



ALASKA DISTRICT COUNCIL OF LABORERS

Laborer's International Union of North America

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February 25, 2013

Dennis Moen

Business Manager
Secretary-Treasurer
District Council

Business Manager
Public Employees Local 71

Diane Blumer, Commissioner
Department of Labor and Workforce Development
P.O. Box 111149
Juneau, AK 99811-1149

Commissioner Blumer:

Joey Merrick

President
District Council

Business Manager
Laborers Local 341

You have requested the position of the Alaska District Council of Laborers on the Governor's legislation dealing with adjustments to the unemployment insurance program, Senate Bill 25/House Bill 76. These bills deal with a number of issues with the program but for purposes of this letter we focused on Sections 4 and 5 of the bills, which deal with the calculations of the employers' contribution rates.

Kevin Pomeroy

Vice President
District Council

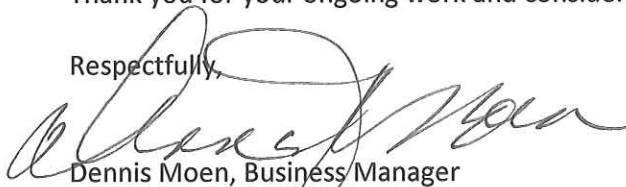
Business Manager
Laborers Local 942

Generally speaking, the District Council tends to take a very conservative view on any changes to the current unemployment insurance system which may serve to undermine the solvency of the program. The current program provides the assistance that many constructions workers need to bridge between jobs. The funding formula is set to ensure the long-term health of the program and has been doing its job for decades. As we understand these bills, SB25/HB 76 would allow the Commissioner of Labor, in consultation with the department's actuary, to adjust a projected increase that the formula would recommend for the fund. Additionally, it would cap the rate of increases thus leaving the department in a somewhat precarious position should the state see a dramatic increase in claims against the trust. If the state allows our UI trust fund to become insolvent, we may lose primacy and have the rates dictated by the federal government. The unintended consequence to this occurrence is that the employer rates would dramatically rise with little ability of the state to prohibit it, short of a straight general fund appropriation.

While it is appreciated that the Governor and the Department has taken pains to help provide some relief to employers from UI tax increases in a responsible manner, the concern is it will make this system's health somewhat of a political lever. The UI formula is well established and has been addressing the needs of Alaskans for decades. If the fund were made whole by a general fund appropriation before any relief reduction be made this concern would most likely be addressed because the fund remains solvent.

Thank you for your ongoing work and consideration of these concerns.

Respectfully,



Dennis Moen, Business Manager
Alaska District Council of Laborers