

HB

58

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/6/01

REPORTED ON
MAY 11 8 2002

FURTHER:

DATE TURNED
IN TO OFFICE:

05/09/02

Finance Committee considered

CS FOR HOUSE BILL NO. 58(L&C)

HB 58 UNEMPLOYMENT COMPENSATION BENEFITS

"An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

and recommends:

- be replaced with 5 CS CS 58 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
forthcoming f/n's				

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS.	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Lynda Green</i>			✓	
<i>William C. ...</i>			✓	
<i>John ...</i>			✓	
<i>Deborah ...</i>			✓	
<i>James White</i>	✓			
<i>Loren D. ...</i>			✓	
COCHAIR: <i>Jan ...</i>	✓			
COCHAIR: <i>Deborah ...</i>			✓	

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SCS for CSHB 58 (FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
 Title: Unemployment Compensation Benefits BRU: Employment Security
 Component: Unemployment Insurance
 Sponsor: Rules Committee
 Requester: Senate Finance Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the maximum unemployment compensation weekly benefit amount (WBA) over a period of three years, from \$248.00 to \$320.00, and increases the qualifying wages in the existing statutory table. In calendar year 2002, the maximum WBA amount goes from \$248 to \$272. In calendar year 2003, the maximum WBA amount goes from \$272 to \$296. In calendar year 2004, the maximum WBA amount goes from \$296 to \$320.

There is no fiscal impact to the department as a result of this legislation.

Prepared by: Ronald Hull, Director Phone: 465-2711
 Division: Employment Security Division Date/Time: 5/9/02 5:22 PM
 Approved by: Ed Flanagan, Commissioner Date: 05/09/02
 Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

SENATE FINANCE
COMMITTEE

Amendment Number: # 2
Bill Number: HB 58
Sponsor: Olson Date: 5/8/02
Logged In By: Mindy

AMENDMENT

Offered in Senate Finance Committee
TO: CSHB 58 (L&C)

By Olson J

Page 15, line 1:

Delete "January 1, 2002"

Insert "July 1, 2002"

SENATE FINANCE COMMITTEE
5/8/2002 COMMITTEE ACTION

Bill Number	#B 58		
Amendment	# 2		
Motion	adopt		
<u>Motion by</u> Olson			
<u>Objection by</u> Kelly			
<u>Removed</u> ✓			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Hoffman			
Senator Leman			
Senator Olson			
Senator Ward			
Senator Wilken			
Senator Austerman			
Senator Green			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
MOTION Pass			



Official Business

Alaska State Senate

Senate Finance Committee

* CORRECTION *

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 8 May 2002 TIME: 8:45 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 2

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please SCS CS HB 58(FIN)
22-GH1016\C

Plus accompanying amendment

Thx Sorry
Mindy for the
in convenience ☺

1st fax had wrong amendment!!
please incorporate → page 15, line 1:
only delete "January"
discard earlier amendment (2003, 2004, 2005) insert "July"

* CORRECTION *

Adopted

22-GH1016J
Craver
5/8/02

SENATE CS FOR CS FOR HOUSE BILL NO. 58()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 23.20.350(d) is amended to read:

(d) An individual who is eligible under (a) of this section is entitled to receive the weekly benefit amount set out in column (B) of the table in this subsection that is opposite the amount set out in column (A) of the individual's base period wages determined under (c) of this section:

	(A)		(B)
	Base Period Wages		Weekly Benefit Amount
	At least	But less than	
	0	1,000	\$ 0
	1,000	1,250	44

1	1,250	1,500	46
2	1,500	1,750	48
3	1,750	2,000	50
4	2,000	2,250	52
5	2,250	2,500	54
6	2,500	2,750	56
7	2,750	3,000	58
8	3,000	3,250	60
9	3,250	3,500	62
10	3,500	3,750	64
11	3,750	4,000	66
12	4,000	4,250	68
13	4,250	4,500	70
14	4,500	4,750	72
15	4,750	5,000	74
16	5,000	5,250	76
17	5,250	5,500	78
18	5,500	5,750	80
19	5,750	6,000	82
20	6,000	6,250	84
21	6,250	6,500	86
22	6,500	6,750	88
23	6,750	7,000	90
24	7,000	7,250	92
25	7,250	7,500	94
26	7,500	7,750	96
27	7,750	8,000	98
28	8,000	8,250	100
29	8,250	8,500	102
30	8,500	8,750	104
31	8,750	9,000	106

WORK DRAFT

WORK DRAFT

22-GH1016U

1	9,000	9,250	108
2	9,250	9,500	110
3	9,500	9,750	112
4	9,750	10,000	114
5	10,000	10,250	116
6	10,250	10,500	118
7	10,500	10,750	120
8	10,750	11,000	122
9	11,000	11,250	124
10	11,250	11,500	126
11	11,500	11,750	128
12	11,750	12,000	130
13	12,000	12,250	132
14	12,250	12,500	134
15	12,500	12,750	136
16	12,750	13,000	138
17	13,000	13,250	140
18	13,250	13,500	142
19	13,500	13,750	144
20	13,750	14,000	146
21	14,000	14,250	148
22	14,250	14,500	150
23	14,500	14,750	152
24	14,750	15,000	154
25	15,000	15,250	156
26	15,250	15,500	158
27	15,500	15,750	160
28	15,750	16,000	162
29	16,000	16,250	164
30	16,250	16,500	166
31	16,500	16,750	168

WORK DRAFT

WORK DRAFT

22-GH1016U

1	16,750	17,000	170
2	17,000	17,250	172
3	17,250	17,500	174
4	17,500	17,750	176
5	17,750	18,000	178
6	18,000	18,250	180
7	18,250	18,500	182
8	18,500	18,750	184
9	18,750	19,000	186
10	19,000	19,250	188
11	19,250	19,500	190
12	19,500	19,750	192
13	19,750	20,000	194
14	20,000	20,250	196
15	20,250	20,500	198
16	20,500	20,750	200
17	20,750	21,000	202
18	21,000	21,250	204
19	21,250	21,500	206
20	21,500	21,750	208
21	21,750	22,000	210
22	22,000	22,250	212
23	22,250	22,500	214
24	22,500	22,750	216
25	22,750	23,000	218
26	23,000	23,250	220
27	23,250	23,500	222
28	23,500	23,750	224
29	23,750	24,000	226
30	24,000	24,250	228
31	24,250	24,500	230

1	24,500	24,750	232
2	24,750	25,000	234
3	25,000	25,250	236
4	25,250	25,500	238
5	25,500	25,750	240
6	25,750	26,000	242
7	26,000	26,250	244
8	26,250	26,500	246
9	26,500	26,750	248
10	26,750	<u>27,000</u>	<u>250</u> [248]
11	<u>27,000</u>	<u>27,250</u>	<u>252</u>
12	<u>27,250</u>	<u>27,500</u>	<u>254</u>
13	<u>27,500</u>	<u>27,750</u>	<u>256</u>
14	<u>27,750</u>	<u>28,000</u>	<u>258</u>
15	<u>28,000</u>	<u>28,250</u>	<u>260</u>
16	<u>28,250</u>	<u>28,500</u>	<u>262</u>
17	<u>28,500</u>	<u>28,750</u>	<u>264</u>
18	<u>28,750</u>	<u>29,000</u>	<u>266</u>
19	<u>29,000</u>	<u>29,250</u>	<u>268</u>
20	<u>29,250</u>	<u>29,500</u>	<u>270</u>
21	<u>29,500</u>	<u>29,750</u>	<u>272</u>
22	<u>29,750</u>		<u>272</u>

23 * Sec. 2. AS 23.20.350(d) is amended to read:

24 (d) An individual who is eligible under (a) of this section is entitled to receive
25 the weekly benefit amount set out in column (B) of the table in this subsection that is
26 opposite the amount set out in column (A) of the individual's base period wages
27 determined under (c) of this section:

28	(A)	(B)
29	Base Period Wages	Weekly Benefit
30		Amount
31	At least	But less than

	WORK DRAFT	WORK DRAFT	22-GH1016U
1	0	1,000	\$ 0
2	1,000	1,250	44
3	1,250	1,500	46
4	1,500	1,750	48
5	1,750	2,000	50
6	2,000	2,250	52
7	2,250	2,500	54
8	2,500	2,750	56
9	2,750	3,000	58
10	3,000	3,250	60
11	3,250	3,500	62
12	3,500	3,750	64
13	3,750	4,000	66
14	4,000	4,250	68
15	4,250	4,500	70
16	4,500	4,750	72
17	4,750	5,000	74
18	5,000	5,250	76
19	5,250	5,500	78
20	5,500	5,750	80
21	5,750	6,000	82
22	6,000	6,250	84
23	6,250	6,500	86
24	6,500	6,750	88
25	6,750	7,000	90
26	7,000	7,250	92
27	7,250	7,500	94
28	7,500	7,750	96
29	7,750	8,000	98
30	8,000	8,250	100
31	8,250	8,500	102

WORK DRAFT

WORK DRAFT

22-GH1016U

1	8,500	8,750	104
2	8,750	9,000	106
3	9,000	9,250	108
4	9,250	9,500	110
5	9,500	9,750	112
6	9,750	10,000	114
7	10,000	10,250	116
8	10,250	10,500	118
9	10,500	10,750	120
10	10,750	11,000	122
11	11,000	11,250	124
12	11,250	11,500	126
13	11,500	11,750	128
14	11,750	12,000	130
15	12,000	12,250	132
16	12,250	12,500	134
17	12,500	12,750	136
18	12,750	13,000	138
19	13,000	13,250	140
20	13,250	13,500	142
21	13,500	13,750	144
22	13,750	14,000	146
23	14,000	14,250	148
24	14,250	14,500	150
25	14,500	14,750	152
26	14,750	15,000	154
27	15,000	15,250	156
28	15,250	15,500	158
29	15,500	15,750	160
30	15,750	16,000	162
31	16,000	16,250	164

WORK DRAFT

WORK DRAFT

22-GH1016U

1	16,250	16,500	166
2	16,500	16,750	168
3	16,750	17,000	170
4	17,000	17,250	172
5	17,250	17,500	174
6	17,500	17,750	176
7	17,750	18,000	178
8	18,000	18,250	180
9	18,250	18,500	182
10	18,500	18,750	184
11	18,750	19,000	186
12	19,000	19,250	188
13	19,250	19,500	190
14	19,500	19,750	192
15	19,750	20,000	194
16	20,000	20,250	196
17	20,250	20,500	198
18	20,500	20,750	200
19	20,750	21,000	202
20	21,000	21,250	204
21	21,250	21,500	206
22	21,500	21,750	208
23	21,750	22,000	210
24	22,000	22,250	212
25	22,250	22,500	214
26	22,500	22,750	216
27	22,750	23,000	218
28	23,000	23,250	220
29	23,250	23,500	222
30	23,500	23,750	224
31	23,750	24,000	226

WORK DRAFT

WORK DRAFT

22-GH1016U

1	24,000	24,250	228
2	24,250	24,500	230
3	24,500	24,750	232
4	24,750	25,000	234
5	25,000	25,250	236
6	25,250	25,500	238
7	25,500	25,750	240
8	25,750	26,000	242
9	26,000	26,250	244
10	26,250	26,500	246
11	26,500	26,750	248
12	26,750	27,000	250
13	27,000	27,250	252
14	27,250	27,500	254
15	27,500	27,750	256
16	27,750	28,000	258
17	28,000	28,250	260
18	28,250	28,500	262
19	28,500	28,750	264
20	28,750	29,000	266
21	29,000	29,250	268
22	29,250	29,500	270
23	29,500	29,750	272
24	29,750	<u>30,000</u>	<u>274</u> [272]
25	<u>30,000</u>	<u>30,250</u>	<u>276</u>
26	<u>30,250</u>	<u>30,500</u>	<u>278</u>
27	<u>30,500</u>	<u>30,750</u>	<u>280</u>
28	<u>30,750</u>	<u>31,000</u>	<u>282</u>
29	<u>31,000</u>	<u>31,250</u>	<u>284</u>
30	<u>31,250</u>	<u>31,500</u>	<u>286</u>
31	<u>31,500</u>	<u>31,750</u>	<u>288</u>

1

31.750

290

2

* **Sec. 3.** Section 1 of this Act takes effect January 1, 2003.

3

* **Sec. 4.** Section 2 of this Act takes effect January 1, 2004.

SENATE FINANCE COMMITTEE
5/8/2002 COMMITTEE ACTION

Bill Number	HB 58		
Amendment	CS "J"		
Motion	adapt as working draft		
<u>Motion by</u>	Green		
<u>Objection by</u>	Donley		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Wilken			✓
Senator Austerman			✓
Senator Green	✓		
Senator Hoffman			✓
Senator Lemman	✓		
Senator Olson	✓		
Senator Ward		—	
Co-Chair Donley			✓
Co-Chair Kelly	✓		
<u>Tally</u>			
Yea	4		
Nay	4		
Absent			
<u>MOTION</u>	FAIL		

Amendment to
Amendment #2
22-GH1016C

- 1 * Sec. 4. Section 1 of this Act takes effect January 1, ~~2002~~ 2003
- 2 * Sec. 5. Section 2 of this Act takes effect January 1, ~~2003~~ 2004
- 3 * Sec. 6. Section 3 of this Act takes effect January 1, ~~2004~~ 2005

SENATE FINANCE COMMITTEE
5/8/2002 COMMITTEE ACTION

Bill Number	HB 58		
Amendment	#2		
Motion	Amend		
Motion by	Green		
Objection by			
Removed			
Second Objection by			
<u>Committee Member</u>	Y	Vote	N
Senator Green	✓		
Senator Hoffman	✓		
Senator Leman	✓		
Senator Olson			✓
Senator Ward		—	
Senator Wilken			✓
Senator Austerman			✓
Co-Chair Donley			✓
Co-Chair Kelly	✓		
<u>Tally</u>			
Yea	4		
Nay	4		
Absent			
MOTION	FAIL		

Pg 15 Sec 4

SENATE FINANCE
 COMMITTEE #1
 Amendment Number:
 Bill Number: HB 58
 Sponsor: Green Date: 4/4/02
 Logged In By: Mindy

22-GH10161C.2
 Craver
 4/4/02

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSHB 58(L&C)

- 1 Page 5, line 23, through page 14, line 31:
- 2 Delete all material.
- 3
- 4 Renumber the following bill sections accordingly.
- 5
- 6 Page 15, line 1:
- 7 Delete "2002"
- 8 Insert "2003"
- 9
- 10 Page 15, lines 2 - 3:
- 11 Delete all material.

SENATE FINANCE COMMITTEE
518/2002 COMMITTEE ACTION

Bill Number	#18 58		
Amendment	#2 #1		
Motion	adopt		
Motion by			
Green			
Objection by			
Olson			
Removed			
Second Objection by			
Committee Member	Y	Vote	N
Senator Austerman			✓
Senator Green	✓		
Senator Hoffman			✓
Senator Leman	✓		
Senator Olson	✓		
Senator Ward		—	
Senator Wilken			✓
Co-Chair Donley			✓
Co-Chair Kelly			✓
Tally			
Yea	3		
Nay	0		
Absent	1		
MOTION			
FAIL			

SENATE FINANCE COMMITTEE
5/8/2002 COMMITTEE ACTION

Bill Number	#B 58		
Amendment	#1		
Motion	amend to include #2.		
<u>Motion by</u>	Olson		
<u>Objection by</u>	Green		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Leman			
Senator Olson			
Senator Ward			
Senator Wilken			
Senator Austerlman			
Senator Green			
Senator Hoffman			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u> With drawn			

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 58(L&C)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: All
 Title "An Act relating to the calculation and BRU Various
payment of unemployment compensation benefits . . . " Component Various
 Sponsor House Rules Committee
 Requester (S) Finance Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	175.0	300.0	350.0	350.0	350.0	350.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	175.0	300.0	350.0	350.0	350.0	350.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Misc.)	175.0	300.0	350.0	350.0	350.0	350.0
TOTAL	175.0	300.0	350.0	350.0	350.0	350.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 This legislation has a fiscal impact on the employer charge paid by all state agencies using the working reserves for unemployment insurance. The costs are based on a 3-year average of actual usage paid (\$3,701,713 in FY 99 - FY 01). This fiscal note assumes that 33% of the state's former employees would be eligible for the new maximum benefit amount each year.

 The Fund Source is shown as "other" because it encompasses all funding sources that pay for personal services.

Prepared by: Kim Garner, Director Phone 465-3435
 Division: Division of Finance Date/Time April 2, 2002 2PM
 Approved by: Jim Duncan, Commissioner Date 4/3/2002
 Agency: Department of Administration

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB 58(L&C)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
 Title: Unemployment Compensation Benefits BRU: Employment Security
 Component: Unemployment Insurance
 Sponsor: Rules Committee
 Requester: Senate Finance Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the maximum unemployment compensation weekly benefit amount (WBA) over a period of three years, from \$248.00 to \$320.00, and increases the qualifying wages in the existing statutory table. In calendar year 2002, the maximum WBA amount goes from \$248 to \$272. In calendar year 2003, the maximum WBA amount goes from \$272 to \$296. In calendar year 2004, the maximum WBA amount goes from \$296 to \$320.

There is no fiscal impact to the department as a result of this legislation.

Prepared by: Ronald Hull, Director Phone: 465-2711
 Division: Employment Security Division Date/Time: 3/27/02 9:53 AM
 Approved by: Ed Flanagan, Commissioner Date: 03/27/02
 Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

May 8, 2002

HB 58
5/8/02

Response to Chamber of Commerce
Position Statement and Attachments

- o A 29% increase to the MWBA is not an across the board increase in benefits. This bill, as it now reads, targets the maximum benefit amounts for workers earning \$26,750 and above who are receiving an inadequate level of wage replacement.
- o In CY2001, only 31% of the total claimant population received the maximum benefit amount of \$248. Only 3% of the total claimant population currently receives the maximum benefit amount and maximum dependent allowance. The proposed MWBA of \$320 represents slightly less than 50% of the average weekly wage. While it is true that unemployed workers with dependent children can receive a higher benefit amount, this group is a minority of the claimant population.
- o In regards to the Chamber's survey, it appears only 129 – 160 of the approximately 16,000 Alaskan employers (less than 1%) have been heard from in partial or total opposition to this bill. This survey is neither conclusive nor are its results statistically significant. On the other hand, organizations representing approximately 60,000 Alaskan workers, nearly 20% of the state's total labor force have testified in favor of the bill.
- o With the Chamber's proposed increase capped at \$272, the wage replacement for individuals earning \$35,750 would only increase from 36% (current maximum WBA \$248) to 39%. With the proposed maximum benefit amount of \$320, the same worker would receive a more adequate wage replacement of 47%.
- o Even with the average dependent benefits paid to Alaskan UI claimants (\$20.26) added to the existing maximum benefit amount of \$248, Alaska would still rank approximately 42 out of the 50 states and the District of Columbia. Eleven of the States reflected in the attached State Comparison Table pay dependents allowance. The table does not include the dependents allowance in the weekly benefit amounts reflected, therefore the Chamber is not presenting an accurate comparison.

May 8, 2002

- o The Department of Labor and Workforce Development remains willing and available to provide current data and information regarding this issue to any interested party.

CSHB58

DOLWD

ALASKA STATE CHAMBER OF COMMERCE

Position Statement

CSHB 58 (L&C) - Unemployment Compensation Benefits

CSHB 58 (L&C) proposes to increase the maximum weekly benefit amount (MWBA) for unemployment compensation by 29% above the present level at a cost of \$10 million. The Alaska State Chamber of Commerce believes this increase to be exorbitant.

With the supplemental benefit for dependents allowed under Alaska law, the MWBA ranges now between \$248 and \$320, or between 39% and 50% of the average weekly wage. With the proposed increase, the MWBA would range between 50% and 62% of the average weekly wage.

Alaska State Chamber of Commerce members were surveyed on HB 58 and 86% of the respondents opposed the increases proposed in the legislation:

60% wanted no increase in the MWBA

26% said any increase should be less than either \$284 or \$320 (proposed in sections 2 & 3)

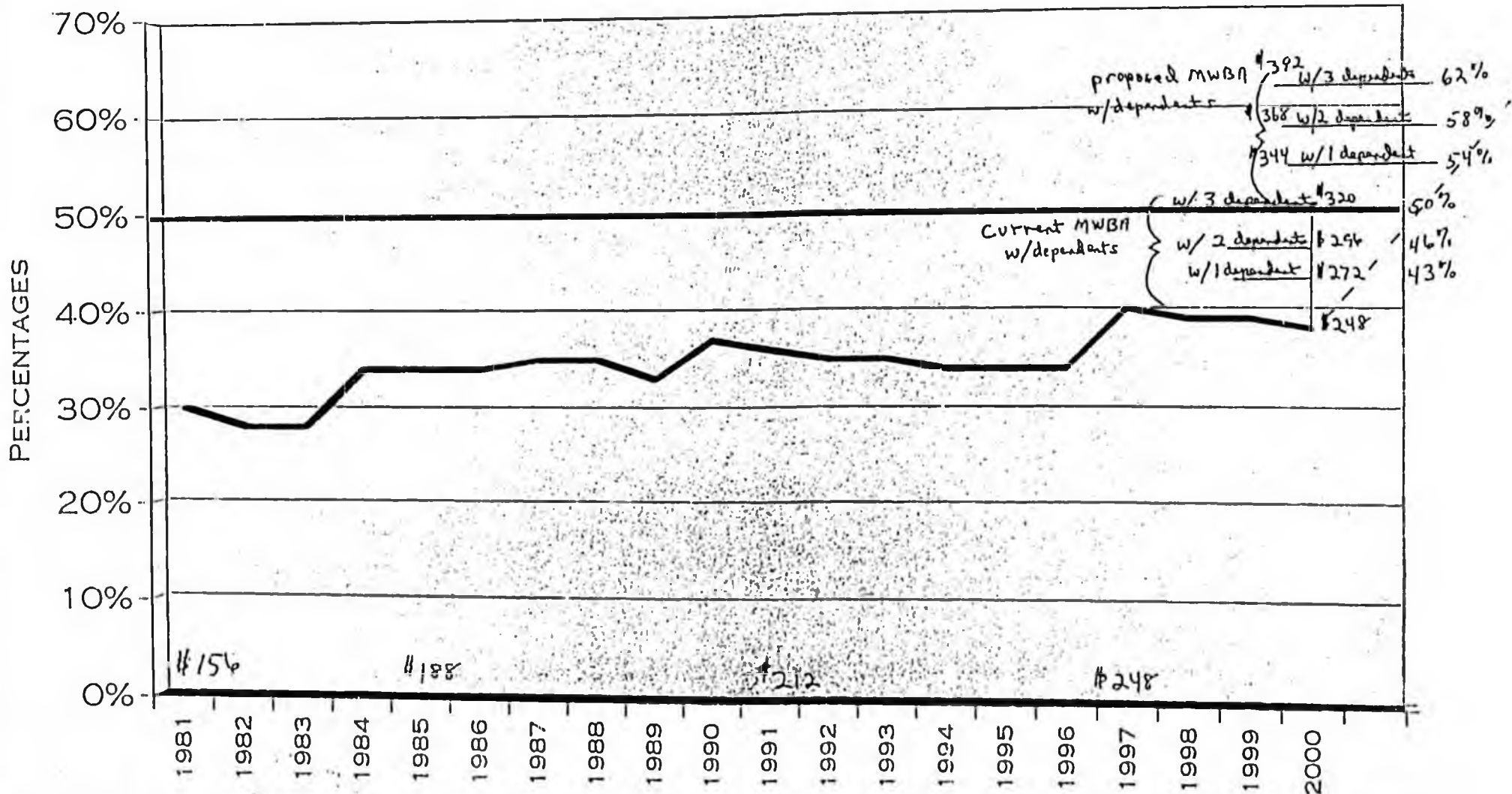
The Alaska State Chamber is willing to support an increase to \$272, as proposed in Section 1 of CSHB 58 (L&C). This is an increase of 10% and sets the MWBA in a range of between \$272-\$344, or between 43% and 54% of the average weekly wage. In comparison with other states, Alaska MWBA would rank between 41st with no dependents and up to 16th with full dependent supplemental benefits.

We are opposed to the further increases proposed in Sections 2 and 3 of the bill.

