



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Labor and
Workforce Development**

Administrative Services Division

Post Office Box 11149
Juneau, Alaska 99811
Main: 907.465.5980
Fax: 907.465.2107

March 8, 2017

The Honorable Sam Kito
Chair of House Labor and Commerce
State Capitol, Room 403
Juneau, AK 99801

Dear Representative Kito:

Thank you for the opportunity to provide testimony in support of HB 141 on March 6, 2017. Please find below and enclosed additional information on the Technical and Vocational Education Program (TVEP).

TVEP benefits workers who may be working today by ensuring that there is a training infrastructure available to them if they become unemployed and need retraining. The department is not aware of any other state that has used a portion of unemployment insurance contributions to support training. Alaska is one of only three states that collects an employee contribution to unemployment insurance, and the other two states do not use a portion of this contribution to support training.

The amount of money collected for unemployment insurance and the amount deposited into the TVEP fund each year increases when overall wages in the state increase and decreases when overall wages in the state decrease. As mentioned during the hearing, the amount of money deposited into TVEP over the last few years has been about \$12 million per year. The overall amount collected for unemployment insurance has been about \$178 million per year.

Enclosed for the committee's reference is a chart that shows the flow of employee contributions to TVEP. In 2017, the maximum amount an employee would pay into TVEP is \$63.84. They also would contribute a maximum of \$39.90 to the State Training and Employment Program and \$95.76 to Unemployment Insurance for a total maximum cost to an employee of \$199.50. Employees that earn less contribute less. The contribution rate for TVEP is 0.0016 (or 0.16%) of their wages.

Please do not hesitate to contact me if you have additional questions.

Sincerely,

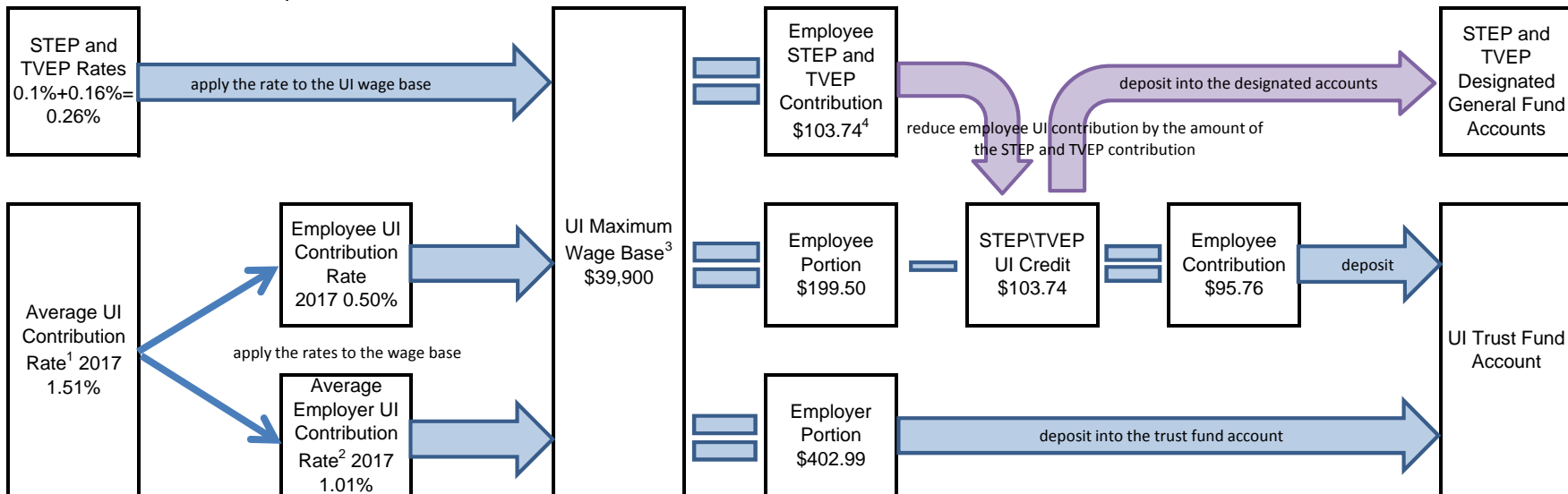
A handwritten signature in blue ink, appearing to read "Paloma Harbour".

Paloma Harbour
Administrative Services Director

State of Alaska UI, STEP, TVEP Flow Chart:

**Unemployment Insurance (UI)
State Training and Employment Program (STEP)
Technical and Vocational Education Program (TVEP)**

The STEP and TVEP contribution rates are set in statute (AS 23.15.630 and AS 23.15.835 respectively) and are applied to the annual UI maximum wage base. The amount of STEP and TVEP revenue is not affected by the UI contribution rate. For further information please contact Lennon Weller (465-4507). The calculations provided below are per employee, assume the maximum wage for 2017, and are based on the 2017 UI contribution rate.



- 1) The UI contribution rate is calculated each year to ensure solvency of the trust fund account and cover benefit payments.
- 2) The exact employer contribution rate varies by employer. The rate provided above is the average employer UI contribution rate.
- 3) The UI maximum wage base per employee is calculated each year as 75% of the average annual wage in Alaska (AS 23.20.175).
- 4) This is the maximum amount an employee would contribute to STEP and TVEP in 2017. If an employee earns less than \$39,900, then they would contribute less than \$103.74.