

# Unemployment Insurance 101

## House Labor & Commerce

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Presented by:

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Research & Analysis



ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
Cathy Muñoz, Commissioner





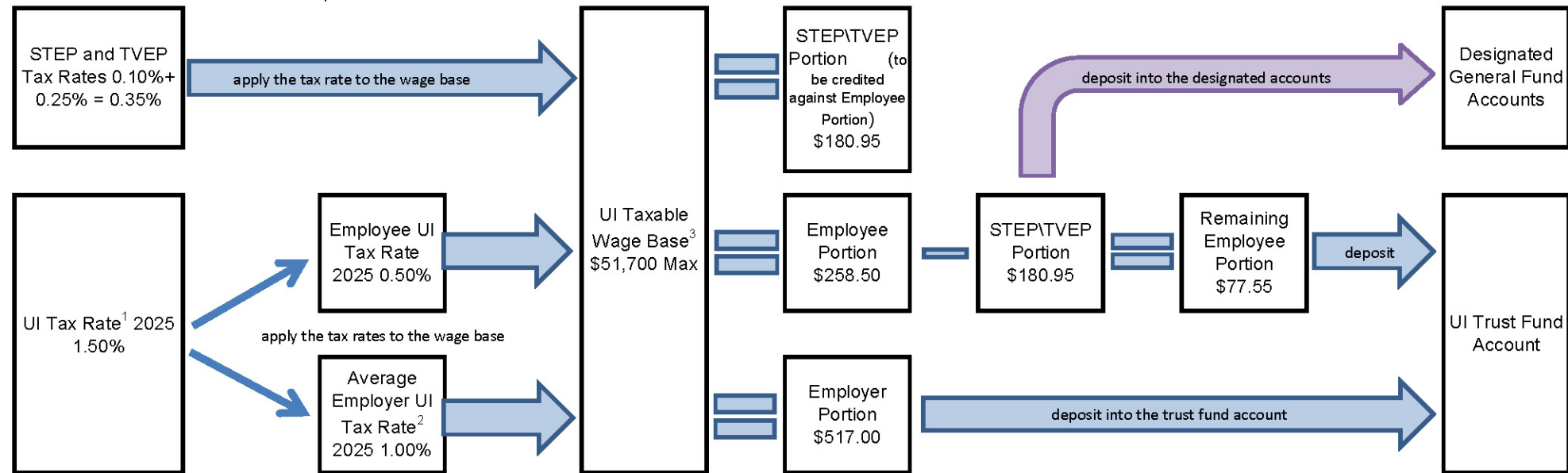
# Federal Unemployment Tax Requirements

- Required federal unemployment taxes paid by employers are reduced as long as the state maintains a federally compliant unemployment system (from \$420 to \$42 maximum per employee)
- Federal funding for the state's unemployment insurance program is also reliant on the state maintaining a federally compliant unemployment system
- Federal requirements include that the state's unemployment trust fund (UTF) can be used solely for the payment of unemployment compensation (Federal Unemployment Tax Act Section 3304(a)(4))

# Alaska Unemployment Tax Flow Chart

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

The STEP and TVEP tax rates are set in statute (AS 23.15.630 and AS 23.15.835 respectively) and are applied to the annual UI taxable wage base. The amount of STEP and TVEP revenue is not affected by the UI tax rate. For further information please contact Lennon Weller (465-4507). The calculations provided below are per employee, assume the maximum wage for 2025, and are based on the 2025 UI tax rate.



1) The UI tax rate is calculated each year to ensure solvency of the trust fund account and cover benefit payments.

2) The exact employer tax rate varies by employer. The rate provided above is the average employer UI tax rate (Rate Classes 10 & 11). For more information please reference the UI Tax Calculation Cookbook ([http://labor.alaska.gov/research/uiprog/Tax\\_Cookbook.pdf](http://labor.alaska.gov/research/uiprog/Tax_Cookbook.pdf)).

