

SB

2

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SB 2

Revision Date: _____

Department Affected: Education

Title: Unemployment Compensation: Noncertificated

BRU: Executive Administration

School Employees

Component: Commissioner's Office

Sponsor: Senator Lincoln

Requester: Senate HESS Committee

COMPONENT SERIAL NO. 185

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY95) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)

Senate Bill 2 will have no fiscal impact on the Department of Education. However, this legislation will have a significant impact on local school districts. Please see the attached page for further detail.

Prepared by: Sheila Peterson, Special Assistant

Phone: 465-2803

Division: Commissioner's Office

Date: April 25, 1995

Approved by Commissioner: *Shirley J. Holloway*

Shirley J. Holloway, Ph.D.

Agency: Education

Date: April 25, 1995

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**SB 2 - Unemployment Compensation:
Noncertificated School Employees**

Fiscal Note Analysis for Local School Districts

Based on *Alaska Industry Occupation Outlook*, the Department of Labor (DOL) estimates that 9,000 people are employed as noncertificated school workers. From this total, DOL estimates that approximately 3,800 employees would be potentially eligible for UI benefits during the summer months.

The Department of Labor estimates the following:

Using an average weekly benefit amount for all UI claimants of \$171 and projecting an average duration of 8.3 weeks, the potential total cost of benefits is estimated at \$5,393,340.

As reimbursable employers under the State's unemployment insurance program, school districts would be billed quarterly for actual benefits paid to their seasonal workers.

In the first year of eligibility, it is estimated that approximately 1,500 noncertificated employees will file for unemployment insurance. Cost to school districts is projected at \$2,128,950.

During the second year of eligibility, it is estimated that approximately 2,260 will file for unemployment insurance. Cost to school districts is projected at \$3,207,618.

In the third and subsequent years of eligibility, it is estimated that approximately 2,600 will file for unemployment insurance. Cost to school districts is projected at \$3,690,180.

NOTE: If a school district is on a percentage of payroll method, over time, the financial impact to the school district will be even more significant.

Cheryl L. Clark
320 N. Spruce Dr.
Wasilla Ak 99654
(907) 376-3721 (Home)
(907) 373-7775 (Work)

February 28, 1995

Senator Gianne Lincoln
State Capitol
Juneau AK 99801-1182

SUBJ: SB 2

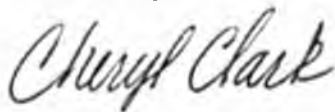
Dear

I would like to address my support of SB 2 which you recently sponsored.

I am a secretary in the Mat-Su Borough School District. The prospect of each upcoming summer with no income tends to put rise my anxiety level about this time during each school year. It is difficult to obtain one to three months employment to supplement my income.

Thank you.

Sincerely,



Cheryl L. Clark

/cc



NEA-ALASKA

Affiliated with the National Education Association

NEA-ALASKA POSITION STATEMENT SB 2

NEA-Alaska supports SB 2, *"An Act relating to unemployment compensation for persons employed by educational institutions in other than educational, research, or principal administrative capacities."*

NEA-Alaska supports passage of SB 2 to correct an inequity that exists between noncertified school employees, who work less than one year but don't qualify for unemployment benefits, and private and public sector workers, who work part of a year but qualify for unemployment benefits.

Current state law prohibits a noncertified school employee from drawing unemployment benefits during the summer months. School employees are not treated in the same manner as seasonal, local government or state employees or, for that matter, private sector employees who qualify for unemployment during periods when they do not work and yet have an expectation to work after their period of unemployment.

The history of denying unemployment benefits to noncertified school employees changed when President Bush signed into law the Emergency Unemployment Compensation Act (PL 102-164) in 1991 that provided for the lifting of the prohibition.

In Alaska slight exceptions have been made for some noncertified employees. Even though state interim benefits (SIB) are currently not funded, Section 23 20 354 of the Alaska Employment Security Act provides SIB to noncertified individuals who provide compensated service to a school district for teaching indigenous languages.

Alaska has many noncertified school employees who work nine, ten or eleven months with no expectation of employment for the three months, two months or one month they do not work. What makes matters worse for these employees is having no opportunity to accrue full year retirement credit while not working. In other words, they are not considered twelve month employees compared to certified employees who are compensated as yearly employees. Noncertified employees receive no compensation from the school district during the summer.

It is difficult for a cafeteria worker, secretary, teacher aid, custodian or mechanic to secure limited one to three month employment opportunities in the private or public sectors. The reality of this situation is a person works only nine months but must stretch personal and family budgets in order to pay for twelve months of family expenses.

Another inequity within the system is that noncertified employees who are employed under a separate district contract, such as bus drivers or cafeteria workers, are eligible for unemployment benefits. It is unfair that employees who are performing the same job should be discriminated against depending on where they work in Alaska.

