



## **ASSOCIATED GENERAL CONTRACTORS of ALASKA**

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April 14, 2018

Senator Mia Costello, Chair, Senate Labor & Commerce Committee  
State Capitol  
Juneau AK, 99801

Re: House Bill 142

Dear Senator Costello,

Thank you for your consideration of the industry's concerns with CSHB 142. I believe that most of our concerns have been addressed in the proposed Committee Substitute.

- Increasing the maximum qualifying wage scale from \$42 thousand to \$50 thousand dollars is a reasonable increase to keep pace with the cost of living increase that Alaska has experienced over the last ten years.
- The increase in the eligibility base also approximates the change in the CPI for the last 10 years.
- The automatic price adjustments as originally proposed in Section 2 is an administrative benefit it does take away from our industry's opportunity to comment and the Legislatures authority to examine future increases. We appreciate that change.

I very much appreciate those proposed changes, and 'd like to make a pitch for a small change in the employee/employer allocation. The question has asked - why Alaska is one of three states that require the employee to share in the cost of providing their unemployment benefits? I can't address why the two other states have an employee share, especially since they are strong union states. Without considerable research I can't say why Alaska does, but I suspect it has to do with our large seasonal workforce.

Unlike most other states, Alaska historically has had a very high seasonal workforce. In territorial days the seasonal workforce was primarily

fisheries. Since statehood, the seasonal industries have grown to include hospitality (visitor industry) and construction. In Alaska, construction has grown to be a significant part of the economy

The Institute of Social and Economic Research reports that the Construction trade in Alaska is the third largest industry, paying the third highest wages, employing over 15,000 workers and contributing \$6.6 billion to the economy - even after experiencing a drop of over 25% to the construction economy the last few years. Average monthly wages in Construction are some of the highest in Alaska, just behind oil and gas. Without some sharing in the cost of this benefit, construction employers will see a big increase in their cost of providing this employee benefit.

The CS has carefully considered the proposed increases in the bill that was brought to you and made some adjustments that approximate the CPI increases over the last ten years - since the last increase. There's good justification and logic behind this rationale.

Similar logic in consideration to the current 37/73 share ratio would suggest a new share allocation of 32/68. However, I believe the proposed changes to the maximum qualifying wages as proposed in the CS do somewhat ameliorate the employers' increase in cost to provide this benefit to employees, a 30/70 share may be a reasonable change.

The public, and especially business, likes fairness and consistency. Fairness is sharing in the cost, Consistency is looking at this in the same light as Senator Ellis did ten years ago in SB 120. Thank you for your hard work and consideration.

Sincerely,



John MacKinnon, Executive Director  
Associated General Contractors of Alaska

Copy: Senate Labor & Commerce Committee