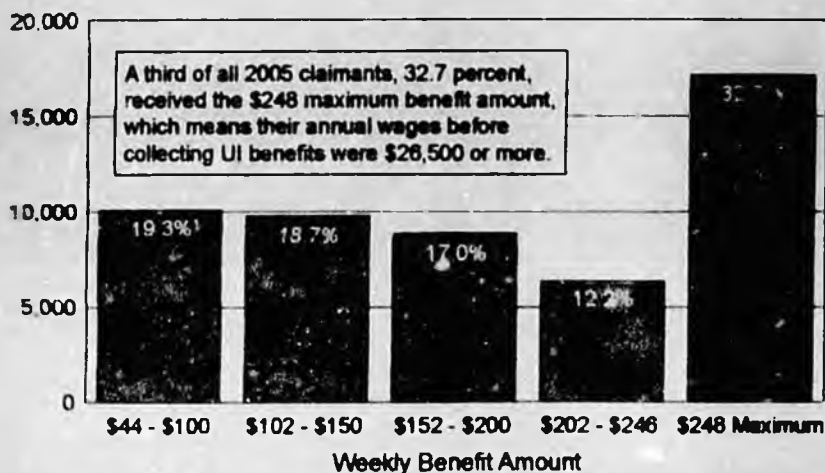
## 3 The Duration of Weekly Benefits Alaska

Ratio of Base Period Wages to High Quarter Wages	Duration of Benefits
Less than 1.50	16 weeks
1.50 to 1.99	18 weeks
2.00 to 2.49	20 weeks
2.50 to 2.99	22 weeks
3.00 to 3.49	24 weeks
3.50 or more	26 weeks

Source: Alaska Statute 23.20.350(e)

## 4 Alaska Unemployment Insurance Recipients by weekly benefit amount, 2005

UI Recipients



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

\* Percentages don't add to 100 due to rounding.

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

Claimants can receive \$24 per dependent for up to three dependents in addition to their weekly benefit amount. The Alaska Legislature started the dependent benefits program some 30 years ago to help families, particularly those in areas of the state where people have a subsistence lifestyle and annual wages are low. Typically, 40 percent of UI claimants claim dependents; 10 percent of those report at least three dependents. Dependent allowances represent 10 percent of the benefits Alaska's UI program pays out each year.

### The \$26,500 ceiling

Alaska's current program tops out at \$26,500: If claimants make more than \$26,500 in a year,

they're still limited to a \$248 maximum weekly benefit, even though the state's average annual wage in 2005 was \$39,058. Someone earning \$26,500 a year receives the same maximum weekly benefit - \$248 - as someone making \$60,000 a year.

As wages in Alaska's economy grow steadily over time, more workers become qualified for the \$248 maximum weekly benefit. In 2005, a third of Alaskans receiving unemployment benefits each year fell into that category. (See Exhibit 4.)

### Changes to the benefit schedule

Throughout its history, there have been periodic upgrades to Alaska's UI benefit schedule to adjust to the rising value of wages in the economy. Before 1990, the minimum benefit was \$38 and the maximum benefit was \$188 (both were increased in 1984). (See Exhibit 1.)

The schedule changed in 1990. The minimum benefit was moved up to \$44 and the maximum to \$212. The last change was in 1997, when additional increments were added to the schedule to bring it to the current \$248 maximum. (See Exhibit 2.)

### The wage replacement principle

Since the start of the UI system, one of the underlying principles was that the benefit amount should equal roughly 50 percent of a worker's wage and it would therefore "replace" those wages. Various presidents and national commissions have reinforced that view in the last 35 years, adding that the 50 percent should apply to four-fifths of all recipients. President Nixon declared that stance in the 1970s; the National Commission on Unemployment Compensation endorsed the stance in 1980 and the Advisory Council on Unemployment Compensation did so in 1995.<sup>6</sup>

Each year the National Foundation for Unemployment Compensation and Workers' Compensation publishes its "Highlights of State Un-

<sup>6</sup> According to the 1988 National Advisory Council Report, Chapter 4

employment Compensation Laws," which contrasts the features of each state's UI program. Although only the brave should venture into the details, on the subject of the states' computation of the weekly benefit amount, it says:

*"Implicit in all these methods are two longstanding principles: (1) The weekly benefit amount should be directly related to the individual's usual wage, and (2) the benefit generally should replace 50 percent of wages."*

### Alaska is low in average-wage replacement

The U.S. Department of Labor compiles data on employment, wages and UI benefits that allow for comparisons of all state-managed UI programs, which vary a great deal.

