



Alaska Department of Labor and Workforce Development

American Recovery and Reinvestment Act
Unemployment Insurance Modernization
March 27, 2009

Unemployment Insurance Modernization Incentive

\$15.6 Million

To receive 1/3 of the incentive payment, Alaska must change law to provide an “Alternate Base Period”

To receive the remaining 2/3, Alaska must have an Alternate Base Period **and** provide benefits for at least 2 of the following 4:

- Leaving work because of domestic violence, illness or disability of family member or to accompany a spouse*
- Dependents’ allowance*
- Seeking Part-time work
- Leaving work to attend approved training

* DOLWD and Department of Law have determined that Alaska already complies with these provisions; therefore, no additional legislation would be required to receive these funds.

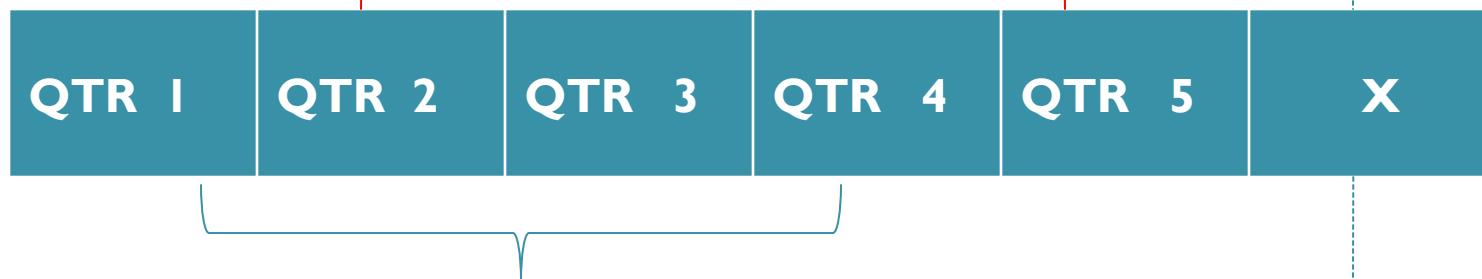
Federal Guidance Issued March 19, 2009: The ARRA requires changes to be in effect as permanent law; however, “If a state eventually decides to repeal or modify any of these provisions, it may do so, and it will not be required to return any incentive payments....”

Source: Alaska Department of Labor and Workforce Development



Alternate Base Period = 4 most recent completed calendar quarters

Current quarter



Current Base Period = first 4 of last 5 completed calendar quarters

Claim initiated

If the ABP were in place in 2008, an additional \$1.9 million in Unemployment Insurance benefits would have been paid. If the full cost were realized in that year, the average employer cost per worker would have been \$386 rather than \$376.

Source: Alaska Department of Labor and Workforce Development

Unemployment Insurance Trust Fund

UI Fund in Millions

400

300

200

100

0

Red Line is the target Level
to meet solvency requirements
(value = 3.1% of total wages)

