

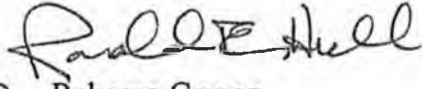
ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 86/2

9894 HOUSE LABOR & COMMERCE

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I hope this provides you the detail you required and if not, I would be happy to answer your questions at your earliest convenience.

Sincerely,

for 
Rebecca Gamez
Director

Enclosure (1)

cc: Members of House Labor & Commerce Committee

Andrew Halcro

John Harris

Lisa Murkowski

Jerry Sanders

Tom Brice

Sharon Cissna

Table 2.9
UI Regular Benefit Payments (Taxable and Reimbursable)
by Industry - Intrastate, 1989-1998

INDUSTRY	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
NUMBER OF WEEKS PAID										
Totals (incl. unclass.)	386,470	468,952	581,087	599,579	503,348	593,805	550,571	670,030	538,485	536,869
Ag., For. & Fish	3,014	2,681	4,081	4,383	5,005	5,644	4,795	4,685	4,620	4,440
Mining	24,119	53,201	38,071	42,856	27,477	27,332	24,200	29,449	23,149	19,020
Oil and Gas	19,380	47,231	32,442	37,617	22,263	21,893	19,470	25,160	19,390	14,380
Other Mining	4,739	5,970	5,629	5,239	5,214	5,439	4,730	4,289	3,759	4,640
Construction	69,149	73,534	94,488	92,478	69,707	94,808	100,049	101,613	97,178	95,982
Manufacturing	46,672	46,874	63,509	68,333	58,538	85,973	64,437	71,060	66,022	66,062
Food Products	27,162	25,466	35,971	41,458	38,935	59,840	44,708	49,827	44,069	44,921
Lumber & Wood	11,342	12,065	16,813	13,747	7,976	10,459	7,490	10,167	8,456	10,954
Paper Products	2,136	3,093	3,114	2,495	3,858	7,827	5,781	3,372	5,746	2,952
Other Mfg.	6,032	6,220	7,611	10,633	7,907	7,647	6,458	7,594	7,751	7,231
Trans., Comm. & Util.	31,337	57,257	54,547	57,374	50,168	56,454	57,640	52,545	48,083	49,981
Trade	65,200	74,664	102,762	116,967	103,680	111,625	101,412	105,561	98,486	100,375
Fin., Ins. & Real Est.	18,030	16,117	19,654	20,033	17,251	20,300	25,147	22,680	21,368	23,360
Services	87,364	101,807	133,303	142,716	127,157	143,670	129,740	138,392	135,416	134,510
Public Admin.	40,019	40,843	47,652	48,925	42,148	45,468	41,734	41,971	42,094	40,791
Unclassified	1,546	1,934	3,060	2,514	2,319	2,325	1,417	2,074	2,069	2,348
NUMBER OF FIRST PAYMENTS										
Totals (incl. unclass.)	27,044	33,325	37,031	37,268	32,534	40,329	37,113	38,813	35,920	36,492
Ag., For. & Fish	215	211	290	298	337	411	330	310	321	327
Mining	1,980	3,667	2,546	2,602	1,709	1,849	1,614	1,961	1,354	1,389
Oil and Gas	1,570	3,349	2,163	2,284	1,382	1,518	1,265	1,723	1,095	1,078
Other Mining	410	318	383	318	327	331	349	238	259	311
Construction	4,354	5,184	6,275	5,927	4,989	7,072	6,989	6,760	6,654	6,691
Manufacturing	3,561	3,726	4,431	4,575	4,133	5,508	4,350	4,367	4,337	4,347
Food Products	1,927	2,023	2,495	2,555	2,579	3,651	2,927	2,825	2,791	2,897
Lumber & Wood	1,024	988	1,172	1,047	618	889	635	724	662	730
Paper Products	175	291	256	255	484	454	356	259	388	206
Other Mfg.	435	424	508	718	452	514	432	559	496	514
Trans., Comm. & Util.	2,183	4,184	3,561	3,676	3,215	3,949	3,840	3,390	3,259	3,423
Trade	4,448	5,173	6,845	7,103	6,438	7,313	6,787	6,749	6,548	6,871
Fin., Ins. & Real Est.	1,121	1,045	1,211	1,159	1,025	1,408	1,551	1,318	1,414	1,448
Services	5,912	7,223	8,666	8,786	7,864	9,602	8,684	9,024	9,059	9,021
Public Admin.	2,666	2,754	3,042	2,932	2,672	3,047	2,833	2,757	2,807	2,802
Unclassified	104	159	164	152	152	172	135	177	167	173
AMOUNT OF PAYMENTS (\$)										
Totals (incl. unclass.)	57,799,996	73,010,065	90,988,612	98,182,266	80,771,580	92,239,211	89,143,076	92,123,501	88,426,083	88,232,651
Ag., For. & Fish	421,657	389,718	600,373	626,509	722,065	825,949	716,245	722,423	716,400	689,356
Mining	4,181,078	9,076,745	6,999,671	8,374,847	5,386,594	5,262,416	4,784,505	5,789,470	4,868,294	3,917,167
Oil and Gas	3,311,894	8,012,061	5,949,780	7,384,851	4,371,425	4,322,462	3,879,804	4,915,804	4,132,349	2,976,320
Other Mining	829,784	1,064,684	1,049,891	989,996	1,015,169	939,954	904,611	873,675	735,945	940,847
Construction	12,021,780	13,154,194	17,924,460	17,279,799	12,888,140	17,384,443	18,898,006	19,193,516	19,204,267	19,268,194
Manufacturing	6,473,636	6,805,843	9,869,443	10,245,401	8,695,512	12,103,658	9,383,301	10,252,579	10,118,076	10,066,630
Food Products	3,229,650	3,194,400	4,807,535	5,478,880	5,155,985	7,285,068	5,659,127	6,348,381	5,704,308	5,845,808
Lumber & Wood	1,945,855	2,075,092	3,234,287	2,518,588	1,450,800	1,863,235	1,400,714	1,894,373	1,637,920	2,162,406
Paper Products	343,953	542,842	582,280	450,333	745,714	1,629,753	1,153,993	658,751	1,324,327	662,986
Other Mfg.	954,178	993,509	1,245,341	1,797,602	1,343,013	1,325,602	1,149,467	1,351,074	1,452,421	1,395,427
Trans., Comm. & Util.	4,737,488	9,449,085	9,017,422	9,400,474	8,241,229	9,110,556	9,825,550	8,756,292	7,881,034	8,288,612
Trade	8,486,999	10,109,746	14,650,040	16,749,124	14,951,744	15,530,548	14,616,438	15,279,534	14,121,728	14,514,019
Fin., Ins. & Real Est.	2,878,622	2,570,778	3,200,696	3,285,109	2,881,820	3,407,467	4,206,776	3,761,251	3,477,139	3,807,280
Services	12,252,386	14,799,741	20,364,936	21,716,546	19,549,747	21,121,888	19,723,709	21,064,470	20,767,479	20,469,052
Public Admin.	6,137,466	6,407,134	7,936,502	8,182,038	7,134,760	7,198,484	6,799,592	7,007,920	6,963,130	6,841,856
Unclassified	208,284	247,081	405,069	342,329	319,969	293,802	208,956	296,037	307,636	340,885

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
PERCENT DISTRIBUTION - AMOUNT OF PAYMENTS										
Totals (Incl. unclass.)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ag., For. & Fish	0.7	0.5	0.7	0.7	0.9	0.9	0.8	0.8	0.8	0.8
Mining	7.2	12.4	7.7	8.7	6.7	5.7	5.4	6.3	5.5	4.4
Oil and Gas	5.8	11.0	6.5	7.7	5.4	4.7	4.4	5.3	4.7	3.4
Other Mining	1.4	1.5	1.2	1.0	1.3	1.0	1.0	0.9	0.8	1.1
Construction	20.8	18.0	19.7	18.0	16.0	18.8	21.2	20.8	21.7	21.9
Manufacturing	11.2	9.3	10.8	10.7	10.8	13.1	10.5	11.1	11.4	11.4
Food Products	5.8	4.4	5.3	5.7	6.4	7.9	6.3	6.9	6.5	6.6
Lumber & Wood	3.4	2.8	3.6	2.6	1.3	2.0	1.6	2.1	1.9	2.5
Paper Products	0.6	0.7	0.6	0.5	0.9	1.8	1.3	0.7	1.5	0.8
Other Mfg.	1.7	1.4	1.4	1.9	1.7	1.4	1.3	1.5	1.6	1.6
Trans., Comm. & Util.	8.2	12.9	9.9	9.8	10.2	9.9	11.0	9.5	8.9	9.4
Trade	14.7	13.8	16.1	17.4	18.5	16.8	16.4	16.6	16.0	16.5
Fin., Ins. & Real Est.	5.0	3.5	3.5	3.4	3.6	3.7	4.7	4.1	3.9	4.3
Services	21.2	20.3	22.4	22.6	24.2	22.9	22.1	22.9	23.5	23.2
Public Admin.	10.6	8.8	3.7	8.5	8.8	7.8	7.6	7.6	7.9	7.8
Unclassified	0.4	0.3	0.4	0.4	0.4	0.3	0.2	0.3	0.3	0.4

	AVERAGE WEEKLY PAYMENTS (\$)									
Totals (Incl. unclass.)	149.56	155.69	162.13	161.22	160.47	155.31	161.91	161.61	164.21	164.35
Ag., For. & Fish	139.90	145.38	147.84	142.94	144.27	146.34	149.37	154.20	155.06	155.26
Mining	173.38	170.61	183.86	195.42	196.04	192.54	197.71	198.59	210.30	205.95
Oil and Gas	172.98	169.64	183.40	196.32	196.35	197.44	199.28	195.38	213.12	206.98
Other Mining	175.10	178.34	186.51	188.97	194.70	172.82	191.25	203.70	195.78	202.77
Construction	173.85	178.89	189.74	186.85	184.89	183.37	188.59	188.89	197.62	200.96
Manufacturing	138.70	145.19	155.40	149.93	148.55	140.78	145.31	144.28	153.27	152.38
Food Products	118.90	125.29	133.65	132.15	132.22	121.74	128.58	127.15	129.44	130.14
Lumber & Wood	171.56	171.99	182.37	183.21	181.90	178.15	187.01	186.33	193.70	197.41
Paper Products	161.03	175.51	188.99	180.49	203.86	208.22	199.62	195.36	230.48	224.59
Other Mfg.	158.19	159.73	163.62	169.06	169.85	168.93	177.89	177.91	187.38	192.87
Trans., Comm. & Util.	151.18	164.91	165.31	163.85	164.27	161.38	170.46	166.64	163.90	165.84
Trade	130.17	135.40	142.66	143.20	144.35	139.13	144.13	144.75	143.39	144.60
Fin., Ins. & Real Est.	159.48	159.51	162.85	162.99	167.05	165.41	167.29	165.84	162.73	162.98
Services	140.25	145.37	152.77	152.17	153.74	147.02	152.02	152.21	153.36	152.17
Public Admin.	153.36	158.87	168.55	167.24	169.28	158.33	162.93	166.97	165.42	167.73
Unclassified	134.72	127.76	132.38	136.17	137.98	126.37	147.46	142.74	148.69	149.01

	AVERAGE DURATION IN WEEKS									
Totals (Incl. unclass.)	14.3	14.1	15.2	16.0	15.5	14.7	14.8	15.5	15.0	14.7
Ag., For. & Fish	14.0	12.7	14.0	14.8	14.9	13.7	14.5	15.1	14.4	13.6
Mining	12.2	14.5	15.0	16.5	16.1	14.8	15.0	15.0	17.1	13.7
Oil and Gas	12.3	14.1	15.0	16.5	16.1	14.4	15.4	14.6	17.7	13.3
Other Mining	11.6	18.8	14.7	16.5	15.9	16.4	13.6	18.0	14.5	14.3
Construction	14.2	14.2	15.1	15.6	14.0	13.4	14.3	15.0	14.6	14.3
Manufacturing	13.1	12.6	14.3	14.9	14.2	15.6	14.8	16.3	15.2	15.2
Food Products	14.1	12.6	14.4	16.2	15.1	16.4	15.3	17.7	15.8	15.5
Lumber & Wood	11.1	12.2	14.3	13.1	12.9	11.8	14.8	14.0	12.8	15.0
Paper Products	12.2	10.6	12.2	9.8	7.6	17.2	16.2	13.0	14.3	14.3
Other Mfg.	13.9	14.7	15.0	14.8	17.5	15.3	14.0	13.6	15.8	14.1
Trans., Comm. & Util.	14.4	13.7	15.3	15.6	15.6	14.3	15.0	15.5	14.8	14.6
Trade	14.7	14.4	15.0	16.3	16.1	15.3	14.9	15.6	15.0	14.6
Fin., Ins. & Real Est.	16.1	15.4	16.2	17.3	16.8	14.7	16.2	17.2	15.1	16.1
Services	14.8	14.1	15.4	16.2	16.2	15.0	14.9	15.3	14.9	14.9
Public Admin.	15.0	14.8	15.7	16.7	15.8	14.9	14.7	15.2	15.0	14.6
Unclassified	14.9	12.2	16.7	16.5	15.3	13.5	10.5	11.7	12.4	13.6

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

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

Table 2.10
UI Regular Benefit Payments (Taxable and Reimbursable)
by Industry - Interstate, 1989-1998