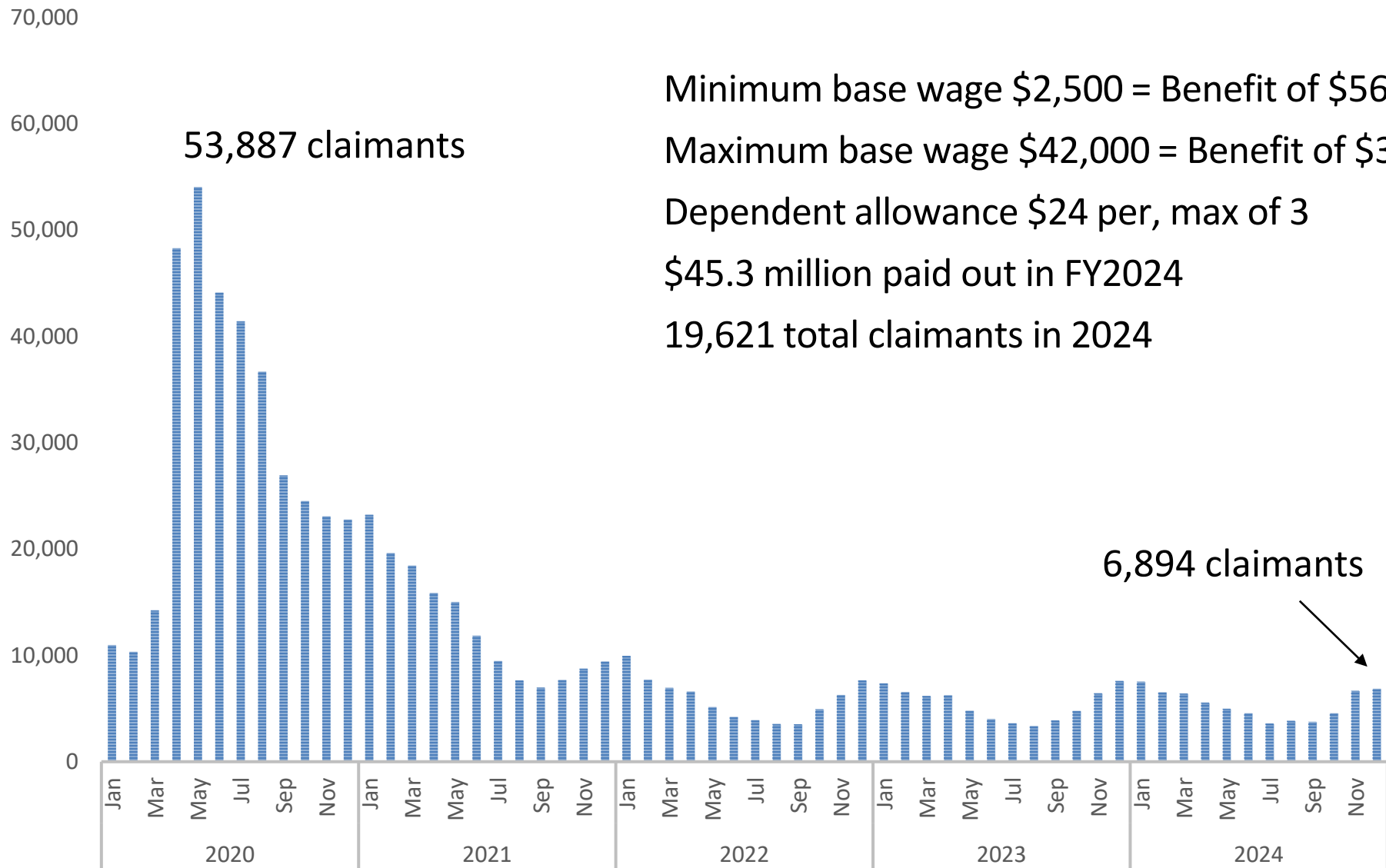
3) The UI maximum taxable wage base per employee is calculated each year as 75% of the average annual wage in Alaska (AS 23.20.175).

Updated: 12/06/2024

# Employer Unemployment Tax Rate Classes

Rate Class	CY2019 Rates	CY2020 Rates	CY2021 Rates	CY2022 Rates	CY2023 Rates	CY2024 Rates	CY2025 Rates
1	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
2	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
3	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
4	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
5	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
6	1.00%	1.00%	1.02%	1.00%	1.00%	1.00%	1.00%
7	1.00%	1.00%	1.08%	1.08%	1.00%	1.00%	1.00%
8	1.00%	1.00%	1.19%	1.23%	1.00%	1.00%	1.00%
9	1.00%	1.00%	1.30%	1.38%	1.00%	1.00%	1.00%
10	1.00%	1.00%	1.41%	1.53%	1.04%	1.00%	1.00%
11	1.00%	1.00%	1.41%	1.53%	1.04%	1.00%	1.00%
12	1.00%	1.00%	1.52%	1.69%	1.17%	1.00%	1.00%
13	1.00%	1.00%	1.63%	1.84%	1.31%	1.00%	1.00%
14	1.00%	1.00%	1.74%	1.99%	1.45%	1.00%	1.00%
15	1.01%	1.00%	1.80%	2.06%	1.52%	1.00%	1.00%
16	1.07%	1.00%	1.85%	2.14%	1.59%	1.00%	1.00%
17	1.12%	1.00%	1.91%	2.22%	1.66%	1.02%	1.00%
18	1.17%	1.00%	1.96%	2.29%	1.73%	1.06%	1.00%
19	1.22%	1.05%	2.02%	2.37%	1.79%	1.11%	1.00%
20	1.28%	1.09%	2.07%	2.44%	1.86%	1.16%	1.00%
21	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%