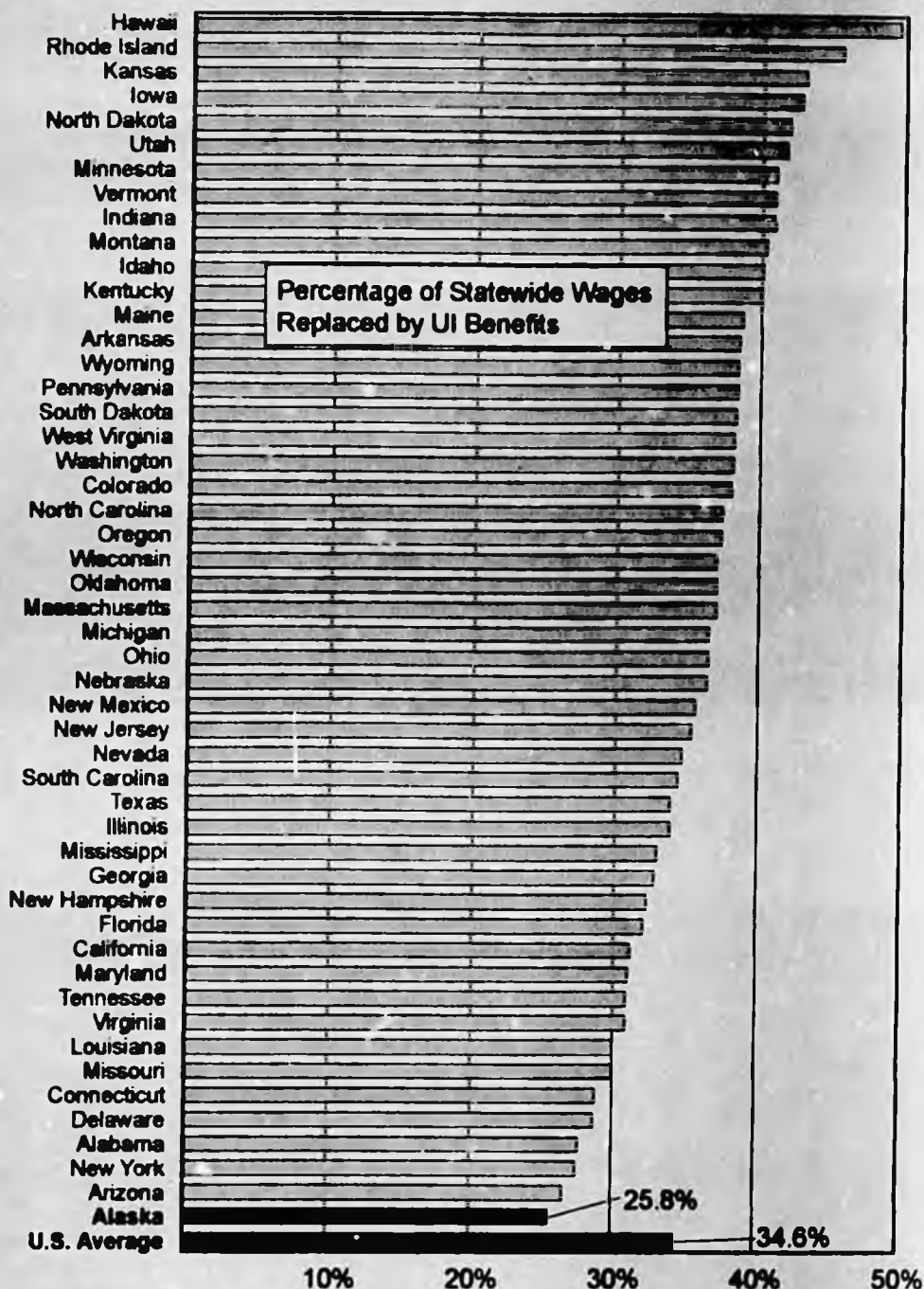
Alaska ranked 18th among all states for its state average weekly wage (\$750.50) in 2005 and came in at 48th place with an average weekly benefit of \$193.91 that year.

The state has historically placed low, but it dropped into last place in the nation in 2005 as far as its USDOL average-wage replacement rate. (See Exhibits 5 and 6.) The rate is an artificial measuring tool used to compare states, as no individual state data exists to unravel how well UI benefits replace the wages of people who are actually unemployed and receiving benefits.<sup>7</sup>

To compile the rate for each state, the USDOL matches data on two different populations: (1) all workers earning wages (instead of only the recent wages of the unemployed), and (2) unemployed workers collecting benefits.