INDUSTRY	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
NUMBER OF WEEKS PAID										
Totals (incl. unclass.)	98,740	104,638	120,970	147,692	138,247	156,252	142,693	127,164	117,420	120,789
Ag., For. & Fish	557	776	1,135	1,589	1,921	2,372	1,035	902	1,129	915
Mining	5,839	8,226	8,019	10,499	8,058	7,225	7,836	6,044	5,049	3,175
Oil and Gas	4,526	6,804	6,333	9,148	6,373	5,708	6,667	5,061	4,299	2,414
Other Mining	1,313	1,422	1,686	1,351	1,685	1,517	969	983	750	761
Construction	8,914	8,790	10,445	10,725	8,154	10,610	12,235	10,885	8,771	8,910
Manufacturing	22,042	25,629	35,468	44,130	47,679	58,561	48,944	45,471	43,679	48,474
Food Products	14,868	17,613	23,981	33,354	38,934	48,124	40,571	38,235	36,046	41,212
Lumber & Wood	4,742	4,985	8,373	7,009	5,057	5,239	4,508	4,794	4,355	5,155
Paper Products	1,145	1,559	1,845	1,648	2,154	3,892	2,775	1,101	2,548	1,243
Other Mfg.	1,287	1,472	1,269	2,119	1,534	1,306	1,090	1,341	730	864
Trans., Comm. & Util.	7,201	9,336	9,792	11,078	9,395	10,986	11,567	9,020	8,358	8,026
Trade	16,166	14,976	16,079	22,733	20,437	20,966	19,547	17,753	15,810	15,833
Fin., Ins. & Real Est.	6,704	5,271	4,805	5,730	5,574	5,120	5,711	4,946	4,187	4,320
Services	21,287	21,672	25,293	31,017	27,577	30,817	28,020	24,855	23,775	24,177
Public Admin.	9,800	9,511	9,507	9,781	9,205	9,387	7,885	7,103	6,441	6,635
Unclassified	230	451	427	410	247	408	113	205	221	324
NUMBER OF FIRST PAYMENTS										
Totals (incl. unclass.)	5,978	6,609	7,408	8,293	8,052	10,439	9,078	8,293	7,680	7,354
Ag., For. & Fish	37	70	85	94	130	148	79	69	78	63
Mining	371	574	484	555	418	507	521	413	282	218
Oil and Gas	285	493	380	492	316	416	444	362	233	170
Other Mining	86	81	95	63	102	91	77	51	49	48
Construction	559	537	658	597	515	753	859	716	637	502
Manufacturing	1,639	1,955	2,454	2,938	3,254	4,197	3,626	3,288	3,062	3,269
Food Products	1,095	1,359	1,741	2,216	2,678	3,457	2,972	2,758	2,527	2,851
Lumber & Wood	375	412	533	494	360	434	425	398	387	317
Paper Products	89	118	105	118	142	229	150	58	104	53
Other Mfg.	80	66	75	110	74	77	79	74	44	48
Trans., Comm. & Util.	403	607	558	578	532	725	727	551	516	461
Trade	891	866	969	1,170	1,036	1,349	1,243	1,060	974	869
Fin., Ins. & Real Est.	340	283	248	281	273	333	343	282	281	227
Services	1,182	1,208	1,433	1,598	1,437	1,859	1,791	1,490	1,465	1,345
Public Admin.	542	485	492	466	439	551	479	409	369	381
Unclassified	14	24	27	16	18	17	11	15	16	19
AMOUNT OF PAYMENTS (\$)										
Totals (incl. unclass.)	16,246,234	17,467,401	21,185,177	25,589,312	24,269,843	25,665,432	24,466,248	21,908,339	20,459,119	20,805,096
Ag., For. & Fish	89,207	130,767	201,318	278,116	338,508	385,177	172,999	156,953	198,756	164,103
Mining	1,083,184	1,502,092	1,646,739	2,239,553	1,731,803	1,499,588	1,602,010	1,250,924	1,118,122	729,302
Oil and Gas	846,074	1,238,033	1,305,399	1,961,886	1,362,167	1,173,298	1,410,215	1,062,318	959,189	560,450
Other Mining	237,110	264,059	341,340	277,667	369,636	326,270	191,801	188,606	158,933	168,852
Construction	1,637,522	1,581,608	2,055,510	2,112,133	1,601,598	1,957,552	2,461,715	2,123,025	1,808,173	1,967,330
Manufacturing	3,277,864	3,941,356	5,795,260	7,016,198	7,748,207	8,890,810	7,618,549	7,224,018	7,142,649	7,295,672
Food Products	2,000,397	2,502,347	3,557,455	4,936,152	5,988,630	6,835,939	5,961,543	5,801,113	5,521,293	5,707,362
Lumber & Wood	849,603	900,550	1,638,392	1,346,232	1,016,023	1,017,985	877,042	941,660	835,400	1,130,011
Paper Products	203,602	280,111	367,667	333,233	438,923	804,095	568,802	234,220	581,081	280,718
Other Mfg.	224,262	258,351	231,746	400,581	304,631	232,791	211,162	247,025	154,875	177,581
Trans., Comm. & Util.	1,224,692	1,658,151	1,796,869	1,980,400	1,727,884	1,954,966	2,153,581	1,709,935	1,566,659	1,550,901
Trade	2,495,538	2,323,200	2,608,235	3,626,859	3,343,132	3,219,479	3,141,050	2,876,736	2,484,454	2,634,055
Fin., Ins. & Real Est.	1,153,281	932,835	844,987	1,057,821	1,018,985	904,711	1,037,681	915,628	766,350	829,235
Services	3,457,890	3,611,331	4,367,488	5,343,817	4,926,401	5,078,199	4,775,805	4,252,860	4,114,491	4,269,413
Public Admin.	1,788,158	1,713,194	1,789,958	1,871,331	1,794,809	1,712,125	1,485,577	1,366,070	1,223,650	1,303,275
Unclassified	38,898	72,864	78,813	63,284	38,516	62,845	17,265	32,190	35,815	61,750

INDUSTRY	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
PERCENT DISTRIBUTION - AMOUNT OF PAYMENTS										
Totals (Incl. unclass.)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ag., For. & Fish	0.5	0.7	1.0	1.1	1.4	1.5	0.7	0.7	1.0	0.8
Mining	6.7	8.6	7.8	8.8	7.1	5.8	6.5	5.7	5.5	3.5
Oil and Gas	5.2	7.1	6.2	7.7	5.6	4.6	5.8	4.8	4.7	2.7
Other Mining	1.5	1.5	1.8	1.1	1.5	1.3	0.8	0.9	0.8	0.8
Construction	10.1	9.1	9.7	8.3	6.6	7.6	10.1	9.7	8.8	9.5
Manufacturing	20.2	22.6	27.4	27.4	31.9	34.6	31.1	33.0	34.9	35.1
Food Products	12.3	14.3	16.8	19.3	24.7	26.6	24.4	26.5	27.0	27.4
Lumber & Wood	5.2	5.2	7.7	5.3	4.2	4.0	3.6	4.3	4.3	5.4
Paper Products	1.3	1.6	1.7	1.3	1.8	3.1	2.3	1.1	2.8	1.3
Other Mfg.	1.4	1.5	1.1	1.6	1.3	0.9	0.9	1.1	0.8	0.9
Trans., Comm. & Util.	7.5	9.5	8.5	7.7	7.1	7.6	8.8	7.8	7.7	7.5
Trade	15.4	13.3	12.3	14.2	13.8	12.5	12.8	13.1	12.1	12.7
Fin., Ins. & Real Est.	7.1	5.3	4.0	4.1	4.2	3.5	4.2	4.2	3.7	4.0
Services	21.3	20.7	20.6	20.9	20.3	19.8	19.5	19.4	20.1	20.5
Public Admin.	11.0	9.8	8.4	7.3	7.4	6.7	6.1	6.2	6.0	6.3
Unclassified	0.2	0.4	0.4	0.2	0.2	0.2	0.1	0.1	0.2	0.3

AVERAGE WEEKLY PAYMENT (\$)

Totals (incl. unclass.)	164.54	166.93	175.13	173.26	175.55	164.26	171.40	172.28	174.24	172.24
Ag., For. & Fish	160.16	188.51	177.37	175.03	176.21	162.38	167.15	174.01	176.05	179.35
Mining	185.51	182.60	205.35	213.31	214.92	207.55	209.80	206.97	221.45	229.70
Oil and Gas	186.94	181.96	206.13	214.46	213.74	205.55	211.52	209.90	223.12	232.17
Other Mining	180.59	185.70	202.46	205.53	219.37	215.08	197.94	191.87	211.91	221.88
Construction	183.70	179.93	196.79	196.94	196.42	184.50	201.20	195.40	206.15	220.80
Manufacturing	148.71	153.79	163.39	158.99	162.51	151.82	155.66	158.07	163.53	150.51
Food Products	134.54	142.07	148.34	147.99	153.81	142.05	146.94	151.72	153.17	138.49
Lumber & Wood	179.17	180.65	195.68	192.07	200.91	194.31	194.55	196.42	203.31	219.21
Paper Products	177.82	179.67	199.28	202.20	203.77	206.60	204.97	212.73	228.05	225.84
Other Mfg.	174.25	175.51	182.82	189.04	198.59	178.25	193.73	184.21	212.16	205.53
Trans., Comm. & Util.	170.07	177.61	183.50	178.77	183.92	177.95	186.18	189.57	187.44	193.24
Trade	154.37	155.13	162.21	159.54	163.58	153.56	160.69	162.04	157.14	166.36
Fin., Ins. & Real Est.	172.03	176.97	175.86	184.58	182.81	176.70	181.70	185.12	183.03	191.95
Services	162.44	166.64	172.68	172.29	178.64	165.86	170.44	171.11	173.06	176.59
Public Admin.	182.47	180.13	188.28	191.32	194.98	182.39	180.41	192.32	189.98	196.42
Unclassified	169.12	161.56	184.57	154.35	155.94	154.03	152.79	157.02	162.06	190.59

AVERAGE DURATION IN WEEKS

Totals (incl. unclass.)	18.5	15.8	16.3	17.8	17.2	15.0	14.7	15.3	15.3	16.4
Ag., For. & Fish	15.1	11.1	13.4	16.9	14.8	16.0	13.3	13.1	14.5	14.5
Mining	15.7	14.3	16.6	18.9	19.3	14.3	14.2	14.6	17.9	14.6
Oil and Gas	15.9	13.8	16.3	18.6	20.2	13.7	15.0	14.0	18.5	14.2
Other Mining	15.3	17.6	17.7	21.4	16.5	16.7	12.6	19.3	15.3	15.9
Construction	15.9	16.4	15.9	18.0	15.8	14.1	14.2	15.2	13.8	17.7
Manufacturing	13.4	13.1	14.5	15.0	14.7	14.0	13.5	13.8	14.3	14.8
Food Products	13.6	13.0	13.8	15.1	14.5	13.9	13.7	13.9	14.3	14.5
Lumber & Wood	12.6	12.1	15.7	14.2	14.0	12.1	10.6	12.0	11.3	16.3
Paper Products	12.9	13.2	17.6	14.0	15.2	17.0	18.5	19.0	24.5	23.5
Other Mfg.	16.1	22.3	16.9	19.3	20.7	17.0	13.8	18.1	16.6	18.0
Trans., Comm. & Util.	17.9	15.4	17.5	19.2	17.7	15.2	15.9	16.4	16.2	17.4
Trade	18.1	17.3	16.6	19.4	19.7	15.5	15.7	16.7	16.2	18.2
Fin., Ins. & Real Est.	19.7	18.6	19.4	20.4	20.4	15.4	16.7	17.5	14.9	19.0
Services	18.0	17.9	17.7	19.4	19.2	16.5	15.6	16.7	16.2	18.0
Public Admin.	18.1	19.6	19.3	21.0	21.0	17.0	16.5	17.4	17.5	17.4
Unclassified	16.4	18.8	15.8	25.6	13.7	24.0	10.3	13.7	13.8	17.1

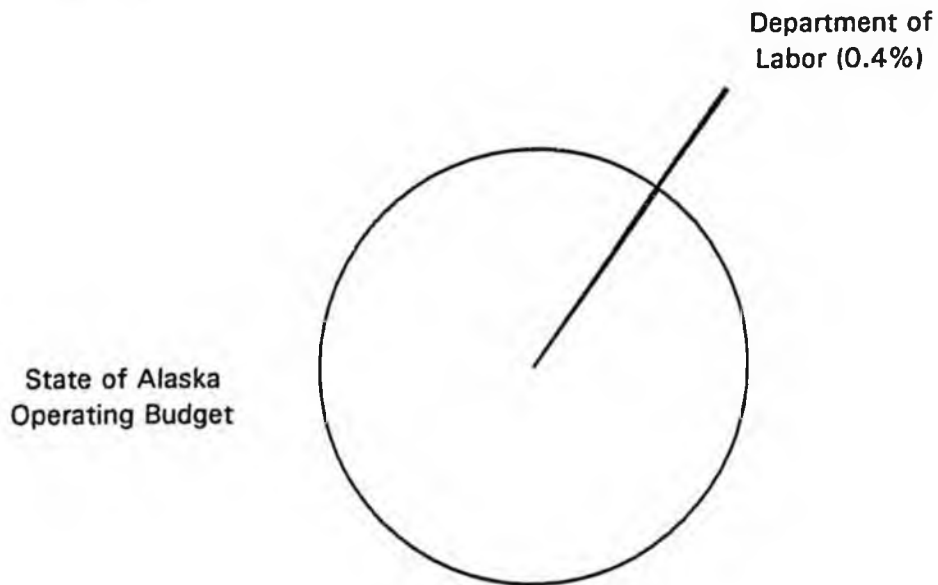
Note: Percentages may not add up to 100% due to rounding.

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

ALASKA DEPARTMENT OF LABOR

FY 2000 BUDGET OVERVIEW

FY 99 General Fund Operating Budget Comparison



DEPARTMENT OF LABOR

AGENCY CONTACTS

Ed Flanagan, Commissioner	465-2700
Dwight Perkins, Deputy Commissioner	465-2700
Vacant, Special Assistant	465-2700
Mark Torgerson, Hearing Examiner Alaska Labor Relations Agency	269-4895 (Anchorage)
Denise Liccioli, Acting Director Administrative Services Division	465-2720
Rebecca J. Gamez, Director Employment Security Division	465-2712
Al Dwyer, Director Labor Standards & Safety Division	465-4855
Paul Grossi, Director Worker's Compensation Division	465-2790

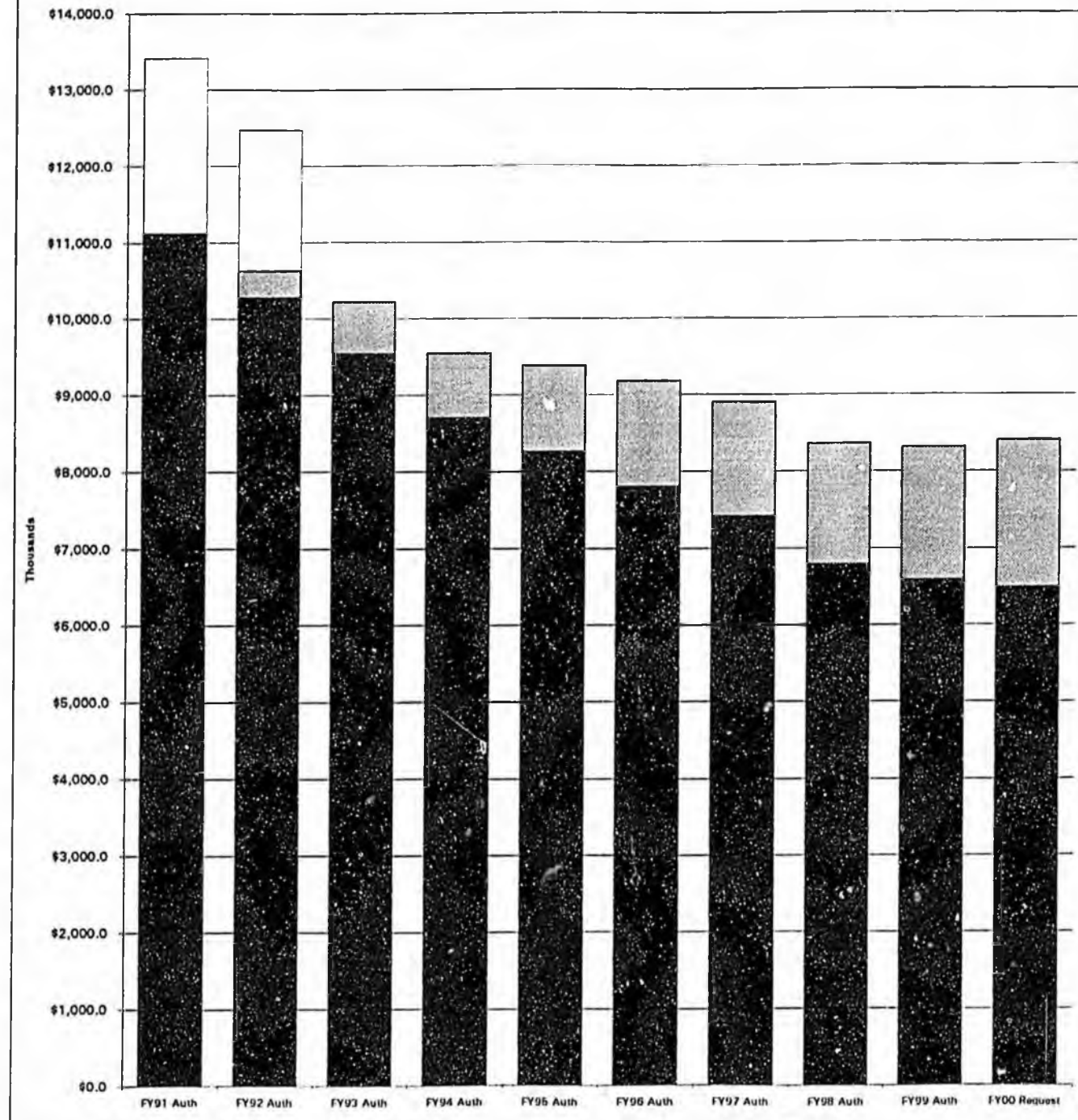
State of Alaska
 FY 99 Authorized Budget Comparison