Many noncertified school employees are permanent Alaskan residents. Benefits provided them will be spent in local stores and businesses. In 1992, Alaska paid \$25.4 million in benefits to those who had worked and earned wages during their base period in Alaska, but they lived and spent unemployment benefits out of the state. It doesn't seem fair to provide benefits in this manner while at the same time denying those same benefits to school support personnel.

The benefit is small. If a person makes \$17,000 annually, the unemployed individual will receive \$172 per week plus \$24 per dependent for a maximum duration not to exceed ten or eleven weeks. However, this small benefit may provide an unemployed Alaskan basic family necessities. The level of benefits will likely not cause a person to choose unemployment over the opportunity to work.

It is difficult to estimate the direct financial cost to school districts. Some employees will not apply for benefits for numerous reasons, and other employees will not be available for work during the summer. Therefore, it is difficult to calculate use. Additional complications include not having clear data on the length of employment, compensation paid and the number of dependents of noncertified employees.

The shortened work year causes a noncertified school employee to depend on another working spouse or another short term job just to make ends meet. The extension of unemployment benefits simply protects those who are unable to find work and want to work.

NEA-Alaska urges the committee to pass SB 2.

4-24-95

4/24/95

GRADE 1 Community School Clerk Monitor Kitchen Aide Receptionist
GRADE 2 Central Kitchen Aide Mail Clerk/Copy Machine Operator
GRADE 3 Clerk Typist Elementary Kitchen Supervisor Maintenance Helper Teacher Aide/Regular
GRADE 4 Data Entry Operator Jr./Sr. H.S. Kitchen Supervisor School Minister/Campus Monitor
GRADE 5 Assist Accounts Payable Clerk Career Preparation Aide Computer Operator Custodian Dominant Language Tutor Food Service Accounts Clerk Purchasing/Warehouse Clerk Secretary Spec Ed Work Study Aide Special Ed Vocational Aide Teacher Aide/Spec Ed Teacher Aide's assistant Teacher Aide/Voc Ed Day Custodian: 5A Day I 5B Day II 5C Day III 5D Day IV
GRADE 6 Accounts Payable Clerk ANE Instructional Aide ANE/Home School Liaison Bilingual/Bicultural Tutor/Less Bus Scheduler Cashier Central Kitchen Supervisor Chapter I/Program Study Assistant Chapter I Reading Assistant Food Service Assistant Soup Library Assistant Payroll Clerk Teacher Aide/Emotionally Impaired Teacher Aide/SP Handicap Warehouse person Lead Custodian: 6A Lead I 6B Lead II 6C Lead III 6D Lead IV Carpet Lead Custodian
GRADE 7 Administrative Secretary Operations Equipment Custodian Mechanic I Printer
GRADE 8 Computer Instructor Fluid Airm/Airm wing Technician Grease Clerk Grease Technician Network Technician/Data Processing Rgn Lang. Interpret/Translator
GRADE 9 Maintenance Mechanic II

Claudia,

Here are the classifications listed on the ESSA salary schedule.

If there is anything else, give me a call.

Ellen

APPENDIX A

**Kenai Peninsula Borough School District
Salary Range Assignments - 1994-96**

RANGE	JOB TITLES
1	Cashier/Kitchen Assistant Cook/Kitchen Assistant
2	Food Service Manager I-S
3	Cashier/Driver (Paul Banks) Clerk/Typist Head Baker/Cook Receptionist
4	Custodian Food Service Manager I-P Health Records Clerk Instructional Aide/Pool Instructional Aide/Title V Library Aide Special Ed Bus Driver Aide Teacher Aide
5	*Lead Custodian (grandfathered) School Secretary I
6	Food Service Manager II Head Custodian I *Lead Custodian (grandfathered) Pool Custodian
7	Administrative Secretary I Assistant Technical Director Bilingual Instructor Food Service Driver Records Clerk School Secretary II Special Ed Aide Special Ed Interpreter for Deaf/Non-Licensed
8	Acct. Spec/Accts Payable Clerk Administrative Secretary II Data Technician Food Service Driver/Storekeeper Storekeeper Purchasing Secretary/Buyer Theatre Technician Warehouse Driver/Courier

*Range 5 & 6 Lead Custodian (grandfathered) Range and salary no longer in effect as of 1987-88 school year

9	Acct Spec I/Encumbrance Acct Spec I/Fixed Assets Bus Driver Chapter I Tutor Food Service Secretary Equipment Buyer Head Custodian II Microcomputer Technician New Construction Equip Buyer Elementary/Secondary Curriculum Secretary Payroll Specialist I Special Ed Bus Driver Technical Director
10	Administrative Secretary III Food Service Manager III
11	Acct Spec II/Accounts Payable Bus Driver Supervisor Food Service Coordinator Head Custodian III School Secretary III
12	
13	Community School Coordinator SpEd Interpreter for Deaf/Cert/Licensed
14	
15	Summer Pool Director

Many of these employees have summer jobs and thus will not be eligible for the benefit. School employees working twelve months will by virtue of their work be excluded. Employees who are unemployed in the summer who cannot find work should be included in the unemployment insurance program because they are not working. Many of these employees want to work but comparable jobs are not available.