## Average-Wage Replacement Rates 5

By state, 2005<sup>1</sup>

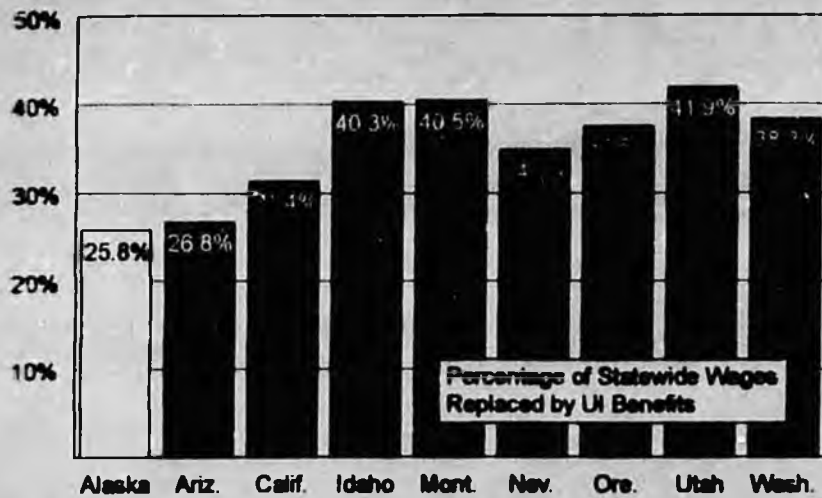


Note: This exhibit is based on the U.S. Department of Labor average-wage replacement rate for each state.  
<sup>1</sup> These percentages were calculated by dividing the average weekly benefit by the statewide average weekly wage. The wages of only those who were unemployed in 2005 aren't available.  
 Source: U.S. Department of Labor, Employment and Training Administration

Matching the benefits of UI recipients to the wages of all workers, however, could well give an understated wage replacement percentage. The measurement makes somewhat of an apples-to-oranges comparison, but it's useful be-

<sup>7</sup> According to the 1998 National Advisory Council Report

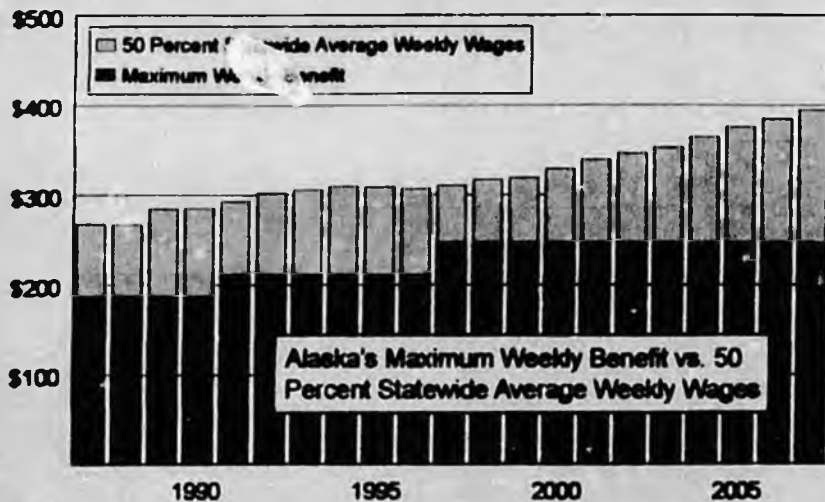
## 6 Replacement Rates Western states, 2005



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

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

## 7 The Target Gets Farther Away Alaska, 1987 to 2007



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

cause it uses established data sources and gives comparative information over time.

### The flip side – Alaska's high participation rate

As mentioned earlier, Alaska had the second-highest participation rate in 2005. (See Exhibit 8.) The participation rate is the percentage of

all unemployed workers who receive unemployment insurance. Since the purpose of unemployment insurance programs is to both aid unemployed workers and put money into the local economy, an above-average participation rate is a good indicator for a state program.

### Alaska's program is easy to qualify for

Alaska's participation rate is high compared to other states because it's generally easy for workers to qualify for a minimum benefit. A person has to make only \$1,000 a year to get the minimum weekly benefit, \$44.

If a worker is paid Alaska's minimum wage of \$7.15 per hour, it would take him or her 140 hours of work to reach \$1,000, or the equivalent of 18 eight-hour days.

Going up the benefit schedule, it takes \$8,000 in annual wages for a \$100 weekly benefit amount, which is 40 percent of the \$248 maximum. In 2005, 19 percent of all claimants received a benefit of \$100 or less. (See Exhibit 4.)

### The 50 percent principle

Looking at Alaska's weekly benefit amount schedule (see Exhibit 2), it appears that the whole schedule meets the 50 percent principle (replacing 50 percent of the wages for four-fifths of the claimants), but it's important to remember that a third of Alaska's UI claimants aren't on the schedule – they make more than \$26,500 a year (\$510 a week) and are limited to the \$248 weekly benefit maximum. Their benefits, therefore, don't equal 50 percent of their wages.

The wage replacement is well above 50 percent at the lower end of the schedule. It hits 50 percent when the weekly benefit amount reaches \$200. After that, the wage replacement declines below 50 percent as the benefit amounts increase.

### Comparing states' costs

Each state has its individual UI financing and tax systems and no two are the same. In order to get some sense of comparison, the USDOL

uses the total wages, taxable wages, the taxable wage base<sup>a</sup> and tax rates for each state to calculate its own version of the "tax rate" – not to be confused with employers' or employees' UI tax rates – as a percentage of total wages.

Alaska's rate in 2004<sup>9</sup> tied with Oregon's and they were just behind Washington. (See Exhibit 9.) In other words, the percentage of total wages that employers in Washington, Alaska and Oregon paid in UI taxes was highest in Washington (1.7 percent) and second-highest in Alaska and Oregon (1.68 percent) when compared to other states.