ALASKA'S MAXIMUM WEEKLY BENEFIT AMOUNT AS A PERCENTAGE OF AVERAGE WEEKLY WAGE

Dependent supplemental benefit = 24 per dependent up to 3 dependents 43% of claimants had dependents in 2000

- NATIONAL GOAL
- ALASKA PERCENTAGES

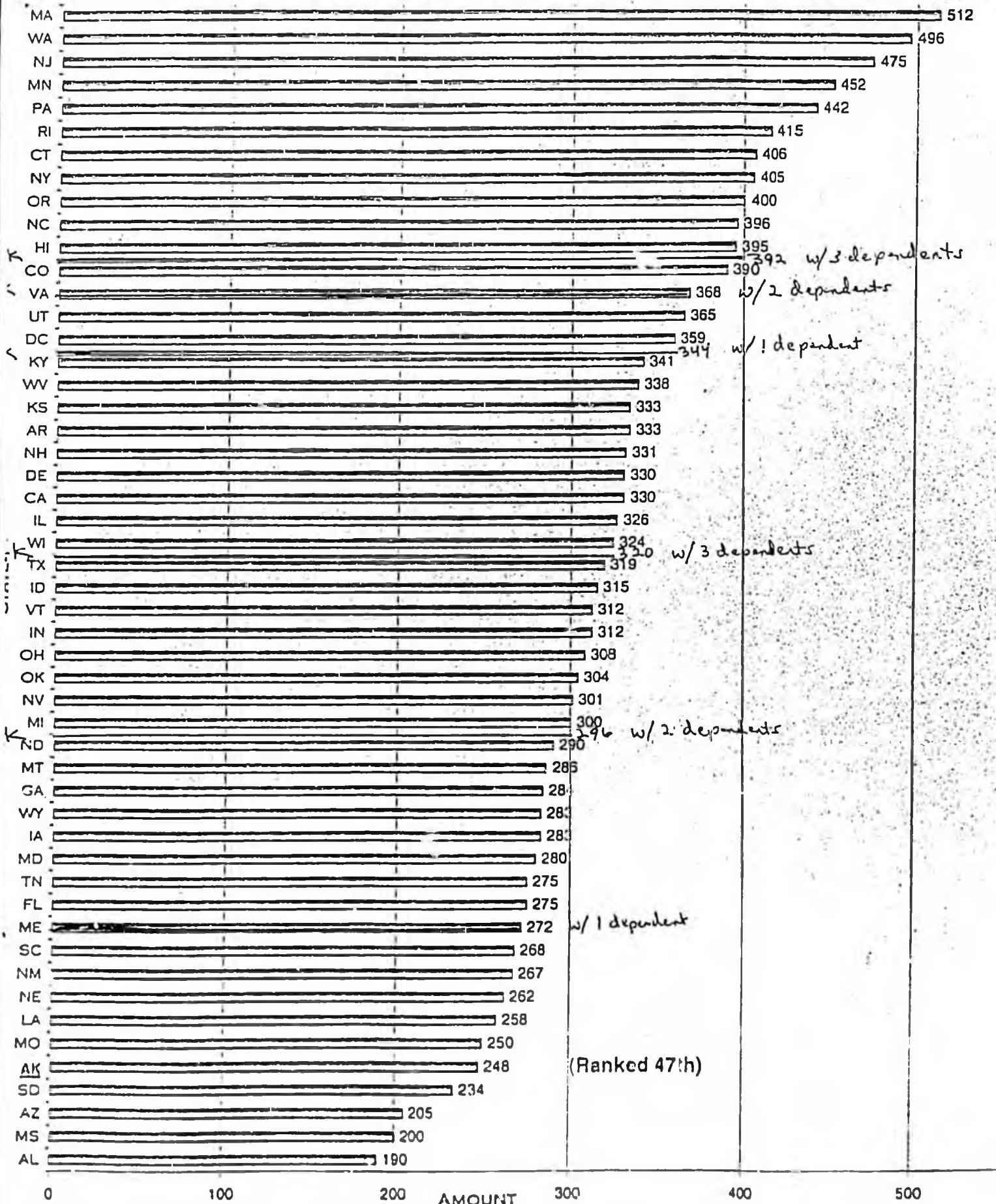


A NATIONAL GOAL OF THE UNEMPLOYMENT INSURANCE PROGRAM IS TO PROVIDE UNEMPLOYED PERSONS WITH 50 PERCENT REPLACEMENT OF THEIR WEEKLY WAGES IN UNEMPLOYMENT COMPENSATION BENEFITS. IN ALASKA, THE WAGE REPLACEMENT IS GRADUALLY DECLINING.

NOTE: ALASKA'S 2001 AVERAGE WEEKLY WAGE AMOUNT IS NOT YET AVAILABLE.

MAXIMUM WEEKLY BENEFIT AMOUNT BY STATE

provides dependent supplemental benefit = \$24 per dependent x 3 In 2000, 43% of claimants had dependents.



NOTE: DATA INCLUDES 50 STATES AND DISTRICT OF COLUMBIA
 /BAS ARE BASED ON THE MOST RECENT AVAILABLE DATA KNOWN.

Source: Alaska Department of Labor and Workforce Development

3/27/2002 2:57 PM

* MWBA w/dependents under proposed increase



Tony Knowles, Governor

Department of Labor and Workforce Development
OFFICE OF THE COMMISSIONER

P.O. Box 21149
Juneau, AK 99802-1149
Phone: (907) 465-2700
Fax: (907) 465-2784

April 15, 2002

The Honorable Pete Kelly
Chair, Senate Finance Committee
Alaska State Senate
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

Dear Senator Kelly:

I would like to thank you for the opportunity to appear before Senate Finance on April 4th, to present House Bill 58. I sincerely hope we were able to shed some light on the proposed legislation and its importance to Alaska's workers, businesses and communities.

We appreciate the opportunity to go on record with the following information and the attached documents (#1-#8) that address the questions raised by the Committee during the hearing and respond to testimony provided by the Associated General Contractors and the Alaska State Chamber of Commerce.

At the core of this bill is the concern that the adequacy of Alaska's Unemployment Insurance program is eroding for a portion of our workers. At the same time there is a very legitimate concern over any action that may serve to raise the tax burden on the employer community.

The purpose of this nationally based insurance program is the underwriting of an individual worker's wages against potential loss due to unemployment. With few exceptions (Alaska and New Jersey), employers wholly fund the benefits available through this insurance program with the payment premiums in the form of payroll taxes. The intent of the program is to provide the individual worker temporary, partial wage replacement based upon the level of the individual's earnings, to stabilize the local workforce during times of economic slowdown, and to keep money circulating in the local community during these times. Employers and employees benefit from the successful marriage of these goals.

Since the program's inception in the mid-1930's there has been a concern that paying workers who are not working could provide a disincentive for the worker to return to work. Clearly, if not working provides an income that rivals the financial benefit of working, this disincentive could be very real. On the other hand, if the benefit level provided is inadequate when compared to the wages being replaced for the individual, the worker will be unable to meet non-deferrable expenses and is less likely to remain in the local labor market. An adequate benefit level enables workers to remain in their communities and provides an infusion of cash to small local businesses.

Over the nearly 70 years that the Unemployment Insurance program has been in effect, the question of adequacy of benefit levels has been addressed constantly. During this time, a Federal standard of providing a 50% wage replacement for the majority of workers has come to be accepted as adequate, yet short of providing a disincentive. Clearly at the upper end of the wage scale, provision of a 50% wage replacement is not necessary or desirable - a worker with an annual salary of \$120,000/year could not reasonably expect this level of wage replacement from the program. As a result, all states set some limit on the upper end of the benefit scale, as does HB 58. Generally, this upper limit is tied, either by self-adjusting index or periodic state legislation, to some proportion (usually 50% to 70%) of the average weekly wage paid in the state, regardless of the worker's earnings.

Faced with the fact that under the standards that measure the effectiveness of unemployment programs in the nation, Alaska's program is failing to provide adequate coverage for an increasing number of workers. Workers earning more than the level of wages necessary to qualify for the current maximum weekly benefit amount of \$248, face a decreasing level of wage replacement.

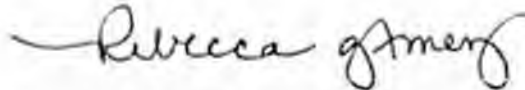
This bill does not increase benefits for all workers filing for unemployment, and therefore does not provide a greater incentive for workers to avoid accepting re-employment. It targets the increasing number of workers earning between \$26,750/year and \$35,750/year and attempts to provide these workers with a benefit level approaching 50% of their average weekly wage. (The new proposed maximum of \$320/week would provide approximately a 47% wage replacement for the worker earning \$35,750. Under the current benefit schedule, this same worker is eligible for a benefit amount of \$248 or approximately a 36% wage replacement.)

The cost of HB58 is not to be taken lightly. Clearly no responsible governmental agency or legislative body should propose increased taxes without careful consideration. We have provided estimates that, once the new benefit amount of \$320 is phased in over a three-year period, the annual increase in benefit costs would be approximately \$10 million. These costs would be passed on proportionately (80/20) to both employers and workers. Fortunately, the counter-cyclical design of our tax formula would phase these costs in over a period of several years, with the total impact not being included in tax rates until 2008.

All cost estimates provided by the Department are based on a constant 2001 level economy, employment and unemployment claim levels. While this does not provide a "worst case" scenario, it is a conservative estimate of the impact of the increase in benefits. With continued slow and steady growth of the Alaskan economy and total wages paid in the state, the impact of the increased cost stands to be considerably less than projected.

I hope that this information is helpful to the Committee in its deliberations and I look forward to the opportunity to answer any other questions regarding this important program you or your committee members may have.

Sincerely,



Rebecca Nance Gamez
Deputy Commissioner

Attachments

cc: Senator Dave Donley, Co-Chair Senate Finance
Committee
Senator Alan Austerman
Senator Lyda Green
Senator Lyman Hoffman
Senator Loren Leman
Senator Donny Olson
Senator Jerry Ward
Senator Gary Wilken

Question #1:

What are the base period wages (wage ceilings) for other states?

Answer:

All states provide a maximum, or ceiling, on the weekly benefit amount payable to any claimant. In many states, the maximum is indexed to a percentage of the statewide average weekly wage. Alaska's maximum benefit amount is set in statute.

Exhibit #1, Table 18, provides information about the weekly benefit amounts for each state. Published in January 2001, changes made by states during 2001 are not represented.

States are listed under the method of computing a claimants' weekly benefit amount. Alaska uses an annual wage formula. The minimum wage requirements for the maximum weekly benefit amount are reflected in column 6 and 7 of the table.

For those states where the maximum benefit amount is computed as a percentage of the Average Weekly Wage, the percentage amounts are given in column 5. Although Alaska's maximum benefit amount is not computed as a percentage of the Average Weekly Wage, increasing the maximum weekly benefit amount to \$320 will boost the maximum wage replacement rate from 38% to 48.5% of the average weekly wage of \$659.

Question #2:

Where is zip code 99583?

Answer:

False Pass, population 64, adult population 41.

Question #3:

Provide a chart showing all 20 tax classes and the impact on each tax class up to 2008.

Answer:

Exhibit 2, Table 3, reflects the impact the proposed maximum weekly benefit amount of \$320 would have on each of the 25 rate classes by the year 2008. The rate class an employer falls into is determined by measuring the declines

in the total reportable payroll. The higher the declines in reportable payroll the higher the tax rate. Rate class 21 is a penalty class assigned to employers who fail to file reports and/or pay the tax. The penalty rate is set by law and does not vary year to year.

Question #4:

What is New Jersey's employee contribution amount?

Answer:

Effective January 1, 2002, New Jersey workers are subject to a worker tax rate of .425 percent. The worker contribution is a flat rate prescribed by the New Jersey legislature each year and is based on a percentage of their current year's taxable wage base. New Jersey's 2002 taxable wage base is \$23,500.

Question #5:

What are the base minimum qualifying wages and minimum weekly benefit amounts of other states?

Answer:

Exhibit 3, Table 17 - Qualifying Requirements, provides information on the qualifying requirements for minimum benefits among all states. The base period wages required for the minimum benefit amount is given in column 3. Column 5 gives the minimum benefit amount for each state.

Question #6:

What is the Weekly Benefit Amount for other states at the income level of \$23,000?

Answer:

Exhibit 4, Table 2, shows the Average Benefit Amount (Regular UI) and Average Weekly Earnings (Covered Employment) for each state in 2000. This table provides a comprehensive list of the benefit amount the average worker receives for unemployment insurance in their respective state.

Since 1982 the wage replacement for Alaskan workers earning \$23,000 has improved. The 1997 benefit increase raised the wage replacement rate from 47.9% to 49.7% for workers at this same salary. The proposed legislation does not affect the benefit levels for these workers, targeting instead the workers earning between \$26,750 and \$35,750 whose wage replacement rate is not adequate. In CY2000 the Average

Annual Earnings in Alaska was \$34,292 (substantially higher than \$23,000) resulting in wage replacement of only 37.6% using current benefit levels.

Question #7:

Rank Alaska with other states if the average dependent allowance amount is included in our current Maximum Weekly Benefit Amount.

Answer:

Only eleven other states pay dependent allowance, and not all claimants receive this additional benefit.

Exhibit 5 shows how Alaska's Average Weekly Benefit Amount ranks in comparison to the other states paying dependent allowance. As shown on the chart, Alaska lags behind the other states, ranking 12th, when compensation for dependent allowance is included in the calculation of the Average Benefit Amount.

On Exhibit 6, when the average dependent allowance (\$20.26 for all claimants) is added to Alaska's current maximum weekly benefit amount, the result only brings the weekly benefit amount to \$268, ranking Alaska, along with South Carolina, 42nd.

Question #8:

What are the number of employers in the state and the percentage of these employers who have ten or fewer employees?

Answer

Total number of covered employers at the end of third quarter 2001, Alaska's high employment quarter, was 16,709. Of that, 12,633 employers had nine or fewer employees. This is equal to 75.6 percent of total covered employers.

Response to the testimony and position paper provided by the Alaska State Chamber of Commerce.

See Exhibit 7.

Response to the testimony and position paper provided by Associated General Contractors.

See Exhibit 8.

WEEKLY BENEFIT AMOUNTS

Table 18 shows the three methods states use for computing claimants' weekly benefit amounts (WBA). Implicit in all these methods are two long-standing unemployment compensation principles: (1) The weekly benefit amount should be directly related to the individual's usual wage, and (2) the benefit generally should replace 50 percent of wages. Some states compute the weekly benefit as a fraction of the claimant's wages in that calendar quarter of the base period in which wages were highest (employee's high quarter). A $\frac{1}{26}$ fraction will produce 50 percent wage replacement for claimants who worked all 13 weeks in their high quarter.

States using an average weekly wage formula compute the weekly benefit as a percentage of the claimant's average weekly wage. These states use different methods of computing the average weekly wage. For example, Ohio divides the claimant's base-period wages by the number of weeks of wages.

States using an annual wage formula compute weekly benefits as a percentage of the total wages the claimant earned during the

base period. If the claimant worked steadily for 50 weeks at \$100, for example, the weekly benefit would be \$50, if the fraction is 1.0 percent. With fewer than 50 weeks, the weekly benefit would be less than \$50. Under this formula, the weekly benefit bears no necessary relationship to the worker's normal weekly wage, but rather to the normal annual wage.

Every state has a maximum weekly benefit amount. The maximum represents the point at which some claimants will not receive a 50 percent wage replacement. A \$100 maximum, for example, means that claimants whose normal weekly earnings are higher than \$200 will receive a benefit (\$100) representing less than half their usual wage. A maximum too low in relation to wages will result in most claimants qualifying for the maximum instead of a benefit related to their wages.

As Table 18 shows, a majority of states index the maximum to keep pace with rising wages. They establish the maximum as a fixed percentage (50-70%) of the statewide average weekly wage, usually over the last calendar year.

Table 18—WEEKLY BENEFIT AMOUNTS

State (1)	Method of Computing (see notes 1 & 6) (2)	Mini- mum WBA (3)	Maxi- mum WBA (4)	Maximum as % of State Average WW (5)	Minimum Wage Credits Required for Maximum Weekly Benefit Amount:	
					High Quarter (6)	Base Period (7)
High Quarter(s) Formula (Single HQ unless otherwise noted)						
Alabama	$\frac{1}{24}$ 2HQ's ²	\$45	\$190		\$4,548.01	\$9,096.02
Arizona	$\frac{1}{25}$	40	205		5,112.50	7,000
Arkansas	$\frac{1}{26}$	57	321	66 $\frac{2}{3}$ %	8,346	8,667
California	$\frac{1}{23}$ - $\frac{1}{33}$	40	230		7,633.34	9,541.67
Colorado	60% or 50% ²	25	326-358	55 ²	14,127	37,232
Connecticut	$\frac{1}{32}$ 2HQ's + d.a.	15-22	397-472	60	10,322 ⁷	15,880
Delaware	$\frac{1}{46}$ 2HQ's ²	20	315 ⁹		14,490 ¹⁰	14,490
Dist. of Col.	$\frac{1}{20}$ + d.a.	50	309	50	8,034	12,051
Florida	$\frac{1}{26}$ of HQ	32	279-288		7,254	10,881
Georgia	$\frac{1}{48}$ 2HQ's ²	39	274 ¹³		6,576	13,152 ¹³
Hawaii	$\frac{1}{31}$	5	383	70	8,043	9,958
Idaho	$\frac{1}{26}$	51	296	60	7,696	9,620
Illinois	49.5% \times 2HQ's + d.a. ²	51	315-417	65 $\frac{1}{2}$	8,248.50	16,497
Indiana	$\frac{1}{20}$ - $\frac{1}{25}$	50	298		6,700	8,375
Iowa	$\frac{1}{19}$ - $\frac{1}{23}$	40-49	273-335	53 ⁵	6,100	7,625

Table 18—WEEKLY BENEFIT AMOUNTS — Continued

State (1)	Method of Computing (see notes 1 & 6) (2)	Mini- mum WBA (3)	Maxi- mum WBA (4)	Maximum as % of State Average WW (5)	Minimum Wage Credits Required for Maximum Weekly Benefit Amount:	
					High Quarter (6)	Base Period (7)
Kansas	4.25%	\$80	\$320	60%	\$7,530	\$9,600
Maine	$\frac{1}{22}$ of 2HQ's ²	46-56	265-397	52	5,610	6,629.62
Maryland	$\frac{1}{24}$ + d.a.	25-33 ³	280		6,696.01	10,080
Massachusetts	$\frac{1}{13}$, $\frac{1}{21}$ - $\frac{1}{26}$ + d.a. ²	29-43	477-715	57.5	12,402 ¹⁶	14,310
Michigan	4.1%	81	300		7,317	10,976
Minnesota	$\frac{1}{26}$ ¹⁴	38	331	50-66 $\frac{2}{3}$ ⁵	8,606	10,757
	$\frac{1}{104}$ ¹⁴	38	427	50-66 $\frac{2}{3}$ ⁵	11,102	44,408
Mississippi	$\frac{1}{26}$	30	190		4,940	7,600
Missouri	4.0%	40	250		6,250	9,375
Nevada	$\frac{1}{25}$	16	291	50	7,275	7,275.02
New Mexico	$\frac{1}{26}$	50	267	52.5	6,942	6,942
New York ²	$\frac{1}{26}$ of HQ	40	405 ²		10,530 ²	15,795
North Carolina	HQ/26 ²	15	375	66 $\frac{2}{3}$	9,750	9,751
North Dakota	$\frac{1}{65}$ of 2HQ's ²	43	271	62-65 ¹⁵	7,046	17,615
Oklahoma	$\frac{1}{23}$	16	291	X ⁵	6,693	10,039
Pennsylvania	$\frac{1}{23}$ - $\frac{1}{25}$ + d.a. ²	35-40	430-438	66 $\frac{2}{3}$ ⁵	10,688	17,120
Puerto Rico	$\frac{1}{11}$ - $\frac{1}{26}$	7	133	50	3,442.01	5,320
Rhode Island	4.62% x HQ	56-106 ¹²	397-496 ¹²	67	8,593.08	12,889.62
South Carolina	$\frac{1}{26}$ ²	20	259	66 $\frac{2}{3}$ ⁹	6,734	10,101
South Dakota	$\frac{1}{26}$	28	224	50	5,824	10,304
Tennessee	$\frac{1}{52}$ 2HQ's	30	255		6,630.01	13,260.02
Texas	$\frac{1}{25}$	48	294		7,350	10,878
Utah	$\frac{1}{26}$	22	355	65 ⁵	9,230	13,845
Vermont	$\frac{1}{45}$ 2HQ's ²	31	298	X ⁵	—	13,410
Virginia	$\frac{1}{50}$ 2HQ's ²	50	268		13,400.01 ¹⁰	13,400.01
Virgin Islands	$\frac{1}{28}$	33	312	65	8,112	12,168
Washington	$\frac{1}{25}$ 2HQ's ²	102	478	70	11,950	23,900
Wisconsin	4.0%	46	313		7,825	9,390
Wyoming	4.0%	20	271	55 ⁵	6,775	9,485
Annual Wage Formula						
Alaska	4.4-.09 + d.a. ²	44-68	248-320			26,750
Kentucky	1.3078 ²	39	329	62 ⁵		25,119
Louisiana	$\frac{1}{25}$ 4 qtrs. ²	10	258	66 $\frac{2}{3}$ ⁴		24,843
New Hampshire	0.8-1.1	32	301			29,500
Oregon	1.25	88	376	64		30,080
West Virginia	1.0	24	327	66 $\frac{2}{3}$		30,850
Average Weekly Wage Formula						
Montana	1.9% 2HQ or 1.0% total BP wages	65	263	60		13,842 for 1.9% option; 26,300 for 1.0% option
Nebraska	50% of $\frac{1}{13}$ of HQ	36	252	50%	6,552	7,352
New Jersey	60% d.a. ³	61	446	56 $\frac{2}{3}$		14,866.67 ¹¹
Ohio	50 + d.a. ³	84	303-407 ³	X ⁵		12,120

FOOTNOTES FOR TABLE 18

1. Unless noted separately, when two fractions are given, a weighted schedule is in use to give a greater proportion of high quarter wages to lower paid workers.
2. Alabama: $\frac{1}{24}$ of average of 2 highest quarters. Alaska: if over 90% of wages earned in one quarter, base period will be the other 3 quarters times 10. Colorado: 60% of $\frac{1}{26}$ of 2 highest consecutive "base period" quarters up to 50% of SAWW or 50% of $\frac{1}{52}$ of base period earnings up to 55% of SAWW, whichever is greater. Delaware: $\frac{1}{46}$ of total wages in two high quarters if trust fund balance is \$90 million or more, $\frac{1}{52}$ of total wages in two high quarters if fund is less than \$90 million. Georgia: $\frac{1}{48}$ of wages in 2 highest quarters or $\frac{1}{24}$ of HQ if secondary calculation is required. Illinois: 49.5% of claimant's wages in highest 2 quarters divided by 26. Kentucky: of the total base period wages. Louisiana: $\frac{1}{25}$ of average of four quarters, also the WBA reflects a 5% decrease and a 20% increase from the computed maximum. Maine: $\frac{1}{22}$ of the average of the two highest quarters. Massachusetts: if AWW is more than \$66, WBA is $\frac{1}{52}$ of 2HQ, or $\frac{1}{26}$ of HQ if the claimant has no more than two quarters of work. New York: the qualifying high quarter wage needed for benefit eligibility has been capped at 22 x maximum wba. A claimant may also request, within 10 days of being notified of their eligibility and only if claimant worked at least 20 weeks during BP, to have their wba recomputed based upon half their average weekly wage during the BP that established their eligibility. North Carolina: total wages in highest quarter divided by 26 and rounded down to the nearest whole dollar. North Dakota: $\frac{1}{65}$ of sum of total wages in highest two quarters and $\frac{1}{2}$ wages in third highest. Pennsylvania: $\frac{1}{23}$ - $\frac{1}{25}$ or 50% full-time weekly wage, whichever is greater. South Carolina: 50% of average weekly wage in high quarter. Vermont: computed as wages in the two highest quarters divided by 45 but not more than the maximum. Virginia: $\frac{1}{50}$ of total wages earned in two highest quarters. Washington: $\frac{1}{25}$ of the average of the two highest quarters.
3. When two amounts are given, higher figure includes dependents' allowances. Augmented amount for maximum weekly benefit amount includes allowances for maximum number of dependents. Ohio: dependents' allowances available only to claimants who exceed max. WBA earnings requirement. District of Columbia, Maryland, New Jersey: maximum is the same with or without dependents.
4. Louisiana: maximum WBA varies according to trust fund balance.
5. Among states with maximums computed as % of State Average Weekly Wage (SAWW), Iowa: 53% for claimants with no dependents, other percentages ranging from 55% to 65% apply to claimants with one or more dependents. Kentucky: annual increase limit depends on UI trust fund balance, no increase if tax schedule increases from previous year. Minnesota: uses one of two computing methods, the max. SAWW ranges from 50-66 $\frac{2}{3}$ % depending on the individual's HQ or BP. Ohio: adjusted annually to change in SAWW. Oklahoma: the greater of \$197 or 60%-50% of SAWW depending on condition of the fund. Pennsylvania: for WBA's $\frac{1}{2}$ of maximum or more, (when fund balance ratio 50% or less) the combined WBA and allowance is reduced by 3.7% but not below $\frac{1}{2}$ of maximum, unless other deductions apply. Utah: 65% of insured average fiscal year weekly wage. Vermont: maximum adjusted annually to change in SAWW, unless there are outstanding Title XII loans. Wyoming: maximum frozen and if revenues are insufficient to pay benefits or repay loans maximum reduced to 85% of maximum.
6. When state uses weighted HQ, annual wage, or AWW formula, approximate fractions or percentages are taken at midpoint of lowest and highest normal wage brackets. When additional payments are provided for claimants with dependents, fractions and percentages shown apply to basic benefit amounts.
7. Average of two highest quarters.
8. Delaware: if trust fund balance is \$200-\$249 million, the maximum WBA will be \$300; if balance is \$165-\$199 million the maximum WBA will be \$265; if balance is \$150-\$164 million the maximum WBA will be \$245; if balance is \$91-\$149 million the maximum WBA will be \$225; if less than \$90 million, maximum WBA will be \$205.
9. South Carolina: maximum permitted by law, currently administratively set at 50%.
10. Delaware, Virginia: highest two quarter earnings.
11. New Jersey: minimum wage credit is \$5,200 under alternative eligibility criterion for claimants with less than 20 base weeks.
12. Rhode Island: minimum wba is \$56 + \$10 x WA up to \$106; maximum wba is \$397 + DA up to \$496.
13. Georgia: the sum of two highest quarters. Effective July 1, maximum wba will rise unless the statewide reserve ratio is below 1.25%.
14. Minnesota: computed by either $\frac{1}{26}$ of claimant's high quarter, or $\frac{1}{104}$ of claimant's average base period weekly wage, depending on disbursements received during employment.
15. North Dakota: 62% of SAWW unless the average contribution rate paid by employers was below the national average, then it will be 65%.
16. Massachusetts: with earnings in two or fewer quarters, or as the average of the two highest quarters with earnings in three quarters or more.