1/15/99

Source: Legislative Finance Summary dated 1/15/99

	General Funds		Total Funds	Positions			
				PFT	PPT	Non-Perm	
1. Education	708,686.1	1. Education	966,876.1	1. University of Alaska	3,387	233	0
2. Health & Social Services	320,735.4	2. Health & Social Services	938,016.3	2. Transportation	2,735	647	1
3. University of Alaska	166,132.2	3. University of Alaska	442,440.7	3. Health & Social Services	2,073	58	18
4. Administration	163,792.8	4. Transportation	335,395.8	4. Corrections	1,360	1	0
5. Corrections	136,220.0	5. Administration	256,096.4	5. Administration	1,262	114	108
6. Transportation	130,034.6	6. Community & Regional Aff.	161,581.9	6. Fish & Game	805	879	68
7. Public Safety	77,610.8	7. Corrections	152,726.0	7. Revenue	782	32	55
8. Community & Regional Aff.	69,997.6	8. Revenue	144,936.7	8. Public Safety	757	28	1
9. Alaska Court System	49,525.8	9. Fish & Game	109,130.5	9. Alaska Court System	665	50	26
10. Natural Resources	39,537.0	10. Public Safety	94,791.5	10. Labor	564	111	0
11. Fish & Game	34,316.6	11. Commerce	70,354.4	11. Natural Resources	556	247	816
12. Legislature	31,807.2	12. Natural Resources	64,468.2	12. Environmental Conservation	488	5	4
13. Law	27,442.3	13. Labor	57,508.5	13. Education	465	104	6
14. Commerce	26,413.7	14. Alaska Court System	49,717.7	14. Law	443	14	0
15. Governor	18,186.2	15. Environmental Conservation	46,915.2	15. Commerce	343	10	0
16. Environmental Conservation	12,734.8	16. Law	43,780.4	16. Legislature	218	271	0
17. Revenue	10,699.7	17. Military & Vet Affairs	36,373.7	17. Military & Vet Affairs	210	1	17
18. Labor	8,310.7	18. Legislature	32,018.6	18. Governor	187	5	37
19. Military & Vet Affairs	8,004.7	19. Governor	22,296.3	19. Community & Regional Aff.	168	3	7
Total	2,040,188.2	Total	4,025,424.9	Total	17,468	2,813	1,164

Alaska Department of Labor - GENERAL FUNDS



Note: During FY 91 & FY 92 the State Training & Employment Program (STEP) was classified as general funds. In FY 93 STEP classification was changed to non-general funds. Amounts for the STEP program are shown as unshaped in the appropriate years.

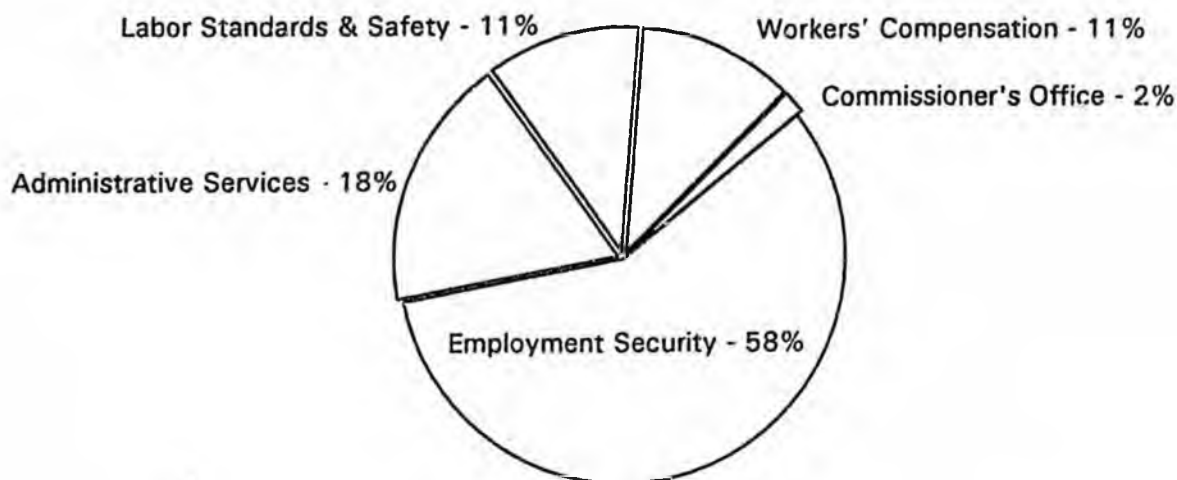
Note: Loss of purchasing power since FY 91 due to absorbing increases in inflation is shown in gray. The effects of inflation are based on changes to the Anchorage CPI for urban areas.

Major Fund Changes

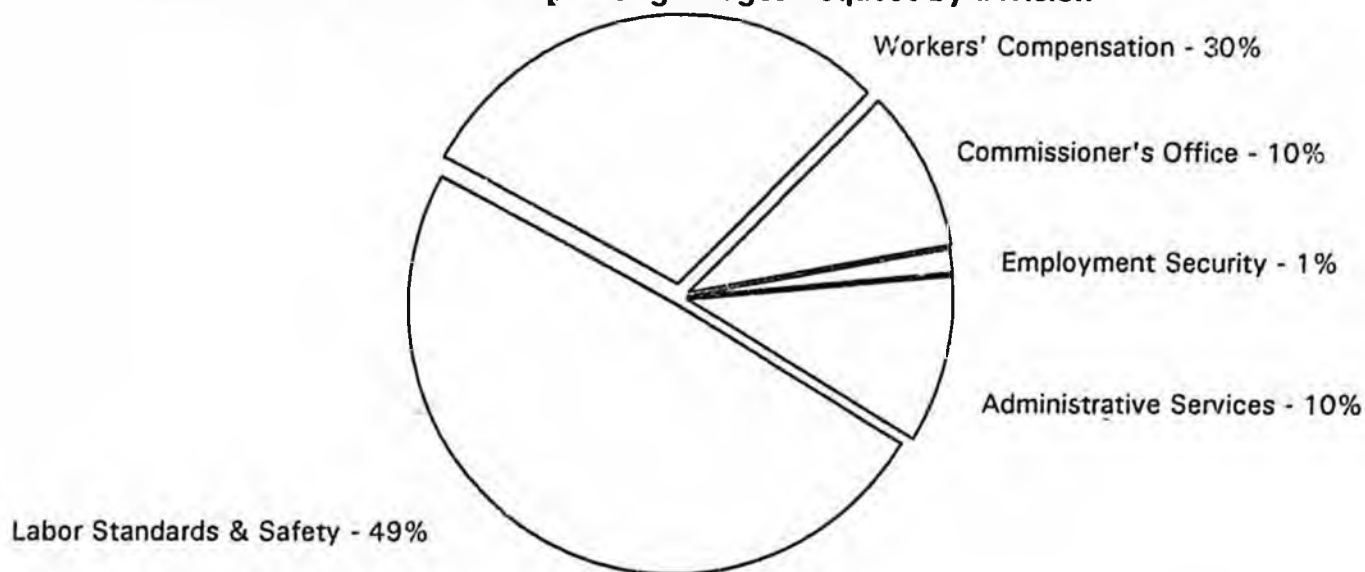
FY 91 - FY 92 Decreases for 5% - reductions and STEP
 FY 92 - FY 93 Increase for DP Chargeback, STEP fund source change, Unallocated & Misc cuts
 FY 93 - FY 94 Reductions to Labor Market Info, Comm Offc, Work Comp, Labor Standards & Safety
 FY 94 - FY 95 Reductions to Data Processing, Labor Market Info and Occ Safety & Health
 FY 95 - FY 96 Reduction to Occupational Safety & Health
 FY 96 - FY 97 Increase for COLA, Reductions to Wage & Hour, Mechanical Inspection and Work Comp & Misc cuts
 FY 97 - FY 98 Increase for COLA, Reduction to AK Work Programs, Management Svcs, Wage & Hour and Occ Safety & Health
 Reduction for Better Business Practices, Reduction for PERS Employer rate change, Program Receipt reclassification
 FY 98 - FY 99 Transfer Gov Committee to Dept of Education, Increase for Census preparation, AK Work Program funding change to Interagency
 FY 99 - FY 00 Program receipt increase for Mechanical Inspection position

Department of Labor

FY 99 Operating Budget Request by Division



FY 99 GENERAL FUND Operating Budget Request by Division

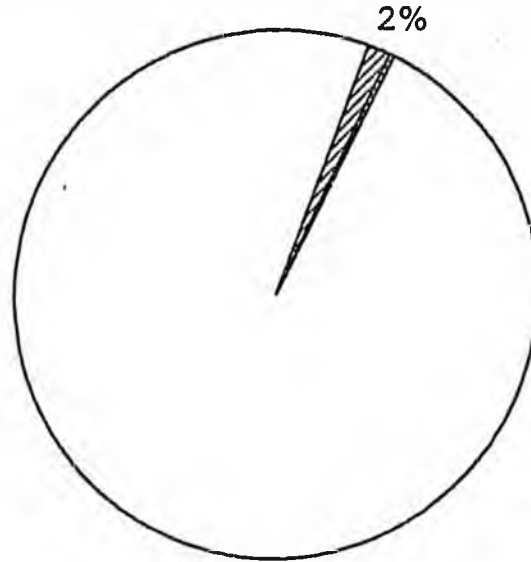


The Department is comprised of the Commissioner's Office, which includes the Alaska Labor Relations Agency, and four divisions:

- Administrative Services
- Employment Security
- Labor Standards & Safety
- Workers' Compensation

The Department of Labor's mission as set out in Title 23 is to foster and promote the welfare of the wage earners in the state, improve their working conditions and advance their opportunities for profitable employment.

OFFICE OF THE COMMISSIONER

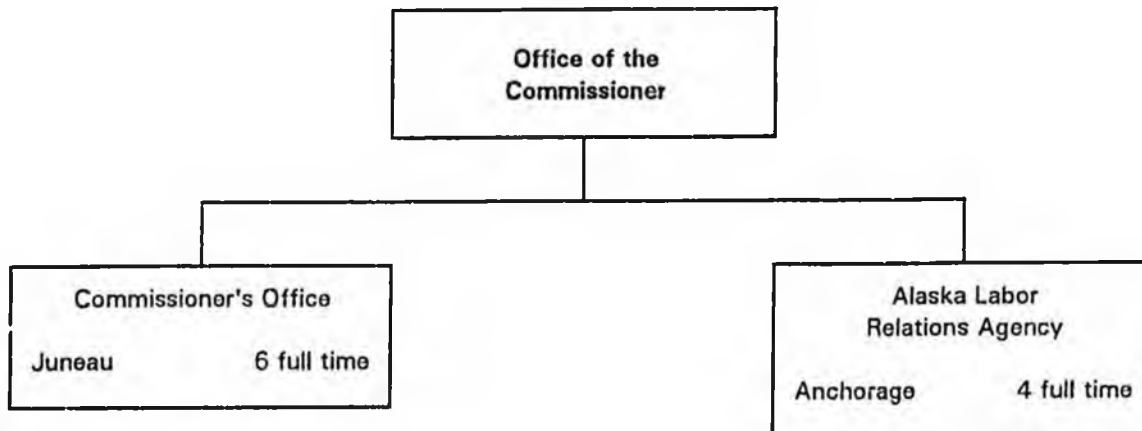


▣	General Funds (\$810.7)
▤	Federal Funds (\$79.1)
▥	Other Funds (\$5.0)
□	Remainder of Department

Department of Labor's FY 00 Budget Request

The Office is comprised of two components:

- Alaska Labor Relations Agency - (\$324.2 GF)
- Office of the Commissioner - (\$486.5 GF)



OFFICE OF THE COMMISSIONER

Commissioner's Office

The Commissioner's Office component provides direction to the department's divisions in the administration of the department's programs to fulfill the mission of providing for the health and economic welfare of Alaska's workers.

Alaska Labor Relations Agency

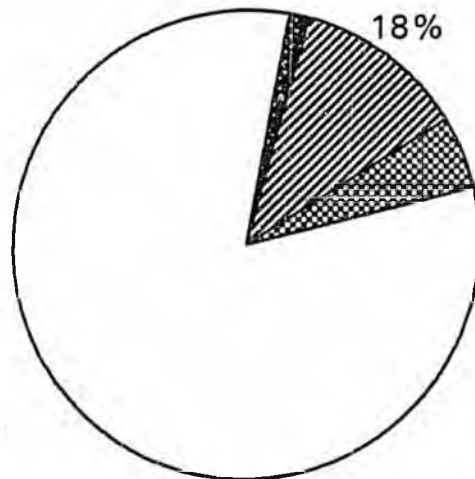
The Alaska Labor Relations Agency component facilitates the resolution of disputes between organized labor and public employers in the state. The Agency promotes cooperative relations between government and its employees and protects the public's interest in the provision of uninterrupted government services.

Issues

Accommodate an increasing demand for services within the resources available.

Most of the collective bargaining agreements with major state employee unions expire June 30, 1999. In addition, many school districts will also be renegotiating contracts during this same time frame. The Agency will be challenged with continuing to provide ongoing services while also providing a forum for the timely resolution of any disputes.

ADMINISTRATIVE SERVICES DIVISION

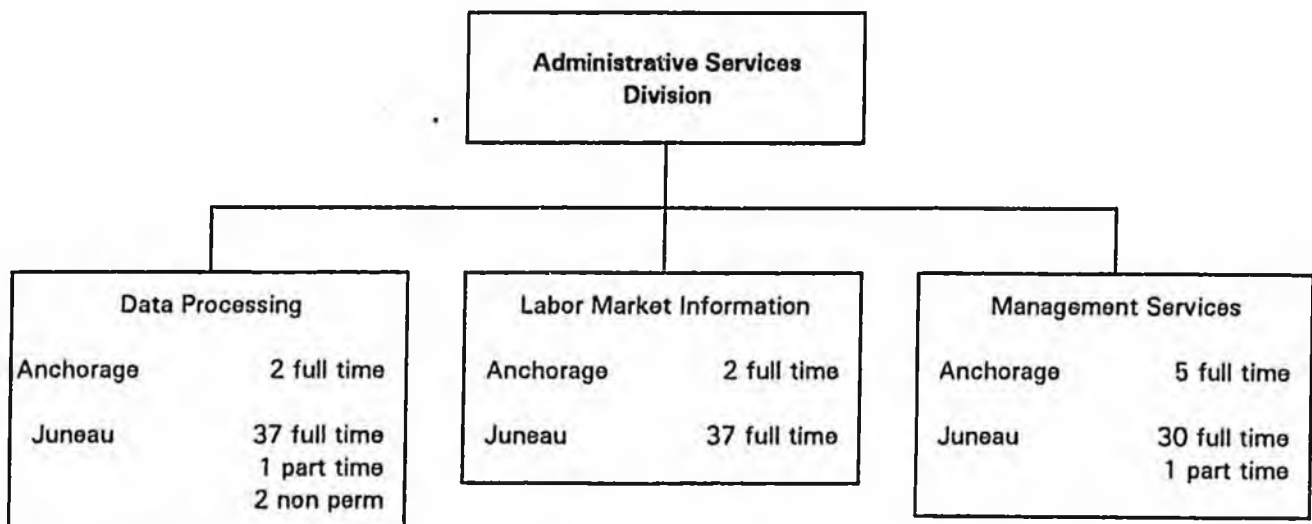


▣	General Funds (\$490.7)
▣	General Fund Match (\$344.4)
▣	Federal Funds (\$6,894.4)
▣	Other Funds (\$2,873.5)
□	Remainder of Department

Department of Labor's FY 00 Budget Request

The Division is comprised of three components:

- Data Processing
- Labor Market Information - (\$490.7 GF, \$71.2 GFM)
- Management Services - (\$273.2 GFM)



ADMINISTRATIVE SERVICES DIVISION

Management Services

The Management Services component provides budget planning, monitoring and reporting; federal, state and unemployment insurance trust fund accounting; publication functions; human resource management; and procurement, mail and office space management to departmental programs.