This bill is designed to help workers and their families during difficult periods of unemployment by removing an exclusion that is indefensible.

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MEMORANDUM

February 20, 1995

SUBJECT: Sectional Summary of SB 2. (Unemployment compensation for noncertificated school employees)

TO: Senator Georgianna Lincoln

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Sections 1 - 4 remove reference to AS 23.20.381(h) from the statutes relating to unemployment compensation to conform to the repeal of that subsection in sec. 5 of the bill.

Section 5 repeals AS 23.20.381(h). That subsection makes noncertificated employees of school districts, regional educational attendance areas, and other educational institutions ineligible to receive unemployment compensation if they are unemployed between school years. The subsection states

Benefits based on services for an educational institution in other than an instructional, research, or principal administrative capacity may not be paid to an individual for a week of unemployment that begins during the period between two successive academic years or terms if the individual performed those services in the first of those academic years or terms and there is a reasonable assurance that the individual will perform those services in the second of those academic years or terms. If an individual is denied benefits for any week under this subsection and the individual is not later offered an opportunity to perform services for the educational institution in the second academic year or term, the individual is entitled to a retroactive payment of benefits for each week for which the individual filed a timely claim for benefits and for which benefits were denied solely under this subsection.

Senator Georgianna Lincoln

February 20, 1995

Page 2

(Under AS 23.20.381(e), teachers and administrators who have a contract or reasonable assurance of reemployment for the second school year are ineligible for unemployment compensation for periods between school years.)

TC.klb

95-089.klb



NEA-ALASKA

Affiliated with the National Education Association

February 23, 1995

Position Paper

SB 2

NEA-Alaska supports passage of Senate Bill 2 because it corrects an inequity currently existing between noncertified school employees who work less than a full year and don't qualify for unemployment benefits while private and public sector workers who can work part of a year do qualify for unemployment benefits. Current state law prohibits a noncertified school employee from drawing unemployment benefits during the summer months. By this practice school employees are not treated in the same manner as seasonal local government or state employees, or for that matter, private sector employees who qualify for unemployment during periods when they do not work and have an expectation to work after their period of unemployment.

The history of denying unemployment benefits to noncertified school employees changed when President Bush signed into law the Emergency Unemployment Compensation Act (P.L. 102-164) from 1991 providing for the lifting of the prohibition.

In Alaska slight exceptions have been made for some noncertified employees. Even though state interim benefits (SIB) are currently not funded, Section 23.20.354 of the Alaska Employment Security Act provides SIB to noncertified individuals who provide compensated service to a school district for teaching indigenous languages.

Many noncertified Alaska school employees who work nine, ten or eleven months with no expectation of employment for the three months, two months or one month they do not work. These employees have no opportunity to accrue retirement credit while not working and receive no compensation from the school district during summer.

It is difficult for a cafeteria worker, secretary, teacher aide, custodian or mechanic to secure limited one to three month employment opportunities in either private or public sectors. Such employees must work only nine months but stretch personal and family budgets to pay for twelve months of expenses.

Many noncertified school employees are permanent Alaska residents. Benefits provided them will be spent in local stores and businesses. Alaska paid \$25.4 million in benefits during 1992 to those who have worked and earned wages during their base period in Alaska but lived and spent unemployment benefits out of state. It seems unfair for the state to provide benefits in this manner while denying them to resident school support personnel.

The benefit is small. During 1994 a person who made \$17,000 annually would receive \$172 per week plus \$24 per dependent for a maximum duration likely to not exceed ten or eleven weeks. This small benefit can provide an unemployed Alaskan basic family necessities. Such a level of benefits will not likely cause a recipient to choose unemployment over the opportunity to work.

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JUNEAU OFFICE • 114 Second Street • Juneau, Alaska 99801 • (907) 586-3000 • FAX (907) 586-2744

FAIRBANKS REGIONAL OFFICE • 211N Chestnut Street • Fairbanks, Alaska 99701 • (907) 456-4433 • FAX (907) 456-2139

The direct financial cost to school districts is difficult to estimate. Some employees will likely oppose applying for benefits for a variety of reasons while others may not be available for work during summer months. To establish costs would require data on length of employment, compensation paid and number of dependents of noncertified employees in this workhorse pool.