Table 3: UI Employer Tax Rates and Maximum Contributions Per Employee, 2000-2008

Projections using 2001 tax calculation and estimated additional cost of WBA proposal

Employer Contribution Rates

RATE CLASS	Employer Contribution Rates								
	2000	2001	forecast 2002	forecast 2003	forecast 2004	forecast 2005	forecast 2006	forecast 2007	forecast 2008
1	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
2	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.02	1.02
3	1.07	1.04	1.04	1.04	1.06	1.09	1.12	1.13	1.14
4	1.18	1.14	1.14	1.14	1.17	1.20	1.23	1.25	1.25
5	1.29	1.25	1.25	1.25	1.27	1.31	1.34	1.36	1.37
6	1.39	1.35	1.35	1.35	1.38	1.41	1.45	1.47	1.48
7	1.50	1.45	1.45	1.45	1.48	1.52	1.56	1.59	1.59
8	1.71	1.66	1.66	1.66	1.70	1.74	1.79	1.81	1.82
9	1.93	1.87	1.87	1.87	1.91	1.96	2.01	2.04	2.05
10	2.14	2.08	2.08	2.08	2.12	2.18	2.23	2.27	2.28
11	2.14	2.08	2.08	2.08	2.12	2.18	2.23	2.27	2.28
12	2.36	2.28	2.28	2.28	2.33	2.39	2.46	2.49	2.51
13	2.57	2.49	2.49	2.49	2.54	2.61	2.68	2.72	2.73
14	2.79	2.70	2.70	2.70	2.76	2.83	2.90	2.95	2.96
15	2.89	2.80	2.80	2.80	2.86	2.94	3.01	3.06	3.07
16	3.00	2.91	2.91	2.91	2.97	3.05	3.13	3.17	3.19
17	3.11	3.01	3.01	3.01	3.07	3.16	3.24	3.29	3.30
18	3.21	3.11	3.11	3.11	3.18	3.26	3.35	3.40	3.42
19	3.32	3.22	3.22	3.22	3.29	3.37	3.46	3.51	3.53
20	3.43	3.32	3.32	3.32	3.39	3.48	3.57	3.63	3.64
21	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40

Employee Contribution Rates

0.54	0.52	0.52	0.52	0.53	0.54	0.56	0.57	0.57
------	------	------	------	------	------	------	------	------

Taxable Wage Base

\$24,800	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500
----------	----------	----------	----------	----------	----------	----------	----------	----------

Maximum Yearly Employer Contribution for Each Employee

1	\$248	\$255	\$255	\$255	\$255	\$255	\$255	\$255	\$255
2	248	255	255	255	255	255	255	260	260
3	265	265	265	265	270	278	286	288	291
4	293	291	291	291	298	306	314	319	319
5	320	319	319	319	324	334	342	347	349
6	345	344	344	344	352	360	370	375	377
7	372	370	370	370	377	388	398	405	405
8	424	423	423	423	434	444	456	462	464
9	479	477	477	477	487	500	513	520	523
10	531	530	530	530	541	556	569	579	581
11	531	530	530	530	541	556	569	579	581
12	585	581	581	581	594	609	627	635	640
13	637	635	635	635	648	666	683	694	696
14	692	689	689	689	704	722	740	752	755
15	717	714	714	714	729	750	768	780	783
16	744	742	742	742	757	778	798	808	813
17	771	768	768	768	783	806	826	839	842
18	796	793	793	793	811	831	854	867	872
19	823	821	821	821	839	859	882	895	900
20	851	847	847	847	864	887	910	926	928
21	1,339	1,377	1,377	1,377	1,377	1,377	1,377	1,377	1,377

Note: Class 21 is a penalty class. The rate is set by law and does not vary year to year.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, April 10, 2002

QUALIFYING REQUIREMENTS

There is a wide range of qualifying requirements for minimum benefits among the states. The requirement of 1½ times high-quarter wages means almost 20 weeks at the usual rate of pay for individuals who worked all 13 weeks of the high quarter, and 15 weeks for those who worked only 10 weeks of the high quarter. The requirement of 30 times the weekly benefit amount translates into 15 weeks of work if, as is usually the case, the weekly benefit is computed as about ½ the individual's regular weekly wage. However, except in the states that actually require a specified minimum number of weeks (or hours) of work, it is possible to

meet the multiple-of-high-quarter, multiple-of-weekly-benefit-amount requirements and flat dollar requirements with very few actual weeks of work, even though in most cases there must be earnings in more than one base period quarter.

State laws vary widely with respect to the amount of actual wages required for minimum benefits and minimum potential benefits. Generally, the lower the minimum benefit allowed, the lower the threshold at which lower wage and/or temporary or part-time workers can enter the system.

Table 17—QUALIFYING REQUIREMENTS FOR MINIMUM BENEFITS AND MINIMUM DURATION

State (1)	Qualifying Formula: (2)	Wages Required for Minimum Benefits		Minimum Benefits	
		Base Period (3)	High Quarter ⁴ (4)	WBA ¹ (5)	Weeks (6)
Alabama	1½ x HQW where avg. of 2 x HQ must be at least \$1,068.01	\$2,136.02	\$1,068.01 ¹⁰	\$45 ¹¹	15+
Alaska	\$1,000 with wages in two quarters	1,000	—	44-68	16
Arizona	wages in two quarters and either 1½ x high quarter wages or high quarter wages sufficient to qualify for maximum WBA	1,500	1,000	40	12+
Arkansas	wages in two quarters and BP earnings of 27 x wba	1,539	384.75	57	9
California	\$1,300 in HQ or \$900 in HQ and 1.25 x HQ in BP	1,125	900	40	14+
Colorado	40 x weekly benefit amount	2,500	—	25	13+
Connecticut	40 x weekly benefit amount	600	—	15-22	26 ³
Delaware	36 x weekly benefit amount	720	—	20	18
Dist. of Col.	1½ x HQ wages, with wages in two quarters and minimum of \$1300 in one quarter	1,950	1,300	50	19+
Florida	1½ x high quarter wages with wages in two quarters	3,400	—	32	Not specified
Georgia	1½ x high quarter wages with wages in two quarters; or 40 x WBA with wages in two quarters	1,296	864	39	9
Hawaii	26 x WBA, with wages in two quarters	130	—	5	26 ³
Idaho	1¼ x high quarter wages, with wages in two quarters	1,657.50	1,326	51	10
Illinois	\$1,600 in BP plus \$440 outside the high quarter	1,600	—	51	26 ³
Indiana	1¼ x high quarter wages with \$1,650 in last two quarters and \$2,750 in BP	2,750	825	50	7+
Iowa	1¼ x high quarter wages ⁶	1,410	940	40-49	9+
Kansas	30 x weekly benefit amount with wages in two quarters	2,400	—	80 ²	10

Table 17—QUALIFYING REQUIREMENTS FOR MINIMUM BENEFITS AND MINIMUM DURATION — Continued

State	Qualifying Formula:	Wages Required for Minimum Benefits		Minimum Benefits	
		Base Period	High Quarter ⁴	WBA ¹	Weeks
(1)	(2)	(3)	(4)	(5)	(6)
Kentucky	1½ x HQ, with HQ of at least \$750, and 8 x WBA in last two quarters, with \$750 outside HQ	\$1,500	\$750	\$39	15
Louisiana	1½ x HQ & requirement of \$1200 in BP	1,200	800	10	26 ³
Maine	2 x annual AWW in each of two quarters and 6 x AWW in BP	3,058.86	1,109.62	46-56	24
Maryland	1½ x high quarter wages with wages in two quarters	900	576	25-33	26 ³
Massachusetts	30 x weekly benefit amount	2,400	—	29-43	> 9 to < 30
Michigan	1½ x high quarter wages with at least \$1,998 in HQ	2,997	1,998	81	14
Minnesota	\$1,000 in high quarter and \$250 in total of other three quarters	1,250	1,000	38	10+
Mississippi	40 x WBA with wages in two qtrs. HQ wages equal to 26 x min. wba	1,200	780	30	13+
Missouri	1½ x high quarter wages or wages in two qtrs. and BP wages of 1½ x max. taxable wage base	1,500	1,000	40	12+
Montana	1½ x HQW and 7% of AAW or 50% of AAW	1,597	1,065	65	8
Nebraska	\$1,600 with \$800 in each of two qtrs.	1,600	800	36	15
Nevada	1½ x high quarter wages or wages in at least 3 of 4 BP qtrs.	400.02	400	16	8+
New Hampshire	\$2,800 with \$1,400 in each of 2 qtrs.	2,800	1,400	32	26 ³
New Jersey	20 weeks of work with weekly wages of 20% of SAWW, or 20 weeks of work with wages of 20 x SMHW, or 1,000 x SMHW, or 770 hours of farm labor	2,060	—	61	15
New Mexico	have wages in 2 quarters of BP and meet the min. wage amt (\$1,324.18)	1,324.18	1,324.18	50 ²	19+
New York ¹²	1½ x HQW in BP with \$1,600 in HQ and wages in two qtrs. of BP	2,400	1,600	40	26 ³
North Carolina	6 x SAWW and paid wages in at least two quarters of BP	3,382.44	—	15	13
North Dakota	1½ x high quarter with wages in two quarters	2,795	1,118	43	12
Ohio	20 qualifying weeks in BP with AWW of 27.5% of SAWW	3,380	—	84	20
Oklahoma	1½ x HQW and \$1,500 or wages of \$10,100	1,500	—	16	not specified
Oregon	1½ x HQ wages with min. of \$1,000 or 500 hours of employment in BY	1,000	—	88 ²	4
Pennsylvania	16 weeks of work with weekly wages of at least \$50 and earning more than 37 x WBA with 20% of wages earned in other than high quarter	1,320	800	35-40	16
Puerto Rico	40 x WBA with wages in two qtrs.	280	75	7	26

Table 17—QUALIFYING REQUIREMENTS FOR MINIMUM BENEFITS AND MINIMUM DURATION — Continued

State	Qualifying Formula:	Wages Required for Minimum Benefits		Minimum Benefits	
		Base Period	High Quarter ⁴	WBA ¹	Weeks
(1)	(2)	(3)	(4)	(5)	(6)
Rhode Island	\$1,230 in one qtr. of BP and 1½ x HQW or \$7,300 in BP ⁸	2,460	1,230	56-106	11+
South Carolina	1½ x high quarter wages	900	540	20	not specified
South Dakota	20 x weekly benefit amount outside the high quarter	1,288	728	28	15+
Tennessee	40 x WBA with the lesser of 6 x WBA or \$900 outside the HQ	1,560.02	780.01	30	13
Texas	37 x WBA and wages in two quarters	1,776	—	48	10
Utah	1½ x high quarter wages and 8% state insured average fiscal year wage ⁹	2,300	575	22	10
Vermont	\$1,435 in one quarter plus BP wages of at least 40% of HQW	2,199	1,571	31	26 ³
Virginia	50 x weekly benefit amount with wages in two quarters	2,500	2,500 ¹⁰	50	12
Virgin Islands	At least \$858 in HQ and 1½ x HQW, or 39 x WBA in BP	1,287	858	33	13
Washington	680 hours of work	under 5,100 ⁷	—	102 ²	not specified
West Virginia	\$2,200.00 with wages in two qtrs.	2,200	—	24	26 ³
Wisconsin ⁵	30 x WBA with wages outside HQ of 4 x WBA or 4 most recent cal. qtrs ⁵	1,380	1,150	46	12 ¹³
Wyoming	wages in BP no less than 8% of SAAW plus 1.4 x HQW	2,050	—	20	11

FOOTNOTES FOR TABLE 17

- When two amounts are given, higher figure includes dependents' allowances for one dependent child and/or nonworking spouse.
- Minimum wba computed annually in, Kansas: 25% of maximum weekly benefit amount; New Mexico: 10% of SAWW; Oregon, Washington: 15% of SAWW.
- Connecticut, Hawaii, Illinois, Louisiana, Maryland, New Hampshire, New York, Vermont, West Virginia: the uniform potential benefit duration for all claimants who meet at least min. qualifying requirements is 26 weeks.
- High-quarter (HQ) is the quarter in the base period (BP) in which the claimant's paid wages were highest.
- Wisconsin: has an alternative BP for those who do not qualify under the original formula, see Table 16.
- Iowa: individual's wage in high quarter and another quarter of the base period must be at least 3.5% and 1.75%, respectively, of the state average annual wage.
- Washington: any qualified claimant with base period earnings of less than \$5,100 will have a WBA of \$102; potential duration is equal to 1/3 of BP wages divided by \$102.
- Rhode Island: qualifying requirements are 200 x min. hourly wage in one qtr. and BP wages of 1½ x HQ; provided that BP wages are at least 400 x min. hourly wage. Alternative qualifying requirement will be 3 x total BP minimum of 400 x min. hourly wage.
- Utah: or worked at least 20 weeks during BP and earned at least 5% of minimum BP wages each week.
- Alabama: average of two highest quarters; Virginia: refers to earnings in the two highest quarters.
- Alabama: wba is the average of two highest quarters divided by 24.
- New York: the qualifying high quarter wage needed for benefit eligibility has been capped at 22 x maximum wba. The first four out of the last five completed calendar quarters prior to filing the claim is the base period for eligibility. However, a claimant who has insufficient wages to qualify under the BP may qualify based on wages paid during the last four completed calendar quarters.
- Wisconsin: 4 weeks for certain family member employees from a family owned business.

State Comparison
Average Weekly Benefits (Regular UI) and Average Weekly Earnings (Covered Employment)
2000

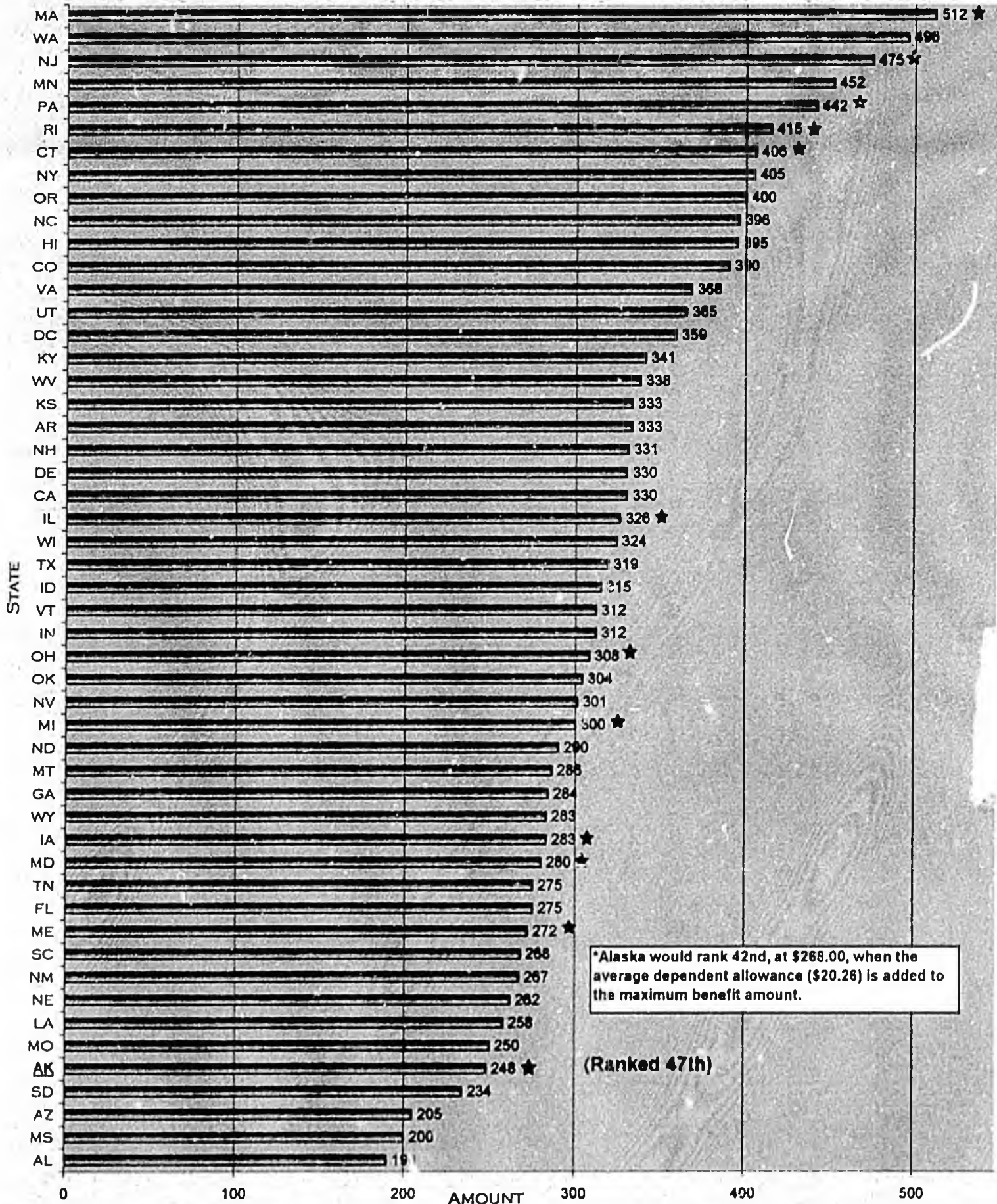
<u>State</u>	<u>Average Benefit Amount</u>	<u>Average Weekly Earnings</u>
Alabama	\$159.41	\$548.68
ALASKA	189.88	858.53
Arizona	162.51	622.41
Arkansas	210.08	500.37
California	160.00	789.92
Colorado	255.86	709.81
Connecticut	257.56	874.18
Delaware	214.85	703.60
Dist. of Columbia	241.03	956.11
Florida	220.21	582.52
Georgia	211.89	652.45
Hawaii	283.67	571.86
Idaho	209.46	526.76
Illinois	251.58	729.16
Indiana	222.19	593.31
Iowa	238.42	533.91
Kansas	247.09	559.35
Kentucky	224.78	550.31
Louisiana	182.06	530.42
Maine	202.29	524.18
Maryland	212.51	680.85
Massachusetts	293.45	850.48
Michigan	244.12	709.85
Minnesota	290.51	679.01
Mississippi	156.62	476.85
Missouri	186.22	598.70
Montana	187.92	454.07
Nebraska	188.00	527.53
Nevada	222.43	616.77
New Hampshire	217.21	665.05
New Jersey	289.61	839.00
New Mexico	180.43	516.32
New York	247.48	864.39
North Carolina	231.21	594.82
North Dakota	210.01	468.27
Ohio	236.40	620.90
Oklahoma	214.40	507.22
Oregon	232.62	626.57
Pennsylvania	264.76	649.73
Rhode Island	253.48	619.99
South Carolina	190.18	537.78
South Dakota	180.86	468.40
Tennessee	188.74	581.50
Texas	227.11	668.18
Utah	213.89	553.80
Vermont	215.55	551.41
Virginia	203.88	661.31
Washington	280.94	708.77
West Virginia	197.53	506.43
Wisconsin	233.11	588.18
Wyoming	207.10	507.75

**AVERAGE WEEKLY BENEFIT AMOUNT* (REGULAR UI)
FOR
STATES WITH DEPENDENT ALLOWANCE, FFY 2000**

<u>STATE</u>	<u>RANK</u>	<u>AMOUNT</u>
Massachusetts	1	\$293.45
New Jersey	2	\$289.61
Pennsylvania	3	\$264.76
Connecticut	4	\$257.56
Rhode Island	5	\$253.48
Illinois	6	\$251.58
Michigan	7	\$244.12
Iowa	8	\$238.42
Ohio	9	\$236.40
Maryland	10	\$212.51
Maine	11	\$202.29
Alaska	12	\$189.86

*Paid dependent allowance is included in calculation of the Average Weekly Benefit Amount.

MAXIMUM WEEKLY BENEFIT AMOUNT BY STATE



*Alaska would rank 42nd, at \$268.00, when the average dependent allowance (\$20.26) is added to the maximum benefit amount.

NOTE: DATA INCLUDES 50 STATES AND DISTRICT OF COLUMBIA
MWBAs ARE BASED ON THE MOST RECENT AVAILABLE DATA KNOWN.

★ STATES PROVIDING FOR DEPENDENT ALLOWANCE

Response to the Testimony and Position Paper
Provided by the Alaska State Chamber of Commerce

- 1) The Chamber has pointed out that the proposed legislation constitutes a 29% increase in compensation above the present level. What is not noted, however, is that this is not an across the board increase in benefits. What is proposed is an extension of the benefits schedule to provide up to a maximum of \$320/week based on the individual worker's earnings. The worker qualifying for the new benefit amount (earning at least \$35,750) would be realizing no more than a 47% wage replacement. At the current benefit levels, this worker is receiving a wage replacement of about 36%.
- 2) The Chamber has also questioned the actual maximum weekly benefit amount (MWBA) currently available from the Alaska unemployment insurance program. As has been correctly pointed out, Alaska does offer an additional benefit supplement to workers with dependent children. Benefit amounts are generally based on wages earned by the worker filing a claim. This insurance model compensates the claimant proportionately based on the loss incurred (wages lost).

For the last several decades, the Alaska Legislature has felt that, beyond the strict wage replacement concept, the state had a social obligation to further subsidize unemployed workers with dependent children through a dependent allowance added to the benefit amount based on wages. (Several other states have made the same social decision.) This amount may be as much as \$72/week for workers with three children dependent upon them for support.

When this amount is added to the current MWBA of \$248, it is possible for a worker to receive \$320/week under the existing schedule. However, not all workers are eligible for this amount. In fact, less than 45% of those receiving benefits receive any dependent allowance at all. Taken as an average over all claimants, the amount of dependent allowance paid by the Alaska program amounts to slightly more than \$20/week for each worker. Of those eligible for the new proposed maximum amount, current data indicates only 11% will be eligible to receive the maximum dependent allowance of \$72/week.

Verbal testimony has been offered by the Chamber indicating, with the addition of the maximum dependent allowance amount (\$72 for three children) to the existing MWBA, Alaska ranks in the top half of the states in the nation for maximum benefits. It was also contended that with the allowance granted for two dependents (\$48), Alaska would rank comparatively in the "median". The fact remains that, even with the average dependent benefits paid to Alaskan UI claimants added to the existing maximum, Alaska would still rank approximately 42 out of the 50 states and the District of Columbia.

For the purposes of comparing benefits between states or analyzing wage replacement levels, this variable amount, available to a minority of the workers, is generally excluded as it is not a consistent part of the benefit amount.

- 3) The Chamber has indicated that a survey conducted of some 750 of its members yielded an 86% response opposed to the proposed benefit increase. The agency was verbally assured that the survey materials, methodology, and results would be made available for review. Despite this assurance, the Chamber has chosen not to provide this information to the Department, making comment on the survey difficult. We have been told, through testimony, that of the 750 members contacted, responses were received from "20-some %". Assuming a 20-25% percent response and an 86% opposition rate, this would indicate that just 129 to 160 of the approximately 16,000 Alaskan employers (less than 1%) have been heard from in partial or total opposition to this bill.

In contrast, representatives of organizations representing over 60,000 Alaskan workers testified wholeheartedly in favor of the bill at the same hearing.

Response to the Testimony and Position Paper
Provided by Associated General Contractors

- 1) The Association voices opposition to the tying of the maximum weekly benefit amount (MWBA) to the average weekly wage paid in Alaska. While the Department believes this concept is sound and adheres with the intent of the UI program, the issue is now moot. The provision to tie the MWBA to the average weekly wage has been removed from the bill as it now reads.
- 2) The Association raises the concern that the proposed MWBA of \$320 will provide a disincentive to work. It is pointed out that this amount is greater than the claimant could earn if he/she accepted full-time work at the new minimum wage of \$7.15/hour (a 40 hour week at \$7.15/hour = \$286). The point missed is that only workers whose benefits are based on earnings of \$35,750 or more over a twelve-month period will be eligible for the new increased amount.

Though the new MWBA would exceed a week's earnings at minimum wage, it is not being provided to minimum wage workers. The wage replacement for workers eligible to receive the new MWBA would remain below 50% of the earnings they had been receiving while employed. It is unreasonable to propose that more than a 50% reduction in income would remove these workers from the workforce or provide a disincentive to return to work.

- 3) The proposed increase, over a three-year period to \$320, is appropriate. The proposed increase in the maximum benefit amount is based upon the wages earned by the individual worker. Fifty percent of the average weekly wage paid in Alaska was used as a target to "cap" the benefit schedule and does not represent the level of wage replacement that workers would receive at the new benefit levels. The worker qualifying for the new weekly benefit amount of \$320 will receive a wage replacement of approximately 47% (as compared to the 36% replacement this worker currently receives).
- 4) The burden of the cost of this increase will continue to be shared by both the employer and employee on an 80/20 ratio. The increase will be shared proportionately. Again, the repeated opposition to tying the MWBA to the

average weekly wage is moot, as the language is no longer in the bill.

- 5) The Association concludes with a re-emphasis of the argument that the proposed maximum benefit is too high. The fact remains that Alaska's maximum benefit amount, as related to the wages it replaces, is among the lowest in the nation and is inadequate by the standards used to measure the effectiveness of unemployment insurance program.
- 6) The argument is again raised that the increase in costs being passed on to the employer is higher than that born by the employee. This argument is based on inaccurate data. All cost projections provided by the Department have been based on 2001 data. The employee share of the tax cost will increase from .52% (the 2001 rate), not .54%, to .57%. This represents a 9.6% increase over a period of nearly six years and is the same as the percentage of increase to the employer.

Increasing Alaska's Weekly Benefit Amount



The Problem

- ◆ UI recipients earning between \$27,000 and \$35,750 receive partial wage replacement as low as 36%.
- ◆ Alaska's maximum weekly benefit amount has increased only 4 times in the last 20 years. The last increase was in 1997. *(See chart 1)*
- ◆ The maximum weekly unemployment insurance benefit paid to the Alaskan worker is 23% less than the 2001 poverty-level guidelines. *(See chart 6)*
 - ✓ In 1997 the Alaska Poverty Guidelines for a family of three was \$351.73.
 - ✓ Alaska median family size is three.
- ◆ Alaska ranks 47th nationally in terms of the maximum weekly benefit amount available to claimants. *(See chart 3)*

The Solution

- ◆ The legislation we propose will raise the maximum weekly benefit amount to 48.5% of the state's current average weekly wage with the final increase. *(See chart 2)*
- ◆ The proposal offers a three-phase increase to minimize the impact to employers, employees, and the UI Trust Fund.

Increment	Benefit Amount	WBA Increase	Effective Date
Year 1	\$248 to \$272	\$24	Recommend change to read July 1, 2002
Year 2	\$272 to \$296	\$24	January 1, 2003
Year 3	\$296 to \$320	\$24	January 1, 2004

- ◆ The advantages of the proposed legislation are:
 - ✓ Maintain economic stability for communities, businesses and workers.
 - ✓ Enables Alaskan workers to weather periods of unemployment.
 - ✓ Alleviates skill shortages by keeping trained workers in Alaska.

Who Benefits?

- ◆ When a worker loses their job, their wages are not just lost to the individual and their family, but to the entire community.
- ◆ Part of UI's purpose is to diminish this negative effect, minimizing additional lost jobs or wages.
- ◆ Alaskan workers use unemployment insurance benefits to pay for non-deferrable expenses;
 - ✓ Rent, food and utilities.
- ◆ Local businesses are beneficiaries of these benefits for several reasons:
 - ✓ They supply the rentals, food, and utilities;
 - ✓ Unemployment benefits are distributed back into the local economy, benefiting local business during the "off season", and
 - ✓ Workers who are temporarily unemployed can stay in Alaska, maintaining a trained labor force locally.

