

ALASKA STATE LEGISLATURE

Finance Committee
•
Health & Social Services Committee
•
Legislative Council
•
Committee on Committees



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SENATE MAJORITY LEADER
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SPONSOR STATEMENT – SENATE BILL 170

SB 170 – An Act modifying the Alaska unemployment insurance statutes to comply with the requirements of the federal economic stimulus bill by redefining the base period for determining eligibility for unemployment benefits; and providing for an effective date.

Senate Bill 170 updates Alaska's unemployment insurance statutes to conform to the federal unemployment insurance modernization provisions included in the American Recovery and Reinvestment Act of 2009, commonly known as the federal stimulus bill. ARRA provides over \$16 million in funding to support these changes, which includes just over \$1 million in administrative assistance. This funding is conditional on making the changes included in SB 170. Of the three provisions necessary to receive this funding, Alaska is already in compliance with the two more difficult requirements. The bill meets the final requirement by creating an alternative base period to determine an unemployed person's eligibility for unemployment insurance.

Thirteen Governors (including seven Republicans) from across the country have expressed their intention to make these changes, and four states already comply. Iowa and South Dakota have already passed legislation to modernize their UI systems and accept their share of the federal money, and Georgia is in the process, with the support of each of their Governors. Any funding sources Alaska chooses not to take advantage of will be re-allocated to the federal UI program that will put it to use rather than being used to reduce federal deficit spending.

The Alaska Department of Labor estimated that the alternative base period would make approximately 1,300 more Alaskans eligible for unemployment insurance compensation each year. This change will help low-income Alaskans weather the national economic downturn without placing an undue hardship on employers and small businesses that support the UI trust fund. The estimated impact on the UI trust fund in calendar year 2008 had this change been in place would have been approximately \$1.9 million in additional payments (on top of the \$121 million paid out already). This amount is small enough in comparison to the overall size of the fund's corpus - \$351 million at the end of 2008 – the annual investment returns, and the additional federal funds which would become available, that the impact on business taxes would be negligible.