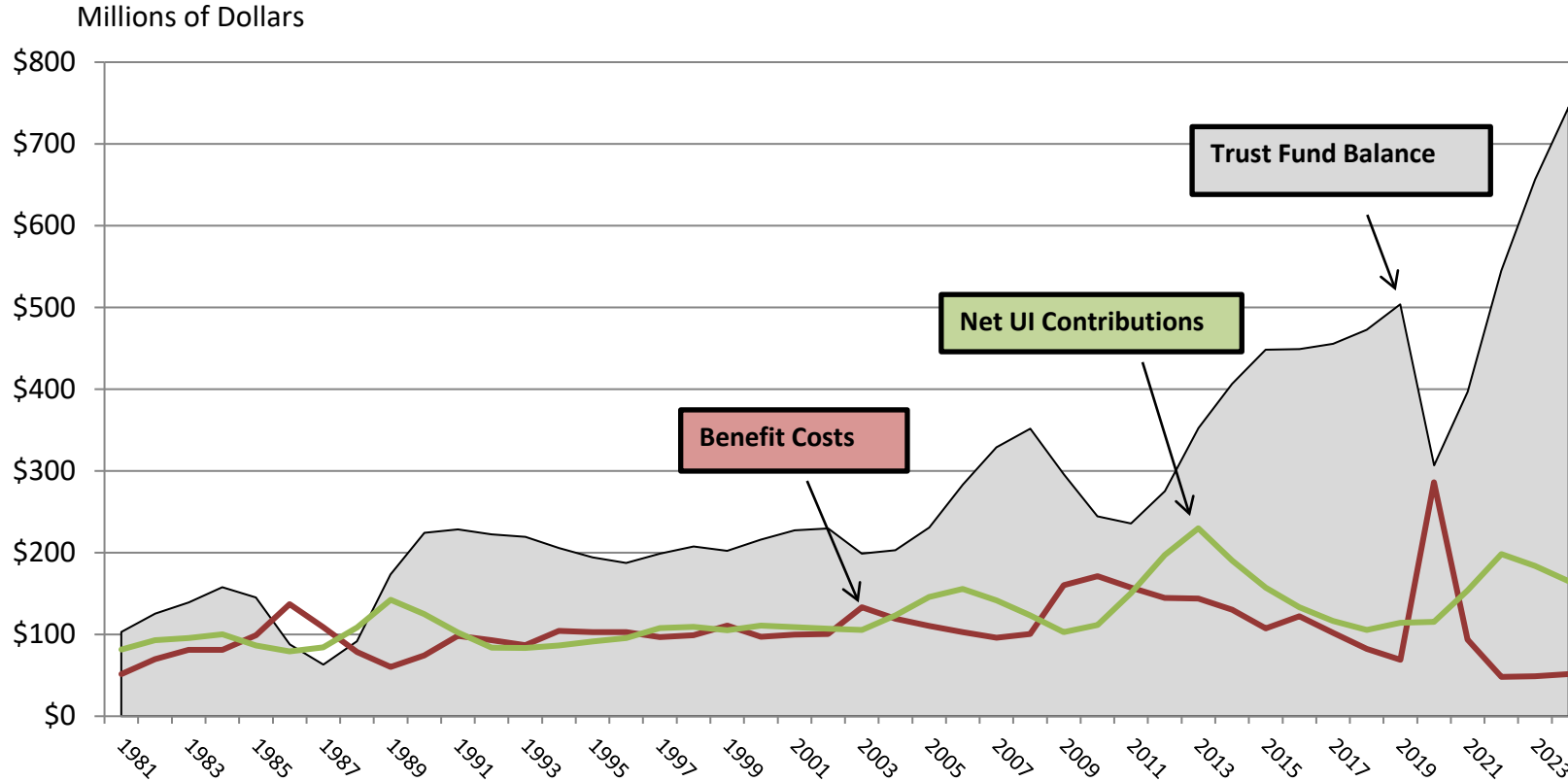
# Unemployment Claims and Benefits



Minimum base wage \$2,500 = Benefit of \$56 per week  
Maximum base wage \$42,000 = Benefit of \$370 per week  
Dependent allowance \$24 per, max of 3  
\$45.3 million paid out in FY2024  
19,621 total claimants in 2024