### Alaska's small size and seasonality drive costs

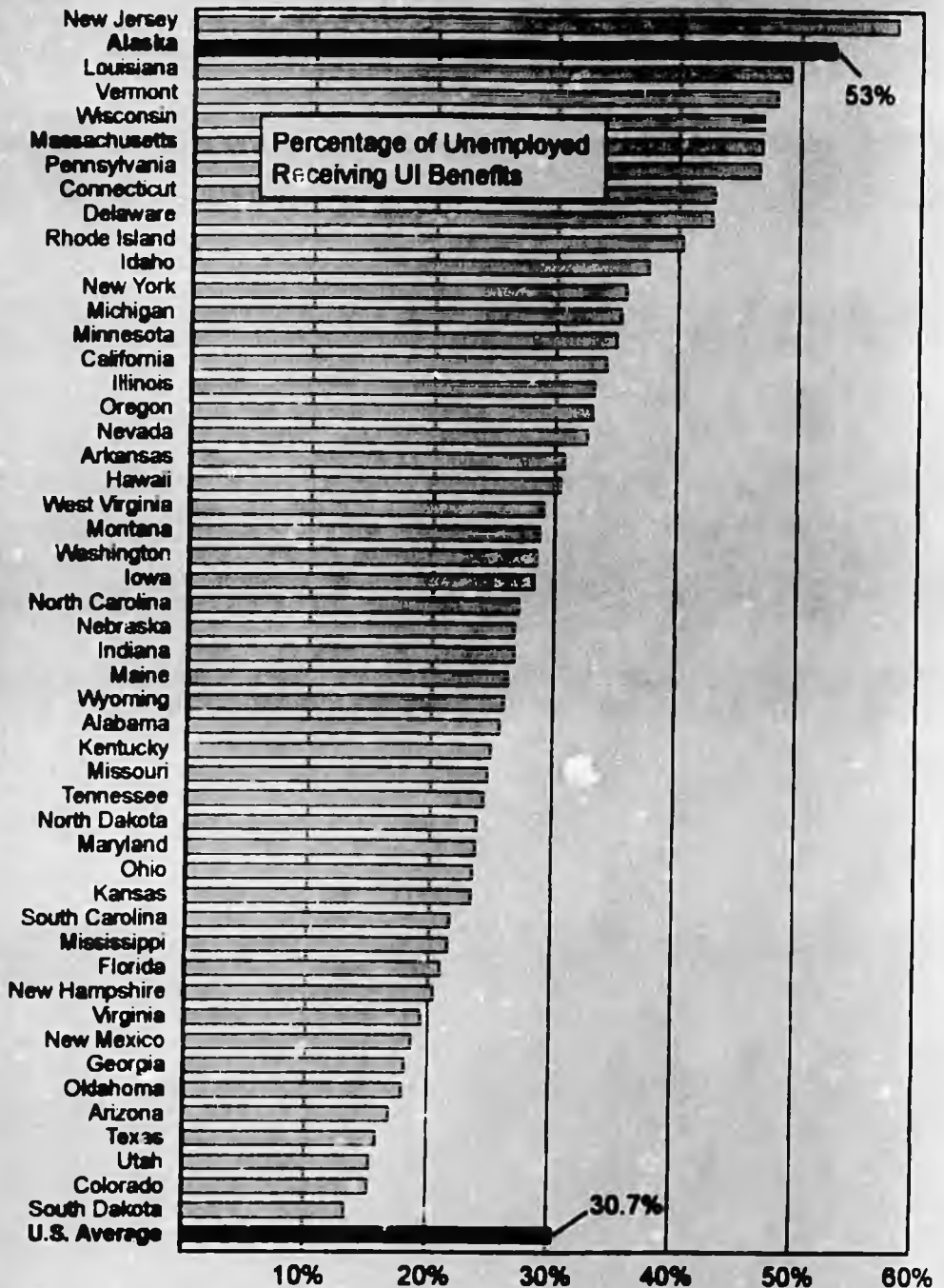
It's natural to compare Alaska to Washington, its nearest neighbor and economic partner. Why does Washington have a USDOL tax rate similar to Alaska but its maximum weekly benefit is \$496, exactly double Alaska's?

The answer is seasonality and economies of scale. Washington has 6 million people and a labor force of 3 million, whereas Alaska's population is near 660,000 and its work force is around 345,000. Washington has seasonal industries, of course, but a large part of its economy has stable employment, with many more employers to share the tax support.

Washington's construction workers, for instance, can work virtually year-round, while Alaska's construction workers, particularly on road projects, are more limited by the seasons. Alaska's

economy has matured over the years, but it still has a large seasonal component and seasonal workers tend to utilize the UI system in the winter months.