Labor Market Information

The Labor Market Information component collects, analyses and publishes information on employment, unemployment, wage rates, occupational injuries, population estimates and forecasts, and other economic and demographic information.

Data Processing

The Data Processing component provides long-range planning, project management, mainframe and distributed systems applications analysis and programming, database and security administration and network services installations and support.

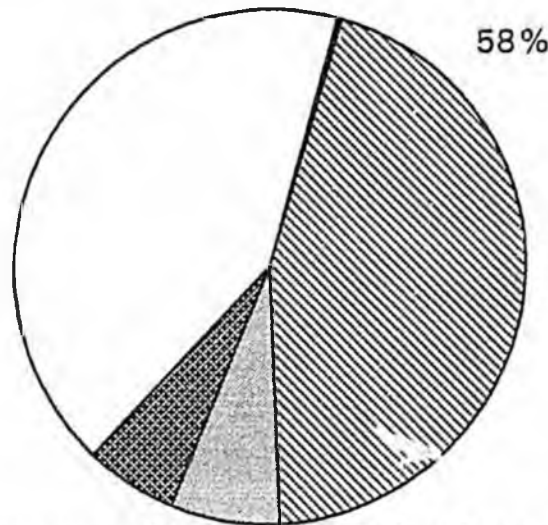
Issues

Providing support and training with the implementation of changing technologies and program service.

Participation in and support for implementation of the federal Workforce Investment Act of 1998 as the state's and individual program needs are addressed.

FY 2000 is the critical budget year for preparatory work leading to redistricting after the 2000 Census. Alaska's Constitution now requires that a redistricting plan be adopted within 30 days after the official reporting of the decennial census of the United States. If this timeline is to be met, the state must have all support systems ready for redistricting when that process begins. Based on past experience of the Labor Market Information component staff and that of other states, work on this project must begin as soon as possible to ensure a smooth and successful redistricting effort. As costs are better known, they will have to be incorporated into the FY 2000 budget.

EMPLOYMENT SECURITY DIVISION



■	General Fund Match (\$130.9)
▨	Federal Funds (\$26,108.6)
▤	STEP Funds (\$4,046.1)
▧	Other Funds (\$3,370.9)
□	Remainder of Department

Department of Labor's FY 00 Budget Request

The Division is comprised of four components:

- Employment Services
- State Training & Employment Program
- Unemployment Insurance
- Work Services (JOBS) - (\$130.9 GFM)

Location	Employment Security Division					
	Employment Services		Unemployment Insurance		Work Services	
	PFT	PPT	PFT	PPT	PFT	PPT
Anchorage	34	5	59	28	13	
Bethel	2	1				
Dillingham		1				
Eagle River	3					
Fairbanks	14	2	13	8	4	
Glennallen		1				
Homer	1					
Juneau	40	1	94	29	4	
Kenai	4	6	1			
Ketchikan	7	1			1	
Kodiak	4					
Nome	2	2				
Petersburg		1				
Seward	1					
Sitka	1	1				
Soldotna					1	
Tok		1				
Valdez	1	1				
Wasilla	8	2			3	

EMPLOYMENT SECURITY DIVISION

Employment Services (ES)

- Public Employment Service System maintained throughout the State.
- Vocational counseling, guidance, and career planning for adult workers.
- Aptitude, interest, and skill testing for job seekers and workers who need retraining.
- Group workshops and "Job Clubs" on job seeking, interviewing, and resumes.

Unemployment Services (UI)

- Conduct field audits to help employers pay taxes in timely, accurate way.
- Protect the UI Trust Fund against fraudulent claims; recovery of misclaimed payments.
- Process timely payment of UI benefits to eligible workers, meeting strict federal performance standards and objectives.
- Adjudicate appeals by claimants and employers through Appeals Tribunal.

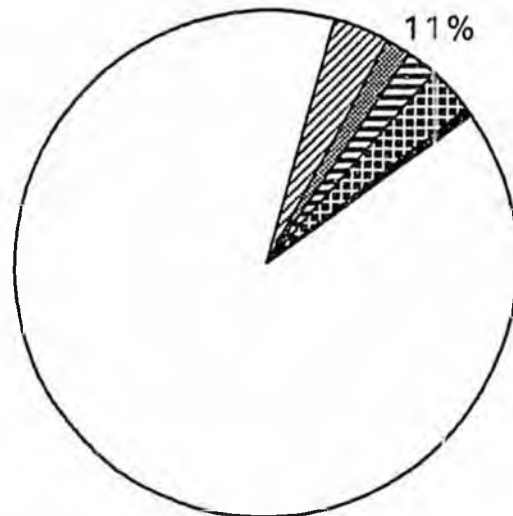
Other Services

- The Work Services program is jointly administered with the Department of Health and Social Services, provides a labor exchange for TANF and food stamp recipients.
- The Worker Profiling and Re-employment Services programs for UI recipients are intended to hasten their return to work.
- The veterans programs provide special services to veterans as mandated by federal law.
- The State Training and Employment Program (STEP), funded through the UI Trust Fund with one tenth of 1% of workers' wages subject to regular UI contributions, targets the training needs of Alaskan workers and businesses.

Issues

- The key issue for the Employment Security Division is becoming Year 2000 compliant.
- Pursuing alternative funding sources for our programs.
- Implementing new distance spanning technology to better serve both our rural and urban clients.
- Comply with the recently passed federal Workforce Investment Act of 1998 which mandates states integrate employment, training, and related public services into a one-stop service delivery system.

LABOR STANDARDS & SAFETY DIVISION

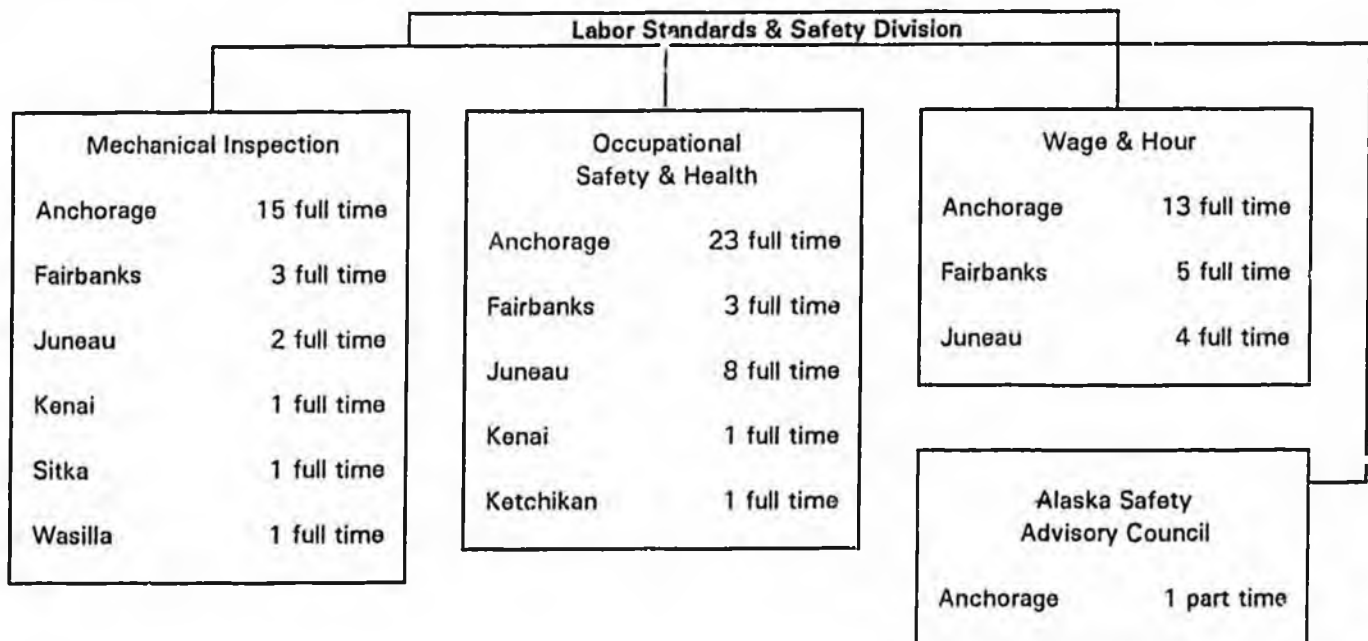


▣	General Funds (\$2,061.3)
▤	Program Receipts (\$942.4)
▥	General Fund Match (\$1,131.1)
▦	Federal Funds (\$1,777.2)
▧	Other Funds (\$455.2)
□	Remainder of Department

Department of Labor's FY 00 Budget Request

The Division is comprised of four components:

- Alaska Safety Advisory Council - (\$106.7 PR)
- Mechanical Inspection - (\$673.8 GF, \$835.7 PR)
- Occupational Safety & Health - (\$1,131.1 GFM)
- Wage & Hour - (\$1,387.5 GF)



LABOR STANDARDS & SAFETY DIVISION

Wage & Hour

- Establish and enforce protective standards to safeguard minors from abuse and exploitation in the workplace.
- Ensure that in accordance with law, Alaska Workers receive minimum wages, overtime wages, and return transportation.
- Enforce prevailing wage rates and employment preference on public works projects.
- Educate employers and employees about Alaska Labor Laws.

Mechanical Inspection

- License electricians, power linemen, plumbers, boiler operators, painters, asbestos abatement workers, and explosive handlers.
- Inspect
 - Boilers & pressure vessels for safety
 - Elevators, wheel chair lifts, escalators, tramways, ski lifts and amusement rides for safety, proper maintenance and operation.
 - New construction and alterations to existing construction, for compliance with applicable state plumbing and electrical codes.
- Work in conjunction with the Department of Commerce & Economic Development to ensure that electricians, plumbers, construction contractors and electrical and mechanical administrators have proper certificates and/or licenses.
- Work in conjunction with Department of Natural Resources, Joint Pipeline Office, in ensuring compliance of safety and electrical TAPS activities.

Occupational Safety and Health

- Enforce the state's occupational safety and health laws
 - Inspect workplaces, scheduled and unscheduled, to assess workplace safety and health.
 - Ensure prompt elimination or restraint of imminent danger situations in the workplace.
 - Investigate employee complaints, work related fatalities and catastrophes.

- Protect employees against wrongful discharge or discrimination for exercising their rights under this program.
- Focus on Alaska's high-hazard industries, e.g. construction, logging and seafood processing for compliance with health and safety laws.
- Provide consultation and training services to Alaska workers and businesses to encourage safe working conditions and practices
- Provide incentive to employers through the Voluntary Protection Program and Safety and Health Achievement Recognition Program.

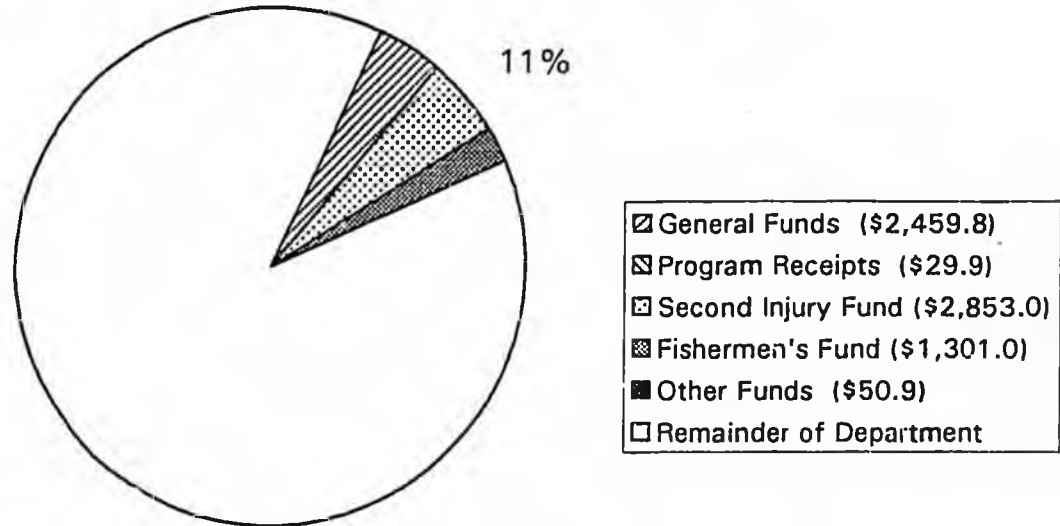
Alaska Safety Advisory Council

- Work with organizations, individuals and groups in the promotion of safety to reduce accidental death and injury.
- Organize and sponsor the Annual Governor's Safety and Health Conference.
 - Provide certification and continuing education.
 - Demonstrations and presentations on safety related products.
- Promote the Occupational Safety and Health Voluntary Protection Program and Safety and Health Achievement Recognition Program.

Issues

- Maintenance of current enforcement levels of minimum wage, overtime, and child labor and public contract laws statewide with limited available resources.
- Meeting the objectives set out in the Federal Fiscal year 1999 Annual Performance Plan and the five-year Strategic Plan approved by the Federal Occupational Safety and Health Administration.
- Increasing current boiler/pressure vessel inspection levels through increased staff, cross training and education efforts.
- Increased outreach and education through the Alaska Safety Advisory Council annual conference.

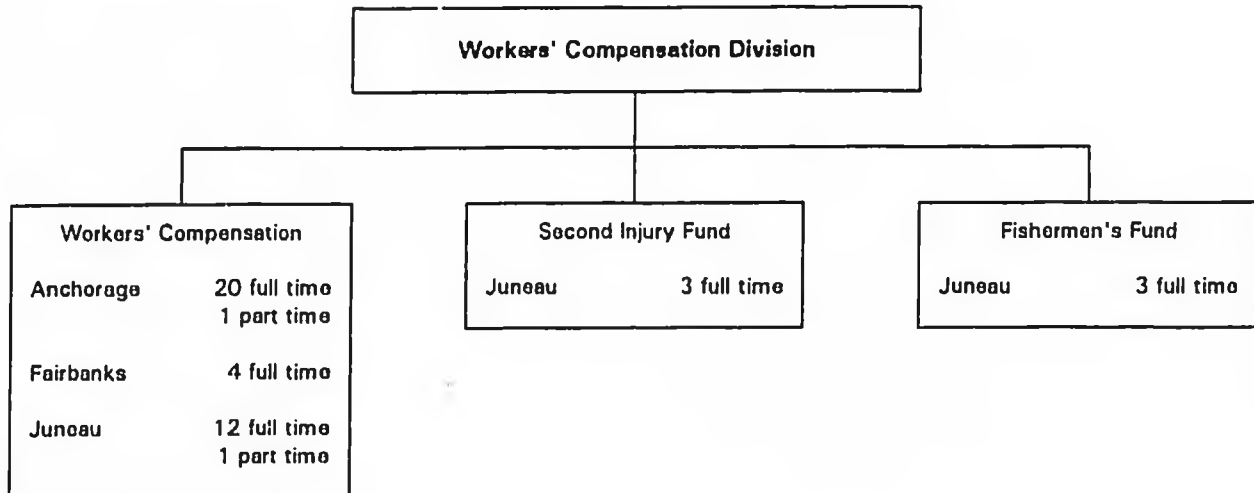
WORKERS' COMPENSATION DIVISION



Department of Labor's FY 00 Budget Request

The Division is comprised of three components:

- Fishermen's Fund
- Second Injury Fund
- Workers' Compensation - (\$2,459.8 GF, \$29.9 PR)



WORKERS' COMPENSATION DIVISION

Workers' Compensation

Serves as administrative arm to the Alaska Workers' Compensation Board to implement the state's workers' compensation law to ensure that eligible Alaska workers are provided adequate medical care and prompt payment of benefits.

