

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.
- Thirty six 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

- Alaska is 38th in MWBA
- 40th in Average Weekly Benefit Amount (\$279.71);
- 52nd in Wage Replacement Ratio (.288);
- 17th in Reciprocity Rate (unemployed workers receiving benefits - .337)
- 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 \$0.00 per employee earning the full taxable wage base in 2019, and \$0.00 per employee in 2020. The estimated cost increases gradually to an additional \$124 in 2023 over the baseline forecast had there been no increase in MWBA. The estimated additional cost to employees earning the full Taxable Wage Base in 2023 will be \$207 over the baseline forecast.