Alaska's UI financing system – basically, how much the state's employers and employees

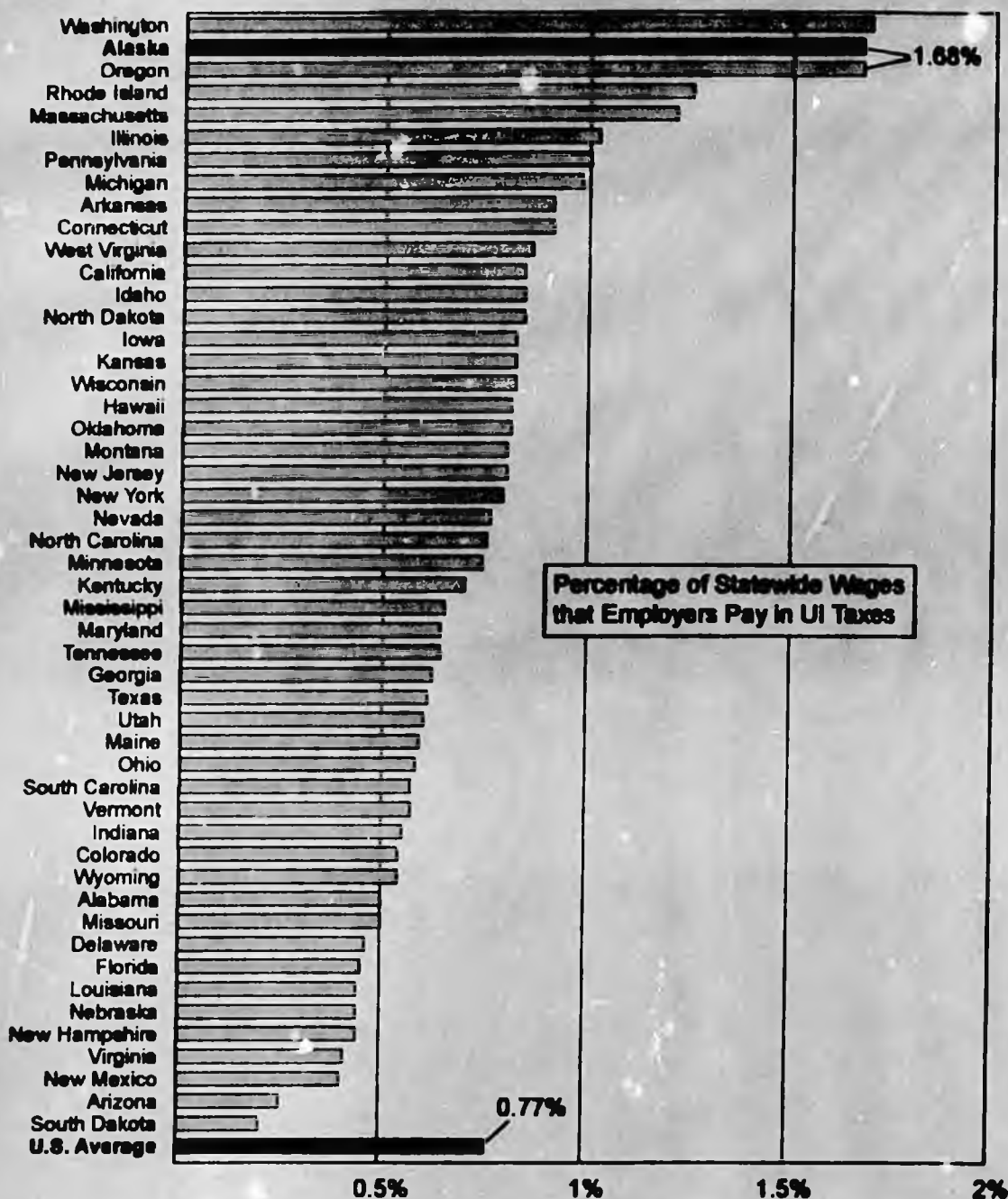


Source: U.S. Department of Labor, Employment and Training Administration

<sup>a</sup> The taxable wage base is the maximum amount of each employee's earnings that are subject to state UI taxes. Alaska's is 75 percent of the state's average annual earnings.

<sup>9</sup> The year 2004 was chosen for the comparison because that was the year Alaska's average tax rate was closest to its 10-year average.

# 9 Alaska's Seasonality Keeps its Costs High 2004<sup>1</sup>



Note: This exhibit is based on the U.S. Department of Labor tax rate for individual states.

<sup>1</sup> The year 2004 was chosen for the comparison because that was the year Alaska's average tax rate was closest to its 10-year average.

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

state's UI tax revenue is held. Yet, the fact remains that the system must pay for the benefits it provides each year in a seasonal economy.

## Legislative considerations

If the Legislature decided to increase Alaska's maximum weekly benefit, it would have to decide how much those additional benefits would cost and how to pay for them, along with who would get them and what restrictions, if any, would be imposed.

The usual way to pay for an increase in benefits is for employers and employees to pay more into the system. In 1997, when the benefit schedule ceiling – the annual wages it took to get the maximum weekly benefit – was raised from \$22,000 to \$26,500 (see Exhibit 2), employers and employees paid more into the system to pay for it. The adjustment was also paid for by shifting the employer/employee share of the tax burden from 82 percent/18 percent to 80 percent/20 percent.

pay in UI taxes each year<sup>10</sup> – is designed to keep taxes as low as possible while maintaining the solvency of Alaska's UI trust fund, where the

<sup>10</sup> Alaska is one of three states where employees pay a share of UI taxes. Employers pay 80 percent of the tax burden and employees pay 20 percent. The 2007 average employer tax rate is 1.94 percent (see Exhibit 10) and the 2007 average employee tax rate is 0.50 percent.