- Adjudicate disputes regarding workers' compensation coverage between employees and employers, or their insurers, through mediation or administrative hearings.
- Identify and investigate uninsured employers.
- Maintain a database of all aspects of worker's compensation activity.
- Administer the voluntary reemployment benefits program that offers training to those injured workers whom, because of their workplace injuries, cannot return to their jobs.
- Administer the state's self-insurance program.

Second Injury Fund

- Administer the employer reimbursement program for workers who qualify under this program.

Fishermen's Fund

- Provide assistance with the medical costs of injuries or illnesses due to commercial fishing activities on shore or in Alaska waters.

Issues

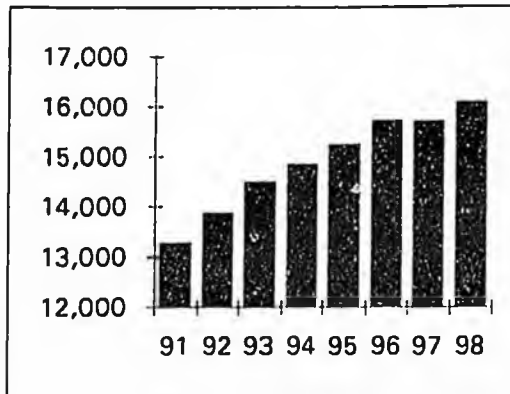
- Resolve Year 2000 computer concerns in order to maintain integrity of historical information.
- Increase investigations of potentially uninsured employers in an attempt to eliminate the number of uninsured Alaskan workers that are injured each year.

- **Implementation of new electronic workers' compensation information handling system to provide better services to the public and more useful information to the state's legislators and policy makers.**
- **Research and pursue the possibility of electronic filing of annual reports to provide greater access to businesses and the public and to create another avenue of conducting workers' compensation business.**
- **Increase Alaska commercial fishermen's awareness of the Fishermen's Fund program and improve response time in the processing of claims, invoices and inquiries.**
- **Participate in deliberations with various constituent groups to formulate legislation that meets the needs of Alaskans, employees and employers.**

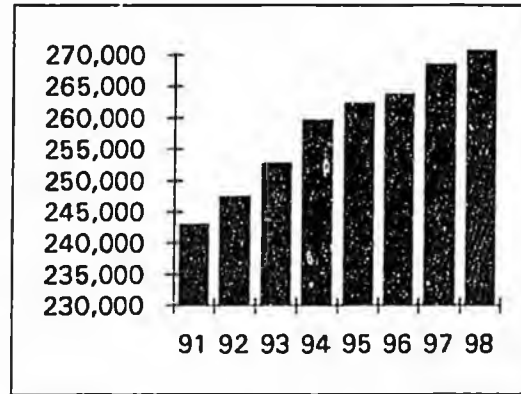
Department of Labor

General Fund Budget versus the Alaska Work Force

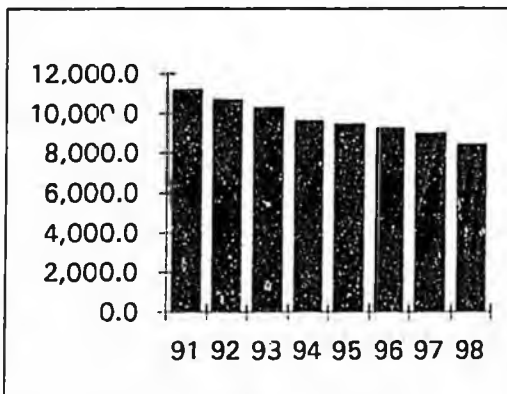
Number of Employers



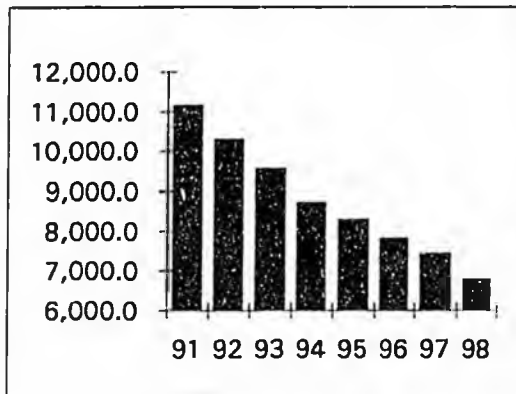
Number of Employees



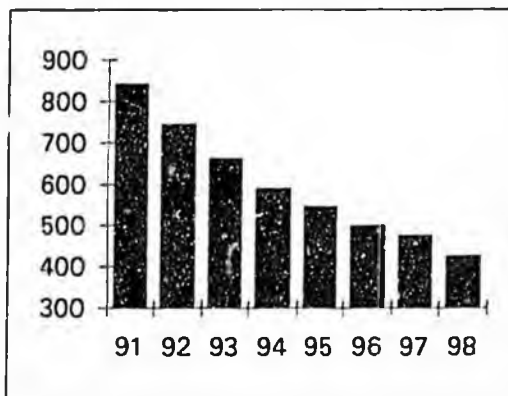
General Fund Budget



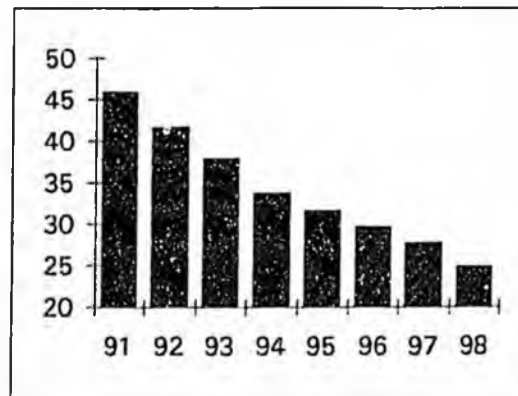
GF Budget in 1991 Dollars



1991 Dollars per Employer



1991 Dollars per Employee



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1998 ANNUAL REPORT

Submitted February 1999
(In accordance with AS 23.05.370)

INTRODUCTION

The Alaska Labor Relations Agency administers the Public Employment Relations Act (PERA) for the state, municipalities, public schools, and university and administers the state's railroad labor relations laws for the Alaska Railroad Corporation. It considers petitions for certification and decertification of bargaining representatives, petitions to clarify the composition of public employee bargaining units and to amend the certification of units, and charges of unfair labor practices from labor organizations, public employers, and public employees. It can enforce the terms of a collective bargaining agreement, determine the strike eligibility of a worker, and rule on claims for a religious exemption from the obligation to pay fees to a bargaining representative.

PERSONNEL

BOARD MEMBERS

The agency is governed by a board of six members who serve staggered three-year terms. The members must have backgrounds in labor relations and two members each must be drawn from management, labor, and the general public. AS 23.05.360(b).

Alfred L. Tamagni, Chair	Reappointed Dec. 2, 1997	Public
Blair E. Marcotte, Vice Chair	Reappointed July 31, 1998	Public
Robert A. Doyle, Board Member	Reappointed Aug. 21, 1996	Management
Vacant, Board Member	Since June 30, 1997	Management
Karen J. Mahurin, Board Member	Reappointed Dec. 2, 1997	Labor
Raymond Smith, Board Member	Reappointed July 31, 1998	Labor

STAFF

Mark Torgerson, hearing examiner/administrator
Jean Ward, hearing officer/investigator
Margie Yadlosky, personnel specialist I
Donna Bodkin, administrative clerk III.

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STATUTES

Relevant statutes appear in AS 23.05.360--23.05.390; AS 23.40.070--23.40.260 (PERA); and AS 42.40.705--42.40.890 (railroad).

REGULATIONS

The agency's regulations appear in 8 AAC 97.010--8 AAC 97.990.

HIGHLIGHTS

The Agency continued to assist in establishing an active Alaska chapter of the Industrial Relations Research Association (IRRA). On January 20, 1998, the national office of IRRA announced that its Executive Board approved the Alaska Chapter's affiliation. IRRA is the one organization in the country in which professionals from all aspects of industrial relations and human resources can share ideas and learn about new developments and practices in the field. IRRA sponsors research and publishes the results of that research. It promotes education and provides a forum for the exchange of ideas on employment issues.

IRRA does not take partisan positions on policy issues; rather, it serves as a resource to labor and management professionals, including advocates and neutrals, government, and the academic community. An active Alaska chapter provides Alaska employment professionals with opportunities for networking and training, and it serves as a resource within the state.

The chapter met twice in 1998 -- February 16 and June 16. David Stewart, Human Resources Manager at the state Department of Labor, spoke at the February meeting. He discussed use of the Internet to research labor relations information, and he provided several useful web sites. The June 16 meeting was highlighted by a presentation on interest based (or mutual gains) bargaining by Elizabeth Atkinson, Industrial Relations Specialist with the Alaska Radar System Project. Ms. Atkinson provides training to labor organizations that want to apply interest based bargaining in contract negotiations. Atkinson asserted that this approach to bargaining differs significantly from traditional bargaining. The parties who succeed under this approach continue to communicate after signing a collective bargaining agreement. These ongoing discussions address the practical effects of, and potential changes to the agreement. Anyone interested in improving labor relations and human resources in Alaska is urged to join and get involved.

The number of cases filed in 1998 totaled 106, compared to 156 in 1997. Although this is a 32 percent decrease, the agency still has a significant backlog due to the large number of cases filed in both 1996 and 1997. The 1996 caseload increased 62 percent over the 1995 caseload. Unit clarification (UC) petitions continue to represent the largest number of cases filed, with 66 petitions filed in 1998. These petitions address the question of the supervisory status of various state employees, with only a few exceptions. The supervisory status of a state employee determines the employee's unit placement, or bargaining unit. While the question who is a supervisor affects all state employee bargaining units, the dispute is mainly between the State, the Alaska State Employees Association (ASEA), which represents the general government unit, and the Alaska Public Employees Association (APEA), which represents the supervisors' unit. While the question has been frequently litigated before the agency in the past, the recent increase in the number of petitions stems from a 1995 amendment to the agency's regulation defining "supervisory employee." The validity of this amendment has been challenged in the courts. The Alaska Superior Court affirmed the regulation's validity, but that decision has been appealed to the Alaska Supreme Court, and is pending there.

The number of unfair labor practice charges decreased, from 40 in 1997 to 22 in 1998. The issue in 45 percent of the charges filed was bad faith bargaining. Bad faith bargaining charges usually arise in the context of collective bargaining when one of the parties to the negotiations believes the other party is not bargaining in good faith. The issue in 23 percent of the charges was interference with protected rights such as organizing and collective bargaining. The number of charges regarding the rights of individual employees increased,

from 3 in 1997 to 4 filed in 1998.

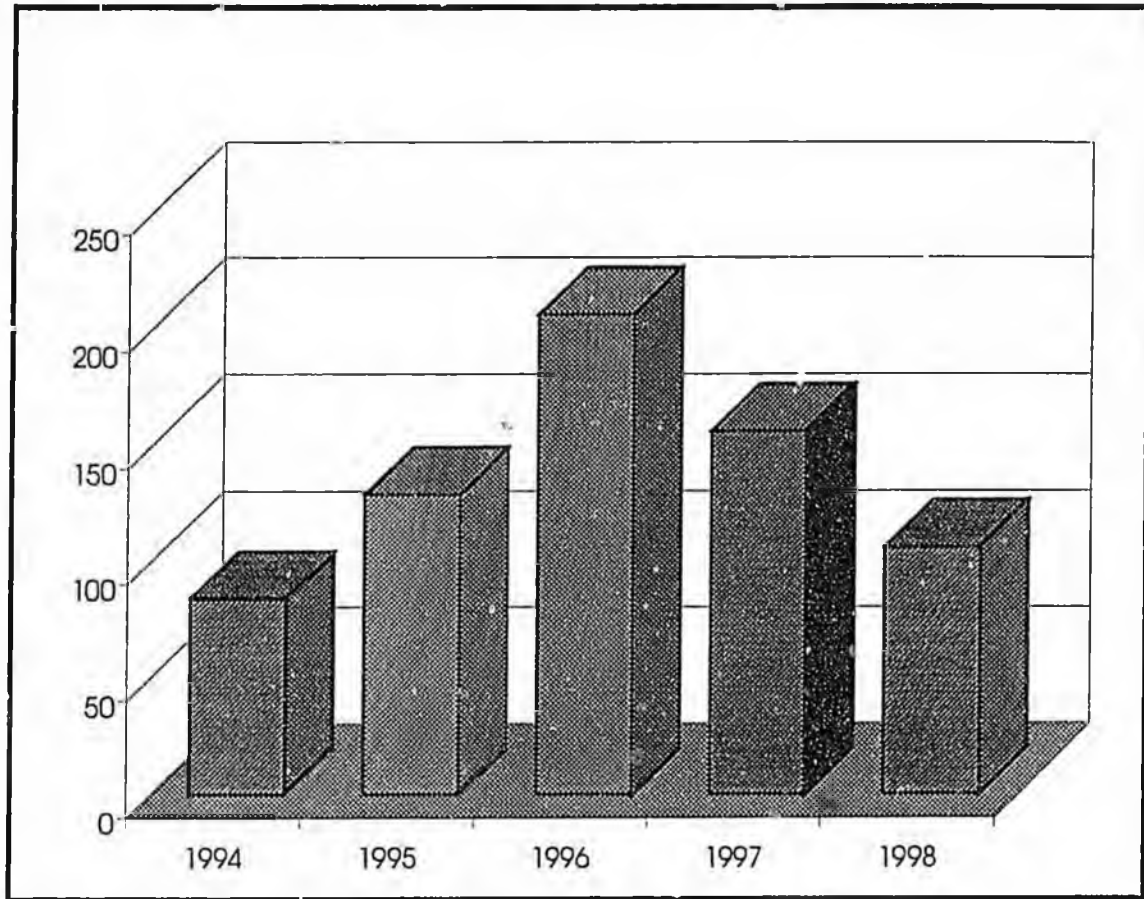
The number of election petitions filed in 1998 -- 8 -- is a reduction of 1 from 1997's total. Seven petitions sought to certify a bargaining representative, and one petition sought to decertify the current representative and certify a new bargaining representative. The agency conducted 6 elections. In one election, the agency certified a large bargaining unit in the Public Safety Employees Association (PSEA), which filed a petition to represent corrections officers I, II, and III who were represented by ASEA. The election results favored the new bargaining unit represented by PSEA. The outcome of the election activity in 1998 was a net increase in the number of public employees covered by collective bargaining.

The number of strike petitions increased from 2 to 4 over the previous year. This increase may be attributed in part to the expiration of multi-year contracts between employers and labor organizations. Two strike vote petitions involved disputes between the Anchorage School District and two bargaining units, including support personnel represented by TOTEM Association of Educational Support Personnel, Inc., and bus drivers represented by the International Brotherhood of Teamsters, General Teamsters Local 959, AFL-CIO.

The agency continues to emphasize informal resolution of disputes. As a result, 15 unfair labor practice charges were resolved informally in 1998. This compares to 20 such resolutions in 1997 and 14 in 1996. In addition, the agency's hearing officer/investigator has worked with parties in structured conciliation sessions to settle unfair labor practice charges.

The labor relations community and others interested in public sector labor relations can access agency information on its internet web site, which became available in December of 1996. The site is accessible through the State of Alaska's home page (<http://www.state.ak.us>) or directly at <http://www.labor.state.ak.us/laborr/laborr.htm>. Agency staff can be contacted electronically and information about agency programs and resources is also available.

