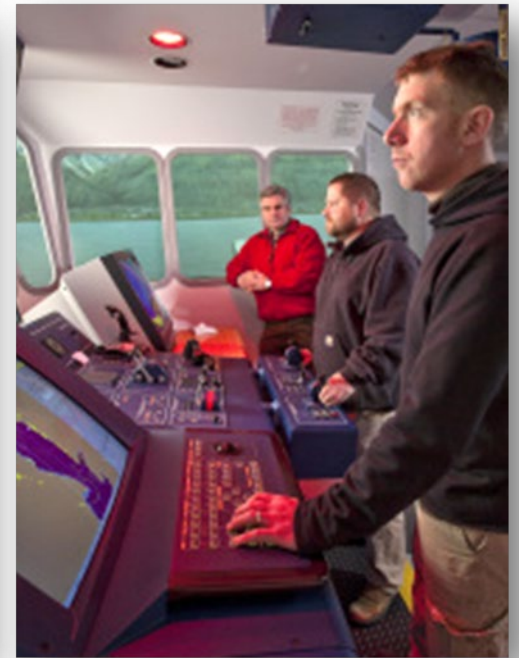


ALASKA DEPARTMENT OF LABOR AND WORKFORCE

Division of Employment & Training Services Unemployment Insurance Financing



Federal Unemployment Tax Act

- FUTA requires employers to pay a federal payroll tax and a state tax contribution
 - Current FUTA tax = 6%
 - Current FUTA credit = 5.4%
 - What the FUTA taxes fund



Administrative Funding

- Resource Justification Model
 - Methodology to determine state administrative funding
 - Based, in part, on past experience and forecasted workload
 - Full funding for Integrity and Quality Control efforts
- Above base funding