Other ways to partially pay for a benefit increase include tightening up on qualification provisions. For example, Alaska allows those who quit their job to receive UI benefits after a six-week waiting period. That waiting period could be extended or those benefits could be eliminated altogether.

## An overview

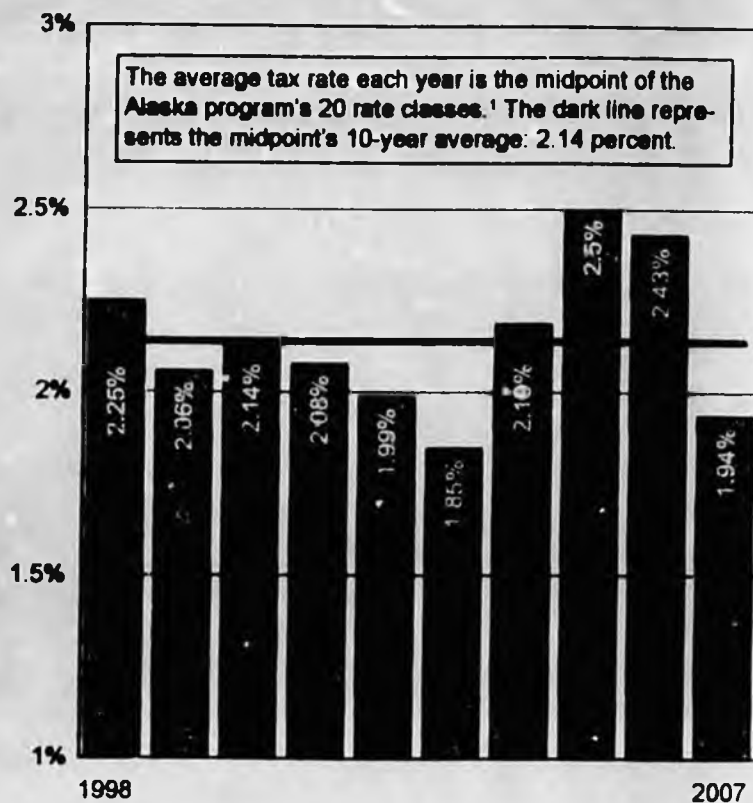
Alaska has a seasonal economy that places a high demand on its unemployment insurance system. The system makes it easy to qualify for the lowest benefit amounts and Alaska's program has one of the highest worker utilization rates in the nation. Yet Alaska's maximum weekly benefit is low compared to its annual wage and the weekly benefits of other states.

The high number of Alaska's benefit recipients who top out at the current \$248 maximum weekly benefit makes the state's wage replacement statistic low – the lowest in the country in 2005.

The demands on Alaska's current system mean relatively higher tax obligations to pay for it. The call for updating Alaska's benefit structure will likely continue, but with any increase in UI benefits comes a cost. That cost, along with the potential advantages, will need to be carefully considered.

# UI Average Employer Tax Rates Alaska, 1998 to 2007 **10**

Average Tax Rate



<sup>1</sup> Tax Classes 10 and 11 represent the midpoint.

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

# STATE OF ALASKA

**Department of Labor and Workforce Development**

**OFFICE OF THE COMMISSIONER**

**SARAH PALIN, GOVERNOR**

**P.O. BOX 111149  
JUNEAU, ALASKA 99811-1149**

**PHONE: (907) 485-2700  
FAX: (907) 485-2784**

January 10, 2008

Honorable Senator Johnny Ellis  
Chairman Senate Labor and Commerce Committee  
State Capitol, Room 9  
Juneau, AK 99801-1182

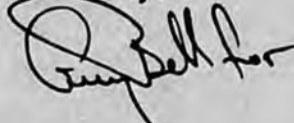
Dear Senator Ellis:

I and my staff appreciate all the work you and your staff have done on Senate Bill 120- Unemployment Insurance and ask that you consider an amendment to the bill to help us with an administrative problem that would occur with an effective date in the bill.

Section 6 of the bill provides for an effective date of January 1, 2008. New Unemployment Insurance claims are effective Sunday of the week in which a claimant contacts the Department . Since January 1, 2009 is a Thursday and falls in the middle of the week, this causes some administrative problems and we ask that you consider changing it to either January 3, 2009 or the first Sunday in January 2009.

Thank for your consideration of this amendment and if you have questions or concerns, please contact the Department's Legislative Liaison, Paula Scavera at 465-4531.