The Impact *(See chart 5)*

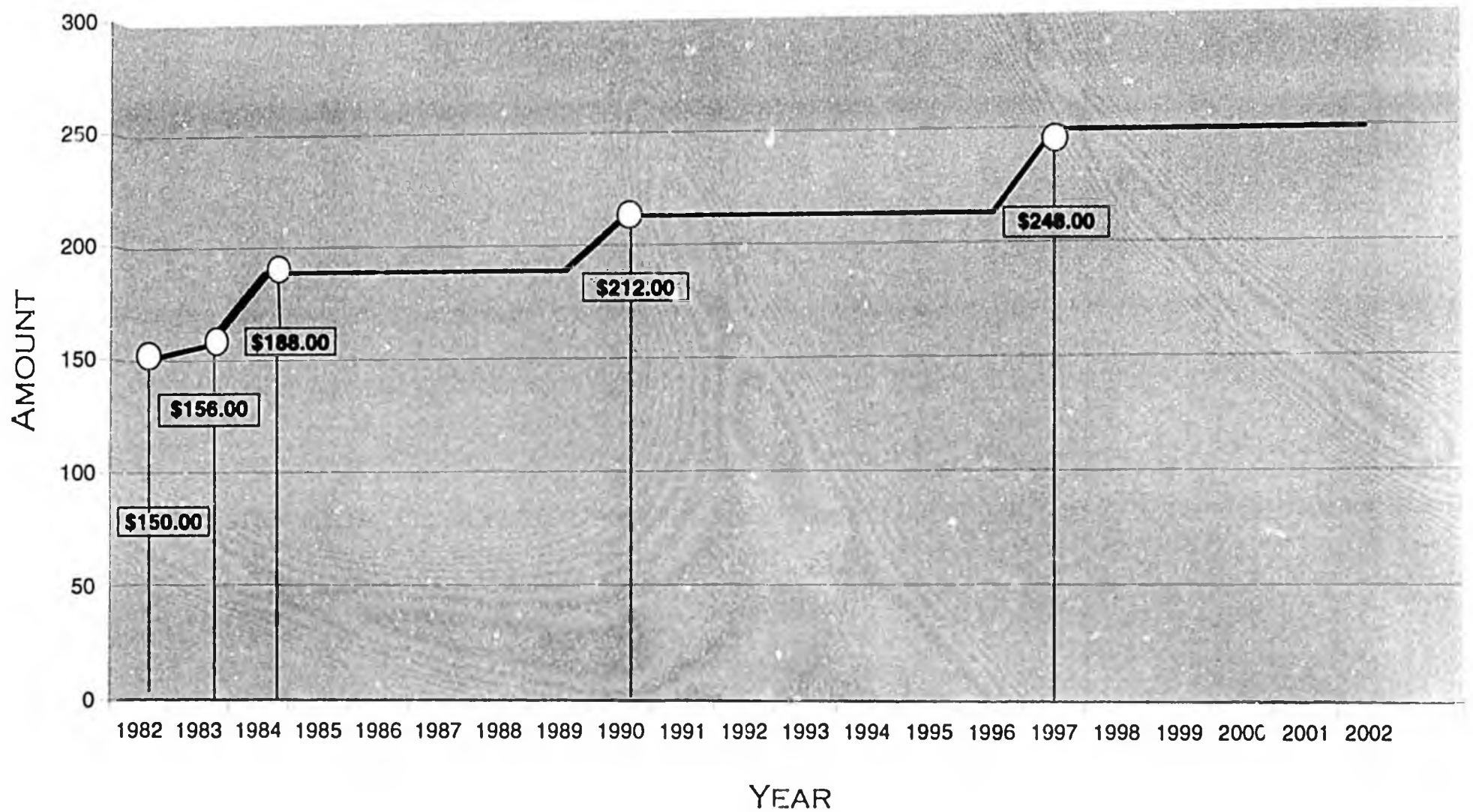
- ◆ The cost for each increment of the 3-phase increase is estimated to be approximately \$3.3 million.
- ◆ The full impact of the increase in benefit costs (9.6%) will not be reflected in employer tax rates until 2008.
- ◆ There is no additional cost to the employer during calendar years 2002 and 2003.
- ◆ Tax rates will increase as follows:
 - 2004 increase of 2.1% equal to \$11 per employee per year
 - 2005 increase of 2.8% equal to \$15 per employee per year
 - 2006 increase of 2.5% equal to \$13 per employee per year
 - 2007 increase of 1.8% equal to \$10 per employee per year
 - 2008 increase of 0.4% equal to \$2 per employee per year

When the cumulative impact (9.6%) of the increased benefit costs is included in the tax rate calculation (by 2008), the average employer tax rate will increase from 2.08% to 2.28%; the average employee tax rate will increase from 0.52% to 0.57%.

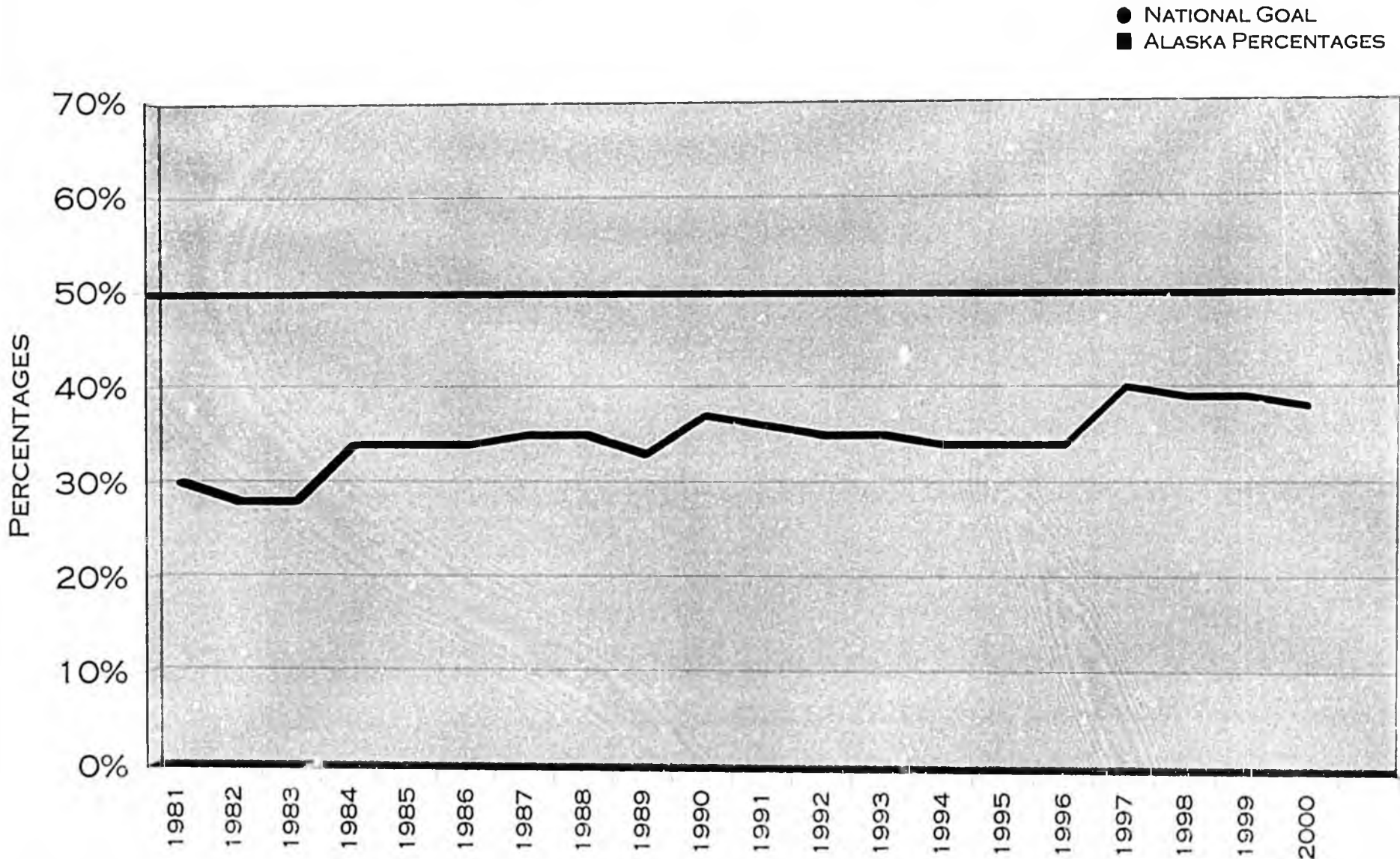
Information

- ◆ Alaska's average weekly benefit amount for CY 2000 was \$189.86, which includes dependence allowance.
- ◆ In 2000, 43% of claimants had dependents.
- ◆ In 2000, payment of dependent benefits
 - ✓ averaged \$20 for all claimants.
 - ✓ averaged \$45 for all claimants with dependent allowance.
- ◆ Beginning in 1997, employers paid 80% of the Average Benefit Cost Rate (ABCR), and employees paid the other 20%. Employee rates are the same for each employee. Employer rates vary according to the employer's individual experience with employee turnover.
- ◆ For federal fiscal year 1999, Alaska's total administrative grants amounted to 224.4% of the state's FUTA contributions, a good bargain for workers and employers in the state.
- ◆ Of Region 6 states, Alaska ranks the third highest for the average weekly wage, but second from the last for the maximum weekly benefit amount. (*See chart 4*)

ALASKA'S MAXIMUM WEEKLY BENEFIT AMOUNT



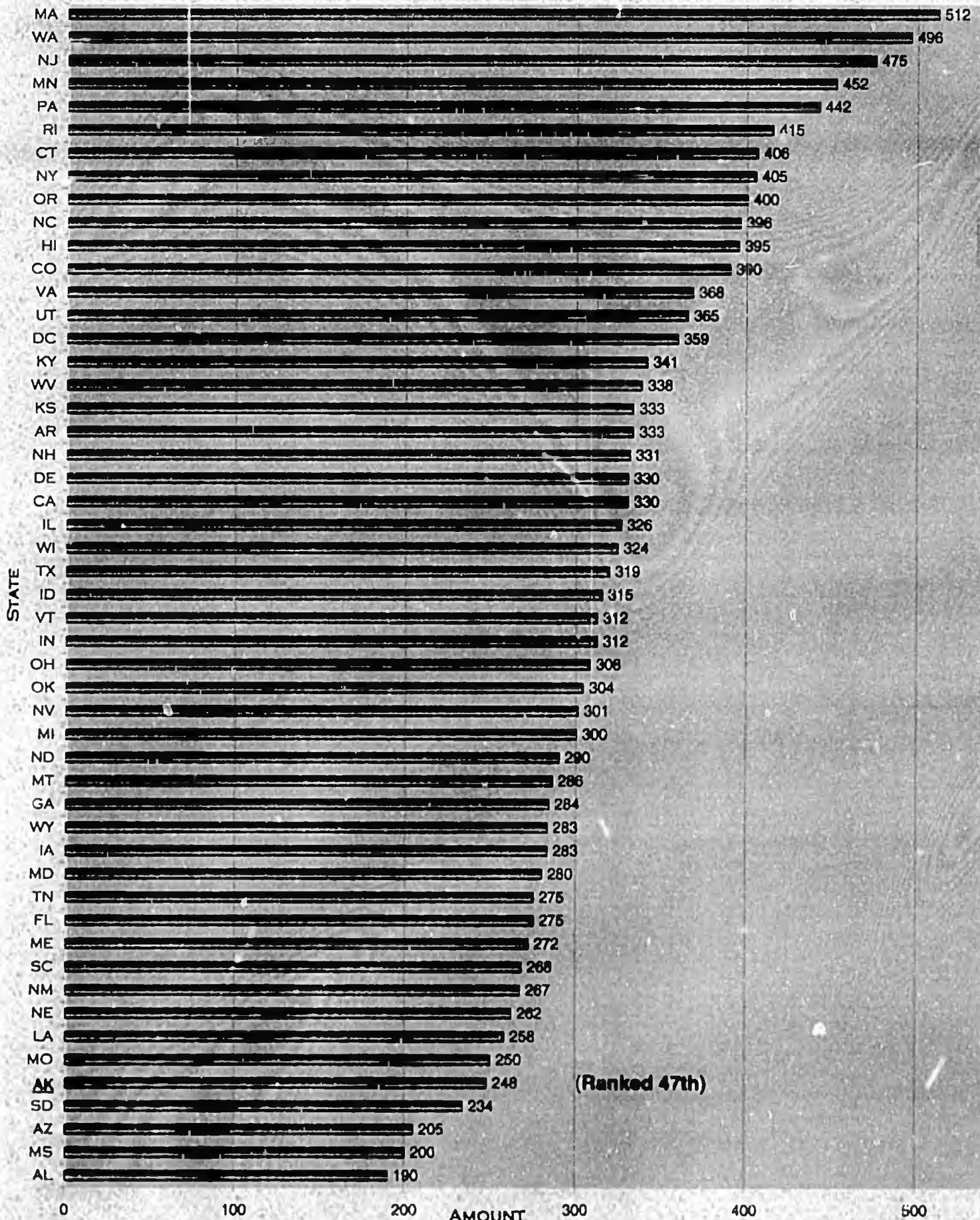
ALASKA'S MAXIMUM WEEKLY BENEFIT AMOUNT AS A PERCENTAGE OF AVERAGE WEEKLY WAGE



A NATIONAL GOAL OF THE UNEMPLOYMENT INSURANCE PROGRAM IS TO PROVIDE UNEMPLOYED PERSONS WITH 50 PERCENT REPLACEMENT OF THEIR WEEKLY WAGES IN UNEMPLOYMENT COMPENSATION BENEFITS. IN ALASKA, THE WAGE REPLACEMENT IS GRADUALLY DECLINING.

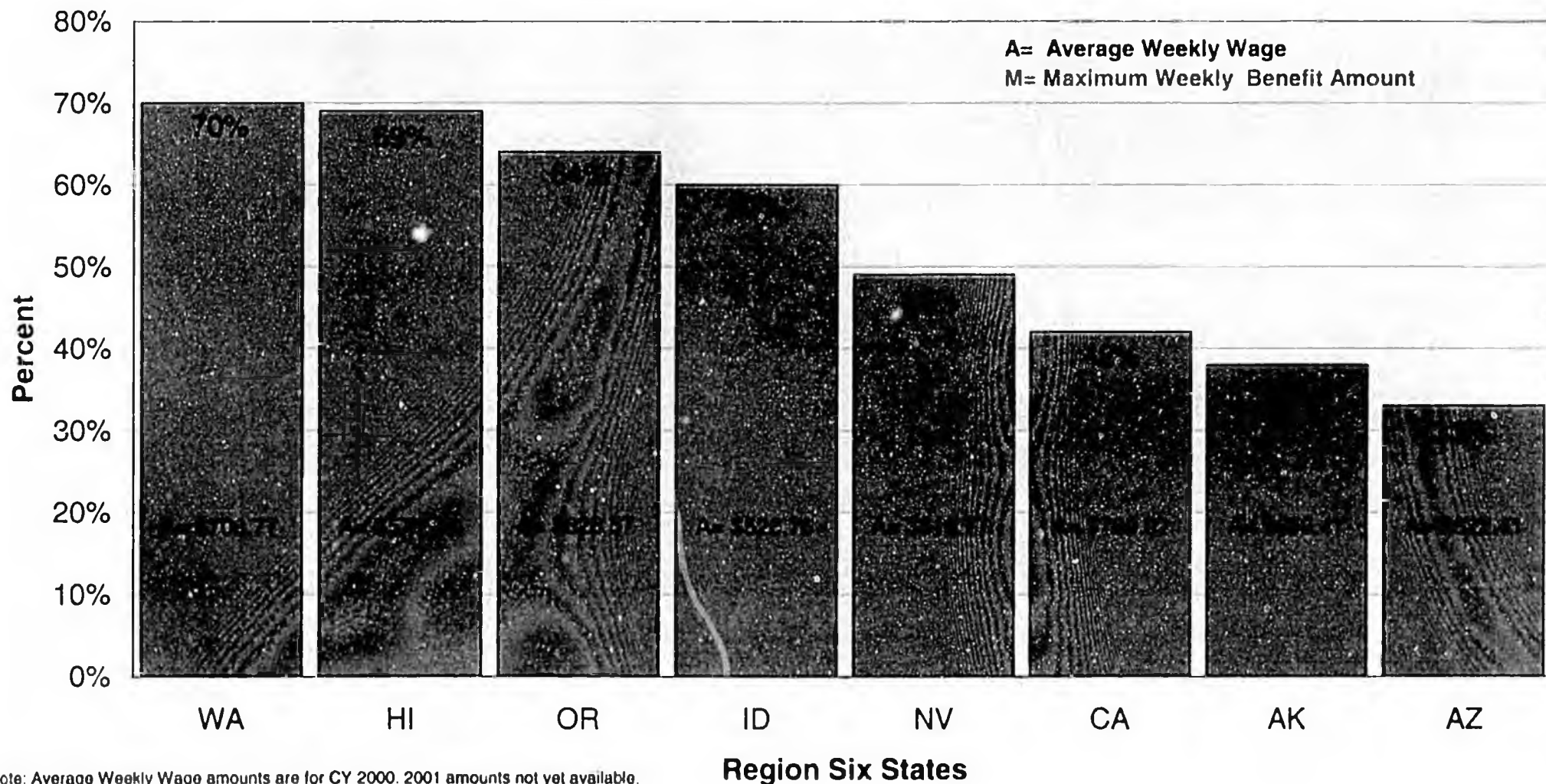
NOTE: ALASKA'S 2001 AVERAGE WEEKLY WAGE AMOUNT IS NOT YET AVAILABLE.

MAXIMUM WEEKLY BENEFIT AMOUNT BY STATE



NOTE: DATA INCLUDES 50 STATES AND DISTRICT OF COLUMBIA
 MWBAS ARE BASED ON THE MOST RECENT AVAILABLE DATA KNOWN

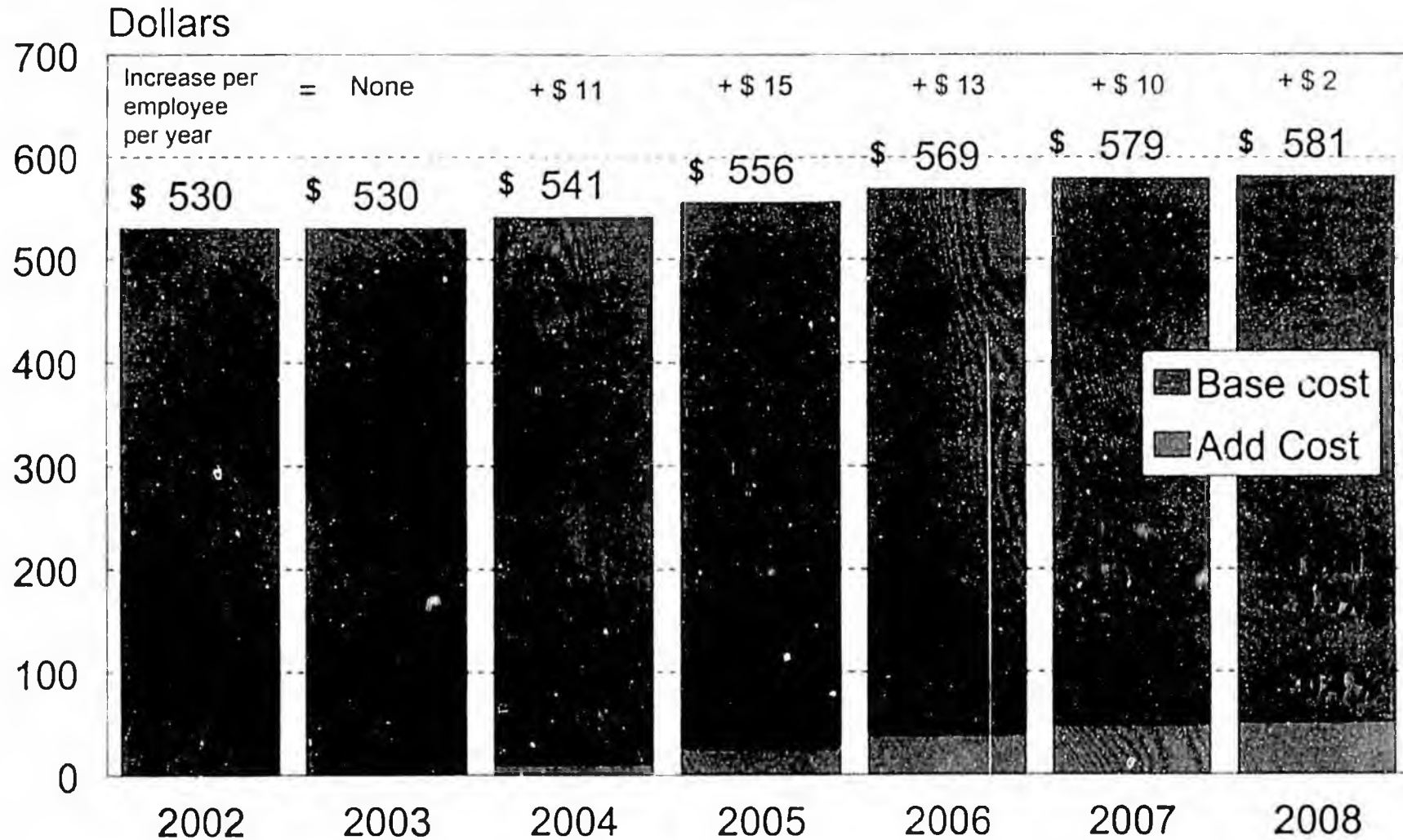
Maximum Weekly Benefit Amount as a Percent of Average Weekly Wage for Region Six States



Note: Average Weekly Wage amounts are for CY 2000. 2001 amounts not yet available.
MWBA's are based on the most recent available data known.

Estimated Max Cost per Worker for Average Employer (6.5 years to reach cost of 3 step proposal)

WBA increase effective Jul 01 2002

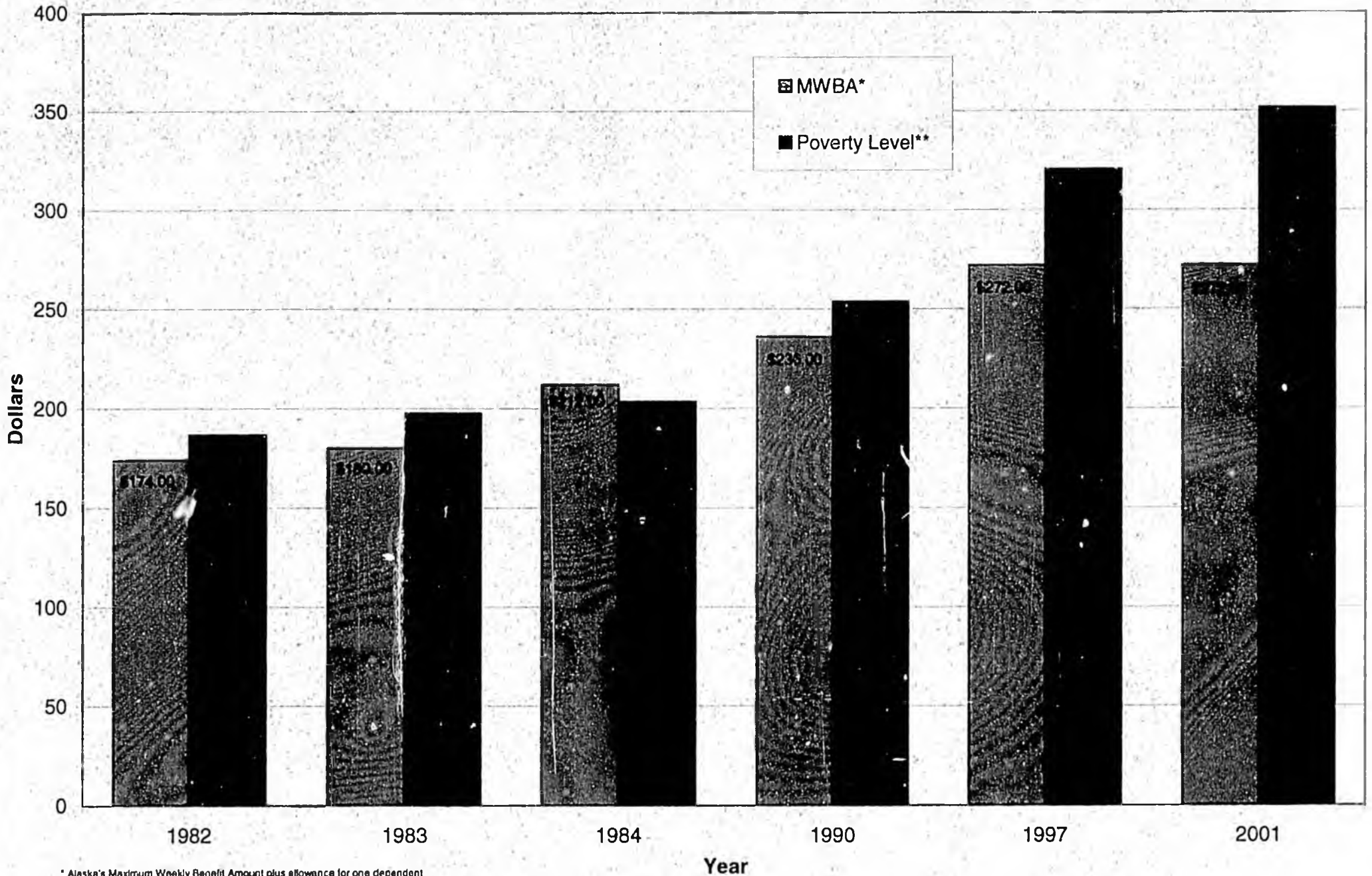


Source: Alaska Department of Labor & Workforce Development

Note: Average Employer = Tax Classes 10 & 11

Rev Mar 26 2002

Increases to Alaska's Maximum Weekly Benefit Amount in Comparison to Alaska's Poverty Level since 1982



* Alaska's Maximum Weekly Benefit Amount plus allowance for one dependent

**Poverty Level for a family of 3 in Alaska

Source: United States Department of Health and Human Services
Alaska Department of Labor and Workforce Development

3/27/2002

Explanation of the Delayed Impact of a Benefit Increase on Tax Rates

An average of the benefit costs incurred by the UI program over a three year period are used in the calculation for each year's tax rate. Use of the costs averaged over this sliding three-year window moderates the impact of economic changes on the tax-paying employer.