CASE STATUS SUMMARIES



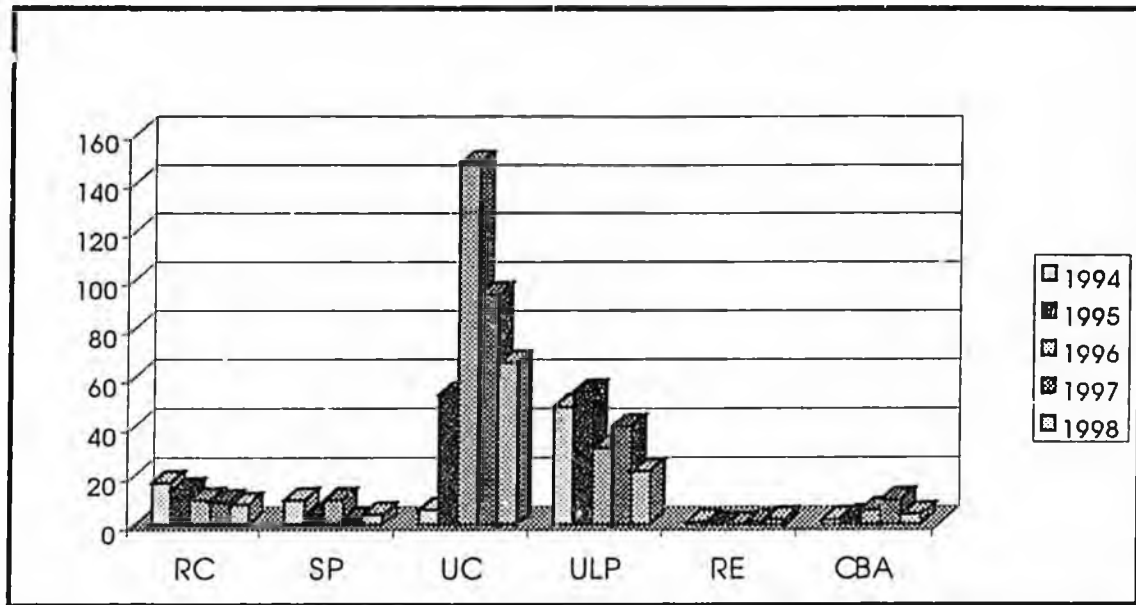
CASE LOAD COMPARISON BY YEAR

OVERVIEW

CASES FILED	1998	1997	1996	1995	1994
TOTAL	106	156	206	129	84
Amended Certification (AC)	1	1	1	1	0
Representation (RC)	6	6	5	7	13
Decertification (RD)	1	1	2	2	4
Decert. to certify a new rep. (RC/RD)	0	1	2	4	NC*
Strike notice or strike class petition (SP)	4	2	10	4	10
Unit Clarification (UC)	66	94	148	52	6
Unfair Labor Practice Charge (ULP)	22	40	31	54	48
Religious Exemption Claims (RE)	2	1	0	0	1
Contract Enforcement (CBA)	4	10	6	3	2
Other (OTH)	0	0	1	1	0
AGENCY ACTIVITY	1998	1997	1996	1995	1994
Unfair Labor Practice Investigations	24	26	20	46	43
Decisions and Orders Issued	9	25	12	15	14
Elections	6	7	6	11	6
FINAL DISPOSITION	1998	1997	1996	1995	1994
Notices of dismissal issued	67	27	15	19	12
Cases settled or withdrawn	87	69	25	37	55
Cases that went to hearing	3	10	29	28	20
Impasse matters settled or withdrawn	2	0	1	2	2
Cases deferred to arbitration	1	0	1	0	4

*NC = not counted

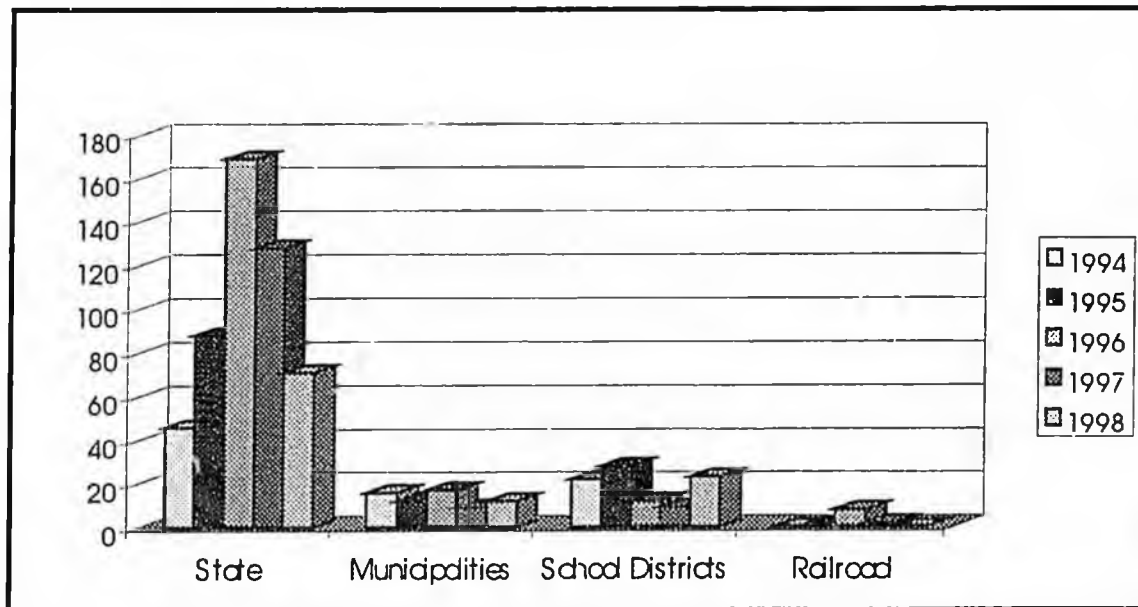
CHARTS



PROGRAM COMPARISON BY YEAR

RC Representation petitions
 SP Strike notices and petitions
 UC Unit clarification petitions

ULP Unfair labor practice charge
 RE Religious exemption claim
 CBA Contract Enforcement



EMPLOYER COMPARISON BY YEAR

REPRESENTATION PETITIONS (AS 23.40.100; AS 42.40.750)

Representation petitions are filed by labor organizations and employers to initiate a secret ballot election for certification or decertification of an employee representative for collective bargaining. Less frequently a petition is filed to advise the agency that the employer consents to the labor organization's representation of a particular unit of employees. Notification of consent to recognition does not require any action by the agency. Most petitioners seek an election. Before an election can be conducted, any objections to the election or the composition of the bargaining unit must be resolved. Often a hearing before the agency is needed. Petitions for representation of a municipal bargaining unit frequently require examination of the validity of a municipality's rejection of PERA under the opt out clause in the legislation adopting PERA, section 4, ch. 113, SLA 1972. Employer objections to the unit that the labor organization seeks to represent also are common. The agency conducts the election, rules on objections or challenges to the conduct of the election, and certifies the results. If the petitioner seeks to sever a group from an existing unit, the petitioner must demonstrate that the existing unit was not fairly representing the interests of the smaller group, and that the smaller group is an appropriate unit, among other factors.

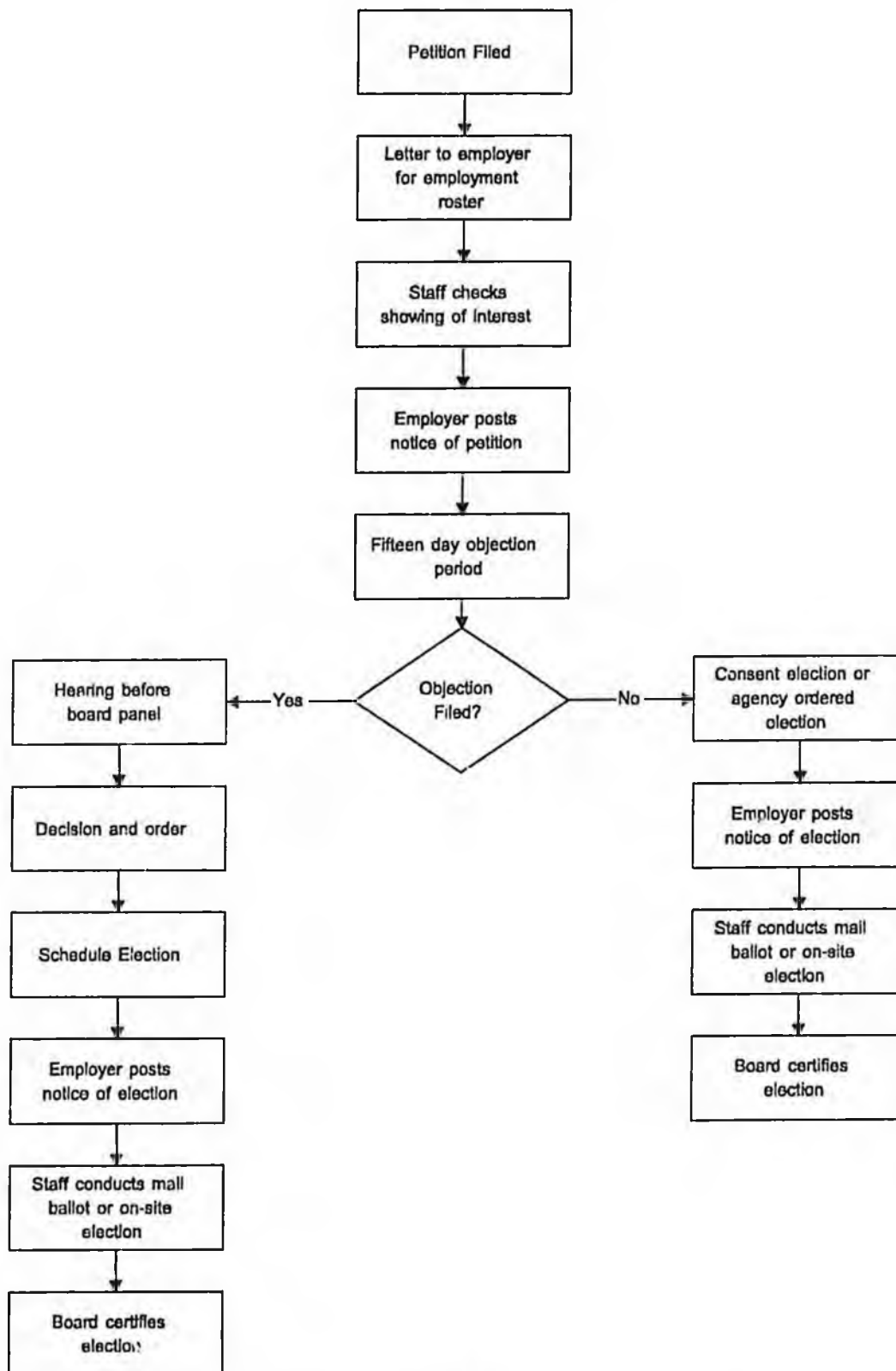
Bargaining representatives certified in 1998 elections included Public Safety Employees Ass'n, certified as the representative of a unit of correctional officers I, II, and III, employed by the State of Alaska; the International Union of Operating Engineers, Local 302, AFL-CIO, certified as the representative of a unit of non-supervisory employees in the Parks, Culture and Recreation Department for the City of Unalaska; and the Chatham Education Support Personnel Association/NEA-AK/NEA, certified as the representative of a group of educational support personnel at the Chatham School District. The result of no bargaining representative was certified in an election among certain employees at the University of Alaska; employees of the Petersburg Medical Center, and a unit of classified employees of the Valdez City Schools. One petition to amend an election certificate was filed. It showed that the Confidential Employees Association had affiliated with Alaska Public Employees Association/AFT, AFL-CIO.

Representation petitions filed in 1998 but pending in 1999 include a petition filed by Yukon Flats Classified Association/NEA-Alaska, NEA to represent a unit of classified employees of the Yukon Flats School District and a petition filed by Laborers Union of North America, Local 341, International Union of Operating Engineers, Local 301, AFL-CIO to represent a unit of Public Works/Sewer & Water employees of the City of Whittier.

REPRESENTATION PETITIONS FILED

8

Employer		
	State	1
	Municipalities	6
	Public Schools	1
Type		
	To certify a new unit	6
	To decertify the unit	1
	To change representatives	0
	To amend certificate	1
Hearings conducted		1
Petitions that proceeded to election		3



REPRESENTATION PETITION FLOW CHART

STRIKE AND STRIKE CLASS PETITIONS (AS 23.40.200; 8 AAC 97.300; AS 42.40.850)

Public employees under PERA are divided into three classes, depending on their right to strike. Under PERA the agency hears disputes about strike classifications and impasse. It receives notices of strike vote election and monitors the election, which the labor organizations conduct themselves. In the case of school district bargaining representatives, submission to advisory arbitration is required before a strike vote election. 8 AAC 97.300.

The number of strike petitions increased from 2 in 1997 to 4 in 1998. In one case, a unit of classified employees of the Northwest Arctic Borough School District settled with the school district, eliminating the need to proceed with the strike petition. The parties negotiated an agreement for 98-99, 99-2000, and 2000-2001 school years. In two other cases, employees of the Anchorage School District filed strike petitions. One unit consisted of classified support staff represented by TOTEM, and the other unit consisted of bus drivers represented by the Teamsters. The fourth petition, a request to determine the strike classification of an employee under AS 23.40.200(a), was also settled.

STRIKE PETITIONS FILED		4
Employer		
State		0
Municipalities		0
Public Schools	4	
Railroad		0
Hearings Conducted		0

UNIT CLARIFICATION PETITIONS (8 AAC 97.050)

Unit clarification petitions and petitions to amend a bargaining unit can be filed to resolve disputes over the composition of the unit. An employer's reorganization or adding or eliminating positions can raise a question of the appropriate unit. Representation may not be an issue in a unit clarification petition, and unit issues that come up in the process of handling a representation petition are not counted here.

Most cases arise as objections to state transfers between bargaining units. The state may reassess or change a position's job duties, which can affect the position's unit placement. Transfers between the general government and supervisory units and between the general government and confidential units are the most common subjects of unit disputes. If investigation under 8 AAC 97.060(a) shows that there is reasonable cause to believe that a question of unit clarification exists, the cases require a hearing with the state and both interested labor organizations as parties.

In 1998 the number of unit case filings remained high. The number filed, 66, combined with the 96 filed in 1997, and 148 filed in 1996, threatens to overwhelm the agency. (By comparison, the number of unit petitions filed during the four-year period from 1991 through 1994 averaged approximately 15 per year.) Of the 66 unit clarification petitions filed, 63 were state petitions. Most of these petitions are the result of state shifts of employees to the supervisory unit from the general government unit following the agency's 1995 amendment to its definition of "supervisory employee." The amendment, intended to simplify determining who is a supervisor, is controversial. In three cases appealed to the superior court, the agency had concluded all three employees met the definition of supervisor. The court remanded the three cases to the agency and also asked the agency to determine the validity of its own regulation. An agency panel heard the remand, determined its regulation was valid, and again found the three employees were supervisors. On the second appeal, the superior court affirmed all three cases. The case is now pending before the Alaska Supreme Court

To address this significant rise in unit clarification cases, the agency implemented streamlining procedures in 1998. Caseloads were adjusted, and as a result, the personnel specialist I now handles initial investigations of the unit petitions. The agency's hearing officer, who previously conducted these investigations, is only required to review and act on the personnel specialist's recommendations. This enables the hearing officer to focus more time on unfair labor practice investigations.

Employer		
State		63
Public Schools	3	
Municipalities		0
Railroad		0
Hearings conducted		0

UNFAIR LABOR PRACTICE CHARGES (AS 23.40.110; AS 42.40.760)

Employers, employee representatives, and individual employees may file unfair labor practice charges against labor organizations and employers. Charges against employers can include retaliation for union membership or exercise of employee rights, coercion, domination or interference with an organization, and bad faith bargaining. Charges against unions include coercion, bad faith bargaining, dues disputes, and interference with the employer's selection of its collective bargaining representative.