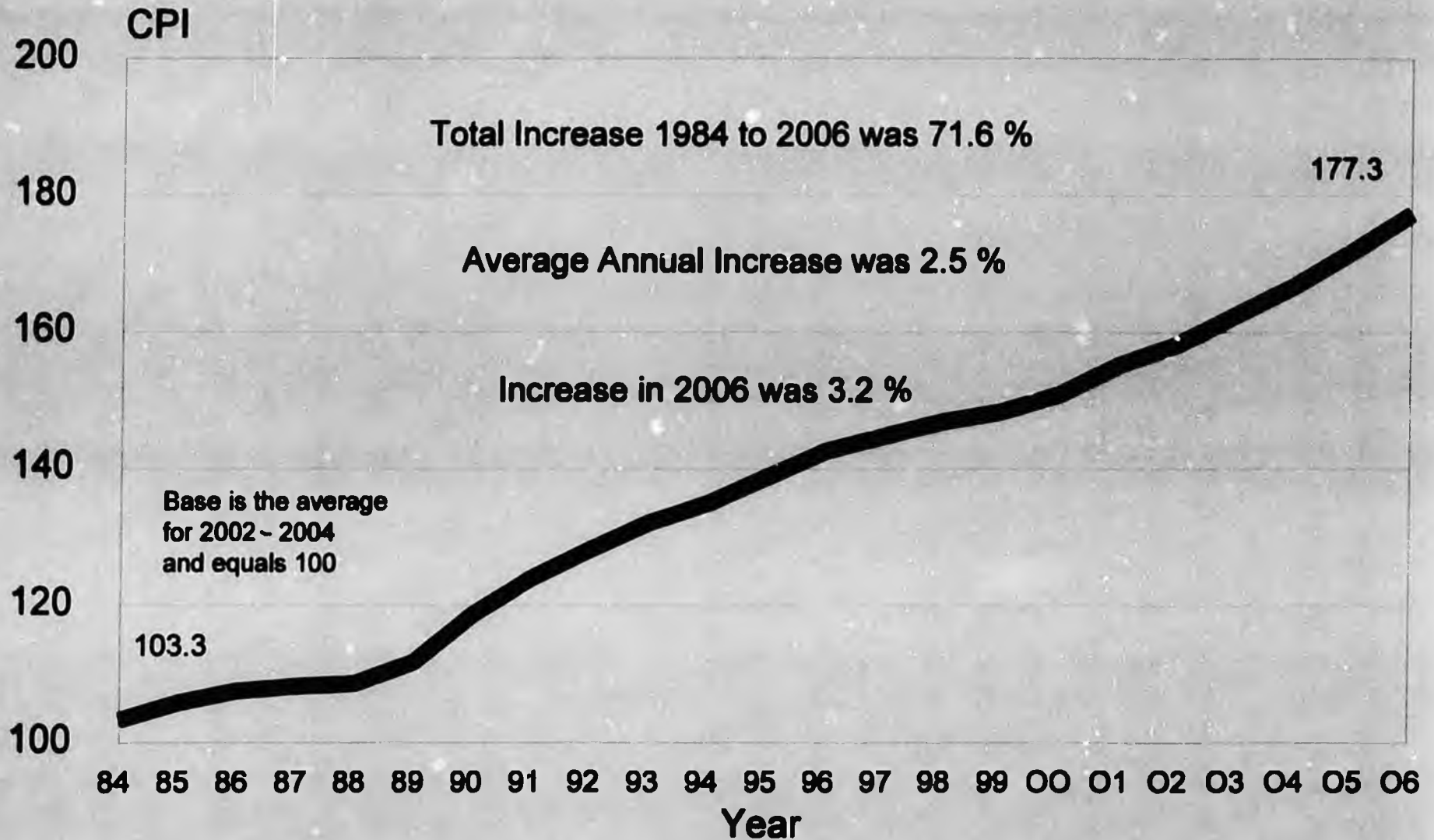
Sincerely,



Click Bishop  
Commissioner

# Growth of the Anchorage Consumer Price Index (CPI)

## Alaska's Cost of Living Index



Source: US Department of Labor, Bureau of Labor Statistics

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

**Senate Bill 120 Sectional Analysis**  
by the Alaska Department of Labor and Workforce Development

This legislation increases the state's maximum weekly benefit amount (WBA) from \$248 to \$370 and increases the qualifying scale of wages from \$26,750 to \$41,750. After the initial increase to \$370, any future benefit increases will be tied to an economic indicator based on a fixed rate, not to exceed 50% of the state's average weekly wage from the last calendar year.

**Section 1:** AS 23.20.350(d) – Amends the benefit schedule, effective January 1, 2008, by increasing the maximum qualifying wage requirement from \$26,750 to \$42,000. The qualifying wage schedule is extended in \$250 increments to reach the new maximum qualifying amount. The benefit schedule is extended in \$2 increments for each additional \$250 of qualifying wages to reach a new maximum WBA of \$370.

**Section 2:** Amends AS 23.20.350(e) to include reference to a new subsection (h) in the existing earnings ratio formula used to determine the number of weeks an individual is eligible to receive benefits.

