



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Labor and Workforce Development

Division of Employment and Training Services
Director's Office

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May 21, 2025

The Honorable Neal Foster
Co-Chair, House Finance
Alaska State Capitol, Room 511
Juneau, AK 99801

The Honorable Andy Josephson
Co-Chair, House Finance
Alaska State Capitol, Room 505
Juneau, AK 99801

The Honorable Calvin Schrage
Co-Chair, House Finance
Alaska State Capitol, Room 410
Juneau, AK 99801

Dear Co-Chairs Foster, Josephson, and Schrage,

Thank you for inviting the Department of Labor and Workforce Development (DOLWD) to speak to the impact of House Bill (HB) 193 on the state's Unemployment Insurance (UI) system during the May 16, 2025, House Finance hearing. This letter completes the responses to questions requesting follow-up information from the hearing. All of the dollar figures presented are in whole dollars.

1. Representative Tomaszewski asked for the modeling the department conducted on potential paid parental leave claim costs that could be incurred as a result of HB 193.

DOLWD's UI actuarial economist pulled the below information to provide some potential paid parental leave benefit cost scenarios. The economist started with calendar year 2024 Alaska resident data by gender and age group and then added the wages earned for each of those wage groups to come up with an average wage earned and a corresponding weekly benefit per female and male within each of those age groups. Fertility rates were then applied to each of the female age groups to come up with an estimate of births per age group. Those counts were attributed equally to each of the male age groups. It was assumed that one female could file a claim for each birth and that one male could file a claim for each birth and that the average claim duration for each would be ten weeks.

Four cost scenarios were run resulting in the following benefit costs:

- 1) 100 percent of the female and male parents that could file a claim under the above assumptions would file a claim, which would result in \$46.8 million in benefit costs.
- 2) 75 percent of the female and male parents that could file a claim under the above assumptions would file a claim, which would result in \$35.1 million in benefit costs.
- 3) 50 percent of the female and male parents that could file a claim under the above assumptions would file a claim, which would result in \$23.4 million in benefit costs.
- 4) 25 percent of the female and male parents that could file a claim under the above assumptions would file a claim, which would result in \$11.7 million in benefit costs.

Age Group	Count Female	Total Wages Female	Average (Avg) Wage Female	Avg Qualifying Base Period Wage	Avg Weekly Parental Leave Benefit	Fertility rate (per 1000)	Births Estimate
15 - 19	12,449	\$ 118,311,111.88	\$ 9,503.66	\$ 9,500.00	\$ 110.00	62.3	776
20 - 24	15,765	\$ 389,469,399.92	\$ 24,704.69	\$ 24,750.00	\$ 232.00	64	1,009
25 - 29	15,667	\$ 597,844,403.99	\$ 38,159.47	\$ 38,250.00	\$ 340.00	59.3	929
30 - 34	18,268	\$ 865,532,596.73	\$ 47,379.71	\$ 47,500.00	\$ 414.00	52.1	952
35 - 39	18,582	\$ 1,015,626,478.74	\$ 54,656.47	\$ 54,750.00	\$ 472.00	50.7	942
40 - 44	16,963	\$ 1,032,303,320.86	\$ 60,856.18	\$ 60,750.00	\$ 520.00	53.2	902
45+	60,513	\$ 3,470,893,763.23	\$ 57,357.82	\$ 57,500.00	\$ 494.00	1	61
						Total	5,571

Age Group	Count Male	Total Wages Male	Avg Wage Male	Avg Qualifying Base Period Wage	Avg Weekly Parental Leave Benefit		Births Estimate
15 - 19	12,033	\$ 135,541,747.33	\$ 11,264.17	\$ 11,500.00	\$ 126.00		776
20 - 24	17,032	\$ 559,562,226.68	\$ 32,853.58	\$ 33,000.00	\$ 320.00		1,009
25 - 29	17,606	\$ 856,604,881.84	\$ 48,654.15	\$ 48,750.00	\$ 471.00		929
30 - 34	19,962	\$ 1,222,157,063.89	\$ 61,224.18	\$ 61,250.00	\$ 591.00		952
35 - 39	19,878	\$ 1,483,877,459.72	\$ 74,649.23	\$ 74,750.00	\$ 675.00		942
40 - 44	18,411	\$ 1,537,081,572.80	\$ 83,487.13	\$ 83,500.00	\$ 675.00		902
45+	63,470	\$ 5,223,233,219.74	\$ 82,294.52	\$ 82,500.00	\$ 675.00		61
						Total	5,571