Unfair labor practice charge filings totaled 22 in 1998, compared to 40 in 1997. The dispute in 11 of the charges concerned bad faith bargaining. Five charges involved interference with protected rights, and 4 concerned cases of retaliation: 3 of the 4 were filed by individuals and 1 was filed by Alaska State Employees Association against Alaska Housing Finance Corporation.

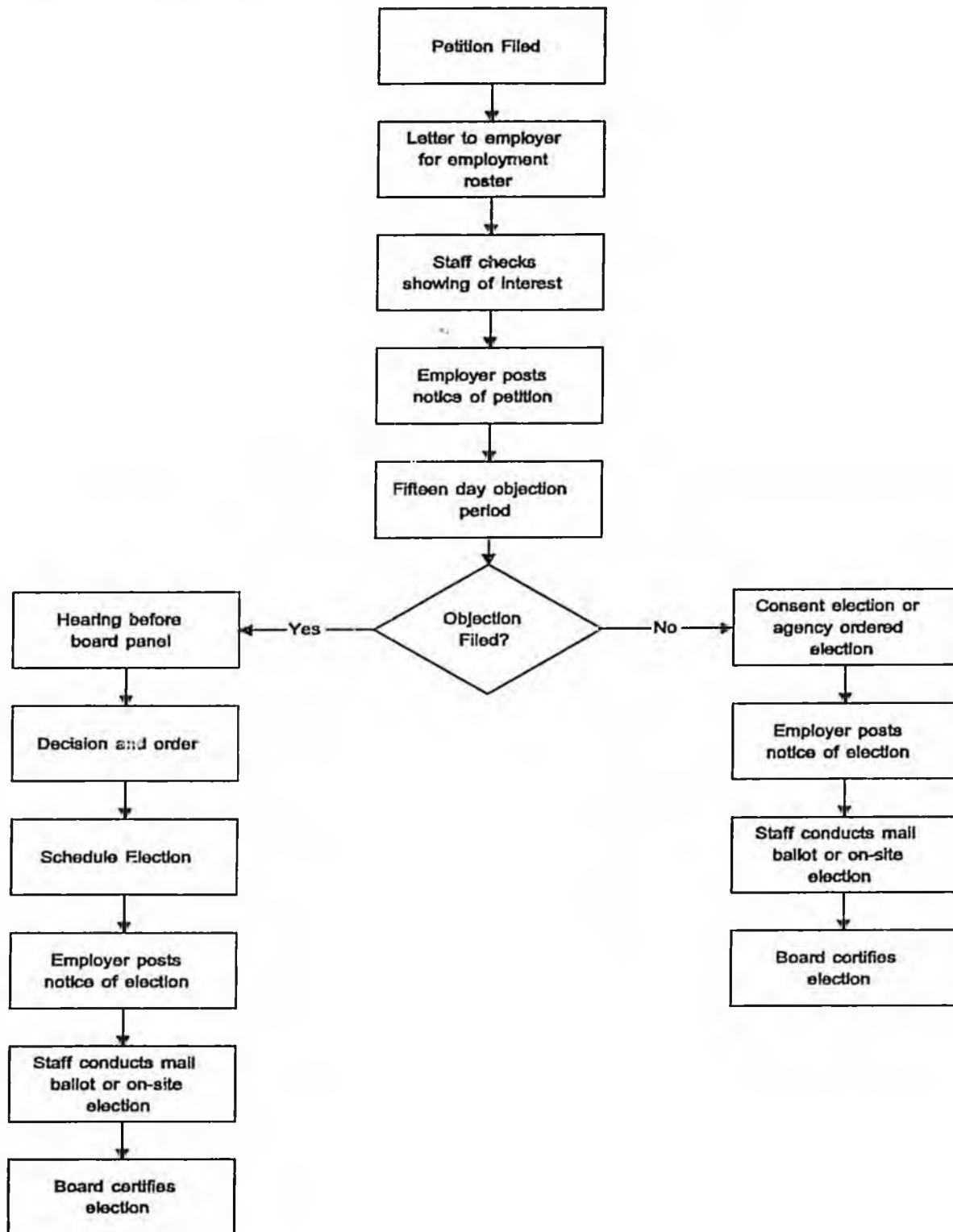
The agency concluded 24 investigations in 1998, compared to 26 in 1997. The dramatic increase in the unit clarification caseload continued to impact investigations of unfair labor practice charges because the hearing officer had been assigned to work on both caseloads. As noted, unit clarifications have been reassigned.

Employer		
State		4
Municipalities		4
Public Schools	14	
Railroad		0
Type		
Arbitration related		0
Bad faith bargaining		11
Retaliation		4
Interference with protectec. rights		5
Union duty of fair representation		0
Employer action without bargaining		0
Information request		2
Scope of bargaining		0
Weingarten		0
Discrimination	0	
Impasse		0
Other		0
Investigations		24
Hearings conducted		0
Other resolution		
Dismissals (no probable cause)		2
Deferrals to arbitration		0
Settled or withdrawn		15
Dismissed, inaction		1
Dismissed, final order	1	
Dismissed, Insufficient		0
Remand		0

COMPARISON BY ULP COMPLAINANT

Complainant	1998	1997	1996	1995	1994	Total
Alaska Public Employees Ass'n	4	1	1	1	2	9
Alaska State Employees Ass'n	1	12	9	8	14	44
I.B.U.P.	0	0	0	2	3	5
I.B.E.W.	0	6	7	5	0	18
UA Classified Employees Ass'n	0	1	0	0	1	2
ACCFT	5	1	0	6	1	13
Other Unions	1	8	3	4	7	23
School Unions	6	3	2	3	5	19
Individuals	3	3	6	23	13	48
Employers	2	5	3	2	2	14
Total ULPs filed	22	40	31	54	48	195

UNFAIR LABOR PRACTICE CHARGE FLOW CHART



CLAIMS FOR RELIGIOUS EXEMPTION (AS 23.40.225; AS 42.40.880)

AS 23.40.225 and AS 42.40.880 allow a public employee to seek an exemption from union membership or agency fee payment on the basis of religious convictions.

CLAIMS FILED		2
Employer		
State		1
Municipalities		1
Public Schools	0	
Railroad		0
Hearings conducted		1

PETITIONS TO ENFORCE THE COLLECTIVE BARGAINING AGREEMENT (AS 23.40.210; AS 42.40.860(b); 8 AAC 97.510)

AS 23.40.210 and AS 42.40.860(b) authorize the agency to enforce the terms of a collective bargaining agreement (CBA). Because all agreements under AS 23.40.210 must contain an arbitration clause to handle disputes under the agreement, 8 AAC 97.510 requires that parties first exhaust the arbitration clause or show that it does not apply before filing a petition with the agency to enforce the agreement.

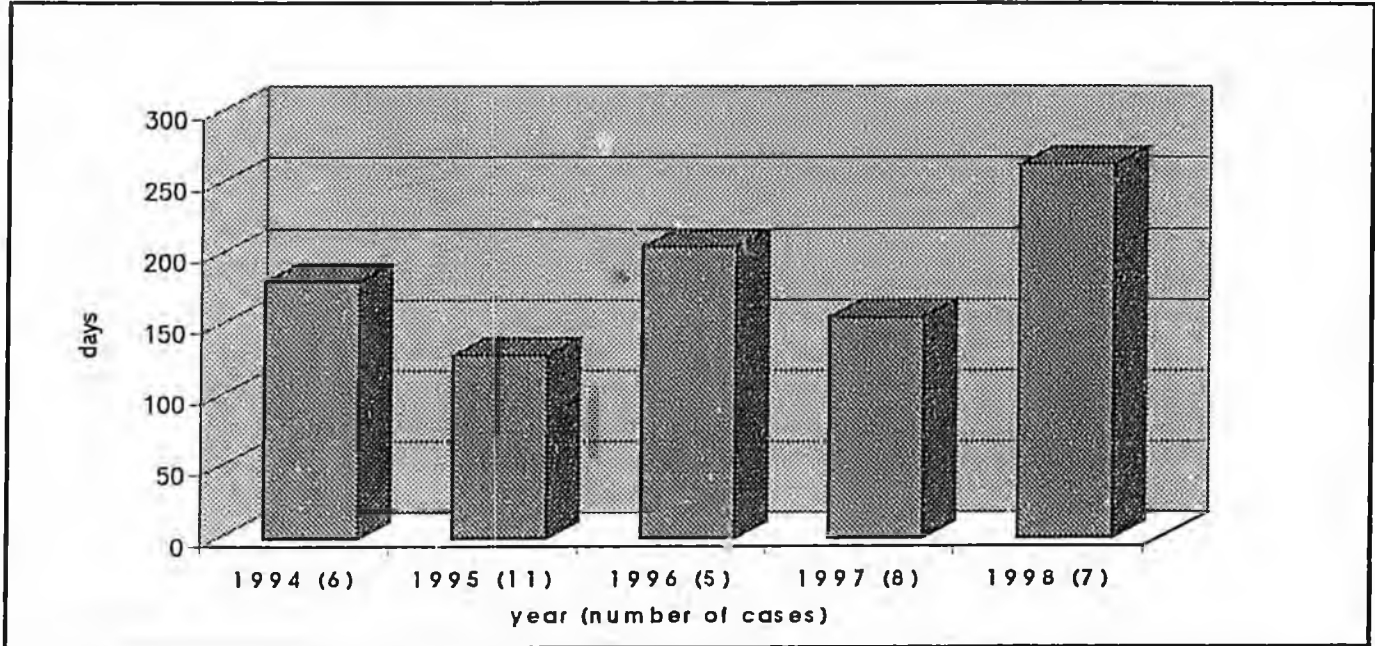
Four such petitions were filed in 1998. This is a decrease from 10 filed in 1997 but equals the average number of CBA petitions filed in the 1993 – 1996 period.

CBA PETITIONS FILED		4
Employer		
State		3
Municipalities		1
Public Schools	0	
Railroad		0
Hearings conducted		0

TIMELINESS

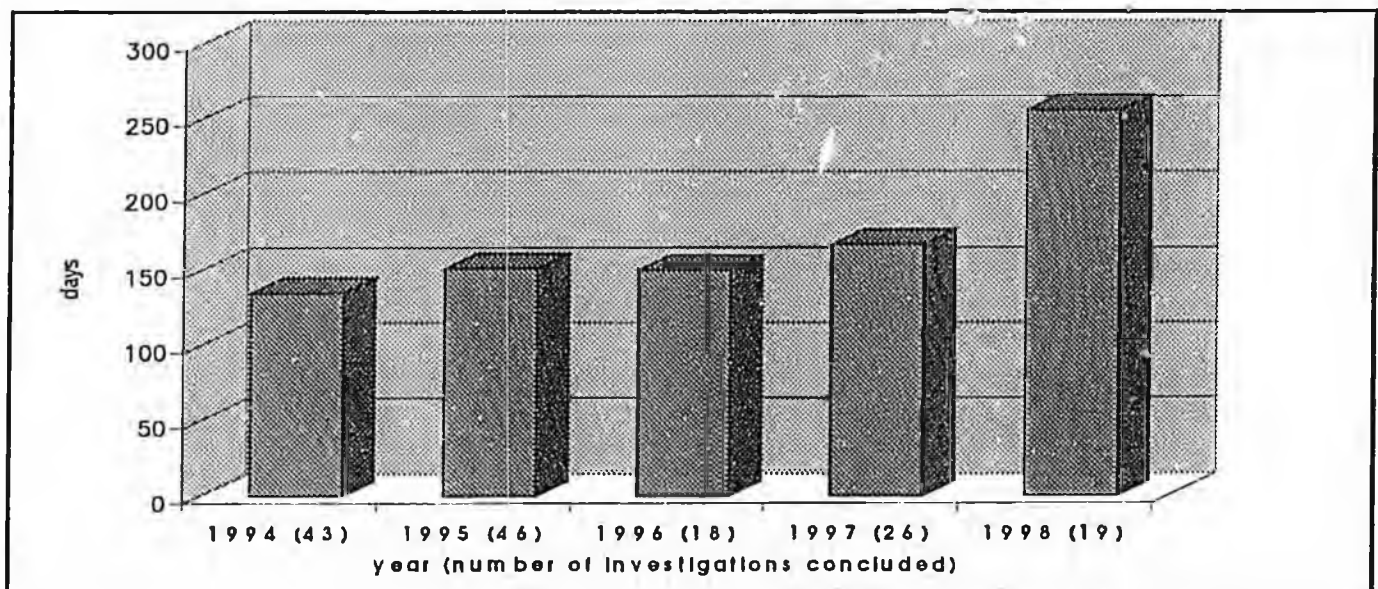
ELECTIONS

NUMBER OF DAYS TO CERTIFICATION OF ELECTION.

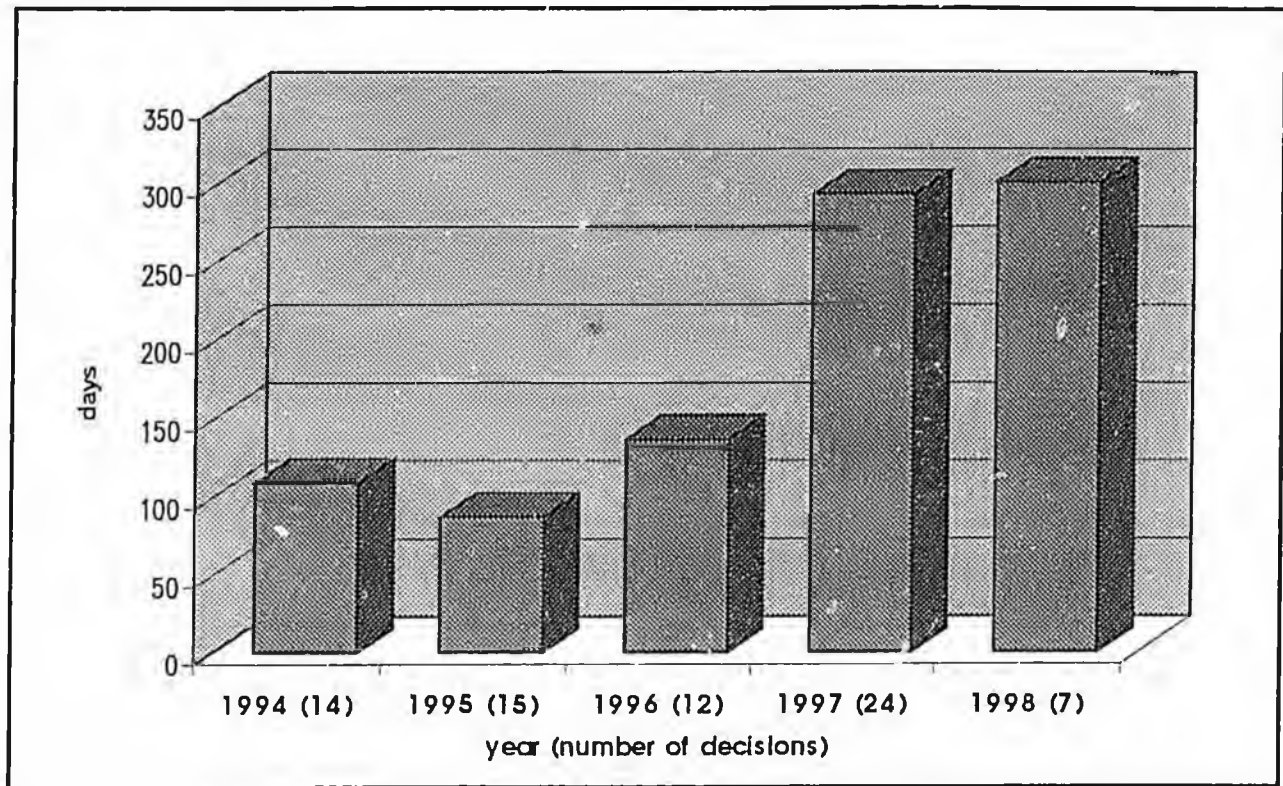


UNFAIR LABOR PRACTICE INVESTIGATIONS

NUMBER OF DAYS TO CONCLUSION OF INVESTIGATION.



