



ALASKA DISTRICT COUNCIL OF LABORERS

Laborer's International Union of North America

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April 9, 2018

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The Honorable Mia Costello
Chair, Senate Labor & Commerce Committee
State Capitol Room 504
Juneau, AK 99801

Sent via email: Senator.Mia.Costello@akleg.gov

Re: Request for support of HB 142, update to unemployment insurance benefit

Dear Chair Costello:

The Alaska District Council of Laborers represents around 5,000 workers across the state, including workers in the public sector as well as the construction, health care, service, and oil and gas industries. Because HB 142 would provide an overdue update to the unemployment insurance benefit in Alaska, the District Council urges you to vote in favor of HB 142 for two key reasons: (1) Alaska is behind the rest of the nation in both the benefit amount and the wage replacement ratio for unemployment benefits; and (2) It is well-established that unemployment insurance actually produces economic growth and stabilizes the economy during downturns.

HB 142 would increase the maximum weekly benefit amount in the unemployment insurance system from \$370 to \$510, and future increases to the weekly benefit amount would be decided annually not to exceed 50 percent of the average weekly wage in Alaska. Thirty-six other states already have systems in place to provide regular adjustments to the maximum weekly benefit based on the state's average weekly wage.

Alaska is far behind other states in both the average weekly benefit amount and the wage replacement ratio. For instance, Alaska is 40th in the nation on the average weekly benefit amount and last in the nation on the wage replacement ratio. While the maximum weekly benefit amount only replaces 36% of the average weekly wage rate in the state, the U.S. Department of Labor recommends a 50% wage replacement standard. As

a result, Alaska workers are receiving less in benefits despite the fact that Alaska is one of only three states in which both employees and employers contribute to the cost of unemployment insurance. This bill is an overdue step to update the unemployment insurance benefit and catch up Alaska's unemployment benefits with those in the rest of the nation. By updating the benefit system, the bill will help Alaskans and their families weather involuntary job transitions and ensure they can stay in their communities and find productive employment.

The Laborers have seen first-hand the impacts of insufficient unemployment benefits. Construction projects of course are cyclical in nature. Major construction on the North Slope occurs when ice roads are in place, while peak construction season in the rest of the state typically occurs in the summer. As seasons and even long-term projects end, our members seek work on other projects. Unemployment benefits enable them to support their families in Alaska as they move on to the next job. Recently, however, it is becoming more difficult for our highly trained members to make it through the gaps between projects, resulting in members leaving the state. To continue to have a ready, skilled workforce to build our state-of-the art projects in Alaska—we need to ensure that those workers can afford to stay in their communities.

Second, economic research demonstrates that unemployment insurance stabilizes the economy during downturns and creates economic growth. A national economic study found that for each dollar invested in unemployment benefits, two dollars are pumped into the economy. Unemployment benefits similarly create jobs and increase the GDP. Given Alaska's fiscal situation—it is more important than ever to improve this public policy that has a stabilizing impact on the economy.

For these reasons, the District Council asks that you vote in favor of HB 142. Please do not hesitate to contact us if you would like to discuss this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Moen", with a long horizontal flourish extending to the right.

Dennis Moen