Female Age Group	Avg Weekly Parental Leave Benefit	Births Estimate	Avg Claim Duration (weeks)	100% of births Cost, annual	75% of births Cost, annual	50% of births Cost, annual	25% of births Cost, annual
15 - 19	\$ 110.00	776	10	\$ 853,600.00	\$ 640,200.00	\$ 426,800.00	\$ 213,400.00
20 - 24	\$ 232.00	1,009	10	\$ 2,340,880.00	\$ 1,755,660.00	\$ 1,170,440.00	\$ 585,220.00
25 - 29	\$ 340.00	929	10	\$ 3,158,600.00	\$ 2,368,950.00	\$ 1,579,300.00	\$ 789,650.00
30 - 34	\$ 414.00	952	10	\$ 3,941,280.00	\$ 2,955,960.00	\$ 1,970,640.00	\$ 985,320.00
35 - 39	\$ 472.00	942	10	\$ 4,446,240.00	\$ 3,334,680.00	\$ 2,223,120.00	\$ 1,111,560.00
40 - 44	\$ 520.00	902	10	\$ 4,690,400.00	\$ 3,517,800.00	\$ 2,345,200.00	\$ 1,172,600.00
45+	\$ 494.00	61	10	\$ 301,340.00	\$ 226,005.00	\$ 150,670.00	\$ 75,335.00
Female Cost				\$ 19,732,340.00	\$ 14,799,255.00	\$ 9,866,170.00	\$ 4,933,085.00
Male Age Group	Avg Weekly Parental Leave Benefit	Births Estimate	Avg Claim Duration (weeks)	100% of births Cost, annual	75% of births Cost, annual	50% of births Cost, annual	25% of births Cost, annual
15 - 19	\$ 126.00	776	10	\$ 977,760.00	\$ 733,320.00	\$ 488,880.00	\$ 244,440.00
20 - 24	\$ 320.00	1,009	10	\$ 3,228,800.00	\$ 2,421,600.00	\$ 1,614,400.00	\$ 807,200.00
25 - 29	\$ 471.00	929	10	\$ 4,375,590.00	\$ 3,281,692.50	\$ 2,187,795.00	\$ 1,093,897.50
30 - 34	\$ 591.00	952	10	\$ 5,626,320.00	\$ 4,219,740.00	\$ 2,813,160.00	\$ 1,406,580.00
35 - 39	\$ 675.00	942	10	\$ 6,358,500.00	\$ 4,768,875.00	\$ 3,179,250.00	\$ 1,589,625.00
40 - 44	\$ 675.00	902	10	\$ 6,088,500.00	\$ 4,566,375.00	\$ 3,044,250.00	\$ 1,522,125.00
45+	\$ 675.00	61	10	\$ 411,750.00	\$ 308,812.50	\$ 205,875.00	\$ 102,937.50
Male Cost				\$ 27,067,220.00	\$ 20,300,415.00	\$ 13,533,610.00	\$ 6,766,805.00
Male + Female Cost				\$ 46,799,560.00	\$ 35,099,670.00	\$ 23,399,780.00	\$ 11,699,890.00

2. Representative Stapp asked about the federal income tax withholding in sec. 23.10.775 of HB 193 and requested more information on how the department would implement the provisions in this section.

As Mr. Walsh, staff to Representative Hall, indicated, this section in HB 193 mirrors the language within the current UI statutes. DOLWD would follow the same process for tax withholdings on paid parental leave benefits as it currently follows for UI tax withholdings.

Section 3304(a)(18) of the Federal Unemployment Tax Act (FUTA) requires, “Federal individual income tax from unemployment compensation (UC) to be deducted and withheld if an individual voluntarily requests such deductions and withholdings.” Public Law 107-16 reduced the voluntary withholding rate from 15 percent to 10 percent. States may not withhold more or less than 10 percent unless the available amount of benefits is less than the mandatory 10 percent. Individuals must be given the option to change their withholding decision at least once during their benefit year, not including the initial claim. Amounts deducted and withheld must remain in the state’s UI Trust Fund until transferred to the taxing authority.

Alaska’s current UI tax withholding process is as follows:

- A claimant files a new claim and requests to withhold 10 percent for the IRS.
- An IRS tax withholding is flagged in the UI mainframe system.

- If the claimant chooses to no longer withhold the 10 percent, a claims representative can remove the flag to stop the withholding.
- For each week filed, the mainframe tracks the dollar amount paid to the claimant and the weekly deduction for the IRS.
- The total amount deducted for each benefit year is also tracked and stored in the system.
- IRS withholdings are transmitted via Electronic Federal Tax Payments monthly by the DOLWD Fiscal Section and deposited to the IRS voluntary tax withholding account.
- In mid-December of each year, DOLWD starts the process of mailing out 1099-G forms to claimants. This process requires a programmer and analyst to complete.

Please contact my office if you have further questions.

Sincerely,



Paloma Harbour
Director

cc: Jordan Shilling, Director, Governor's Legislative Office