Noncertified school employees who work shortened years must depend on another working family member or various short-term jobs to make ends meet. Extension of unemployment benefits is a legitimate investment for state government to make to protect those who are unable to find work and want to work.

NEA-Alaska urges the Senate HESS Committee to pass SB 2. Thank you for your consideration.

POL Espubert III

Unemployment Insurance Benefit Payments

Chapter 2

This chapter focuses on the payment of unemployment insurance (UI) benefits - where the money goes. A general description of the regular UI benefit payment system is presented first, with discussions of eligibility provisions, the benefit schedule, dependents benefits, and duration. Next, brief summaries of extended benefits, the new emergency unemployment compensation program (EUC), and state supplemental benefits programs are provided. Finally, the distribution of payments by industry and area is covered; a comparison of the characteristics of EUC recipients with those who claimed only regular UI benefits in 1992; and some highlights from a study of claimant repeaters done on the calendar year 1992 recipients of regular benefits.

UI Benefit Payments Increase for the Third Year

In 1992, Alaska paid \$175,832,126 in unemployment compensation to 64,482 claimants covered under state and federal systems. (See Table 2.2 on page 30 and Table 2.14 on page 45.) This was 36.2% more benefit dollars paid than in 1991, and 76.3% more than was paid in 1990. The number of claimants in 1992 increased 13.6% from the prior year, and 29.0% from 1990.

Total unemployment compensation benefit payments had been steadily increasing from 1980 until 1986. But in 1987 total dollars paid (\$139.2 million) began to decline and continued to do so through 1989 (\$81.9 million). In 1990, however, the trend changed again and benefit payments increased 21.8% over the prior year, and have increased each year since then. (See Table 2.14).

The proportion of total unemployment compensation benefit payments made to out-of-state claimants declined steadily from 1987 through 1991. In 1992, the trend was halted when out of state claimants took 21.5% of all benefit payments

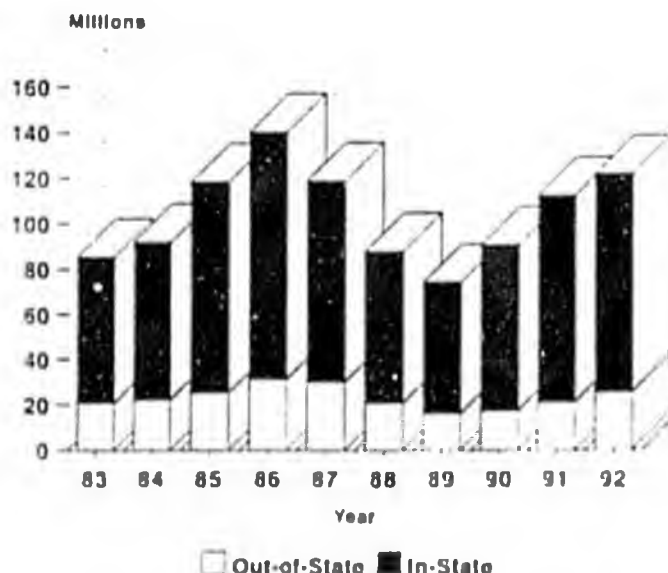
Unemployment compensation payments were distributed through four different programs in Alaska in 1991 and 1992. In 1992, the regular unemployment insurance program (regular benefits) accounted for 72.9% of all dollars paid; the Extended Benefits (EB) program was eclipsed by the EUC program which accounted for 26.8% of all dollars paid; and the State Supplemental Benefits (SSB) program accounted for about 0.3% of all dollars paid.

"Regular Benefits" is the Basic UI Program in All States

The regular UI benefits program—the state's largest unemployment insurance program—has been in existence since the Employment Security Act of 1937, and is the only program continuously available in all states. Eligibility for regular benefits in Alaska is established by earning at least \$1,000 in the claimant's "base period" with at least \$100 earned outside the quarter of highest earnings.

Amount of UI Payments, Regular Benefits 1983-1992

Figure 2.1



Note: Does not include benefit payments made through federal programs.
Source: Alaska Department of Labor, Research & Analysis Section.