Three-year period used to calculate each year's tax rate, which is effective January 1st, is the three-year period ending the previous June 30th (the most recent three state fiscal years are used in the calculation). Because of this, there is no impact on the tax calculation for the year that a benefit increase is first in effect.

The following year, assuming a July 1st effective date for the benefit increase, once again none of the increased costs are included in the calculation. As a result, there is no impact on the tax rates for the second year.

In the third calendar year that the increase is in effect, the increased costs from all of the first year of the benefit increase are included in the three-year average and have the first impact on the tax calculation. (At this point, one third of the period used to calculate the average benefit cost is impacted by the increase.)

The fourth calendar year that the increased benefit amount is in effect, two of the three years used in the calculation will reflect the cost increase. The tax rate calculated for this year will include two thirds of the total anticipated increase in costs.

The fifth year will finally use a three year period of benefit outlay during which the increase was in effect for the entire duration in determining the average benefit costs. The full impact on tax rates of the benefit increase available to the workers five years earlier is in place from this year forward.

As this legislation increases the maximum weekly benefit amount incrementally over a three-year period, this cycle is actually repeated three times as benefit increases go into effect in 2002, 2003, and 2004. The full impact of the total benefit increase, which would finally be achieved in 2004, will not be reflected in tax rates until January of 2008.

(Our UI Actuarial staff speculates that much of these increases may actually not be observable given the current low unemployment rate and the steady growth in overall employment statewide. In other words, if cost outlays remain low and more people are employed statewide, the burden of the costs is spread further and may mask a portion of the impact of the benefit change on tax rates.)

Fiscal Years Used in UI Tax Calculations

Tax Year	State Fiscal Year Costs Used in Tax Calculation	Calculation Notes
2002	WBA 1999 2000 2001 272	No new costs in calculation
2003	WBA 2000 2001 2002 296	No new costs in calculation
2004	WBA 2001 2002 2003 320	Has all of FY 2003
2005	2002 2003 2004	All FY 2003, all FY 2004
2006	2003 2004 2005	All FY 2003, all FY 2004, all FY 2005 --Full cost of \$272 WBA in calculation
2007	2004 2005 2006	All FY 2004, all FY 2005, all FY 2006 --Full cost of \$296 WBA in calculation
2008	2005 2006 2007	All FY 2005, all FY 2006, all FY 2007 --Full cost of \$320 WBA in calculation

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99501	\$1,681,369	\$72,105	\$4,666	\$1,758,140	879
99502	1,935,403	68,713	1,632	2,005,748	805
99503	2,230,857	103,227	1,380	2,335,464	1,062
99504	3,678,229	158,910	2,991	3,840,130	1,674
99505	133,852	8,384	0	142,236	56
99506	125,964	6,958	0	132,922	57
99507	3,154,026	109,432	0	3,263,458	1,336
99508	3,797,597	161,317	2,088	3,961,002	1,752
99509	586,834	24,454	0	611,288	272
99510	539,741	24,716	0	564,457	261
99511	508,334	14,993	0	523,327	196
99514	558,804	26,295	1,008	586,107	258
99515	2,151,575	65,338	1,948	2,218,861	934
99516	1,144,881	42,342	0	1,187,223	438
99517	1,593,765	73,745	896	1,668,106	735
99518	1,142,593	41,874	132	1,184,599	494
99519	84,669	3,707	0	88,376	34
99520	435,153	13,100	0	448,253	210
99521	381,027	21,737	1,168	403,932	146
99522	307,664	7,671	944	316,279	117
99523	558,510	32,138	0	590,648	217
99524	595,684	23,859	0	619,543	256
99540	38,643	1,984	0	40,627	24
99546	38,216	915	0	39,131	13
99547	4,290	0	0	4,290	4
99548	10,452	0	72	10,524	9
99549	37,583	4,774	0	42,357	18
99550	51,496	938	0	52,434	24
99551	143,167	15,125	0	158,292	72
99552	34,028	608	0	34,636	24
99553	75,618	251	0	75,869	41
99554	94,378	2,734	0	97,112	57
99555	9,662	2,360	0	12,022	7
99556	513,526	31,723	0	545,249	203
99557	123,998	11,588	840	136,426	55
99558	9,176	70	0	9,246	8
99559	752,138	50,699	2,810	805,653	364
99561	104,966	7,455	976	113,397	49
99563	212,436	17,281	3,264	232,981	94
99564	21,506	1,248	0	22,754	13
99565	5,430	1,890	0	7,320	3
99566	50,288	9,192	0	59,480	23
99567	1,030,558	48,675	0	1,079,233	439
99568	87,441	6,768	0	94,209	31
99569	12,743	174	0	12,917	10
99571	21,952	1,024	0	22,976	7
99572	106,028	9,926	0	115,954	46
99573	\$341,343	\$21,077	\$0	\$362,420	136

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99574	705,878	40,311	0	746,189	280
99575	17,632	1,580	264	19,476	13
99576	376,150	22,608	464	399,222	160
99577	1,792,054	87,544	0	1,879,598	763
99578	70,160	4,172	0	74,332	41
99579	41,462	1,488	0	42,950	12
99580	17,329	120	0	17,449	10
99581	239,373	23,963	0	263,336	110
99583	3,263	0	0	3,263	2
99585	101,433	7,655	0	109,088	58
99586	173,404	15,164	784	189,352	70
99587	362,888	7,200	0	370,088	186
99588	282,342	23,061	0	305,403	115
99589	30,225	2,151	0	32,376	14
99590	20,053	801	0	20,854	12
99591	54,108	5,024	0	59,132	15
99602	90,239	7,754	0	97,993	38
99603	1,705,135	85,866	1,173	1,792,176	720
99604	236,387	20,391	1,544	258,322	103
99605	81,832	7,029	0	88,861	26
99606	73,373	5,958	0	79,331	33
99607	77,231	10,782	0	88,013	23
99608	6,748	1,672	0	8,420	2
99609	113,498	8,763	1,672	123,933	56
99610	419,190	23,468	2,472	445,130	185
99611	1,902,936	92,957	1,376	1,997,269	852
99612	160,370	0	0	160,370	70
99613	60,496	5,801	896	67,193	22
99614	159,712	12,165	1,024	172,901	85
99615	4,419,101	135,172	1,539	4,555,812	1,620
99620	202,050	5,536	1,896	209,482	87
99621	123,450	6,506	624	130,580	58
99622	85,616	5,205	368	91,190	48
99624	16,080	1,306	0	17,386	8
99625	49,171	4,520	976	54,667	18
99626	91,385	13,365	354	105,104	36
99627	148,418	7,172	0	155,890	59
99628	78,409	4,509	0	82,918	44
99630	85,636	10,911	184	96,731	46
99631	62,497	3,252	0	65,749	30
99632	225,929	8,391	0	234,320	100
99633	145,406	5,580	0	150,986	56
99634	107,387	7,447	944	115,778	59
99635	592,351	33,116	2,898	628,365	266
99636	42,163	2,512	0	44,675	20
99637	117,662	10,079	1,220	128,961	60
99639	297,078	24,351	0	321,749	124
99640	537,433	53,507	5960	541,900	16
99641	83,238	2,107	1,232	86,577	49

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99643	13,540	416	0	13,956	11
99644	23,705	1,988	0	25,693	19
99645	3,051,864	156,821	1,867	3,210,552	1,278
99647	14,349	544	0	14,893	5
99648	9,356	966	0	10,322	6
99649	27,173	1,408	0	28,581	9
99650	162,673	32,261	960	195,894	68
99651	3,188	0	0	3,188	1
99652	683,846	38,601	1,282	723,729	276
99653	8,758	0	0	8,758	5
99654	2,821,115	138,955	2,368	2,962,438	1,132
99655	123,292	6,681	0	129,973	76
99656	1,712	0	0	1,712	1
99657	76,362	9,717	752	86,531	35
99658	126,172	6,906	568	133,646	73
99659	122,192	10,928	0	133,120	52
99660	108,980	6,078	0	115,058	58
99661	264,371	11,166	0	275,537	102
99662	71,160	2,844	892	74,896	35
99663	77,167	4,837	0	82,004	33
99664	1,141,180	58,031	1,712	1,200,923	528
99665	23,419	0	686	24,105	11
99666	30,669	245	0	30,914	14
99667	3,555	0	0	3,555	3
99669	2,149,964	118,486	3,232	2,271,682	935
99670	45,234	6,098	0	51,332	19
99671	155,889	5,868	2,630	164,393	88
99672	606,333	38,920	1,040	646,293	258
99674	255,743	7,734	0	263,477	101
99675	548	0	0	548	1
99676	342,640	26,059	0	368,699	161
99677	8,690	368	0	9,058	8
99678	71,443	5,902	876	78,221	34
99679	90,608	4,026	928	95,562	50
99680	125,226	14,924	1,516	141,666	56
99681	51,364	3,839	0	55,203	30
99682	38,879	1,677	0	40,556	20
99683	163,811	10,511	0	174,322	74
99684	83,555	10,697	252	100,504	47
99685	80,055	2,232	0	90,287	43
99686	662,519	30,492	0	693,011	294
99687	3,647,145	189,647	1,854	3,838,646	1,487
99688	463,463	30,238	0	493,701	204
99689	200,146	10,404	392	210,942	88
99690	29,191	1,038	1,072	31,301	16
99691	11,474	2,574	0	14,048	12
99692	\$509,512	\$1,704	\$0	\$511,216	255
99693	36,355	4,094	0	40,449	15
99694	95,397	2,332	0	97,729	46

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99697	3,999	680	0	4,679	3
99699	2,358	0	0	2,358	1
99701	2,442,156	101,017	2,312	2,545,485	1,123
99702	141,100	4,132	0	145,232	55
99703	264,891	12,870	0	277,761	112
99704	4,984	1,376	0	6,360	2
99705	2,297,828	82,599	276	2,380,703	938
99706	265,266	3,034	0	274,300	117
99707	1,311,881	43,580	0	1,355,461	565
99708	1,295,675	48,105	0	1,343,780	543
99709	2,077,404	88,330	0	2,165,734	881
99710	247,144	11,458	0	258,602	102
99711	353,144	11,426	0	364,570	159
99712	847,139	18,960	0	866,099	354
99714	156,503	1,804	0	158,307	70
99716	93,680	5,962	0	99,642	45
99720	50,435	5,072	48	55,555	24
99721	93,373	1,876	0	95,249	37
99722	58,666	4,734	0	63,400	27
99723	822,070	53,520	272	875,862	316
99724	9,969	0	0	9,969	8
99725	92,666	3,846	0	96,512	41
99726	20,270	0	0	20,270	5
99727	162,465	13,496	2,768	178,729	50
99729	103,554	6,432	0	109,986	38
99730	47,971	2,674	0	50,645	19
99732	3,750	430	0	4,180	2
99733	19,779	4,068	0	23,847	9
99734	992	0	0	992	1
99736	53,729	2,188	0	55,917	20
99737	614,510	55,656	0	670,166	235
99738	38,422	3,371	0	41,793	14
99739	109,995	11,732	0	121,727	50
99740	225,515	28,862	660	255,037	92
99741	113,290	9,814	0	123,104	36
99742	112,180	11,216	1,498	124,894	58
99743	261,773	18,952	0	280,725	104
99744	45,800	3,584	1,088	50,472	19
99745	13,761	1,356	0	15,117	6
99746	87,718	6,536	0	94,254	38
99747	50,004	132	0	50,136	20
99748	70,207	378	944	71,529	34
99749	38,277	8,536	0	146,813	54
99750	92,041	10,482	608	103,131	47
99751	27,832	4,716	312	32,860	14
99752	\$391,414	\$7,154	\$366	\$398,934	154
99753	131,778	7,592	780	140,150	48
99754	10,877	0	0	10,877	5
99755	113,835	8,422	0	122,257	53

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99756	17,841	852	0	18,693	8
99757	9,840	744	0	10,584	3
99758	45,054	4,103	0	49,157	21
99759	48,366	1,632	0	49,998	14
99760	231,173	9,443	912	241,528	90
99761	125,577	5,242	1,314	132,133	52
99762	567,008	40,408	374	607,790	236
99763	186,909	11,259	752	198,920	75
99764	110,019	8,595	0	118,614	41
99765	114,128	6,976	736	121,840	52
99766	212,497	18,162	404	231,063	88
99767	8,692	304	0	8,996	3
99768	47,331	4,130	0	51,461	21
99769	146,585	12,612	378	159,575	65
99770	225,658	14,263	784	240,705	101
99771	69,835	5,496	770	76,101	36
99772	194,729	17,930	1,102	213,761	79
99773	77,022	2,652	1,024	80,698	22
99774	36,430	3,972	0	40,402	19
99775	39,692	1,156	0	40,848	24
99776	27,691	4,360	0	32,051	15
99777	89,598	8,664	0	98,262	35
99778	59,732	1,582	0	61,314	26
99779	27,786	1,884	0	29,670	11
99780	566,850	32,385	378	599,613	237
99781	34,729	1,164	0	35,893	20
99782	154,452	11,814	0	166,266	50
99783	30,872	450	0	31,322	17
99784	31,325	332	0	31,657	16
99785	75,691	4,746	784	81,221	36
99786	44,961	5,550	0	50,511	23
99788	12,452	0	0	12,452	9
99789	15,898	0	0	15,898	13
99790	7,918	0	0	7,918	2
99791	61,454	400	0	61,854	20
99801	2,019,811	78,102	1,744	2,099,657	967
99802	551,109	20,263	1,036	572,408	253
99803	619,587	12,405	192	632,184	285
99806	124	0	0	124	1
99820	129,453	13,165	0	142,618	69
99821	182,459	5,024	222	187,705	76
99824	265,495	8,590	0	274,085	125
99825	1,518	0	0	1,518	1
99826	138,355	7,291	460	146,106	51
99827	\$595,641	\$35,343	\$640	\$631,624	259
99828	780	0	0	780	1
99829	466,955	10,194	976	478,125	196
99830	411,997	13,059	592	425,648	169
99832	35,079	2,036	1,064	38,179	21

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99833	621,356	28,315	0	649,671	280
99835	911,477	17,920	0	929,397	441
99836	13,156	208	0	13,364	7
99840	327,233	21,564	0	348,797	137
99841	9,911	252	0	10,163	6
99850	44,268	1,344	0	45,612	17
99901	2,115,306	73,917	1,194	2,190,417	1,019
99918	126,696	1,496	0	128,192	41
99919	242,099	7,601	100	249,800	93
99921	656,554	30,895	668	688,117	285
99922	147,621	4,414	1,088	153,123	64
99923	42,191	4,337	0	46,528	19
99925	366,754	12,531	0	379,285	142
99926	477,858	62,970	590	541,418	219
99927	8,072	696	0	8,768	4
99928	296,641	4,837	0	301,478	136
99929	580,444	17,669	624	598,737	259
99950	141,110	11,176	0	152,286	46
Total	\$98,868,631	\$4,682,082	\$109,404	\$103,660,117	43,033

Source: Alaska Department of Labor & Workforce Development
 Research and Analysis Section
 UI Claimant Characteristic Data File for SFY 2001

Record Select: Office > 0000 and ZIP > 995000

Create by Jim Wilson R&A

Amount of UI Benefit Payments by Census Area, 2000

**Table
2.14**

Census Areas	State UI 1/	State UI 1/	UCFE	UCFE	UCX	UCX	*	SSB	All Programs Total
	Regular	EB	Regular	EB	Regular	EB	EUC		
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Alutians East B	351,010	8,058	0	0	0	0	0	0	359,068
Alutians West CA	649,749	12,315	5,727	0	0	0	0	0	667,791
Anchorage Municipality	27,758,874	1,241,426	568,832	32,057	381,355	14,168	0	16,407	30,012,919
Bethel CA	2,116,042	137,212	18,403	1,425	7,886	0	0	7,855	2,288,823
Bristol Bay Borough	233,406	10,422	5,739	0	0	0	0	928	250,495
Denali Borough	469,261	32,866	83,610	5,928	0	0	0	0	591,665
Dillingham CA	514,105	17,772	744	0	2,541	0	0	2,964	538,126
Fairbanks N Star B	10,354,204	508,124	363,506	10,086	293,013	22,512	0	4,901	11,556,348
Haines Borough	465,105	38,827	5,286	0	0	0	0	1,304	508,522
Juneau Borough	3,110,537	117,217	60,998	0	13,568	1,712	0	4,783	3,308,815
Kenai Peninsula B	8,725,248	678,465	89,077	6,082	42,639	1,354	0	16,088	9,558,953
Ketchikan Gateway B	2,351,680	87,499	15,942	328	6,131	0	0	3,889	2,465,469
Kodiak Island Borough	3,772,339	85,918	17,434	1,069	1,870	0	0	1,195	3,879,825
Lake & Peninsula B	222,840	2,524	10,940	522	0	0	0	165	238,991
Matanuska-Susitna B	10,068,664	521,804	165,515	7,329	68,247	0	0	12,715	10,844,274
Nome CA	1,409,283	99,735	15,409	1,214	840	0	0	5,773	1,532,254
North Slope Borough	1,281,180	69,002	4,960	0	0	0	0	408	1,355,550
Northwest Arctic B	1,011,901	73,363	5,328	0	4,446	0	0	4,852	1,099,890
Prince of Wales-O K	1,982,556	96,596	23,313	708	0	0	0	3,420	2,106,593
Sitka Borough	830,729	31,399	34,411	268	0	0	0	508	897,315
Skagway-Hoonah-Ang.	856,814	38,915	39,713	0	0	0	0	336	935,778
Southeast Fairbanks CA	1,189,155	74,996	87,139	292	13,093	0	0	5,354	1,370,029
Valdez - Cordova CA	1,740,231	118,069	20,534	284	6,658	0	0	1,662	1,887,438
Wade Hampton CA	1,418,796	92,620	4,942	282	7,375	615	0	4,726	1,529,358
Wrangell - Petersburg CA	1,440,215	49,583	23,136	920	0	0	0	1,736	1,515,593
Yakutat Borough	152,362	708	0	0	0	0	0	0	153,070
Yukon - Koyukuk CA	1,193,709	81,131	2,730	3,815	406	0	0	5,328	1,287,209
Area Unknown	2,048,655	110,315	55,091	0	23,059	1,040	0	5,899	2,244,059
In-State Totals	87,718,650	4,434,881	1,728,262	72,609	873,217	41,401	0	113,196	94,982,216
Interstate Totals	17,975,043	286,845	953,640	14,544	113,230	3,450	0	2,158	10,349,540
Totals All Areas	105,694,293	4,721,726	2,681,902	87,153	986,447	44,851	0	115,354	114,331,726

Ten-Year Historical Data Series for Census Area Totals (\$)

Year	State UI 1/	State UI 1/	UCFE	UCFE	UCX	UCX	EUC	SSB	All Programs Total
	Regular	EB	Regular	EB	Regular	EB			
1991	112,153,789	9,281,316	3,316,482	214,828	814,743	0	2,798,884	473,221	129,053,263
1992	121,771,576	3,801	3,897,584	0	2,476,242	0	47,069,125	613,798	175,832,126
1993	105,041,423	579	3,827,029	0	1,787,553	0	68,737,851	813,231	180,188,366
1994	117,904,643	14,895,607	4,536,264	449,480	1,280,606	144,039	10,494,385	304,145	150,010,059
1995	113,609,324	7,248,703	4,343,630	202,109	1,199,348	57,836	48,043	136,008	126,843,010
1996	114,031,640	6,906,444	3,317,795	166,912	883,029	49,526	15,994	137,013	125,553,553
1997	106,885,202	5,438,470	2,911,603	115,401	998,659	34,166	0	90,726	118,474,227
1998	109,037,747	5,478,978	3,243,112	115,178	962,573	39,421	0	119,680	118,996,689
1999	117,903,392	6,842,307	2,992,843	172,029	1,129,943	56,767	0	136,217	129,234,098
2000	105,694,293	4,721,726	2,681,902	87,153	986,447	44,851	0	115,354	114,331,726

1/ UI and UI-Combined (includes federal portion of UI-Combined).

2/ The EUC program expired on April 30, 1994.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, UC 217 report, Benefit Payments by Industry and Area.

Administrative Costs, 1990-1999

Table
3.7

Federal Fiscal Year 1/	F.U.T.A. Collections (\$1,000,000)	UI Admin. Grants (\$1,000,000)	ES Admin. Grants (\$1,000,000)	Total Admin. Grants	
				(\$1,000,000)	% of F.U.T.A.
1990	9.9	15.6	8.3	23.9	241.4
1991	10.2	15.6	8.3	23.9	234.3
1992	10.2	18.7	8.5	27.2	266.7
1993	10.7	19.0	8.6	27.6	257.9
1994	11.1	19.8	8.8	28.6	257.7
1995	11.4	18.8	8.6	27.4	240.4
1996	11.8	19.4	8.7	28.1	238.1
1997	12.5	19.1	8.1	27.2	217.5
1998	13.1	20.0	8.1	28.1	217.5
1999	13.1	20.0	9.4	29.4	224.4

1/ Federal fiscal years are 12-month periods from October 1 of one year through September 30 of the following year.

Note: In 1995, U.S. Department of Labor estimation methods for FUTA were changed. Figures in earlier publications of this table will not match these data.

Source: U. S. Department of Labor, Division of Actuarial Services.

**Table
3.11**

**UI Benefits Paid, Taxes Assessed,
and Covered Payroll by Industry, 2000**

INDUSTRY	Amount of Benefits Paid (\$)		Employer and Employee Contributions Assessed (\$)	Total Payroll (\$)	Taxable Payroll (\$)	Percent of Total Payroll Taxable
	Regular	Plus 1/2 EB				
Total	96,283,442	98,644,310	118,594,969	6,793,720,862	4,396,915,921	64.7
Ag/Forestry/Fish	864,692	875,446	986,994	42,258,563	31,476,145	74.5
Mining	4,182,894	4,390,118	10,274,985	875,843,703	389,279,195	44.4
Oil and Gas	3,216,260	3,395,689	9,240,568	780,346,860	347,185,905	44.5
Other Mining	966,634	994,429	1,034,417	95,496,843	42,093,290	44.1
Construction	20,964,432	21,459,710	15,949,300	672,827,733	452,222,036	67.2
Manufacturing	15,874,854	16,092,641	11,737,161	450,541,833	340,363,270	75.5
Food Products	11,790,761	17,918,689	7,613,650	240,938,199	204,848,654	85.0
Lumber & Wood	2,768,104	2,823,947	1,612,079	63,712,770	45,137,289	70.8
Paper Products	50,241	51,372	7,885	452,291	236,764	52.3
Other Mfg.	1,265,748	1,298,633	2,503,547	145,438,573	90,140,563	62.0
Trans/Comm/Util	8,862,067	9,043,093	16,350,724	1,219,009,909	652,568,364	53.5
Trade	16,795,470	17,169,810	24,291,402	1,286,153,035	981,581,690	76.3
Finance/Insur/R.E.	4,694,517	4,785,371	6,053,765	436,283,201	266,252,966	61.0
Services	20,696,609	21,286,041	30,737,626	1,691,628,685	1,203,532,236	71.1
Public Admin.	2,857,192	3,043,065	1,972,026	111,258,482	73,477,418	66.0
Unclassified	490,715	499,015	240,986	7,915,518	6,162,601	77.9

**Table
3.12**

**UI Benefits Paid as a Percent of Taxes Assessed
and Covered Payroll by Industry, 2000**

INDUSTRY	Regular Benefits as a Percentage of:			Regular Benefits plus 1/2 Extended Benefits as a Percentage of:		
	Collections	Total Payroll	Taxable Payroll	Collections	Total Payroll	Taxable Payroll
Total	81.2	1.4	2.2	83.2	1.5	2.2
Ag/Forestry/Fish	87.6	2.0	2.7	88.7	2.1	2.8
Mining	40.7	0.5	1.1	42.7	0.5	1.1
Oil and Gas	34.8	0.4	0.9	36.7	0.4	1.0
Other Mining	93.4	1.0	2.3	96.1	1.0	2.4
Construction	131.4	3.1	4.6	134.5	3.2	4.7
Manufacturing	135.3	3.5	4.7	137.1	3.6	4.7
Food Products	154.9	4.9	5.8	235.3	7.4	8.7
Lumber & Wood	171.7	4.3	6.1	175.2	4.4	6.3
Paper Products 1/	637.2	11.1	21.2	651.5	11.4	21.7
Other Mfg.	50.6	0.9	1.4	51.9	0.9	1.4
Trans/Comm/Util	54.2	0.7	1.4	55.3	0.7	1.4
Trade	69.3	1.3	1.7	70.7	1.3	1.7
Finance/Insur/R.E.	77.5	1.1	1.8	79.0	1.1	1.8
Services	67.3	1.2	1.7	69.3	1.3	1.8
Public Admin.	144.9	2.6	3.9	154.3	2.7	4.1
Unclassified	203.6	6.2	8.0	207.1	6.3	8.1

Notes: Releasable account data are excluded.

Federally funded programs and federal employees are excluded.

1/ The Pechikan pulp mill closed permanently in March 1997.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Employment, Wages, and Contributions/EB-200 report to the U.S. Department of Labor;

IC-317 report, Benefit Payments by Industry and Area.