2001

2002

2003

2004

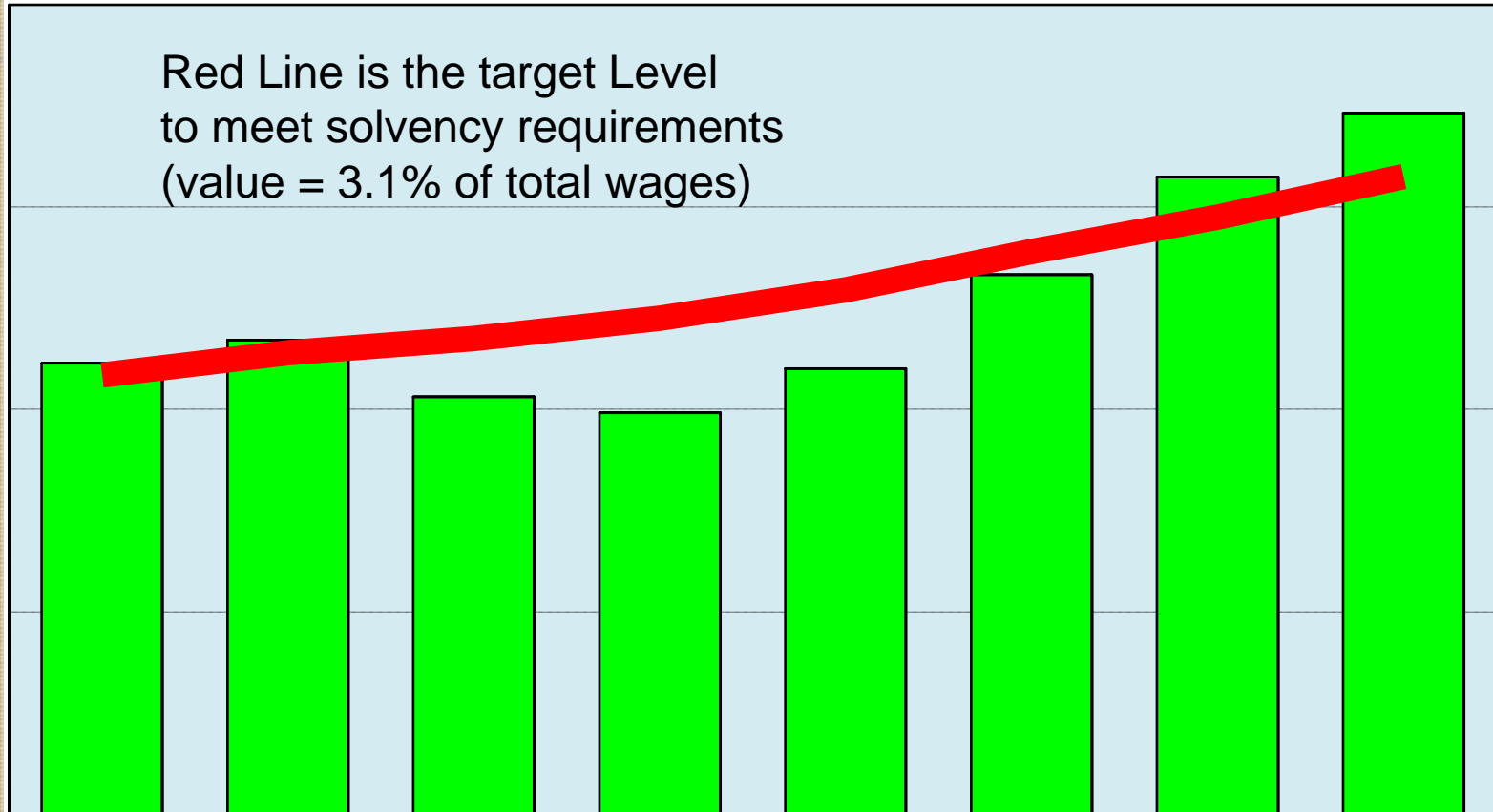
2005

2006

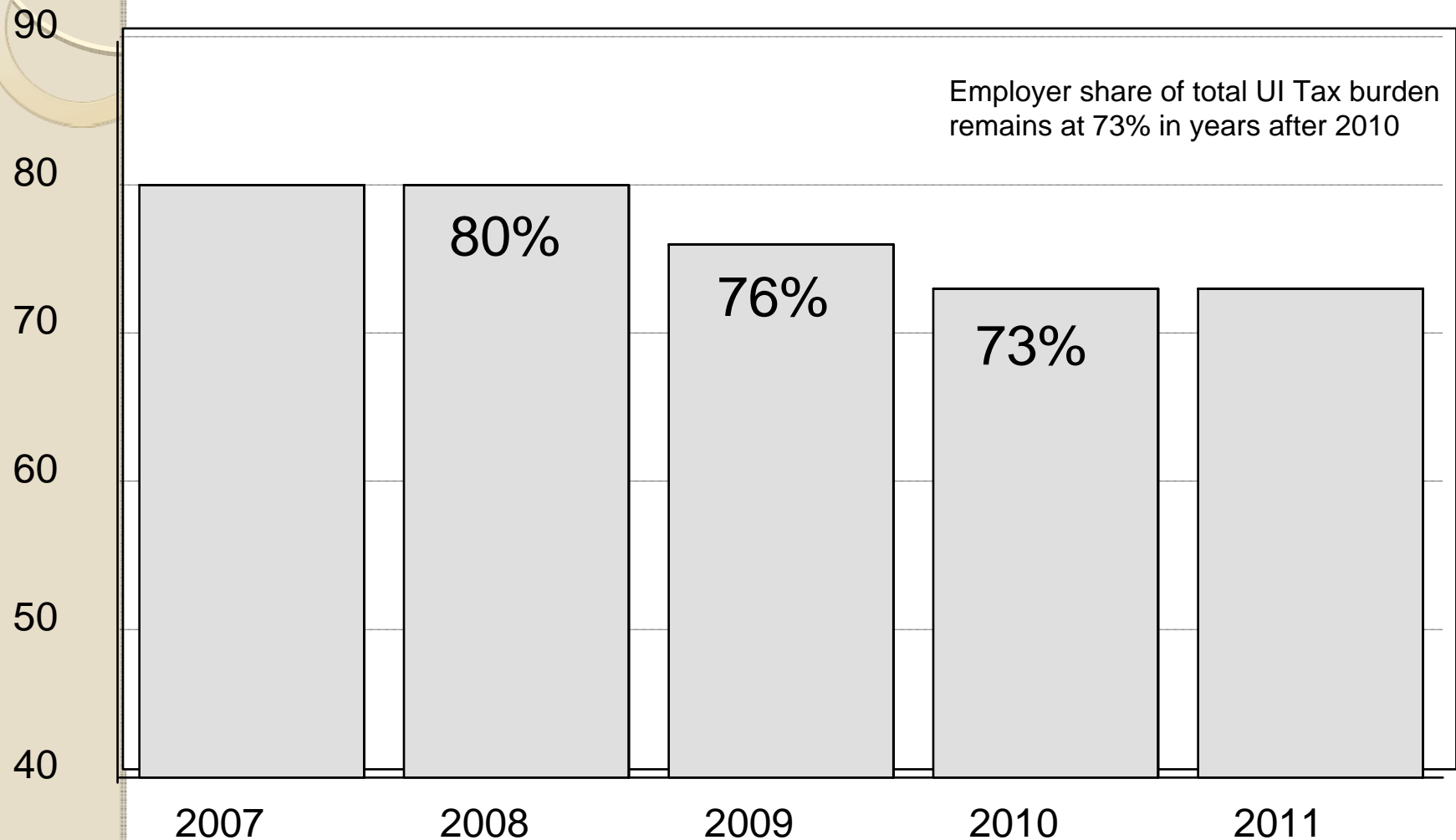
2007

2008

Source: Alaska Dept of Labor and Workforce Development

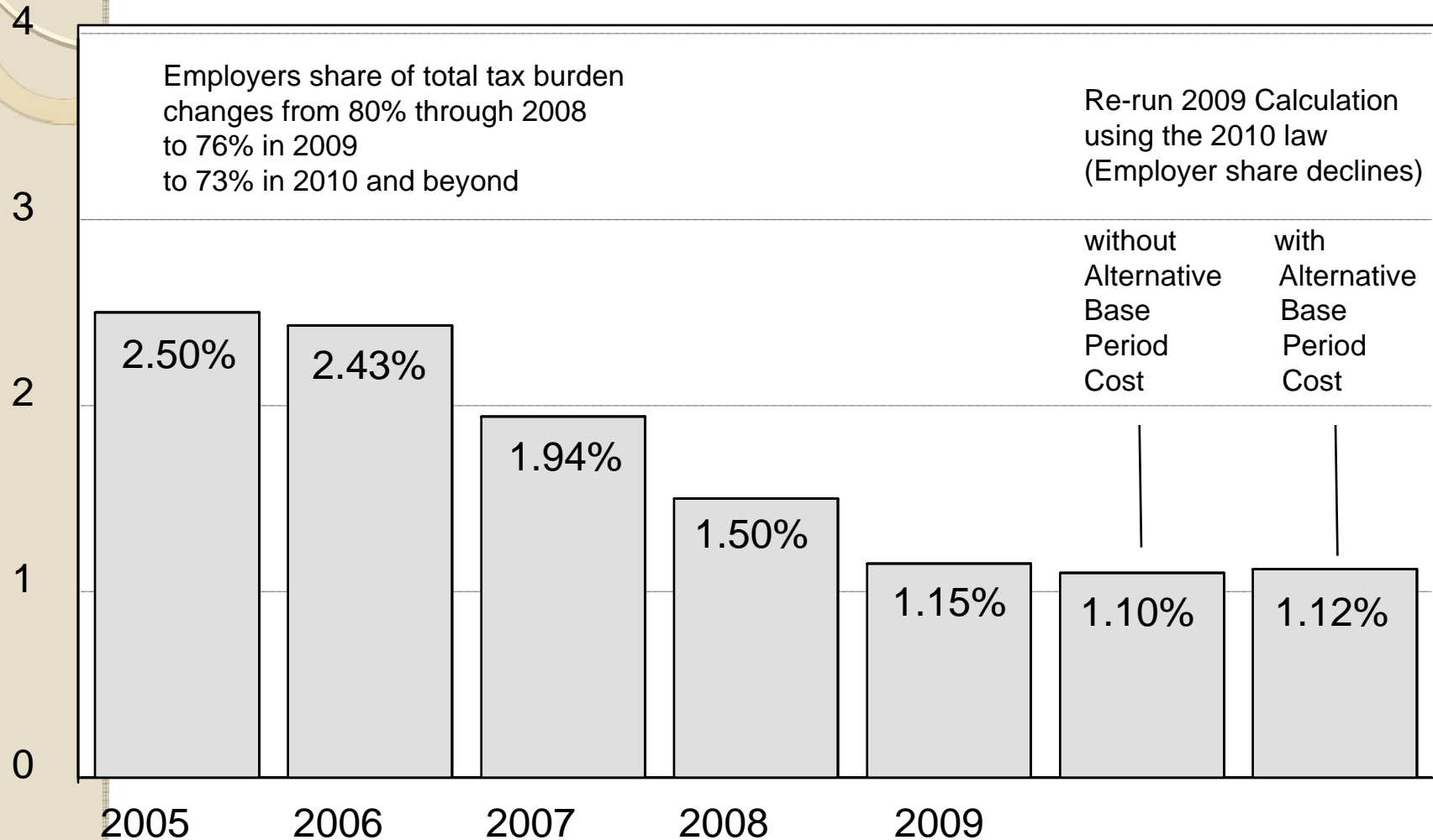


Employers share of UI tax burden is lessening from 2008 to 2010



Source: Alaska Department of Labor and Workforce Development

UI Tax Rate for the Average Employer



Source: Alaska Department of Labor and Workforce Development



Unemployment Insurance Modernization Incentive

“(C)(i) No certification of compliance with the requirements of the act may be made with respect to any State whose State law is not otherwise eligible for certification under section 303 of the Social Security Act or approvable under section 3304 of the Federal Unemployment Tax Act”.

- Alaska risks decertification unless we pass conformity legislation dealing with unemployment insurance tax status of federally recognized tribal entities—to enable them to become reimbursable.



Incentive Uses

- Incentive money deposited in the Alaska UI Trust for:
 - Unemployment benefit payments
 - Unemployment Insurance Program Administration/Technology
 - Reemployment Services
- No time limit on fund expenditures