



# Representative Chris Tuck

## House Majority Leader

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

### Sponsor Statement House Bill 142 version R Unemployment Compensation Benefits

The Alaska Department of Labor's Unemployment Insurance (UI) program provides unemployment benefits to eligible workers who become unemployed through no fault of their own, working less than full-time, and meet certain other eligibility requirements. With the seasonal nature of much of the state's workforce and Alaska's vast remoteness, UI benefits serve not only to bridge the economic gap for the individual worker, but also as a stabilizing influence on local economies.

The current Maximum Weekly Benefit Amount (MWBA) of \$370 only replaces 36% of the state's average weekly wage of \$1,020. An MWBA of \$510 would provide 50% wage replacement of the average weekly wage, a nationally recognized norm.

To compare to other western states, the MWBA rate in Washington is \$681, Oregon is \$590, and California is \$450. In addition, Alaska is one of only three states where the cost of providing UI benefits is shared by employers and employees.

House Bill 142 would increase the Maximum Weekly Benefit Amount under the Unemployment Insurance Program effective January 1, 2019 from the current \$370 to \$510. After December 31, 2020, future increases will be determined annually not to exceed 50 percent of the state's average weekly wage.

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

- Alaska is 38<sup>th</sup> in Maximum Weekly Benefit Amount
- 40<sup>th</sup> in Average Weekly Benefit Amount (\$279.71);
- 52<sup>nd</sup> in Wage Replacement Ratio (.288);
- 17<sup>th</sup> in Recipiency Rate (unemployed workers receiving benefits - .337)

As a claimant filing for UI benefits, individuals are responsible for actively seeking suitable full-time employment and reporting activity for seeking employment each week to remain eligible.

The federal poverty level for a family of three in Alaska for 2016 is \$25,200, or \$2100 a month. 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.

By passing House Bill 142, Alaska will be more in-line with the average weekly benefits and provide the necessary financial support families need to survive while seeking employment.

Session (January-April):  
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