Table 3: UI Employer Tax Rates and Maximum Contributions Per Employee, 1994-2002

RATE CLASS	Employer Contribution Rates								
	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
2	1.00	1.00	1.00	1.05	1.01	1.00	1.00	1.00	1.00
3	1.00	1.00	1.00	1.17	1.12	1.00	1.07	1.04	1.00
4	1.00	1.00	1.11	1.28	1.24	1.09	1.18	1.14	1.10
5	1.03	1.07	1.22	1.40	1.35	1.20	1.29	1.25	1.20
6	1.15	1.19	1.34	1.52	1.46	1.30	1.39	1.35	1.29
7	1.26	1.31	1.46	1.63	1.57	1.41	1.50	1.45	1.39
8	1.50	1.55	1.70	1.87	1.80	1.63	1.71	1.66	1.59
9	1.74	1.80	1.94	2.10	2.02	1.84	1.93	1.87	1.79
10	1.98	2.04	2.17	2.33	2.25	2.06	2.14	2.08	1.99
11	1.98	2.04	2.17	2.33	2.25	2.06	2.14	2.08	1.99
12	2.21	2.29	2.41	2.56	2.47	2.28	2.36	2.28	2.19
13	2.45	2.53	2.65	2.80	2.69	2.49	2.57	2.49	2.39
14	2.69	2.78	2.89	3.03	2.92	2.71	2.79	2.70	2.59
15	2.81	2.90	3.01	3.15	3.03	2.82	2.89	2.80	2.69
16	2.93	3.02	3.12	3.26	3.14	2.92	3.00	2.91	2.79
17	3.05	3.14	3.24	3.38	3.26	3.03	3.11	3.01	2.89
18	3.17	3.27	3.36	3.50	3.37	3.14	3.21	3.11	2.99
19	3.28	3.39	3.48	3.61	3.48	3.25	3.32	3.22	3.09
20	3.40	3.51	3.60	3.73	3.59	3.36	3.43	3.32	3.19
21	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40

Employee Contribution Rates								
0.5	0.5	0.5	0.58	0.56	0.54	0.54	0.52	0.50

Taxable Wage Base								
\$23,800	\$23,900	\$24,400	\$24,200	\$24,100	\$24,500	\$24,800	\$25,500	\$26,000

Maximum Yearly Employer Contribution for Each Employee

1	\$238	\$239	\$244	\$242	\$241	\$245	\$248	\$255	\$260
2	238	239	244	254	243	245	248	255	260
3	238	239	244	283	270	245	265	265	260
4	238	239	271	310	299	267	293	291	286
5	245	256	298	339	325	294	320	319	312
6	274	284	327	388	352	319	345	344	335
7	300	313	356	394	378	345	372	370	361
8	357	370	415	453	434	399	424	423	413
9	414	430	473	508	487	451	479	477	465
10	471	488	529	564	542	505	531	530	517
11	471	488	529	564	542	505	531	530	517
12	526	547	588	620	595	559	585	581	569
13	583	605	647	678	648	610	637	635	621
14	640	664	705	733	704	664	692	689	673
15	669	693	734	762	730	691	717	714	699
16	697	722	761	789	757	715	744	742	725
17	726	750	791	818	786	742	771	768	751
18	754	782	820	847	812	769	796	793	777
19	781	810	849	874	839	796	823	821	803
20	809	839	878	903	865	823	851	847	829
21	1,285	1,291	1,318	1,307	1,301	1,323	1,339	1,377	1,404

Increasing Alaska's Weekly Benefit Amount



The Problem

- ◆ UI recipients earning between \$27,000 and \$35,750 receive partial wage replacement as low as 36%.
- ◆ Alaska's maximum weekly benefit amount has increased only 4 times in the last 20 years. The last increase was in 1997. *(See chart 1)*
- ◆ The maximum weekly unemployment insurance benefit paid to the Alaskan worker is 23% less than the 2001 poverty-level guidelines. *(See chart 6)*
 - ✓ In 1997 the Alaska Poverty Guidelines for a family of three was \$351.73.
 - ✓ Alaska median family size is three.
- ◆ Alaska ranks 47th nationally in terms of the maximum weekly benefit amount available to claimants. *(See chart 3)*

The Solution

- ◆ The legislation we propose will raise the maximum weekly benefit amount to 48.5% of the state's current average weekly wage with the final increase. *(See chart 2)*
- ◆ The proposal offers a three-phase increase to minimize the impact to employers, employees, and the UI Trust Fund.

Increment	Benefit Amount	WBA Increase	Effective Date
Year 1	\$248 to \$272	\$24	Recommend change to read July 1, 2002
Year 2	\$272 to \$296	\$24	January 1, 2003
Year 3	\$296 to \$320	\$24	January 1, 2004

- ◆ The advantages of the proposed legislation are:
 - ✓ Maintain economic stability for communities, businesses and workers.
 - ✓ Enables Alaskan workers to weather periods of unemployment.
 - ✓ Alleviates skill shortages by keeping trained workers in Alaska.

Who Benefits?

- ◆ When a worker loses their job, their wages are not just lost to the individual and their family, but to the entire community.
- ◆ Part of UI's purpose is to diminish this negative effect, minimizing additional lost jobs or wages.
- ◆ Alaskan workers use unemployment insurance benefits to pay for non-deferrable expenses;
 - ✓ Rent, food and utilities.
- ◆ Local businesses are beneficiaries of these benefits for several reasons:
 - ✓ They supply the rentals, food, and utilities;
 - ✓ Unemployment benefits are distributed back into the local economy, benefiting local business during the "off season", and
 - ✓ Workers who are temporarily unemployed can stay in Alaska, maintaining a trained labor force locally.

The impact (See chart 5)

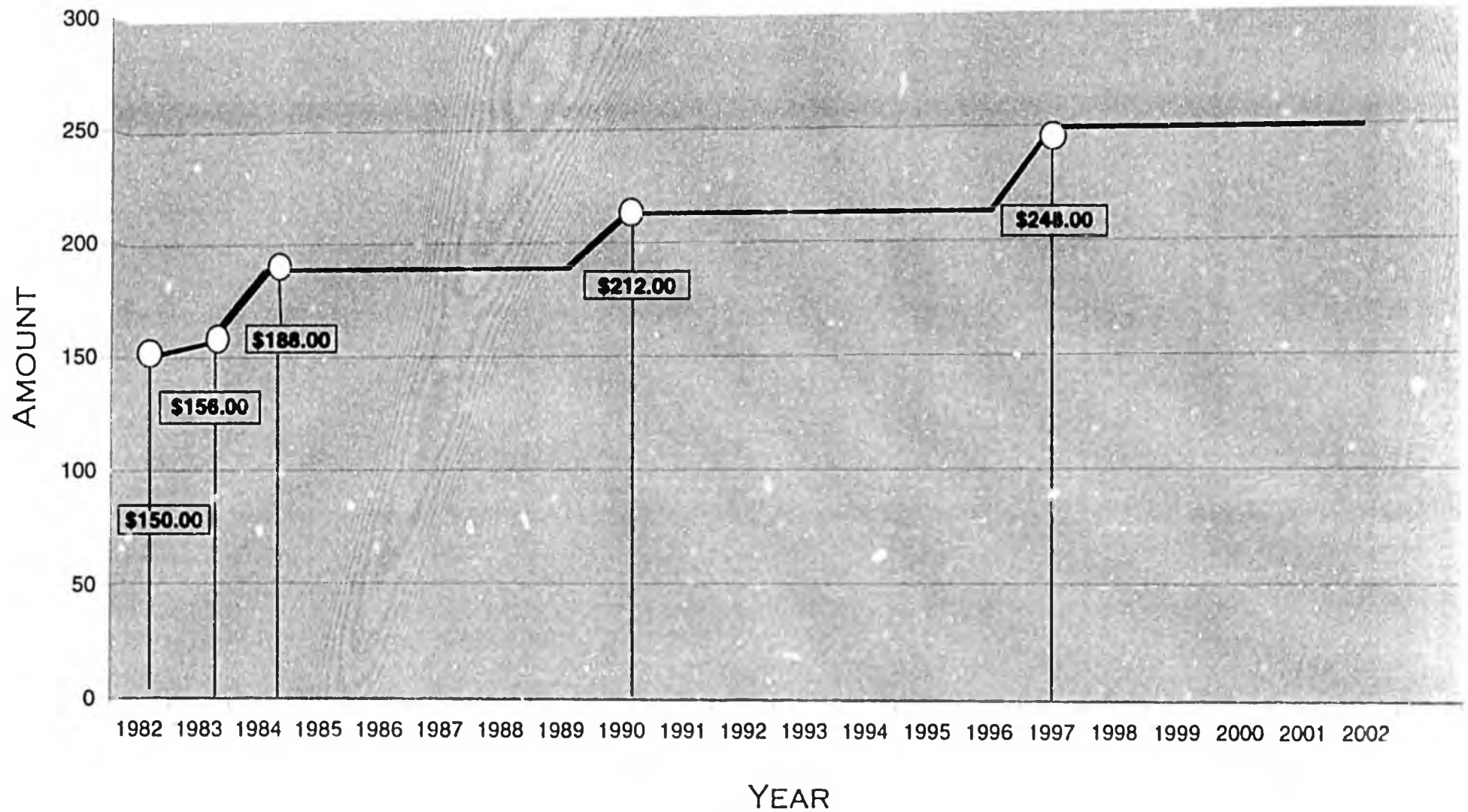
- ◆ The cost for each increment of the 3-phase increase is estimated to be approximately \$3.3 million.
- ◆ The full impact of the increase in benefit costs (9.6%) will not be reflected in employer tax rates until 2008.
- ◆ There is no additional cost to the employer during calendar years 2002 and 2003.
- ◆ Tax rates will increase as follows:
 - 2004 increase of 2.1% equal to \$11 per employee per year
 - 2005 increase of 2.8% equal to \$15 per employee per year
 - 2006 increase of 2.5% equal to \$13 per employee per year
 - 2007 increase of 1.8% equal to \$10 per employee per year
 - 2008 increase of 0.4% equal to \$2 per employee per year

When the cumulative impact (9.6%) of the increased benefit costs is included in the tax rate calculation (by 2008), the average employer tax rate will increase from 2.08% to 2.28%; the average employee tax rate will increase from 0.52% to 0.57%.

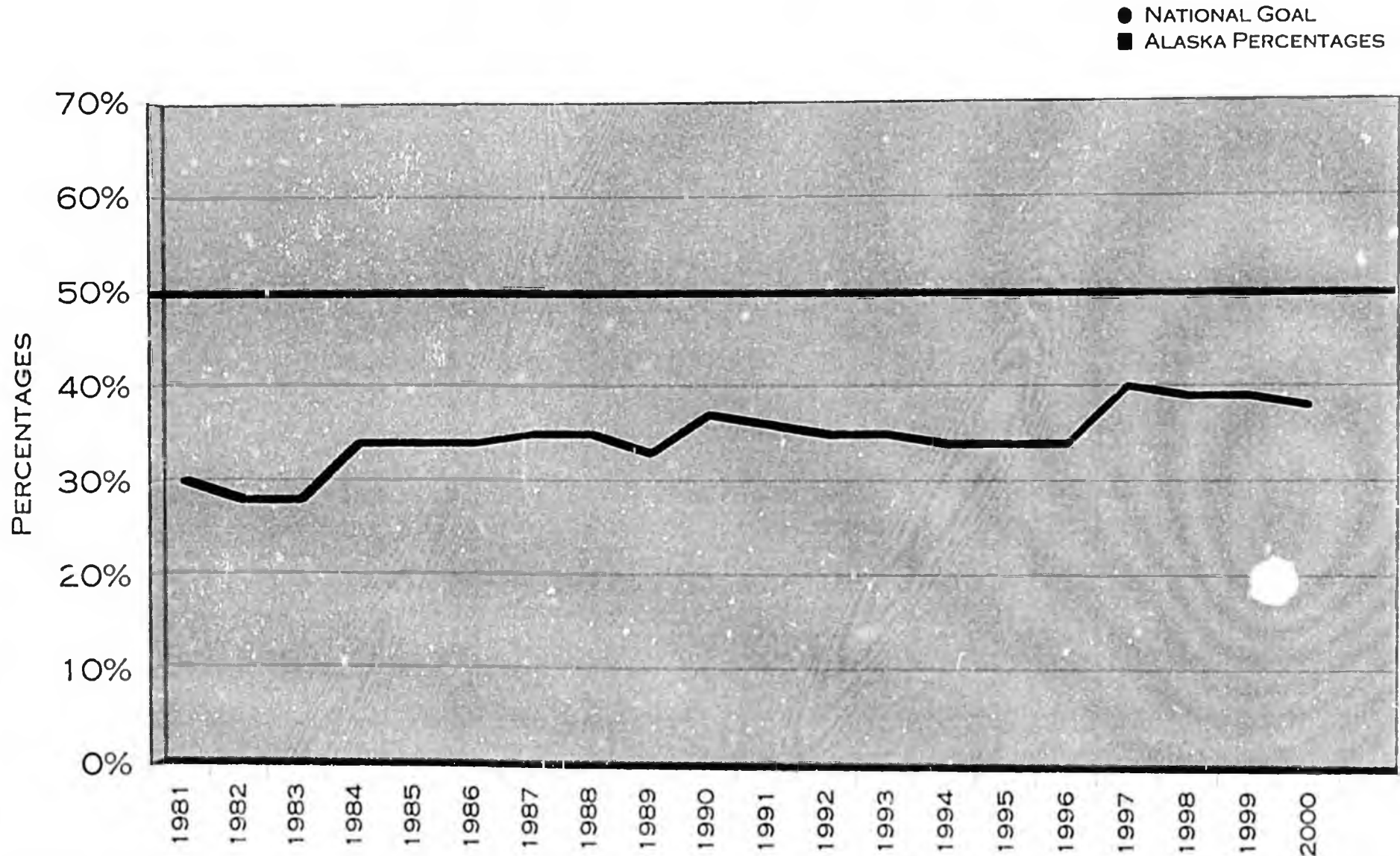
Information

- ♦ Alaska's average weekly benefit amount for CY 2000 was \$189.86, which includes dependence allowance.
- ♦ In 2000, 43% of claimants had dependents.
- ♦ In 2000, payment of dependent benefits
 - ✓ averaged \$20 for all claimants.
 - ✓ averaged \$45 for all claimants with dependent allowance.
- ♦ Beginning in 1997, employers paid 80% of the Average Benefit Cost Rate (ABCR), and employees paid the other 20%. Employee rates are the same for each employee. Employer rates vary according to the employer's individual experience with employee turnover.
- ♦ For federal fiscal year 1999, Alaska's total administrative grants amounted to 224.4% of the state's FUTA contributions, a good bargain for workers and employers in the state.
- ♦ Of Region 6 states, Alaska ranks the third highest for the average weekly wage, but second from the last for the maximum weekly benefit amount. (*See chart 4*)

ALASKA'S MAXIMUM WEEKLY BENEFIT AMOUNT

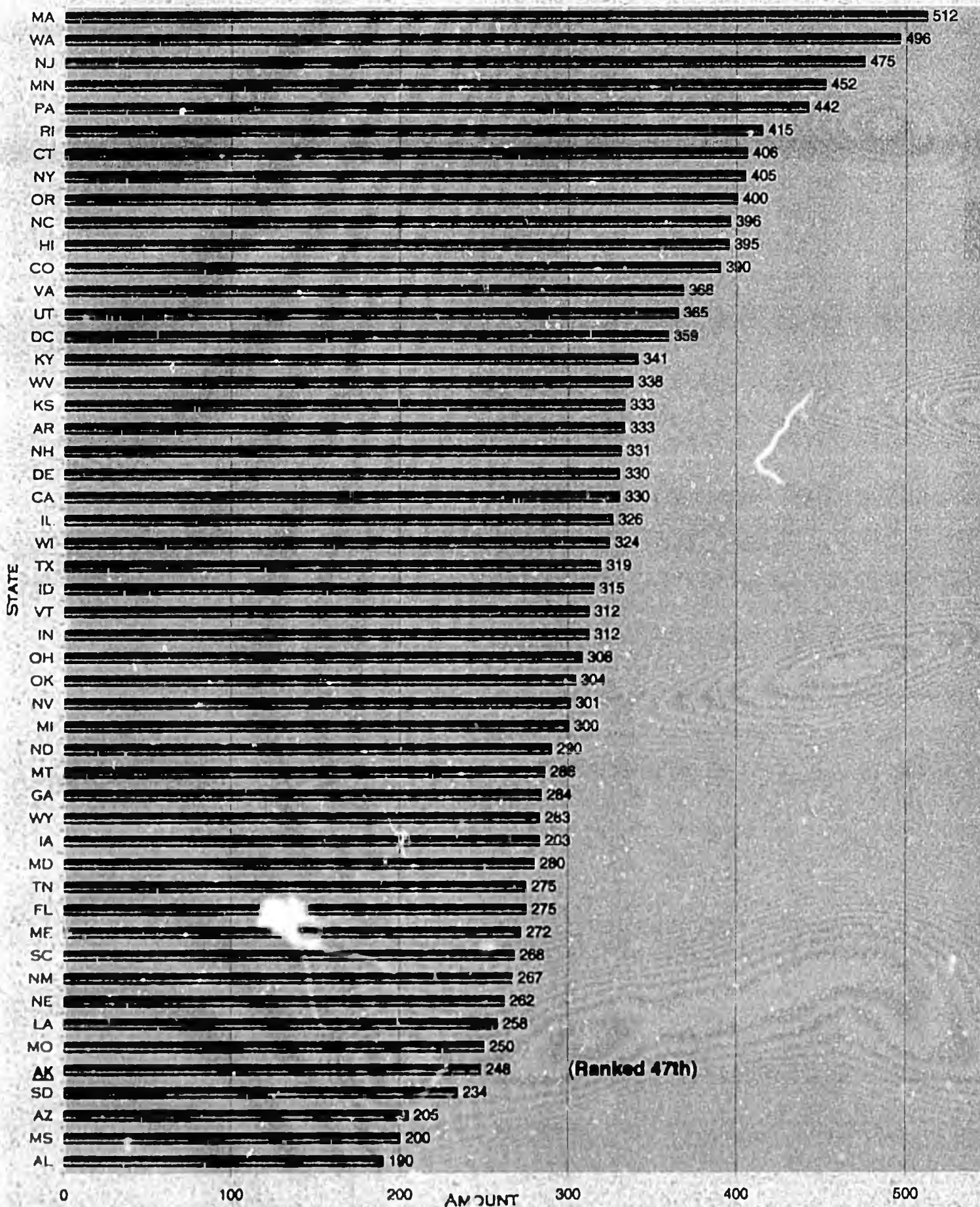


ALASKA'S MAXIMUM WEEKLY BENEFIT AMOUNT AS A PERCENTAGE OF AVERAGE WEEKLY WAGE



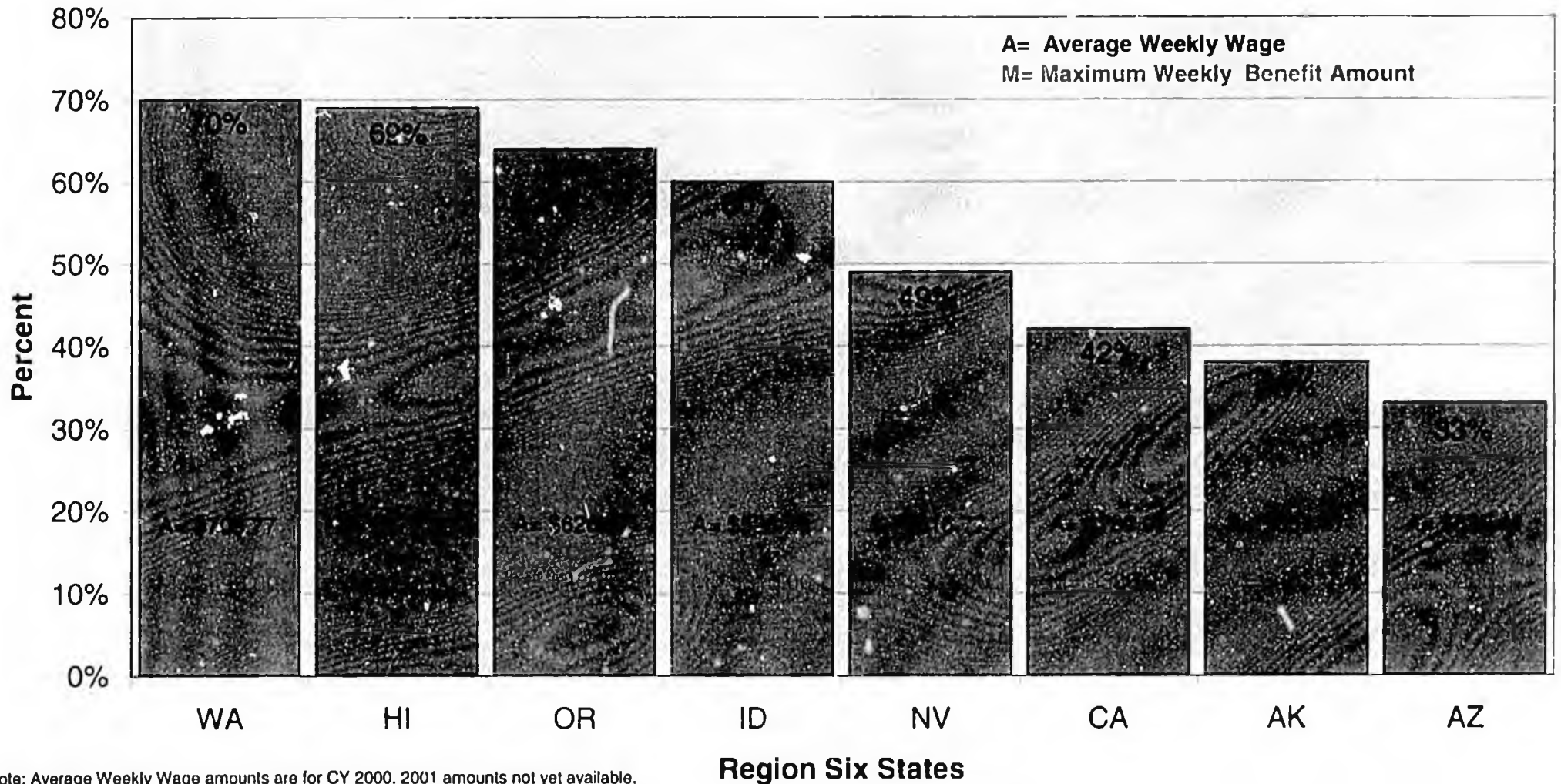
A NATIONAL GOAL OF THE UNEMPLOYMENT INSURANCE PROGRAM IS TO PROVIDE UNEMPLOYED PERSONS WITH 50 PERCENT REPLACEMENT OF THEIR WEEKLY WAGES IN UNEMPLOYMENT COMPENSATION BENEFITS. IN ALASKA, THE WAGE REPLACEMENT IS GRADUALLY DECLINING.
NOTE: ALASKA'S 2001 AVERAGE WEEKLY WAGE AMOUNT IS NOT YET AVAILABLE.

MAXIMUM WEEKLY BENEFIT AMOUNT BY STATE



NOTE: DATA INCLUDES 50 STATES AND DISTRICT OF COLUMBIA
 MWBAS ARE BASED ON THE MOST RECENT AVAILABLE DATA KNOWN.

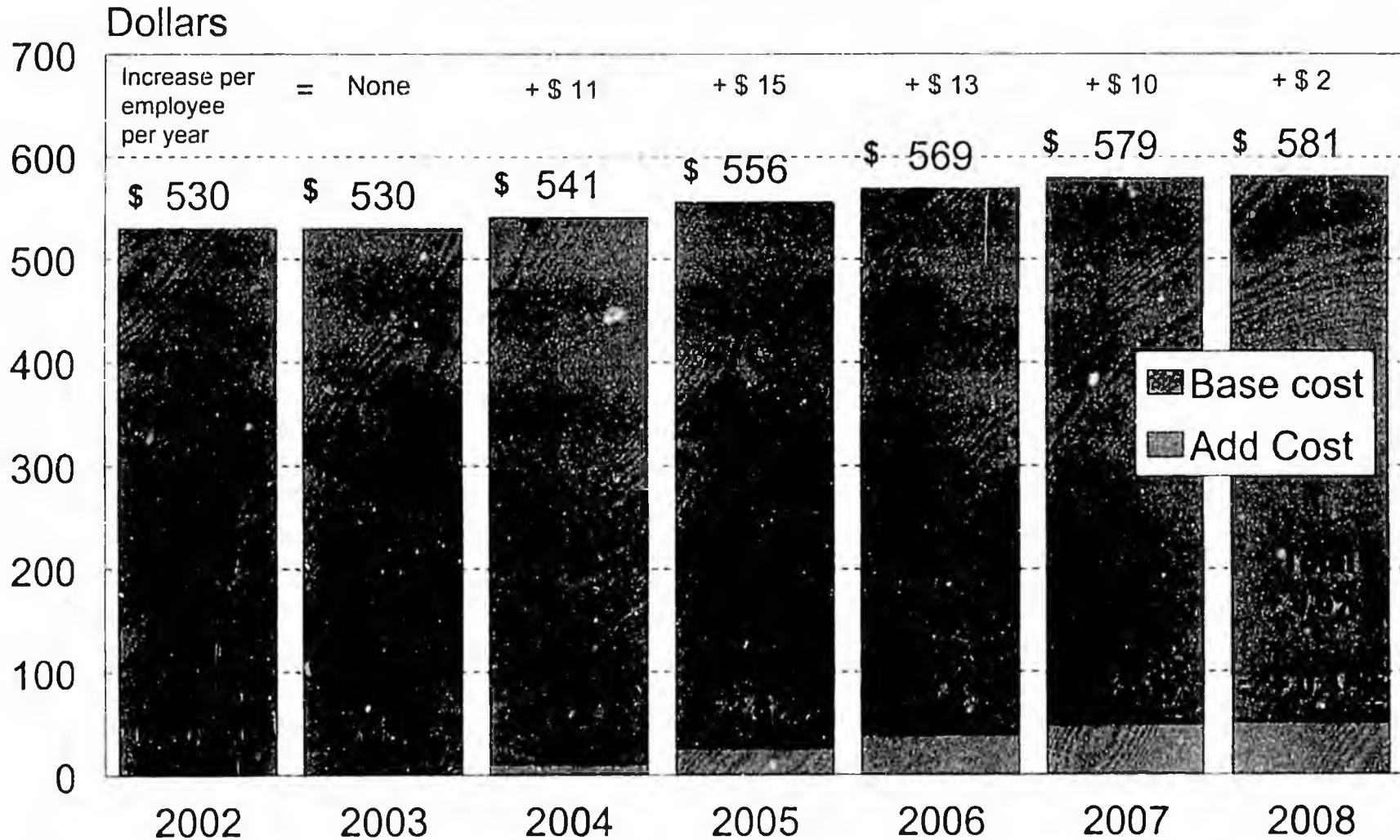
Maximum Weekly Benefit Amount as a Percent of Average Weekly Wage for Region Six States



Note: Average Weekly Wage amounts are for CY 2000. 2001 amounts not yet available.
MWBAs are based on the most recent available data known.