**Section 3:** Amends AS 23.20.350 by adding new subsections:

(h) Effective January 1, 2009, authorizes the Department to adopt regulations to establish a methodology for calculating new amounts that increase the highest WBA for individuals earning at least \$42,250. The section specifies that the new calculation shall amend the highest base period wages in \$250 increments and the highest WBA in \$2 increments. The methodology established by regulation may not result in a new maximum WBA that exceeds fifty percent of the average weekly wage as calculated in new subsection (k).

(i) Provides for public notice of the new benefit amounts calculated under (h) by December 1 of each year by posting notice on the Alaska Online Public Notice System and allows for public comment. New maximum WBAs apply to benefit years established on January 1 of each year and will not impact existing claims. The section limits changes to the WBA to once a year, to be calculated beginning December 2008. The process under this subsection is exempt from Administrative Procedures Act (AS 44.62) but provides for the reporting of the WBA to the Lieutenant Governor for publication in the Alaska Administrative Code.

(j) Requires the Commissioner to report to the Governor and Legislature if the average weekly wage in Alaska decreases to the extent that downward adjustments in WBA's are appropriate for the proper administration of trust funds.

(k) Establishes the calculation procedure for determining Alaska's average weekly wage by December 1 of each year. The average weekly wage shall be determined by dividing Alaska's average annual wage for the preceding 12-month period ending June 30 by 52.

**The calculation of Alaska's average annual wage shall include the wages of all employees in the state, both public and private, who are covered by this chapter.**

**Section 4: Adds a transitional provision in uncodified law that allows for the adoption of regulations necessary to implement the changes made by this Act. The regulations take effect under AS 44.62, but not before the effective date of the statutory change.**

**Section 5: Section 4 takes effect immediately under AS 01.10.070(c).**

**Section 6: Sections 1, 2 and 3 take effect January 1, 2008.**

**SB**

**121**

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 3/14/07

FURTHER:

Date of 5-Day Notice: \_\_\_\_\_  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: \_\_\_\_\_

Labor and Commerce Committee considered SENATE BILL NO. 121

**SB 121 CRUISE SHIP DISCHARGE**

"An Act relating to discharge from commercial passenger vessels; providing for an effective date by repealing the delayed effective date found in sec. 16, ch. 153, SLA 2004; and providing for an effective date."

and recommends:

- be replaced with  SCS or  CS SB 121 (LC)
- adopt previous  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

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

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
LAW	3/14/07			✓	
DEC.	3/19/07			✓	

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	NO REC	AMEND
<i>[Signature]</i>	Kunde			✓	
<i>[Signature]</i>	DAVIS	✓			
<i>[Signature]</i>				✗	
<i>[Signature]</i>				✓	
CHAIR: <i>[Signature]</i>	Ellis	✓			



SENATOR KIM ELTON

**SB 121**

**Sponsor Statement**

***“An Act relating to discharge from commercial passenger vessels; providing for an effective date by repealing the delayed effective date found in sec. 16, ch. 153, SLA 2004; and providing for an effective date.”***

SB 121 adopts an alternate compliance program for a group of small cruise vessels built before 2004. It is the same alternate compliance program employing “best management practices” passed by the legislature in 2004 as HB 522 and enacted as Chapter 153, SLA 04.

When the Legislature enacted the alternate compliance provision in 2004, the drafters and the legislature did not account for the proposed initiative that eventually became law in 2006 and inadvertently repealed Chapter 153, SLA 04.

The initiative was drafted, submitted to the Division of Elections and certified in 2003. The signatures were subsequently gathered and the initiative was the subject of litigation. It was eventually approved by the voters in August 2006.

The problem developed because the supporters and drafters of the 2004 Legislation did not check the pending initiative for potential conflicts. This understandable oversight was unintended by the drafters of the initiative and the Legislature. Sponsors of the initiative do not oppose the corrective action applied by this bill.

It is appropriate under these circumstances to reenact the 2004 provisions.

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ALASKA SENATE

STATE CAPITOL • JUNEAU, ALASKA 99801-1182 • (907) 465-4947 • FAX (907) 465-2108

SENATOR\_KIM\_ELTON@LEGIS.STATE.AK.US

25-LS0734C  
Bullard  
3/15/07

CS FOR SENATE BILL NO. 121( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR ELTON

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to discharge from small commercial passenger vessels; relating to  
2 information-gathering requirements for commercial passenger vessels; providing for an  
3 effective date by repealing the delayed effective date found in sec. 16, ch. 153, SLA 2004;  
4 and providing for an effective date."

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

6 \* Section 1. AS 46.03.462(a) is amended to read:

7 (a) An owner or operator may not discharge any treated sewage, graywater, or  
8 other wastewater from a [LARGE] commercial passenger vessel into the marine  
9 waters of the state unless the owner or operator obtains a permit under AS 46.03.100,  
10 which shall comply with either the terms and conditions of vessel discharge  
11 requirements specified in (b) of this section or the alternative terms and conditions  
12 included in the plan approved by the department under (c) of this section.

13 \* Sec. 2. AS 46.03.462(a) is amended to read:

14 (a) An owner or operator may not discharge any treated sewage, graywater, or