



# Representative Chris Tuck

## House Majority Leader

Serving House District 23 • Dimond Estates, Foxridge, Taku, Campbell, Northwood, and Windemere

**Maximum Weekly Benefit Amount Proposal:** Increase the Maximum Weekly Benefit Amount (MWBA) under the Unemployment Insurance (UI) Program effective January 1, 2018 from the current \$370 to \$510. After December 31, 2019, future increases to the MWBA will be determined annually not to exceed 50 percent of the state's average weekly wage (AWW). An MWBA of \$510 would provide 50% wage replacement of the current AWW of \$1,020.

- USDOL encourages a weekly benefit amount of 50% wage replacement.
- Twenty-four states have automatic adjustments to the Maximum Weekly Benefit Amount tied to the state's average weekly wage.
- The MWBA in Washington is \$681; Oregon \$590; California \$450.

Among 50 states, the District of Columbia, and Puerto Rico, Alaska is

- 44<sup>th</sup> in Average Weekly Benefit Amount (\$252);
- 52<sup>nd</sup> in Wage Replacement Ratio (.247);
- 9<sup>th</sup> in Reciprocity Rate (unemployed workers receiving benefits - .37)
- 39<sup>th</sup> in MWBA
- The federal poverty level for a family of three in Alaska for 2016 is \$25,200, or \$2100 a month; currently, an unemployed single parent with two dependent children receiving the MWBA of \$370 plus the dependent child allowance of \$24 per child under 18 (up to a maximum of three) receives approximately \$1800 per month in UI benefits ( $4.3 \times \$418 = \$1797$ )
- Weekly benefits are determined according to a schedule based on earnings in the employee's base year. The current schedule begins with base year wages of \$2,500 (no UI benefits below that level) receiving a weekly benefit of \$56.
- For every additional \$250 in base year wages, \$2 is added to the weekly benefit, with the schedule maxing out at a base year wage of \$42,000 and \$370 weekly benefit (excluding dependent child allowances, if applicable).
- A worker who earned \$84,000 during their base year receives the same benefit as one who earned half as much in theirs.
- The MWBA was last increased with SB 120 in 2008 (effective 2009). SB 120 increased the MWBA from \$248 to \$370, by extending the schedule of base year wages from a maximum of \$27,000 to the current \$42,000.
- Alaska is one of only three states in which employees contribute to the benefit system:
  - Employees fund twenty-seven percent of the average benefit cost (employers 73%); Employee tax rate is not less than 0.5 percent or more than 1.0 percent of wages up to the taxable wage base limit
- An employer in the average tax class would pay an additional \$58 per employee earning the full Taxable Wage Base in 2019 (approximately \$40,000), and \$84 per employee in 2020. The estimated cost increases gradually to an additional \$235 in 2022 over the baseline forecast had there been no increase in MWBA. The estimated additional cost to employees earning the full Taxable Wage Base in 2022 will be \$30 over the baseline forecast.

Baseline Forecast												
For Tax Year (CY)	Benefit Costs (Benefits - Reimb. - Interest)	Benefit Costs for 3 previous SFY's	Average Benefit Cost Rate (ABCR)	Average Tax Class	Uniform Employee tax rate	Taxable wage base	Max Employer cost per employee	\$ diff	% diff	Max Employee Cost	Employee % of Contributions at the average rate class	MWBA \$
2016	\$115,441,001	\$412,102,379	1.85%	1.28%	0.50%	\$39,700	\$509	N/A	N/A	\$199	28.06%	\$370
2017	\$124,609,572	\$382,812,136	1.64%	1.01%	0.50%	\$39,800	\$402	N/A	N/A	\$199	33.11%	\$370
2018	\$125,583,501	\$365,634,074	1.52%	1.00%	0.50%	\$38,600	\$386	N/A	N/A	\$193	33.33%	\$370
2019	\$135,858,414	\$386,051,487	1.61%	1.00%	0.50%	\$37,900	\$379	N/A	N/A	\$190	33.33%	\$370
2020	\$147,822,358	\$409,264,273	1.75%	1.27%	0.50%	\$37,800	\$482	N/A	N/A	\$189	28.18%	\$370
2021	\$155,490,225	\$439,170,997	1.92%	1.49%	0.52%	\$37,800	\$564	N/A	N/A	\$196	25.79%	\$370
2022	\$142,636,524	\$445,949,107	1.97%	1.51%	0.53%	\$37,900	\$573	N/A	N/A	\$202	26.05%	\$370
2023	\$142,145,989	\$440,272,739	1.95%	1.47%	0.53%	\$37,900	\$557	N/A	N/A	\$199	26.38%	\$370
Forecast with expanded benefit Schedule												
2016	\$115,441,001	\$412,102,379	1.85%	1.28%	0.50%	\$39,700	\$509	\$0	0%	\$199	28.08%	\$370
2017	\$124,609,572	\$382,812,136	1.64%	1.01%	0.50%	\$39,800	\$402	\$0	0%	\$199	33.11%	\$370
2018	\$125,583,501	\$365,634,074	1.52%	1.00%	0.50%	\$38,600	\$386	\$0	0%	\$193	33.33%	\$510
2019	\$148,859,034	\$399,052,107	1.66%	1.15%	0.50%	\$37,900	\$437	\$58	15%	\$190	30.26%	\$510
2020	\$170,158,830	\$444,601,365	1.90%	1.50%	0.51%	\$37,800	\$565	\$84	17%	\$193	25.48%	\$510
2021	\$179,131,575	\$498,149,439	2.18%	2.00%	0.59%	\$37,800	\$756	\$192	34%	\$222	22.68%	\$510
2022	\$164,651,483	\$513,941,888	2.27%	2.13%	0.61%	\$37,900	\$808	\$235	41%	\$232	22.33%	\$510
2023	\$163,812,737	\$507,595,794	2.25%	2.09%	0.61%	\$37,900	\$791	\$234	42%	\$230	22.51%	\$510

\*Proposal to expand the benefit schedule out to a maximum weekly benefit amount (MWBA) of \$510 in CY2018.

\* In subsequent years, the MWBA can only change if in the most recent SFY, 50% of the average weekly wage calculates out to something greater than \$510 rounded to the nearest 2 dollars.