Unemployment Insurance Claimant Characteristics, 1992

Table 2.2

Characteristics	All Recipients		Characteristics	All Recipients	
	Number	% of Total		Number	% of Total
Total	64,482	100.0	Average Annual Earnings (\$):		
Sex:			1,000-9,999	18,853	29.2
Male	41,698	64.7	10,000-19,999	20,230	31.4
Female	22,784	35.3	20,000-29,999	12,446	19.3
Age:			30,000-39,999	0,331	0.8
Less than 21	1,691	2.6	40,000-49,999	3,331	5.2
21-24	6,257	9.7	50,000-59,999	1,752	2.7
25-34	21,947	34.0	60,000-69,999	878	1.4
35-44	20,193	31.3	70,000-79,999	418	0.6
45-54	9,993	15.5	80,000-89,999	168	0.3
55-64	3,889	6.0	90,000+	75	0.1
65+	512	0.8	Geographic Location:		
Number of Dependents:			Alutian Islands East C.A.	82	0.1
0	39,262	60.9	Alutian Islands West C.A.	95	0.1
1	9,988	15.5	Anchorage Borough	17,254	26.8
2	8,954	13.9	Bethel Census Area	859	1.3
3+	6,278	9.7	Bristol Bay Borough	86	0.1
Ethnic Background:			Denali Borough	173	0.3
Alaska Natives/American Indian	9,108	14.1	Cillingham Census Area	292	0.5
Asian and Pacific Islander	3,025	4.7	Fairbanks North Star Borough	6,609	10.4
Black	2,444	3.8	Haines Borough	324	0.5
Hispanic	2,136	3.3	Juneau Borough	2,227	3.5
White	47,256	73.3	Kenai Peninsula Borough	5,957	9.2
No Information	513	0.8	Ketchikan Gateway Borough	1,852	2.8
Industry			Kodiak Island Borough	1,589	2.5
Agriculture, Forestry and Fishing	539	0.8	Lake & Peninsula Borough	103	0.2
Mining	4,366	6.8	Matanuska-Susitna Borough	5,108	7.9
Oil and Gas	3,706	5.9	Nome Census Area	740	1.1
Other Mining	570	0.9	North Slope Borough	266	0.4
Contract Construction	8,692	13.5	Northwest Arctic Borough	738	1.1
Manufacturing	9,525	14.8	Prince of Wales-Outer Ketchikan C.A.	873	1.4
Food Products	6,118	9.5	Sitka Borough	652	1.0
Lumber and Wood Products	1,926	3.0	Skagway-Yakutat-Angoon Census Area	607	0.9
Paper Products	438	0.7	Southeast Fairbanks Census Area	574	0.9
Other Manufacturing	1,043	1.6	Valdez-Cordova Census Area	1,120	1.7
Transport, Communications and Util.	5,672	8.8	Wade Hampton Census Area	409	0.6
Trade	11,404	17.7	Wrangell-Petersburg Census Area	841	1.3
Finance, Insurance and Real Estate	2,036	3.2	Yukon-Koyukuk Census Area	724	1.1
Services	14,591	22.6	Total In-State	50,044	77.6
Public Administration	7,211	11.4	Out-of-State	14,438	22.4
Unclassified	331	0.5	Local Office:		
Occupation:			Anchorage	15,684	24.3
Agriculture, Fishing and Forestry	3,122	3.3	Bethel	448	0.7
Benchwork	374	0.6	Central - Interstate Claims	14,438	22.4
Clerical and Sales	12,802	19.9	Central - Mail Claims	6,051	9.4
Machine Trades	3,024	4.7	Cillingham	302	0.5
Processing	4,071	6.3	Eagle River	1,516	2.4
Professional, Technical and Managerial	10,139	15.7	Fairbanks	6,679	10.4
Service	8,678	13.5	Glennallen	340	0.5
Structural Work	18,707	24.4	Homer	1,283	2.0
Miscellaneous and Unknown	7,565	11.7	Juneau	2,149	3.3
			Kenai	3,652	5.7
			Ketchikan	1,514	2.3
			Kodiak	1,508	2.3
			Koludue	709	1.1
			Matanuska-Susitna	4,887	7.6
			Nome	482	0.7
			Petersburg	377	0.6
			Seward	881	1.4
			Sitka	616	1.0
			Valdez	580	0.9
			Toe	388	0.6

Note: Percentages may not add up to 100% due to rounding.

Source: Alaska Department of Labor, Research and Analysis
RESP 8003, Claimant Characteristics Tape

Alaska's UI Benefit Financing System

Chapter 3

The Other Side of Unemployment Insurance

This chapter focuses on the other side of unemployment insurance (UI): where the money comes from to pay benefits. The core of the financing system is discussed first with its benefit costs and the benefit cost rate. The UI trust fund is described, along with a discussion of the general level and trends of employer and employee taxes. This is followed by an explanation of the tax calculation procedures and formulas, experience rating, and the trust fund solvency adjustment. Then the administration of the program and revenue from direct reimbursements to the fund are examined. Finally the issue of subsidies is addressed, and a short explanation of the impact of the EUC program on Alaska's tax rates.