Estimated Max Cost per Worker for Average Employer (6.5 years to reach cost of 3 step proposal)

WBA increase effective Jul 01 2002

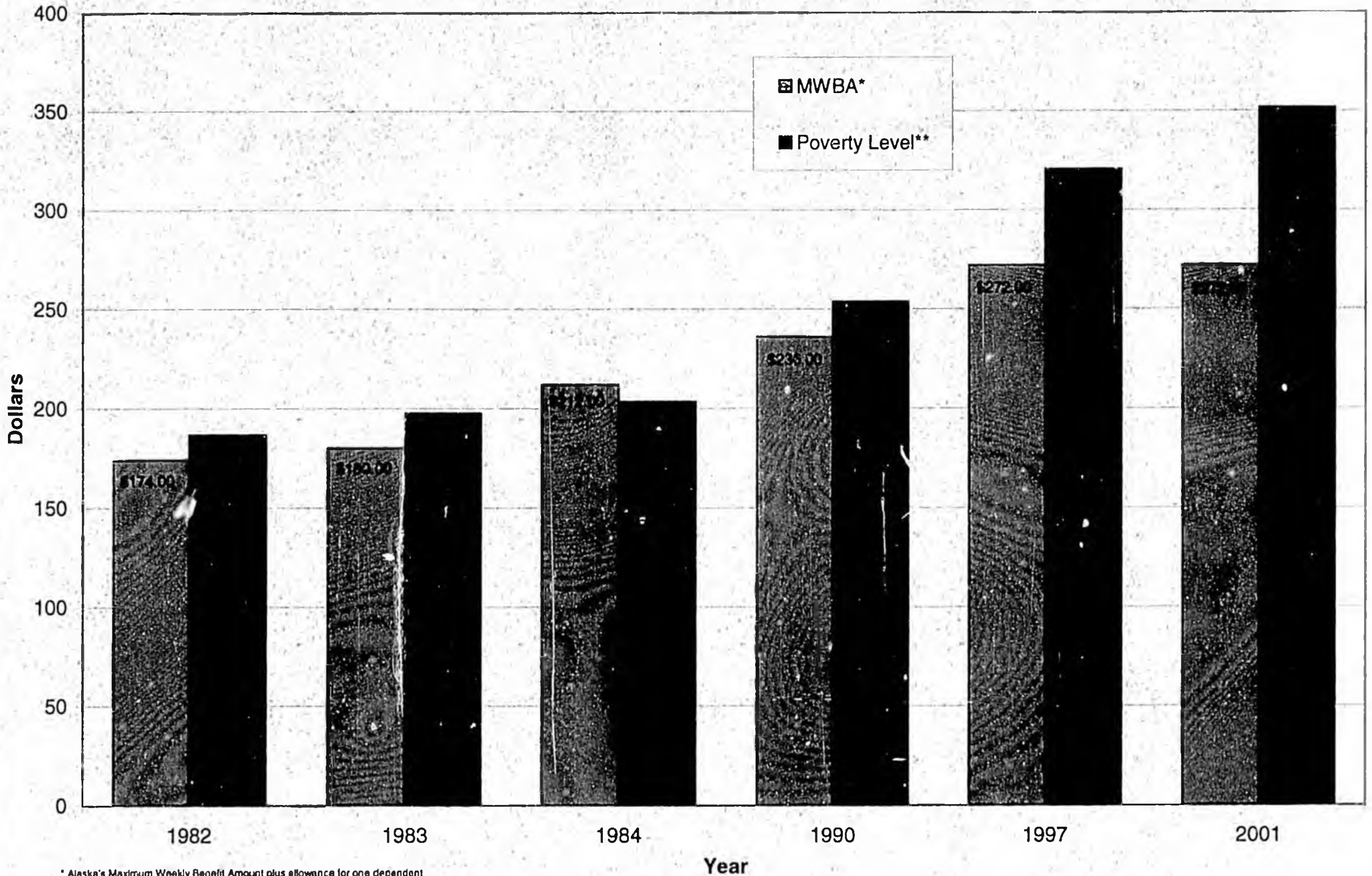


Source: Alaska Department of Labor & Workforce Development

Rev Mar 26 2002

Note: Average Employer = Tax Classes 10 & 11

Increases to Alaska's Maximum Weekly Benefit Amount in Comparison to Alaska's Poverty Level since 1982



* Alaska's Maximum Weekly Benefit Amount plus allowance for one dependent

**Poverty Level for a family of 3 in Alaska

Source: United States Department of Health and Human Services
Alaska Department of Labor and Workforce Development

3/27/2002

Explanation of the Delayed Impact of a Benefit Increase on Tax Rates

An average of the benefit costs incurred by the UI program over a three year period are used in the calculation for each year's tax rate. Use of the costs averaged over this sliding three-year window moderates the impact of economic changes on the tax-paying employer.

Three-year period used to calculate each year's tax rate, which is effective January 1st, is the three-year period ending the previous June 30th (the most recent three state fiscal years are used in the calculation). Because of this, there is no impact on the tax calculation for the year that a benefit increase is first in effect.

The following year, assuming a July 1st effective date for the benefit increase, once again none of the increased costs are included in the calculation. As a result, there is no impact on the tax rates for the second year.

In the third calendar year that the increase is in effect, the increased costs from all of the first year of the benefit increase are included in the three-year average and have the first impact on the tax calculation. (At this point, one third of the period used to calculate the average benefit cost is impacted by the increase.)

The fourth calendar year that the increased benefit amount is in effect, two of the three years used in the calculation will reflect the cost increase. The tax rate calculated for this year will include two thirds of the total anticipated increase in costs.

The fifth year will finally use a three year period of benefit outlay during which the increase was in effect for the entire duration in determining the average benefit costs. The full impact on tax rates of the benefit increase available to the workers five years earlier is in place from this year forward.

As this legislation increases the maximum weekly benefit amount incrementally over a three-year period, this cycle is actually repeated three times as benefit increases go into effect in 2002, 2003, and 2004. The full impact of the total benefit increase, which would finally be achieved in 2004, will not be reflected in tax rates until January of 2008.

(Our UI Actuarial staff speculates that much of these increases may actually not be observable given the current low unemployment rate and the steady growth in overall employment statewide. In other words, if cost outlays remain low and more people are employed statewide, the burden of the costs is spread further and may mask a portion of the impact of the benefit change on tax rates.)

Fiscal Years Used in UI Tax Calculations

Tax Year		State Fiscal Year Costs Used in Tax Calculation			Calculation Notes
2002	WBA 272	1999	2000	2001	No new costs in calculation
2003	WBA 296	2000	2001	2002	No new costs in calculation
2004	WBA 320	2001	2002	2003	Has all of FY 2003
2005		2002	2003	2004	All FY 2003, all FY 2004
2006		2003	2004	2005	All FY 2003, all FY 2004, all FY 2005 --Full cost of \$272 WBA in calculation
2007		2004	2005	2006	All FY 2004, all FY 2005, all FY 2006 --Full cost of \$296 WBA in calculation
2008		2005	2006	2007	All FY 2005, all FY 2006, all FY 2007 --Full cost of \$320 WBA in calculation

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99501	\$1,681,369	\$72,105	\$4,666	\$1,758,140	879
99502	1,935,403	68,713	1,632	2,005,748	805
99503	2,230,857	103,227	1,380	2,335,464	1,062
99504	3,678,229	158,910	2,991	3,840,130	1,674
99505	133,852	8,384	0	142,236	56
99506	125,964	6,958	0	132,922	57
99507	3,154,026	109,432	0	3,263,458	1,336
99508	3,797,597	161,317	2,088	3,961,002	1,752
99509	586,834	24,454	0	611,288	272
99510	539,741	24,716	0	564,457	261
99511	508,334	14,993	0	523,327	196
99514	558,804	26,295	1,008	586,107	258
99515	2,151,575	65,338	1,948	2,218,861	934
99516	1,144,881	42,342	0	1,187,223	438
99517	1,593,465	73,745	896	1,668,106	735
99518	1,142,593	41,874	132	1,184,599	494
99519	84,669	3,707	0	88,376	34
99520	435,153	13,100	0	448,253	210
99521	381,027	21,737	1,168	403,932	146
99522	307,664	7,671	944	316,279	117
99523	558,510	32,138	0	590,648	217
99524	595,684	23,859	0	619,543	256
99540	38,643	1,984	0	40,627	24
99546	38,216	915	0	39,131	13
99547	4,290	0	0	4,290	4
99548	10,452	0	72	10,524	9
99549	37,583	4,774	0	42,357	18
99550	51,496	938	0	52,434	24
99551	143,167	15,125	0	158,292	72
99552	34,028	608	0	34,636	24
99553	75,618	251	0	75,869	41
99554	94,378	2,734	0	97,112	57
99555	9,662	2,360	0	12,022	7
99556	513,526	31,723	0	545,249	203
99557	123,998	11,588	840	136,426	55
99558	9,176	70	0	9,246	8
99559	752,138	50,699	2,816	805,653	364
99561	104,966	7,455	976	113,397	49
99563	212,436	17,281	3,264	232,981	94
99564	21,506	1,248	0	22,754	13
99565	5,430	1,890	0	7,320	3
99566	50,288	9,192	0	59,480	23
99567	1,030,558	48,675	0	1,079,233	439
99568	87,441	6,768	0	94,209	31
99569	12,743	174	0	12,917	10
99571	21,952	1,024	0	22,976	7
99572	106,028	9,926	0	115,954	46
99573	\$341,343	\$21,077	\$0	\$362,420	136

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99574	705,878	40,311	0	746,189	280
99575	17,632	1,580	264	19,476	13
99576	376,150	22,608	464	399,222	160
99577	1,792,054	87,544	0	1,879,598	763
99578	70,160	4,172	0	74,332	41
99579	41,462	1,488	0	42,950	12
99580	17,329	120	0	17,449	10
99581	239,373	23,963	0	263,336	110
99583	3,263	0	0	3,263	2
99585	101,433	7,655	0	109,088	58
99586	173,404	15,164	784	189,352	70
99587	362,888	7,200	0	370,088	186
99588	282,342	23,061	0	305,403	115
99589	30,225	2,151	0	32,376	14
99590	20,053	801	0	20,854	12
99591	54,108	5,024	0	59,132	15
99602	90,239	7,754	0	97,993	38
99603	1,705,135	85,868	1,173	1,792,176	720
99604	236,387	20,391	1,544	258,322	103
99605	81,832	7,029	0	88,861	26
99606	73,373	5,958	0	79,331	33
99607	77,231	10,782	0	88,013	23
99608	6,748	1,672	0	8,420	2
99609	113,498	8,763	1,672	123,933	56
99610	419,190	23,468	2,472	445,130	185
99611	1,902,936	92,957	1,376	1,997,269	852
99612	160,370	0	0	160,370	70
99613	60,496	5,801	896	67,193	22
99614	153,712	12,165	1,024	172,901	85
99615	4,419,101	135,172	1,539	4,555,812	1,620
99620	202,050	5,536	1,896	209,482	87
99621	123,450	6,506	624	130,580	58
99622	85,616	5,206	368	91,190	48
99624	16,080	1,306	0	17,386	8
99625	49,171	4,520	976	54,667	18
99626	91,385	13,365	354	105,104	36
99627	148,418	7,472	0	155,890	59
99628	78,409	4,509	0	82,918	44
99630	85,636	10,911	184	96,731	46
99631	62,497	3,252	0	65,749	30
99632	225,929	8,391	0	234,320	100
99633	145,406	5,580	0	150,986	56
99634	107,387	7,447	944	115,778	59
99635	592,351	33,116	2,898	628,365	266
99636	42,163	2,512	0	44,675	20
99637	117,662	10,079	1,220	128,961	60
99639	297,398	24,351	0	321,749	124
99640	\$37,433	\$3,507	\$960	\$41,900	16
99641	83,238	2,107	1,232	86,577	49

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99643	13,540	416	0	13,956	11
99644	23,705	1,988	0	25,693	19
99645	3,051,864	156,821	1,867	3,210,552	1,278
99647	14,349	544	0	14,893	5
99648	9,356	966	0	10,322	6
99649	27,173	1,408	0	28,581	9
99650	162,673	32,261	960	195,894	68
99651	3,188	0	0	3,188	1
99652	683,846	38,601	1,282	723,729	276
99653	8,758	0	0	8,758	5
99654	2,821,115	138,955	2,368	2,962,438	1,132
99655	123,292	6,681	0	129,973	76
99656	1,712	0	0	1,712	1
99657	76,062	9,717	752	86,531	35
99658	126,172	6,906	568	133,646	73
99659	122,192	10,928	0	133,120	52
99660	108,960	6,078	0	115,058	58
99661	264,371	11,166	0	275,537	102
99662	71,160	2,844	892	74,896	35
99663	77,167	4,837	0	82,004	33
99664	1,141,180	58,031	1,712	1,200,923	528
99665	23,419	0	686	24,105	11
99666	30,669	245	0	30,914	14
99667	3,555	0	0	3,555	3
99669	2,149,964	118,486	3,232	2,271,682	935
99670	45,234	6,098	0	51,332	19
99671	155,889	5,868	2,636	164,393	88
99672	606,333	38,920	1,040	646,293	258
99674	255,743	7,734	0	263,477	101
99675	548	0	0	548	1
99676	342,640	26,059	0	368,699	161
99677	8,690	368	0	9,058	8
99678	71,443	5,902	876	78,221	34
99679	97,608	4,026	928	95,562	50
99680	125,226	14,924	1,516	141,666	56
99681	51,364	3,839	0	55,203	30
99682	38,879	1,677	0	40,556	20
99683	163,811	10,511	0	174,322	74
99684	89,555	10,697	252	100,504	47
99685	88,055	2,232	0	90,287	43
99686	662,519	30,492	0	693,011	294
99687	3,647,145	189,647	1,854	3,838,646	1,487
99688	463,463	30,238	0	493,701	204
99689	200,146	10,404	392	210,942	88
99690	29,191	1,038	1,072	31,301	16
99691	11,474	2,574	0	14,048	12
99692	\$509,512	\$1,704	\$0	\$511,216	255
99693	36,355	4,094	0	40,449	15
99694	95,397	2,332	0	97,729	46

**In-State UI Benefit Payments and Recipients by Zip Code
SFY 2001**

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99697	3,999	680	0	4,679	3
99699	2,358	0	0	2,358	1
99701	2,442,156	101,017	2,312	2,545,485	1,123
99702	141,100	4,132	0	145,232	55
99703	264,891	12,870	0	277,761	112
99704	4,984	1,376	0	6,360	2
99705	2,297,828	82,599	276	2,380,703	938
99706	265,266	9,034	0	274,300	117
99707	1,311,881	43,580	0	1,355,461	565
99708	1,295,675	48,105	0	1,343,780	543
99709	2,077,404	88,330	0	2,165,734	881
99710	247,144	11,458	0	258,602	102
99711	353,144	11,426	0	364,570	159
99712	847,139	18,960	0	866,099	354
99714	156,503	1,804	0	158,307	70
99716	93,680	5,962	0	99,642	45
99720	50,435	5,072	48	55,555	24
99721	93,373	1,876	0	95,249	37
99722	58,666	4,734	0	63,400	27
99723	822,070	53,520	272	875,862	316
99724	9,969	0	0	9,969	8
99725	92,666	3,846	0	96,512	41
99726	20,270	0	0	20,270	5
99727	162,465	13,496	2,768	178,729	50
99729	103,554	6,432	0	109,986	38
99730	47,971	2,674	0	50,645	19
99732	3,750	430	0	4,180	2
99733	19,779	4,068	0	23,847	9
99734	992	0	0	992	1
99736	53,729	2,188	0	55,917	20
99737	614,510	55,656	0	670,166	235
99738	38,422	3,371	0	41,793	14
99739	109,995	11,732	0	121,727	50
99740	225,515	28,862	660	255,037	92
99741	113,290	9,814	0	123,104	36
99742	112,180	11,216	1,498	124,894	58
99743	261,773	18,952	0	280,725	104
99744	45,800	3,584	1,088	50,472	19
99745	13,761	1,356	0	15,117	6
99746	87,718	6,536	0	94,254	38
99747	50,004	132	0	50,136	20
99748	70,207	378	944	71,529	34
99749	138,277	8,536	0	146,813	54
99750	92,041	10,482	608	103,131	47
99751	27,832	4,716	312	32,860	14
99752	\$391,414	\$7,154	\$366	\$398,934	154
99753	131,778	7,592	780	140,150	48
99754	10,877	0	0	10,877	5
99755	113,835	8,422	0	122,257	53

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99756	17,841	852	0	18,693	8
99757	9,840	744	0	10,584	3
99758	45,054	4,103	0	49,157	21
99759	48,366	1,632	0	49,998	14
99760	231,173	9,443	912	241,528	90
99761	125,577	5,242	1,314	132,133	52
99762	567,008	40,408	374	607,790	236
99763	186,909	11,259	752	198,920	75
99764	110,019	8,595	0	118,614	41
99765	114,128	6,976	736	121,840	52
99766	212,497	18,162	404	231,063	88
99767	8,692	304	0	8,996	3
99768	47,331	4,130	0	51,461	21
99769	146,585	12,612	378	159,575	65
99770	225,658	14,263	784	240,705	101
99771	69,835	5,496	770	76,101	36
99772	194,729	17,930	1,102	213,761	79
99773	77,022	2,652	1,024	80,698	22
99774	36,430	3,972	0	40,402	19
99775	39,692	1,156	0	40,848	24
99776	27,691	4,360	0	32,051	15
99777	89,598	8,664	0	98,262	35
99778	59,732	1,582	0	61,314	26
99779	27,786	1,884	0	29,670	11
99780	566,850	32,385	378	599,613	237
99781	34,729	1,164	0	35,893	20
99782	154,452	11,814	0	166,266	50
99783	30,672	450	0	31,322	17
99784	31,325	332	0	31,657	16
99785	75,691	4,746	784	81,221	36
99786	44,961	5,550	0	50,511	23
99788	12,452	0	0	12,452	9
99789	15,898	0	0	15,898	13
99790	7,918	0	0	7,918	2
99791	61,454	400	0	61,854	20
99801	2,019,811	78,102	1,744	2,099,657	967
99802	551,109	20,263	1,036	572,408	253
99803	619,587	12,405	192	632,184	285
99806	124	0	0	124	1
99820	129,453	13,165	0	142,618	69
99821	182,459	5,024	222	187,705	76
99824	265,495	8,590	0	274,085	125
99825	1,518	0	0	1,518	1
99826	138,355	7,291	460	146,106	51
99827	\$595,641	\$35,343	\$640	\$631,624	259
99828	780	0	0	780	1
99829	466,955	10,194	976	478,125	196
99830	411,997	13,059	592	425,648	169
99832	35,079	2,036	1,064	38,179	21

In-State UI Benefit Payments and Recipients by Zip Code SFY 2001

<u>Zip</u>	<u>Regular</u>	<u>EB</u>	<u>SSB</u>	<u>Total</u>	<u>Recipients</u>
99833	621,356	28,315	0	649,671	280
99835	911,477	17,920	0	929,397	441
99836	13,156	208	0	13,364	7
99840	327,233	21,564	0	348,797	137
99841	9,911	252	0	10,163	6
99850	44,268	1,344	0	45,612	17
99901	2,115,306	73,917	1,194	2,190,417	1,019
99918	126,696	1,496	0	128,192	41
99919	242,099	7,601	100	249,800	93
99921	656,554	30,895	668	688,117	285
99922	147,621	4,414	1,088	153,123	64
99923	42,191	4,337	0	46,528	19
99925	366,754	12,531	0	379,285	142
99926	477,858	62,970	590	541,418	219
99927	8,072	696	0	8,768	4
99928	296,641	4,837	0	301,478	136
99929	580,444	17,669	624	598,737	259
99950	141,110	11,176	0	152,286	46
Total	\$98,868,631	\$4,682,082	\$109,404	\$103,660,117	43,033

Source: Alaska Department of Labor & Workforce Development
 Research and Analysis Section
 UI Claimant Characteristic Data File for SFY 2001

Record Select: Office > 0000 and ZIP > 995000

Create by Jim Wilson R&A

Amount of UI Benefit Payments by Census Area, 2000

**Table
2.14**

Census Areas	State UI 1/	State UI 1/	UCFE	UCFE	UCX	UCX	EUC	SSB	All Programs Total
	Regular	EB	Regular	EB	Regular	EB			
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Aleutians East B	351,010	8,058	0	0	0	0	0	0	359,068
Aleutians West CA	649,749	12,315	5,727	0	0	0	0	0	667,791
Anchorage Municipality	27,758,874	1,241,426	568,632	32,057	381,355	14,168	0	10,407	30,012,919
Belhel CA	2,116,042	137,212	18,403	1,425	7,886	0	0	7,855	2,288,823
Bristol Bay Borough	233,406	10,422	5,739	0	0	0	0	928	250,195
Denali Borough	469,261	32,866	83,010	5,928	0	0	0	0	591,665
Dillingham CA	514,105	17,772	744	0	2,541	0	0	2,964	538,126
Fairbanks N Star B	10,354,204	508,124	363,506	10,086	293,013	22,512	0	4,901	11,556,346
Haines Borough	465,105	36,827	5,286	0	0	0	0	1,304	508,522
Juneau Borough	3,110,537	117,217	60,998	0	13,568	1,712	0	4,783	3,308,815
Kenai Peninsula B	8,725,248	678,465	89,077	6,082	42,639	1,354	0	16,088	9,558,953
Ketchikan Gateway B	2,351,680	87,499	15,942	328	6,131	0	0	3,889	2,465,469
Kodiak Island Borough	3,772,339	85,918	17,434	1,069	1,870	0	0	1,195	3,879,825
Lake & Peninsula B	222,840	2,524	10,940	522	0	0	0	165	236,991
Matanuska-Susitna B	10,068,664	521,804	165,515	7,329	68,247	0	0	12,715	10,844,274
Nome CA	1,409,283	99,735	15,409	1,214	840	0	0	5,773	1,532,254
North Slope Borough	1,281,180	69,002	4,960	0	0	0	0	408	1,355,550
Northwest Arctic B	1,011,901	73,363	5,328	0	4,446	0	0	4,852	1,091,890
Prince of Wales-O K	1,982,556	96,596	23,313	708	0	0	0	3,420	2,106,593
Sitka Borough	830,729	31,399	34,411	268	0	0	0	508	897,315
Skagway-Hoonah-Ang.	856,814	33,915	39,713	0	0	0	0	336	935,778
Southeast Fairbanks CA	1,189,155	74,996	87,139	292	13,093	0	0	5,354	1,370,029
Valdez - Cordova CA	1,740,231	118,069	20,534	284	6,658	0	0	1,662	1,887,438
Wade Hampton CA	1,418,796	92,620	4,942	282	7,375	615	0	4,726	1,529,356
Wrangell - Petersburg CA	1,440,215	49,583	23,139	920	0	0	0	1,736	1,515,593
Yakutat Borough	152,362	708	0	0	0	0	0	0	153,070
Yukon - Koyukuk CA	1,193,709	81,131	2,730	3,815	498	0	0	5,328	1,287,209
Area Unknown	2,048,655	110,315	5,091	0	23,059	1,040	0	5,899	2,244,059
In-State Totals	87,718,650	4,434,881	1,728,262	72,609	873,217	1,401	0	113,196	94,982,216
Interstate Totals	17,975,643	286,845	953,640	14,544	113,230	3,450	0	2,158	19,349,510
Totals All Areas	105,694,293	4,721,726	2,681,902	87,153	986,447	44,851	0	115,354	114,331,726

Ten-Year Historical Data Series for Census Area Totals (\$)

Year	State UI 1/	State UI 1/	UCFE	UCFE	UCX	UCX	EUC	SSB	All Programs Total
	Regular	EB	Regular	EB	Regular	EB			
1991	112,153,789	9,281,316	3,316,482	214,828	814,743	0	2,798,884	473,221	129,053,263
1992	121,771,578	3,801	3,897,584	0	2,476,242	0	47,069,125	613,796	175,832,126
1993	105,041,423	579	3,827,029	0	1,767,553	0	68,737,851	813,931	180,188,366
1994	117,574,843	14,895,807	4,536,264	449,480	1,280,696	144,639	10,494,385	304,145	150,010,059
1995	113,609,324	7,248,703	4,343,639	202,109	1,199,348	57,836	48,043	136,008	126,843,010
1996	114,031,840	6,906,444	3,342,795	186,912	883,029	49,526	15,994	137,013	125,553,553
1997	108,885,202	5,438,470	2,911,603	115,401	998,659	34,166	0	80,128	118,474,227
1998	109,037,747	5,478,978	3,243,112	115,178	982,573	39,421	0	119,680	118,998,689
1999	117,803,392	6,842,307	2,992,843	172,829	1,129,943	58,767	0	136,217	129,234,098
2000	105,694,293	4,721,726	2,681,902	87,153	986,447	44,851	0	115,354	114,331,726

1/ UI and UI-Combined (includes federal portion of UI-Combined)

2/ The EUC program expired on April 30, 1994

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section:
UC 217 report, Benefit Payments by Industry and Area.

Administrative Costs, 1990-1999

**Table
3.7**

Federal Fiscal Year 1/	F.U.T.A. Collections (\$1,000,000)	UI Admin. Grants (\$1,000,000)	ES Admin. Grants (\$1,000,000)	Total Admin. Grants	
				(\$1,000,000)	% of F.U.T.A.
1990	9.9	15.6	8.3	23.9	241.4
1991	10.2	15.6	8.3	23.9	234.3
1992	10.2	18.7	8.5	27.2	266.7
1993	10.7	19.0	8.6	27.6	257.9
1994	11.1	19.8	8.8	28.6	257.7
1995	11.4	18.8	8.6	27.4	240.4
1996	11.8	9.4	8.7	28.1	228.1
1997	12.5	19.1	8.1	27.2	217.6
1998	13.1	20.0	8.1	28.1	214.5
1999	13.1	20.0	9.4	29.4	224.4

1/ Federal fiscal years are 12-month periods from October 1 of one year through September 30 of the following year.

Note: In 1995, U.S. Department of Labor estimation methods for FUTA were changed
Figures in earlier publications of this table will not match these data.

Source: U. S. Department of Labor, Division of Actuarial Services.