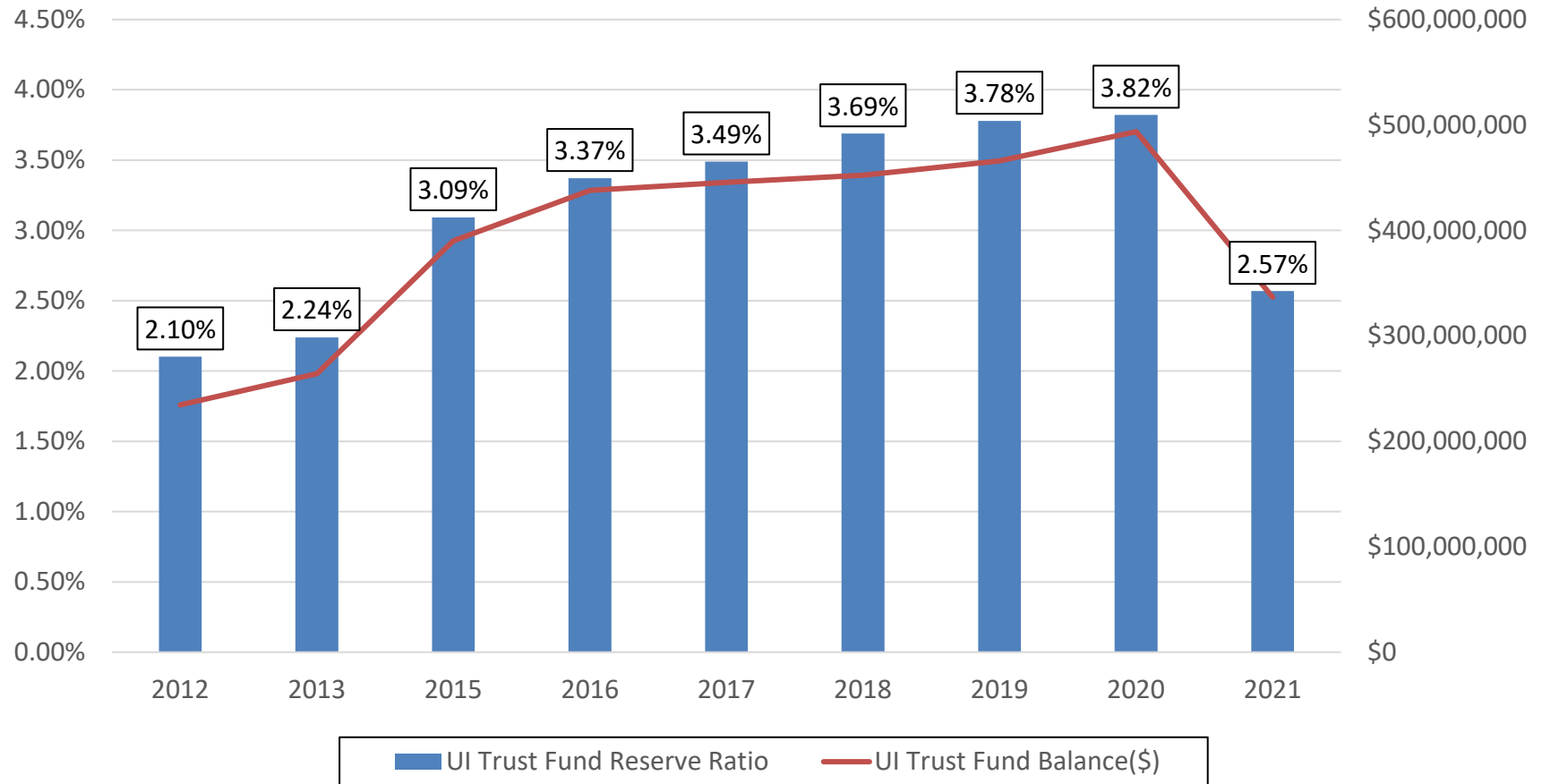
Trust Fund Financing

■ Key Components

- The system seeks to maintain a reserve sufficient to handle a vast majority of potential benefit costs via a reserve ratio target.
 - A solvency adjustment may be added to base tax rates in years where the fund falls outside of target range.
- Recaptures state liabilities paid out in previous years.
 - 3 year averaging to smooth changes in tax rates from year-to-year.
- Indexed taxable wage base.
 - Currently set at \$43,600 (equivalent to 75% of the annual average wage).

Solvency of the Fund

UI Trust Fund Reserve Ratio and Fund Balance



Note: Values are as of September 30th values, which is the date used for annual UI tax rate calculations.



Monthly UI Claims Data

Unemployment Insurance data reflective of January 2021

	Level		Over the Month, Change		Over the Year, Change		
	Current	Prior Month	Prior Year	Level	Percent	Level	Percent
New Initial Claims, total	19,715	18,334	5,730	1,381	7.5%	13,985	244.1%
-New Initial Claims, in-state	12,221	9,362	3,552	2,859	30.5%	8,669	244.1%
Weeks Claimed, total	88,730	84,395	41,861	4,335	5.1%	46,869	112.0%
-Weeks Claimed, in-state	76,039	71,172	33,934	4,867	6.8%	42,105	124.1%
Weeks Paid, total	64,763	83,161	34,321	-18,398	-22.1%	30,442	88.7%
-Weeks Paid, in-state	54,948	69,280	27,396	-14,332	-20.7%	27,552	100.6%
Dollars Paid, total (millions)	\$18.92	\$24.40	\$9.34	-5.485	-22.5%	9.578	102.6%
-Dollars Paid, in-state (millions)	\$15.89	\$20.16	\$7.40	-4.266	-21.2%	8.49	114.7%
Trust Fund Bal, 1/31 (millions)	\$289.5	\$304.2	\$495.7	-\$14.70	-4.8%	(\$206.20)	-41.6%

Source: Treasury

Burn Rate, TF Bal / current \$ paid 15 Months

number of consecutive months the UI Trust could absorb current level of payments before being exhausted, excludes new revenue.

Division of Employment & Training Services - Alaska Job Centers

Patsy Westcott, Director
Division of Employment and Training Services
Department of Labor and Workforce Development
Email: patsy.westcott@alaska.gov
Phone: (907) 465-5543

Lennon Weller, Economist and UI Actuary
Division of Administrative Services
Department of Labor and Workforce Development
Email: lennon.weller@alaska.gov
Phone: (907) 465-4507