Unemployment Insurance is a Self-Financing System

Unemployment compensation is an insurance program, not a social welfare program. As such it should be self-supporting. This means that, in the long run, employer and employee contributions and reimbursements must be roughly equal to benefits paid out to claimants. Each state has its own financing system to achieve that goal by varying employer taxes and in some cases employee taxes. Alaska is one of only two states that tax employees each year in order to pay for part of benefit costs.

Alaska's system previously was based solely upon the "reserve multiple" (a system still used in many states), which varies tax rates according to a schedule based on the ratio of UI trust fund reserves to payroll. In 1980, state law transformed the unemployment insurance tax structure into a self-adjusting financial system based less upon trust fund reserves and more upon UI benefit costs. The tax base automatically adjusts to changes in average earnings and the tax rate automatically adjusts to changes in benefit costs, payroll, and the trust fund reserve ratio.

Benefit Costs and the Benefit Cost Rate Drive the UI System

The primary purpose of any financing system is to cover benefit costs. The cost of benefits is expressed as the ratio of the amount of benefits paid in the current year to the total payroll during the previous year. This ratio is called the **benefit cost rate (BCR)**. It is a measure of the potential funding needed to pay unemployment benefits, and the financial impact of unemployment benefits on the economy of the state.

Alaska's benefit cost rate is high compared to other states. The benefit cost rate for taxable employment was 2.4% in 1992 and averaged 2.4% for the ten-year period from 1983 to 1992. (See Table 3.1 on page 55.) Rates for all other states are usually well below 2.0%. The high benefit cost rate in Alaska is attributable to both the greater seasonality of employment, and the fact that a larger proportion of the unemployed in Alaska receive UI benefits than in any other state.

Benefit cost rates in reimbursable employment tend to be about one third the rate in taxable employment. The benefit cost rate in reimbursable employment was 0.6% in 1992 and averaged about 0.7% over the ten-year period from 1983 to 1992. These low benefit cost rates result from the generally stable and non-seasonal employment practices of our major reimbursable employers: state and local government.

The UI Trust Fund Is a Savings Account for Paying Benefits

Each state has a **trust fund** for the sole purpose of paying unemployment insurance benefits. Withdrawals are made from reserves as needed to make payments to claimants; taxes, reimbursements, interest, and other sources of contributions are deposited into the fund to build reserves.

UI Regular Benefit Payments (Taxable and Reimbursable) by Industry—Interstate as a Percentage of Total, 1983-1992 Table 2.12