**Table
3.11**

**UI Benefits Paid, Taxes Assessed,
and Covered Payroll by Industry, 2000**

INDUSTRY	Amount of Benefits Paid (\$)		Employer and Employee Contributions Assessed (\$)	Total Payroll (\$)	Taxable Payroll (\$)	Percent of Total Payroll Taxable
	Regular	Regular Plus 1/2 EB				
Total	96,283,442	98,644,310	118,594,969	6,793,720,862	4,396,915,921	64.7
Ag/Forestry/Fish	864,092	875,446	986,994	42,258,563	31,476,145	74.5
Mining	4,182,894	4,390,118	10,274,985	875,843,703	389,279,195	44.4
Oil and Gas	3,216,260	3,395,689	9,240,568	780,346,850	347,185,905	44.5
Other Mining	966,634	994,429	1,034,417	95,496,843	42,093,290	44.1
Construction	20,964,432	21,459,710	15,949,300	672,827,733	452,222,036	67.2
Manufacturing	15,874,854	16,092,641	11,737,161	450,541,833	340,363,270	75.5
Food Products	11,790,761	17,918,689	7,613,650	240,938,199	204,848,654	85.0
Lumber & Wood	2,338,104	2,823,947	1,612,079	63,712,770	45,137,289	70.8
Paper Products	1,024,111	51,372	7,885	452,291	236,767	52.3
Other Mfg.	1,267,748	1,298,633	2,503,547	145,438,573	90,140,563	62.0
Trans/Comm/Util	8,862,067	9,043,093	16,350,724	1,219,009,909	652,568,364	53.5
Trade	16,795,470	17,169,810	24,291,402	1,286,153,035	981,581,690	76.3
Finance/Insur/R.E.	4,694,517	4,785,371	6,053,765	436,283,201	266,252,966	61.0
Services	20,696,609	21,286,041	30,707,626	1,691,628,885	1,203,532,236	71.1
Public Admin.	2,857,192	3,043,065	1,972,026	111,258,482	73,477,418	66.0
Unclassified	490,715	499,015	240,986	7,915,518	6,162,601	77.9

**Table
3.12**

**UI Benefits Paid as a Percent of Taxes Assessed
and Covered Payroll by Industry, 2000**

INDUSTRY	Regular Benefits as a Percentage of:			Regular Benefits plus 1/2 Extended Benefits as a Percentage of:		
	Collections	Total Payroll	Taxable Payroll	Collections	Total Payroll	Taxable Payroll
Total	81.2	1.4	2.2	83.2	1.5	2.2
Ag/Forestry/Fish	87.6	2.0	2.7	88.7	2.1	2.8
Mining	40.7	0.5	1.1	42.7	0.5	1.1
Oil and Gas	34.8	0.4	0.9	36.7	0.4	1.0
Other Mining	93.4	1.0	2.3	96.1	1.0	2.4
Construction	131.4	3.1	4.6	134.5	3.2	4.7
Manufacturing	135.3	3.5	4.7	137.1	3.6	4.7
Food Products	154.9	4.9	5.8	235.3	7.4	8.7
Lumber & Wood	171.7	4.3	6.1	175.2	4.4	6.3
Paper Products 1/	537.2	11.1	21.2	651.5	11.4	21.7
Other Mfg.	50.6	0.9	1.4	51.9	0.9	1.4
Trans/Comm/Util	54.2	0.7	1.4	55.3	0.7	1.4
Trade	69.1	1.3	1.7	70.7	1.3	1.7
Finance/Insur/R.E.	77.5	1.1	1.8	79.0	1.1	1.8
Services	67.3	1.2	1.7	69.3	1.3	1.8
Public Admin.	144.9	2.6	3.9	154.3	2.7	4.1
Unclassified	203.6	6.2	8.0	207.1	6.3	8.1

Notes: Reimbursable account data are excluded.

1/ Federally funded programs and federal employment are excluded.

2/ The Ketchikan pulp mill closed permanently in March 1997.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Employment, Wages, and Contributions/ES-202 report to the U.S. Department of Labor;

UC-217 report, Benefit Payments by Industry and Area.

Table 3: UI Employer Tax Rates and Maximum Contributions Per Employee, 1994-2002

Employer Contribution Rates

RATE CLASS	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
2	1.00	1.00	1.00	1.05	1.01	1.00	1.00	1.00	1.00
3	1.00	1.00	1.00	1.17	1.12	1.00	1.07	1.04	1.00
4	1.00	1.00	1.11	1.28	1.24	1.09	1.18	1.14	1.10
5	1.03	1.07	1.22	1.40	1.35	1.20	1.29	1.25	1.20
6	1.15	1.19	1.34	1.52	1.46	1.30	1.39	1.35	1.29
7	1.26	1.31	1.46	1.63	1.57	1.41	1.50	1.45	1.39
8	1.50	1.55	1.70	1.87	1.80	1.63	1.71	1.66	1.59
9	1.74	1.80	1.94	2.10	2.02	1.84	1.93	1.87	1.79
10	1.98	2.04	2.17	2.33	2.25	2.06	2.14	2.08	1.99
11	1.98	2.04	2.17	2.33	2.25	2.06	2.14	2.08	1.99
12	2.21	2.29	2.41	2.56	2.47	2.28	2.36	2.28	2.19
13	2.45	2.53	2.65	2.80	2.69	2.49	2.57	2.49	2.39
14	2.69	2.78	2.89	3.03	2.92	2.71	2.79	2.70	2.59
15	2.81	2.90	3.01	3.15	3.03	2.82	2.89	2.80	2.69
16	2.93	3.02	3.12	3.26	3.14	2.92	3.00	2.91	2.79
17	3.05	3.14	3.24	3.38	3.26	3.03	3.11	3.01	2.89
18	3.17	3.27	3.36	3.50	3.37	3.14	3.21	3.11	2.99
19	3.28	3.39	3.48	3.61	3.48	3.25	3.32	3.22	3.09
20	3.40	3.51	3.60	3.73	3.59	3.36	3.43	3.32	3.19
21	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40

Employee Contribution Rates

0.5	0.5	0.5	0.58	0.56	0.54	0.54	0.52	0.50
-----	-----	-----	------	------	------	------	------	------

Taxable Wage Base

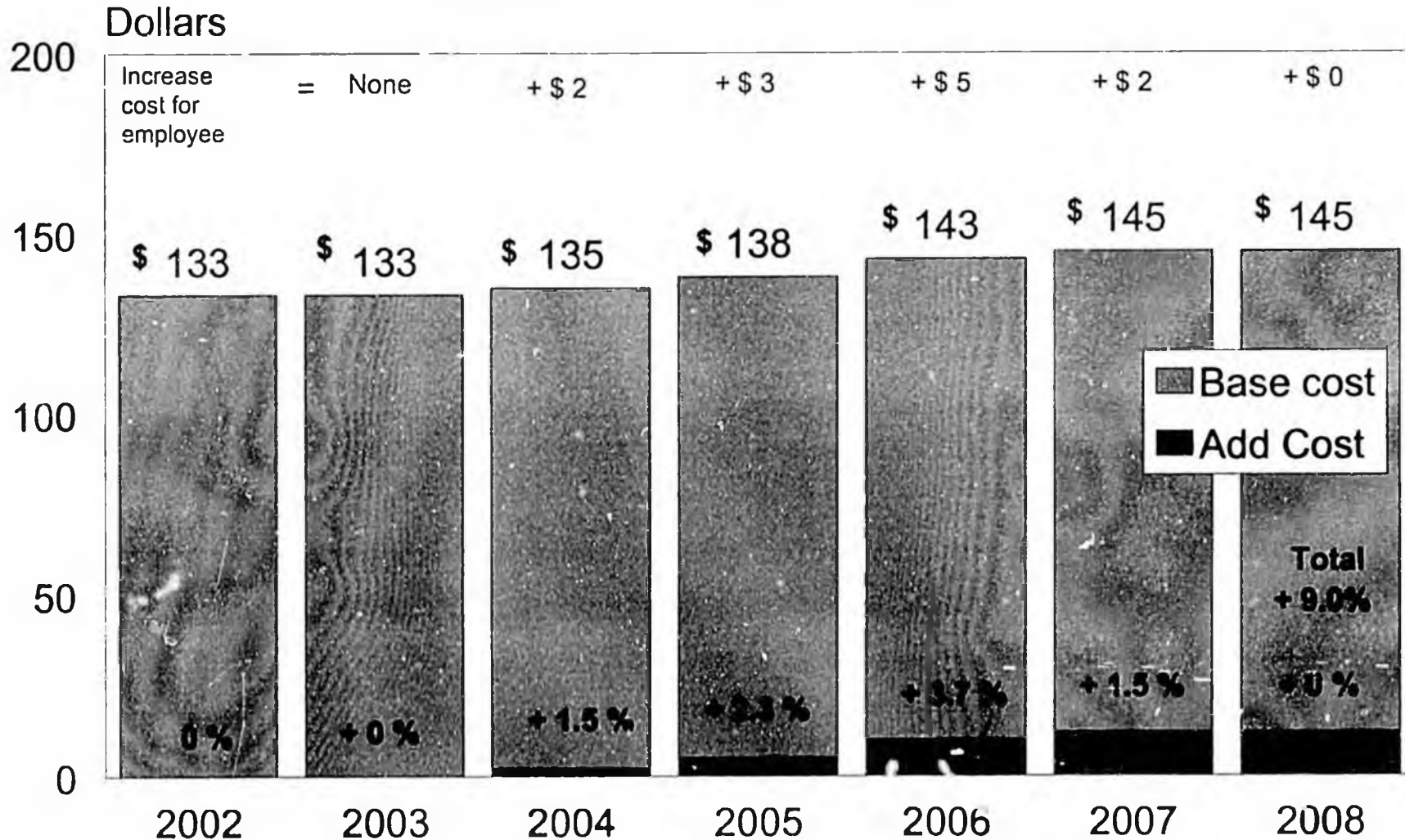
\$23,800	\$23,900	\$24,400	\$24,200	\$24,100	\$24,500	\$24,800	\$25,500	\$26,000
----------	----------	----------	----------	----------	----------	----------	----------	----------

Maximum Yearly Employer Contribution for Each Employee

1	\$238	\$239	\$244	\$242	\$241	\$245	\$248	\$255	\$260
2	238	239	244	254	243	245	248	255	260
3	238	239	244	283	270	245	265	265	260
4	238	239	271	310	299	267	293	291	286
5	245	256	298	339	325	294	320	319	312
6	274	284	327	368	352	319	345	344	335
7	300	313	356	394	378	345	372	370	361
8	357	370	415	453	434	399	424	423	413
9	414	430	473	508	487	451	479	477	465
10	471	488	529	564	542	505	531	530	517
11	471	488	529	564	542	505	531	530	517
12	528	547	588	620	595	559	585	531	569
13	583	605	647	678	648	610	637	635	621
14	640	664	705	733	704	664	692	689	673
15	699	693	734	762	730	691	717	714	699
16	697	722	761	789	757	715	744	742	725
17	726	750	791	818	786	742	771	768	751
18	754	782	820	847	812	769	796	793	777
19	781	810	849	874	839	796	823	821	803
20	809	839	878	903	865	823	851	847	829
21	1,285	1,291	1,318	1,307	1,301	1,323	1,339	1,377	1,404

Estimated Max Cost Paid by Worker (6.5 years to reach cost of 3 step proposal)

WBA increase effective Jul 01 2002



Source: Alaska Department of Labor & Workforce Development

Note: All Employees pay the same tax rate

Rev Apr 03 2002

handed out at mtg. 4/4/02

(Presented by ASCC President Pamela La Bolle to House Finance Committee on 4/27/01.)

ALASKA STATE CHAMBER OF COMMERCE

Position Statement

CSHB 58 (L&C) - Unemployment Compensation Benefits

CSHB 58 (L&C) proposes to increase the maximum weekly benefit amount (MWBA) for unemployment compensation by 29% above the present level at a cost of \$10 million. The Alaska State Chamber of Commerce believes this increase to be exorbitant.

With the supplemental benefit for dependents allowed under Alaska law, the MWBA ranges now between \$248 and \$320, or between 39% and 50% of the average weekly wage. With the proposed increase, the MWBA would range between 50% and 61% of the average weekly wage.

Alaska State Chamber of Commerce members were surveyed on HB 58 and 86% of the respondents opposed the increases proposed in the legislation:

- 60% wanted no increase in the MWBA
- 26% said the increase should be less than either \$284 or \$320
- 12% supported an increase in the MWBA to \$284 (proposed in the original bill)
- 2% supported an increase in the MWBA to \$320

Recognizing that the last increase in the MWBA occurred 4 years ago and that some increase in the MWBA may be appropriate, the Alaska State Chamber is willing to support the increase to \$272 proposed in Section 1 of CSHB 58 (L&C). This is an increase of 10% and sets the MWBA in a range of between \$272-\$344, or between 43% and 54% of the average weekly wage.

We are opposed to the further increases proposed in Sections 2 and 3 of the bill.

ALASKA STATE CHAMBER OF COMMERCE

Position Statement

CSHB 58 (L&C) - Unemployment Compensation Benefits

CSHB 58 (L&C) proposes to increase the maximum weekly benefit amount (MWBA) for unemployment compensation by 29% above the present level. Alaska's employers would pay the cost of the increase, which is \$10 million. The Alaska State Chamber of Commerce believes this increase to be exorbitant.

Under CSHB 58, the increase would occur in three increments: from the current \$248 per week to \$272 in 2002; to \$290 in 2003; and to \$320 in 2004. Alaska is one of 12 states that also provide a supplemental weekly benefit of \$24 per dependent, up to 3 dependents, or \$72. Therefore, the maximum weekly benefit amount under current law ranges between \$248-\$320.

The stated goal of the Alaska Department of Labor is to have the MWBA be 50% of Alaska's average weekly wage, which they say is \$640. Under current law, the MWBA ranges between \$248 and \$320, or between 39% and 50% of the average weekly wage. With the proposed increase, the MWBA would range between 50% and 61% of the average weekly wage.

Alaska State Chamber of Commerce members responding to a survey on HB 58 said the following:

- 60% wanted no increase in the MWBA
- 12% supported an increase in the MWBA to \$284 (proposed in the original bill)
- 2% supported an increase in the MWBA to \$320
- 26% said the increase should be less than either of these amounts

86% of the respondents opposed the increases proposed in HB 58.

Recognizing that the last increase in the MWBA occurred 4 years ago and that some increase in the MWBA may be appropriate, the Alaska State Chamber is willing to support the increase to \$272 proposed in Section 1 of CSHB 58 (L&C). This is an increase of 10% and sets the MWBA in a range of between \$272-\$344, or between 43% and 54% of the average weekly wage.

We are opposed to the further increases proposed in Sections 2 and 3 of the bill.

Alaska State Chamber of Commerce

Unemployment Compensation Increase Survey

Comments Received

- This system is not a one size fits all. A lot of small businesses with a few employees never draw these benefits, and some businesses are seasonal and some are not. Yet we all pay the same rate!
- There is a problem with people who work the system. Example: Showing up late or not showing up at all, getting fired and drawing this until it runs out. Again and again some employers have had to alert others of repeat offenders until they finally move out of the area.
- Average wages in Alaska from 1997 to present have increased an average of 1-2.5% each year. Unemployment increases to be at the same level wouldn't be at 14-25%, but something far less.
- Unemployment Insurance should be treated like any other insurance. If an individual has numerous claims, they should have a higher rate. Example: A person that works in the summer and collects unemployment benefits in the winter. Sometimes even living in Hawaii, Etc. Perhaps reduced benefits for repeated claims!
- No increase in taxes, we pay enough now!
- Keep the employers' rate at 2.08% and increase the employees' rate to .64 in 2003 and increase to .74 in 2005. This is an employee benefit that employees should not be required to burden.
- Do not give it to the Department of Labor to control. This would be like letting the prisons be run by criminals.
- Deny benefits to those employees who voluntarily resign or leave a position. Cover only those employees who are employed through no fault of their own.
- Due to the cyclical nature of state employment and to the variability of job security, a 50% weekly wage average minimum benefit amount is the least we can do to add to the stability of our communities through wage-earner consistency.
- The more you pay in unemployment compensation, the more this will become another welfare program and take away people's motivation to find another job. We need incentives to get people to look for work not deterrents to keep them from working.
- Employee and employer contributions should be adjusted proportionately. The proposed increase in minimum wage, if implemented, will significantly impact average wage statistics. Implications should be analyzed prior to action.

- It strikes me that we should encourage businesses rather than penalize them with increased taxes, no matter how small. The legislature should retain control over benefit amount and not let the judgement of indexing settle level of benefit.
- Per capita and non-existent inflation, there is no rational reason to increase the benefit amount.
- Using 3% inflation rate compounded yields:
 - 1997- \$248
 - 1998-\$255.44
 - 1999-\$263.10
 - 2000-\$270.99
 - 2001-\$279.13
- Unemployment checks were never intended to replace wages or meet "minimum wage" standards. Increasing weekly benefits will only serve to keep the person unemployed longer. Hey, what is wrong with adding a few bucks between jobs? Keep it that way and we won't have to add another 5 million dollars to our deficit spending operating budget.

ASSOCIATED GENERAL CONTRACTORS OF ALASKA

POSITION PAPER

CSHB 58 – UNEMPLOYMENT COMPENSATION BENEFITS

AGC position

Construction is a seasonal industry and unemployment is unfortunately part of the life of a construction worker. AGC strongly agrees with the original intent of the program - promote economic stability by maintaining purchasing power and prevent the dispersal of an employer's trained workforce. We recognize that increasing UI benefits will have a significant impact on construction employers. We also recognize that UI benefits represent a safety net for seasonal workers. Lastly, we recognize that some increase in benefits is probably necessary.

However, we do not support the apparent policy shift that will tie unemployment benefits to changes in the state average weekly wage. One of the original tenants of UI is that the benefits are temporary. They serve to provide benefits between periods of employment. Any policy that will arbitrarily increase benefits without consideration of the job markets and claimant needs will not properly serve the needs of all Alaskans.

Unemployment benefits should not kill the incentive to seek employment. At the proposed maximum of \$320 a claimant will receive more than is possible at the proposed minimum wage. If a person can receive the equivalent of \$8 per hour in unemployment, how much more is necessary to entice the individual to accept a temporary job? When the State is experiencing historically low rates of unemployment, this issue of discouraging workers from seeking temporary employment is counter productive. Alaska is experiencing a labor shortage, yet we are considering a new policy that will only exacerbate the problem. It could be argued that claimants should not be forced to take a demeaning job or a job that is beneath their level of experience. But higher income workers that have a proven work history are exactly the profile of employees that employers are seeking for temporary jobs. This group of workers should not be eliminated or removed from the workforce because of an arbitrary government policy.

AGC does believe an increase in the UI benefits is needed. We believe that the proposed increase to \$272, not \$320 is adequate at this time. We also believe that the taxes necessary to pay for this increase should be paid by proportionately increasing the tax rate levied on both employers and employees. We cannot support the policy shift that bases Alaska's UI benefits on the state average weekly wage.

History of Unemployment Insurance

Enacted over sixty years ago as a Federal-State partnership, the unemployment insurance program (UI) has been a major source of temporary income support for laid-off workers seeking work. Alaska's UI program predates statehood by more than 20 years.

On both the national and state level, the program is an insurance program. Money is collected from both the employer and employee and is administered by the State as a self-insurance program. As originally conceived, the program was designed to promote economic stability by maintaining purchasing power and preventing the dispersal of an employer's trained workforce. The UI program is the largest worker protection program for job loss. It is not means-tested and is available for all eligible workers. Another key feature of the UI program is that the amount of State UI taxes is based on an individual employer's experience with unemployment. This feature was designed to encourage greater stability in employment by creating a financial disincentive for employers to lay off workers.

Issues addressed in CSHB 58

CSHB 58 will increase the maximum weekly payout from the current level of \$248 for a single worker and \$320 for a claimant with dependents to \$320 for a single claimant and \$392 for claimants with dependents. A primary motivation for this increase is that the maximum weekly payment to a single claimant in Alaska is 38.8% of the average weekly wage. Based on this statistic, Alaska is reputed to have the lowest wage replacement rate in the nation. To pay for this increase in benefits, the bill proposes to increase the tax rate to employers from 2.08% to 2.28%, or approximately ten percent. Employee tax rates would increase from .54% to .57% or approximately six percent.

Alaska Perspective

The decision to base the maximum weekly payout to average weekly wage represents a policy shift for the State of Alaska. Many states determine the maximum weekly benefit amount by setting an amount that the legislature arrives at after considering factors important and unique to their state. Other states allow the maximum weekly benefit to fluctuate as a percentage of their average weekly wage. The percentages adopted range from 50% in the District of Columbia, Puerto Rico, South Dakota and Nevada to 70% in Hawaii and Washington. In the background information the Department of Labor provided to the bill they indicated that the federal government is urging a replacement rate of 75%.

If one were to speculate about the long terms goals of the proponents of this bill, it might seem reasonable to argue that 50% of the state average weekly wage is just

the first step on the road to the federal recommendation of 75%. Nowhere does this bill deal with the question of need, desire to live in a particular region during period of unemployment, or the impact on an individual's motivation to secure temporary employment when unemployed. These are important elements to the question of an appropriate level of unemployment insurance payments for Alaska and should not be brushed aside by the adoption of a mathematical solution.



Alaska State Legislature

Please enter into the record my testimony to the Senate Finance Committee
committee name

Committee on HB 58 Unemployment Compensation Benefits, dated April 4, 2002
bill # / subject

Please consider this bill and increase the benefits. Many local people are out of work and Alaska's rates are among the lowest in nation. This is a subject sorely needed and long overdue. Thank you very much for all your efforts.

Signed: *Dorothy M. Westphal*
Testifier

self
Representing (optional)

PO Box 288 Sterling, AK 99672
Address

(907) 962-6061
Phone number

TONY KNOWLES
GOVERNOR
governor@alaska.gov

P.O. Box 110
Juneau, Alaska 99801
Phone: 907-586-3000
Fax: 907-586-3111
907-586-3000

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 12, 2001

The Honorable Brian Porter
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Porter:


Alaska's economy includes many seasonal industries with employees who rely on their unemployment benefits to fill the gaps between times of work. The current rate of unemployment insurance payments falls woefully short in helping families cover living expenses. Alaska's unemployment insurance provides the lowest percentage of the state's average weekly wage of any state. Our maximum weekly benefit amount of \$248 ranks 50th of the 50 states.

To correct this inadequacy, I am transmitting this bill to increase unemployment insurance benefits and then index the benefits to the state's average weekly wage, so that future adjustments would be automatic and synchronized to the state's economy.

Under this bill, the maximum weekly benefit amount would increase January 1, 2002, to \$284. Those earning \$31,250 or more per year would be eligible for this maximum benefit. A year later, the maximum weekly benefit amount would be indexed to the average weekly wage in the state for the preceding fiscal year, set at fifty percent of that wage. Based on current projections, the maximum weekly benefit amount in 2003 would be \$320 for those claimants who earned \$35,500 or more.

I urge your prompt and favorable action on this measure.

Sincerely,


Tony Knowles
Governor

HB 58

SENATE COMMITTEE REPORT

DATE: 5/5/01

FURTHER: State Affairs
Finance

DATE TURNED
IN TO OFFICE: May 6, 2001

Labor and Commerce Committee considered

CS FOR HOUSE BILL NO. 58(L&C)

"An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill :

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
U of A	4/3	✓		4
Various (Admin)	3/22	✓		3
Labor	1/10		✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
CHAIR: <i>[Signature]</i>			✓	

HB 58-UNEMPLOYMENT COMPENSATION BENEFITS
SENATE FINANCE COMMITTEE

SIGN-IN

NAME: GREG O'CLARAY Subject/Bill No: HB 58
Co./Dept./Title: DIRECTOR - GOVT AFFAIRS Phone: 586-6040
Address: 229 FT ST JMD Zip: 99801
Do you wish to testify? Yes No Respond To Questions

NAME: Ron Hull Subject/Bill No: HB 58
Co./Dept./Title: Director ESD, DOL Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: Rebecca Gomez Subject/Bill No: HB 58
Co./Dept./Title: Dept Com ESD, DOL Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: Kim Gurnero Subject/Bill No: HB 58 fiscal note
Co./Dept./Title: Director of Finance Phone: 465-3435
Address: Dept. of Administration Zip: 99811
Do you wish to testify? Yes No Respond To Questions
SFC pressure of the committee?

4/4/02

NAME: DARRYL TSEU Subject/Bill No: HB 58

Co./Dept./Title: IBUP REGIONAL DIRECTOR Phone: 790-9644

Address: 3017 CLINTON DR STE 201 Zip: 99801

Do you wish to testify? Yes No Respond To Questions

NAME: Pam LaBolle Subject/Bill No: HB 58

Co./Dept./Title: President - AK State Chamber Phone: 586-2010

Address: 217 2nd Ste 201 Juneau Zip: 99801

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

4/4/02

SITE: ANCHORAGE LIO

COMMITTEE: SFIN

DATE: 4-4-02

SUBJECT OF MEETING:

HB 53

UPDATE #:



PRINT YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

DO YOU WANT
TO TESTIFY?
Y or N

PRINT YOUR NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
✓ Frank Dillon Email address:		AK Trucking Assoc	Y-HB 58
✓ Jim Lecrone Email address:		PSEA	Y-HB 58
✓ Dick Cattanach Email address:		AGL	Y-HB 58
✓ David Ford Email address:		Ironworkers Union	Y-HB 58
✓ Blake Johnson Email address:		Kenai Pen Central Cncl	Y-HB 58
✓ Valerie Baffone Email address:		ANC Central Labor Cncl	Y-HB 58
✓ Pete Boehler Email address:		UFCW Local 1496	Y-HB 58

4/4/02

PAGE 2 - ANCHORAGE PARTS LIST - SENATE FINANCE

PRINT YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

DO YOU WANT
TO TESTIFY?
Y OR N

Vince Beltrammi	3333 Denali St, Anchorage 99503	Western AK Bldg Trades	Y-HB 58
Email address:	vbeltrami@ibew1547.org		
Tim Sampson	1000 Bennett Rd, Fairbanks 99712	AFL-CIO	N-HB 58
Email address:			
Royce Roek	407 Denali St, Anchorage 99501	Carpenters Union	N-HB 58
Email address:			
David Erickson	900 W Northern Lights, Anchorage 99503	Local 302	N-HB 58
Email address:			
Bob Morigeau	900 W Northern Lights, Anchorage 99503	Local 302	N-HB 48
Email address:			
Don Valesko			Y-HB 58
Email address:			
Email address:			