# Alaska Unemployment Trust Fund (UTF)

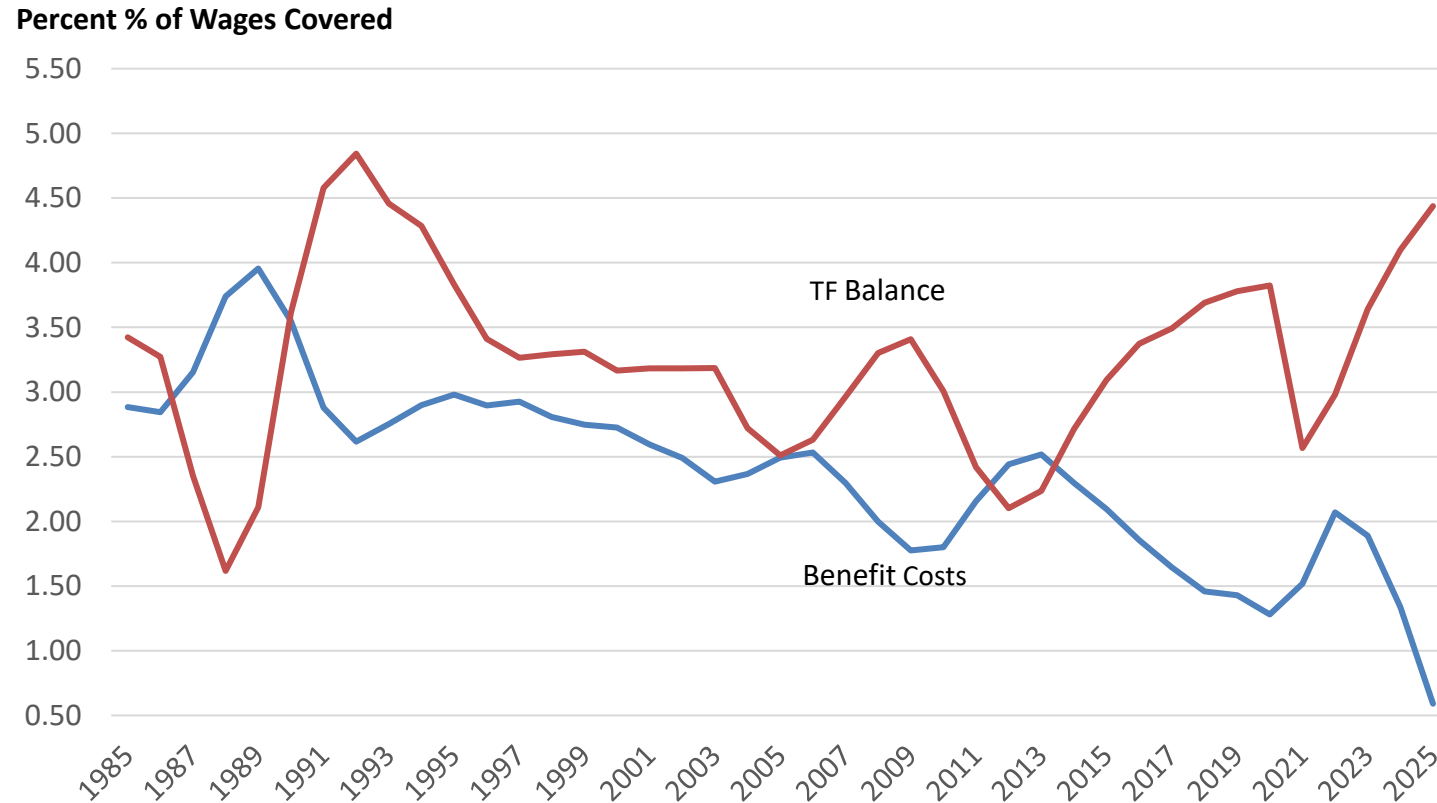
**Figure 1.1** UI Trust Fund End-of-Year Balance, Benefit Costs, and Payroll Contributions, 1981 - 2024



Alaska Department of Labor and Workforce Development, Research and Analysis Section

# Alaska Unemployment Trust Fund (UTF)

## Average Benefit Cost Rate & Trust Fund Reserve Ratio



Alaska Department of Labor and Workforce Development, Research and Analysis





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