INDUSTRY	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
NUMBER OF WEEKS PAID										
Totals (incl. unclass.)	25.0	24.2	21.0	21.4	23.7	22.0	20.3	18.2	17.7	19.8
Ag., For. & Fish	18.9	20.5	20.8	21.3	19.1	18.4	15.8	22.4	21.8	20.8
Mining	25.8	26.9	25.3	29.5	29.6	21.7	19.5	13.4	17.4	19.7
Oil and Gas	23.7	24.6	23.1	29.4	29.6	21.4	18.9	12.6	16.3	19.6
Other Mining	33.7	33.6	33.2	30.0	29.6	23.9	21.7	19.2	23.0	20.5
Construction	18.9	20.6	17.8	18.9	18.1	13.5	11.4	16.7	10.9	10.4
Manufacturing	45.2	41.2	36.9	34.5	34.6	34.0	32.1	35.3	35.8	39.2
Food Products	52.9	52.9	45.1	42.8	41.1	36.9	35.4	40.9	40.0	44.6
Lumber & Wood	38.6	37.3	31.1	32.4	31.8	32.1	29.6	29.2	33.2	33.8
Paper Products	13.6	11.8	18.9	17.8	22.1	33.6	34.9	33.5	37.2	39.8
Other Mfg.	20.4	23.2	19.0	18.2	21.6	23.8	17.6	19.1	14.3	16.6
Trans., Comm. & Util.	21.6	20.5	19.1	19.9	20.8	20.1	18.7	14.0	16.2	16.2
Trade	23.4	21.7	18.9	20.2	23.8	22.8	19.9	16.7	13.5	16.3
Fin., Ins. & R.E.	28.1	26.9	26.2	27.3	30.5	28.6	27.1	24.6	19.6	22.2
Services	21.8	23.5	20.5	20.4	23.5	21.8	19.6	17.6	15.9	17.9
Public Admin.	20.2	18.8	17.4	20.1	23.3	23.7	19.7	18.9	16.6	16.7
Unclassified	20.2	24.3	20.0	18.7	18.6	12.6	13.0	18.9	12.2	14.6
NUMBER OF FIRST PAYMENTS										
Totals (incl. unclass.)	22.6	20.6	18.6	19.1	20.6	18.7	18.1	16.5	16.7	18.2
Ag., For. & Fish	20.8	19.1	19.7	22.4	16.5	20.2	14.7	24.9	22.7	24.1
Mining	25.1	24.1	24.8	27.0	24.3	18.5	15.8	13.5	16.0	17.6
Oil and Gas	22.9	22.1	22.7	27.0	24.4	17.7	15.4	12.8	15.2	17.7
Other Mining	32.8	30.5	33.8	26.9	23.6	22.7	17.3	20.3	19.9	16.5
Construction	17.2	18.1	15.7	15.2	15.2	10.9	10.3	9.4	9.5	9.2
Manufacturing	44.0	36.8	34.4	33.5	33.2	31.5	31.5	34.4	35.6	39.1
Food Products	52.3	50.2	44.1	42.5	38.9	35.4	36.2	40.2	41.1	48.4
Lumber & Wood	39.2	31.6	31.3	30.0	30.2	29.2	26.8	29.4	31.3	32.1
Paper Products	10.0	7.7	8.5	14.8	26.3	26.1	33.7	28.9	29.1	31.6
Other Mfg.	18.7	20.6	18.3	16.9	18.5	17.1	15.5	13.5	12.9	13.3
Trans., Comm. & Util.	18.9	18.2	17.1	17.9	17.1	17.1	15.6	12.7	13.5	13.6
Trade	20.4	17.2	16.1	16.9	20.6	18.3	16.7	14.3	12.4	14.0
Fin., Ins. & R.E.	24.5	22.1	23.7	23.6	26.2	24.0	23.3	21.3	17.0	19.5
Services	17.1	19.0	17.2	17.0	19.4	17.9	16.7	14.3	14.2	15.4
Public Admin.	16.4	15.4	14.3	17.6	20.6	18.3	16.9	15.0	13.9	13.7
Unclassified	18.2	18.8	16.6	15.4	13.8	9.8	11.9	13.2	14.1	9.5
AMOUNT OF PAYMENTS										
Totals (incl. unclass.)	24.4	24.2	21.3	22.4	25.4	23.7	21.9	19.3	18.9	21.0
Ag., For. & Fish	19.3	22.1	21.9	23.1	19.4	19.6	17.5	25.1	25.1	30.7
Mining	25.5	27.0	26.2	30.5	30.7	23.0	20.6	14.2	19.0	21.1
Oil and Gas	23.9	25.1	24.0	30.4	30.6	22.7	20.2	13.4	18.0	21.0
Other Mining	32.8	33.2	34.3	31.7	31.4	25.1	22.2	19.9	24.5	21.0
Construction	19.0	21.2	18.1	17.3	18.9	13.6	12.0	16.7	10.3	10.0
Manufacturing	43.2	38.8	35.8	34.7	35.8	36.6	33.5	36.7	37.0	40.6
Food Products	53.7	54.8	47.3	47.2	45.4	42.0	38.2	43.9	42.5	47.4
Lumber & Wood	38.1	36.6	31.3	33.6	32.9	33.8	30.4	30.3	33.6	34.8
Paper Products	13.9	11.0	15.9	17.5	23.1	37.7	37.2	34.0	38.7	42.5
Other Mfg.	19.4	23.4	18.7	17.9	22.7	23.4	19.6	20.6	15.7	18.2
Trans., Comm. & Util.	22.3	21.0	19.7	21.2	22.7	22.3	20.5	14.9	16.6	17.4
Trade	23.5	21.8	19.1	21.6	26.1	25.6	22.7	18.7	15.1	17.8
Fin., Ins. & R.E.	27.6	27.5	27.5	29.8	32.4	30.6	28.6	26.6	20.9	24.5
Services	22.2	24.8	22.6	22.3	26.6	24.7	22.0	19.6	17.7	16.7
Public Admin.	21.5	19.9	19.3	22.7	26.2	26.8	22.6	21.1	18.4	18.6
Unclassified	18.5	25.4	18.1	21.1	21.6	16.0	15.7	22.8	16.3	15.6

Source: Alaska Department of Labor, Research and Analysis
UC-217 report, Benefit Payments by Industry and Area

Amount of Benefits Varies by Industry

In 1992, 54.8% of all regular benefit payment dollars were paid to former employees of three industries: services (22.2%), trade (16.7%), and construction (15.9%). (See Table 2.11 on page 40.) Payments increased in all industries but two (paper products manufacturing and metal-coal-mineral mining). Total regular benefit payments increased over all from 1990 (\$90,477,466) to 1992 (\$121,771,578).

Within several industries regular benefit payments increased dramatically from 1990 to 1992: food products (an 82.8% increase in regular benefit dollars paid), other manufacturing (75.6%), agriculture-forestry-fishing (73.8%), and wholesale and retail trade (63.9%).

As with employment (See Chapter 1), the recession of 1986-87 changed the distribution of UI benefit payments in Alaska. Since 1985 (just prior to the recession) the change in the distribution is obvious for several industries. Claimants from the construction industry received 32.4% of regular benefits in 1985; by 1992 that percentage had fallen to 15.9%. On the other hand, the percentage for claimants

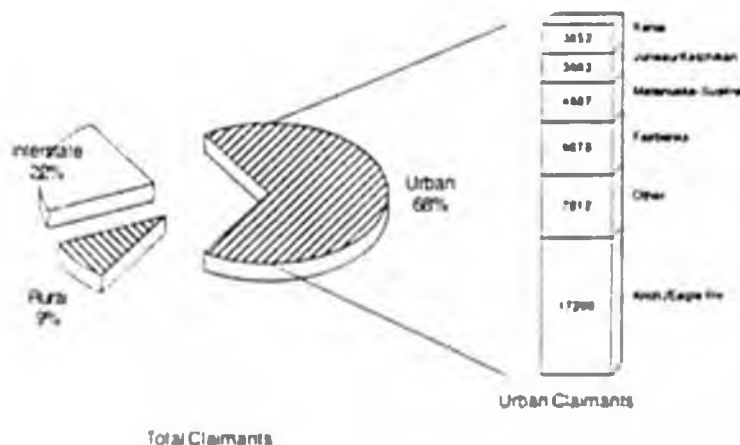
in the wholesale and retail trades increased from 14.1% in 1985 to 16.7% in 1992. Similarly, percentages increased between 1985 and 1992 for claimants in services (from 17.0% in 1985 to 22.2% in 1992), manufacturing (8.5% to 14.2%), and oil and gas mining (2.9% to 7.7%).

Proportion of Benefits Paid Out-of-State is High for Alaska

Between 1983 and 1992 the proportion of regular benefit payments sent out of state has remained between 25.4% (1987) and 19.3% (1990). (See Table 2.12 on page 42.) In 1992, Alaska paid \$25,589,312 in interstate regular benefits (excluding federal programs) to the 22% of those UI claimants filing through the Interstate claims office. These interstate claimants are those who have worked and earned wages during their base period in Alaska. (See Figures 2.3 and 2.5) Slightly less than half of all interstate regular benefits were paid to claimants in the three western states of Washington (23.9%), Oregon (10.8%), and California (13.9%). (See Table 2.15 on page 46.) Of those regular benefit payment dollars sent out of state, over 60% were for former employees of three industry groups: manufacturing (27.4%), services (20.9%), and trade (14.2%). (See Table 2.10.)

Claimants by Selected Local Offices, 1992

Figure 2.5



Since 1985, the average weekly benefit amount and average duration has been higher for those filing from out-of-state than for those filing in-state. In 1992 the average weekly benefit amount for interstate claimants was \$173.26 with average duration of 17.8 weeks. Intrastate claimants averaged weekly benefit amounts of \$161.22 with 16.0 weeks duration. (See Tables 2.9 and 2.10 on pages 36-39.)

Wage Replacement and Benefit Adequacy

Unemployment compensation is intended to replace a worker's earnings during a temporary spell of unemployment. How much of the claimant's earnings should be replaced has been an important issue since the conception of the program. A low earnings replacement implies insufficient support; an excessively high earnings replacement could result in a disincentive to return to work.

Source: Alaska Department of Labor, Research & Analysis Section

BETHLEHEM COMMUNITY SCH ID: APR 26 95 9:16 No.002 P.02

LKESPA

PO Box 726-Bethel, AK 99559

April 26, 1995

Lyda Green, Chair HESS Committee

Ms Green;

Thank you for bringing SB2 for a hearing so the public may discuss this very important issue.

I am urging you to vote yes on Senate Bill 2 and pass it out of HESS.

Public employees deserve equitable treatment which is afforded by the State of Alaska to private workers, such as bus drivers, which are doing the same jobs are and are eligible for unemployment benefits.

The State of Alaska sends unemployment benefits to fishermen in Florida, Texas, Hawaii, Puerto Rico and all 50 states after their short fishing season ends. This money leaves the state and does not help those workers who live and try to subsist in Alaska with its higher cost of living.

School Board Members oppose letting employees receive these benefits at the same time these same school board members receive a full years retirement for their part-time involvement, a benefit all non-12 month employees do not enjoy.

Unemployment benefits would not only help those employees which need to pay for food, housing, fuel and medical costs incurred without benefits during this time out of employment but also benefit other economic bases within the state. These workers live outside the state and only take money.

Thank you for your concern with this important issue.


Ted Simmons, President