DECISION AND ORDERS



NUMBER OF DAYS FROM CLOSING OF RECORD TO DECISION.

DECISIONS AND ORDERS ISSUED

1. *Alaska State Employees Ass'n, AFSCME Local 52, AFL-CIO vs. State of Alaska*, Decision & Order No. 235 (March 19, 1998). The Agency will not exercise its discretion to enforce an arbitration clause when the petitioner is seeking to arbitrate an issue that is clearly not arbitrable.
2. *Alaska State Employees Ass'n, AFSCME Local 52, AFL-CIO vs. State of Alaska and Alaska Public Employees Association, AFL-CIO*, Decision & Order No. 236 (August 20, 1998). The bargaining unit placement of the engineering assistant II position in the Department of Transportation & Public Facilities, PCN 25-1712, is appropriately in the supervisory bargaining unit represented by the Alaska Public Employees Association/AFT, AFL-CIO.
3. *Alaska State Employees Ass'n, AFSCME Local 52, AFL-CIO vs. State of Alaska and Alaska Public Employees Association, AFL-CIO*, Decision & Order No. 237 (August 19, 1998). The bargaining unit placement of the boiler and pressure vessel inspector I positions in the Department of Labor, PCN's 07-4508, 07-4505, 07-4509, and 07-4541, is appropriately in the general government bargaining unit represented by the Alaska State Employees Association/AFSCME Local 52, AFL-CIO. There has not been a change of circumstances that would justify placing the positions in the labor, trades, and crafts unit represented by Public Employees Local 71, AFL-CIO. 8 AAC 97.050(a)(1).
4. *Alaska State Employees Ass'n, AFSCME Local 52, AFL-CIO vs. State of Alaska and Alaska Public Employees Association, AFL-CIO*, Decision & Order No. 238 (August 20, 1998). The bargaining unit placement of the technical engineer I/architect I position in the Department of Transportation & Public Facilities, PCN 25-3044, is appropriately in the supervisory bargaining unit represented by the Alaska Public Employees Association/AFT, AFL-CIO.
5. *Alaska State Employees Ass'n, AFSCME Local 52, AFL-CIO vs. State of Alaska and Alaska Public Employees Association, AFL-CIO*, Decision & Order No. 239 (August 20, 1998). The bargaining unit placement of the administrative assistant position in the Division of Administrative Services, Department of Environmental Conservation, PCN 18-7454, is appropriately in the supervisory bargaining unit represented by the Alaska Public Employees Association/AFT, AFL-CIO.
6. *Alaska State Employees Ass'n, AFSCME Local 52, AFL-CIO vs. State of Alaska and Alaska Public Employees Association, AFL-CIO*, Decision & Order No. 240 (August 20, 1998). The bargaining unit placement of the administrative manager II position in the

Department of Transportation, PCN 25-2122, is appropriately in the supervisory bargaining unit represented by the Alaska Public Employees Association/AFT, AFL-CIO.

7. *John Egenolf, Ph.D., vs. United Academics, AAUP/AFT/APEA, AFL-CIO and University of Alaska*, Decision & Order No. 241 (December 15, 1998). A "long-standing moral and philosophical objection" to membership in a labor organization does not, by itself, constitute a bona fide religious conviction supporting a religious exemption under AS 23.40.225.

APPEALS

1. APPROPRIATE UNIT. On January 6, 1998, the Alaska Superior Court (case no. 3AN-97-03432 CI) affirmed *United Academic Adjuncts- AAUP/AFT/APEA, AFL-CIO v. University of Alaska*, Decision & Order No. 218 (April 15, 1997). There the Agency concluded, after considering the factors in AS 23.40.090 and also the statutory requirement that units be as large as reasonable, that the proposed adjunct faculty constituted an appropriate "residual" unit for bargaining. The superior court affirmed the Agency's decision. It held that (1) the Agency's finding that all adjuncts belong in a single bargaining unit is consistent with the law; (2) the dissent's view that the three types of adjunct faculty should not be commingled is not supportable; (3) the Agency's determination that adjunct faculty are "public employees" is consistent with Agency regulations, PERA, and recent court decisions; (4) adjuncts share a community of interest; and (5) even in the absence of any evidence supporting the desires of the employees, other evidence was strong enough to find the proposed unit appropriate. The University of Alaska appealed the superior court decision to the Alaska Supreme Court. The court is expected to issue a decision soon.

2. BAD FAITH. On February 5, 1998, the superior court (case no. 3AN-96-8708 CI) dismissed *Alaska Community Colleges' Federation of Teachers, Local 2402, AFT, AFL-CIO v. University of Alaska*, Decision & Order No. 210 (Nov. 7, 1996), based on the stipulation and agreement for dismissal by both parties. The Agency had held that the employer did not commit an unfair labor practice by refusing to release union negotiators from work duties, as the union requested, because the union had not paid for substitutes as required under the parties' agreement. Release from duty was contingent on union payment for the substitutes.

3. SUPERVISORY STATUS. On July 7, 1998, the superior court affirmed the Agency's decision in *State of Alaska v. Alaska State Employees Ass'n/AFSCME Local 52, AFL-CIO & Alaska Public Employees Ass'n/AFT, AFL-CIO*, Decision & Order No. 219 (May 27, 1997). The superior court had previously remanded the matter for additional evidence, and to determine the validity of two agency regulations. Upon reviewing the evidence upon remand, and after a second hearing, the Agency concluded the incumbent employees (statewide environmental coordinator, technical engineer II/architect II, and natural resource manager I) were supervisors as defined in 8 AAC 97.990(a)(5). In addition, the Agency found valid its regulation requiring separate units for supervisors and non-supervisors (8 AAC 97.090(a)(1)), and the regulation defining "supervisory employee" (8AAC 97.990(a)(5)). Superior court Judge Rene Gonzalez agreed. (3AN-95-9083 CI). Among other things, Judge

Gonzalez held that there is "no requirement that a state employee must have formal documentation of officially delegated responsibility to be a supervisor." The court also found the agency's reliance on employees' opinions on their own authority was appropriate (3AN-95-9083 at 11). The case is currently on appeal to the Alaska Supreme Court.

4. WAIVER OF COLLECTIVE BARGAINING SUBJECT. In *University of Alaska v. University of Alaska Classified Employees Association*, 952 P.2d 1182, (Alaska 1998); 157 L.R.R.M. (BNA) 2887; 124 Ed. Law Rep. 1068, the Alaska Supreme Court addressed whether the union waived its right to collectively bargain a restrictive smoking policy adopted by the University of Alaska Fairbanks (UAF). After UAF implemented a more restrictive smoking policy in 1994, the union filed an unfair labor practice complaint asserting the smoking policy was a mandatory subject of bargaining. Subsequently, the parties signed a collective bargaining agreement. Applying NLRB precedent on waiver, the supreme court affirmed the Agency's conclusion that the union had waived its right to bargain on smoking policy by agreeing to a management rights provision in the collective bargaining agreement. However, the court found it unnecessary to address whether smoking policy is a mandatory subject of bargaining.

OTHER AGENCY BUSINESS

The Agency did not hold any conferences, draft regulations or hold any hearings on regulations. It did conduct four business meetings. At the October 1998 business meeting, the Board voted to reduce the number of scheduled business meetings in 1999 from four to two. Other meetings will be scheduled as needed.

LEGISLATION

No legislation was enacted in 1998 that affected the agency.

REGULATIONS

The regulations appear in 8 AAC 97.010 -- 8 AAC 97.990, and copies are available upon request.

BUDGET

The agency budget remains very lean. The principal component is the wages and benefits for the four full-time staff members. To stay abreast of the large caseload, the agency is streamlining procedures when possible, and within the constraints of due process. The agency also continues to increase reliance on automation. In addition, it continues to set most hearings in Anchorage and relies on telephone conferences for participation by persons outside the Anchorage area. Moreover, parties are now encouraged to submit disputes for decision on the written record where appropriate. The agency also conducts most elections by mail ballot, avoiding travel and loss of productive employee time during travel.

FISCAL YEAR 1999

TOTAL 324.2

Personnel	270.2
Travel	19.3
Contractual	29.4
Supplies	4.9
Equipment	.4

SUMMARY OF SERVICES AVAILABLE

Requests for services can be made either personally at the agency's offices in Anchorage, by telephone at 907 269-4895, by fax at 907 269-4898, or by E-mail to Mark_Torgerson@labor.state.ak.us, unless otherwise indicated.

Board decisions.

Board decisions are available from the agency electronically and by mail. The older decisions have been scanned into a WordPerfect format for an IBM PC compatible machine. The agency will provide this database of all administrative decisions issued under PERA and the railroad labor laws at no cost upon a request accompanied by the appropriate number of new, formatted 3.5 inch diskettes or 5.25 inch floppy disks.

If the diskettes or disks cannot be provided, the database may be purchased for \$75.00. The agency provides supplements to the electronic database annually in May.

To reduce costs, the Agency no longer automatically mails decisions to persons on the subscribers list. Decisions will be sent upon request. There is currently no charge

for this service. It is hoped that decisions will also be available for download from the Agency's web site by the end of 1999.

Business meetings.

The Board conducts business meetings in room 208 of the Department of Labor building, 3301 Eagle St., Anchorage. A meeting agenda is available upon request to the agency two weeks before the meeting. The agency can accommodate requests to participate at the meeting by telephone. Such requests should be made seven days before the scheduled date for the meeting.

Fax filings.

The agency will accept filing by fax, but the person filing by fax must then mail or personally serve the required number of copies of the document upon the agency.

Filings.

The agency maintains a record of all filings. The record is available for review in the office of the agency, or by telephone at 907 269-4895.

Forms.

The agency has forms available to assist persons filing unfair labor practice charges, representation petitions, petitions for recognition by mutual consent, claims for religious exemption, petitions for unit clarification, and petitions to enforce the collective bargaining agreement. Parties are not required to use agency forms, but the forms are provided for the convenience of the public. These forms can be obtained at the office of the agency, by telephoning 907-269-4895, or electronically by request to Mark_Torgerson@labor.state.ak.us.

Information.

Staff members are available between the hours of 8:00 a.m. and 4:30 p.m. to answer questions about agency procedures.

Library.

The agency maintains a non-circulating library of labor relations texts, including an up-to-date BNA Labor Relations Reference Manual. The library is open for public use.

Mediation.

Hearing Officer Jean Ward is available by appointment to answer general questions about mediation and agency mediation services.

Publications.

Pamphlet. The agency publishes a pamphlet containing the laws and regulations the agency administers. The most recent pamphlet was published in February of 1997 and it contains the changes to the statutes effective in 1996.

Report to Governor and the Legislature. The agency is required to report to the governor and the legislature annually. AS 23.05.370(a)(4). Copies of the annual report, published in February of each year, are available upon request.

Representation Services pamphlet. This pamphlet is a basic description of the agency's representation proceedings and is available at no charge.

Unfair labor practices pamphlet. This pamphlet is a basic description of unfair labor practices and the agency's proceedings if an unfair labor practice is charged. The pamphlet is available at no charge.

Practice Handbook. This handbook provides information on practice before the agency and is intended for use by persons who file or must respond to petitions and unfair labor practice charges.

Speakers.

Agency staff members are available to speak to groups about the agency and its programs.

Tapes of agency proceedings.

Copies of tapes of agency case proceedings are available upon a request. Please call agency staff to arrange copying. Generally, there is no charge if the appropriate number of leaderless 90-minute tape cassettes is provided.

ACKNOWLEDGMENTS

Special thanks are extended to Margie Yadlosky, personnel specialist I, for her work on the Access database and this report.

ALASKA STATE LEGISLATURE

HOUSE LABOR AND COMMERCE COMMITTEE

Representative Norman Rokeberg, Chairman
Representative Andrew Halcro, Vice-Chairman
Representative John Harris
Representative Lisa Murkowski
Representative Jerry Sanders
Representative Tom Brice
Representative Sharon Cissna



State Capitol
Juneau, AK 99801-1182
Telephone: (907) 465-4954
Fax: (907) 465-2040

DEPARTMENT OF LABOR OVERVIEW FEBRUARY 3, 1999 Committee packet

1. **Alaska Department of Labor, Home Page**
<http://www.labor.state.ak.us/home.htm>
2. **Year 2000 Readiness Status as of December 1998**
3. **"Alaska Employer" newsletter, Fourth Quarter 1998**
4. **Alaska Employment Security Tax Handbook**

The Department may be bringing other handouts to the meeting.



[1999 Governor's Safety & Health Conference](#)

[Alaska's Job Bank](#)

[Divisions and Sections](#)

[Economic/ Occupation/ Population Information](#)

[News & Releases](#)

[Unemployment Insurance](#)

[U.S. Department of Labor](#)

ALASKA DEPARTMENT OF LABOR

The Department of Labor shall foster and promote the welfare of the wage earners of the state, improve their working conditions, and advance their opportunities for profitable employment (AS 23.05.010)

The department administers employment services, unemployment insurance, and workers' compensation programs; enforces laws and regulations dealing with job safety, hours of work, wages, work conditions, and public employer/employee labor relations; and collect analyzes, and releases labor and population statistics.

ARE YOU A...

Employer

Job Seeker

Worker

Thank you for visiting the Alaska Department of Labor web page. For help or information send an email the [Web Master](#).

YEAR 2000 READINESS STATUS - - AS OF DECEMBER 1998

DEPARTMENT OF LABOR

OVERALL STATUS:..... YELLOW ¹

- The department is making adequate progress and is well ahead of the estimated failure dates for the automation systems supporting its MCBF's.
- The department also has its own mini-mainframe machine and testing environment for repairing and testing departmental applications, so is particularly well positioned to maintain its current rate of progress.
- Additionally, the department has engaged a contractor to provide independent validation and verification of its remediation and testing work on selected critical application systems.
- A department-wide Y2K contingency plan is in place.

STATUS OF MISSION-CRITICAL BUSINESS FUNCTIONS (MCBF):

1. Unemployment Insurance YELLOW

- 100% completed for Assessment and Planning Stage; currently 95% - 100% through the Remediation Stage. Testing expected to be completed by 2/1/99.

2. Employment Services.. YELLOW

- 100% completed for Assessment and Planning Stage; currently 95% - 100% through the Remediation Stage. Testing expected to be completed by 3/1/99.

¹ RED: Given current status and constraints, it is unlikely this MCBF will be Year 2000 compliant prior to its estimated failure date.

YELLOW: Given current status and constraints, this MCBF should be Year 2000 compliant one month prior to its estimated failure date.

GREEN: This MCBF is Year 2000 compliant, and an approved contingency plan is in place.

3. Workers Compensation..... YELLOW

- Assessment and planning for the new system being developed are 100% completed. Remediation also is 100% completed (the system was designed to be 100% Y2K compliant), with the department awaiting final change requests from end-users currently testing the beta version of the system. Implementation is expected between 3/1/99 and 4/1/99, depending on final end-user comments.

4. Desktop/LANs/WAN..... YELLOW

- Assessment and planning for this MCBF are virtually 100% completed. Remediation is about 30% completed, with desktop remediation software having been acquired for the department's 600 desktop work stations and contractor engagement currently being finalized.

Y2K FUNDING REQUIREMENT:

- None.

**THE FOLLOWING PAGES MAY
NOT FILM LEGIBLY BECAUSE OF
THE POOR QUALITY OF THE ORIGINAL**

◆ Alaska Employer ◆

State of Alaska

Department of Labor

Fourth Quarter 1998

Timely Report Filing and Payment of Taxes What Does This Have to do With Your Tax Rate?

Timely filing of the quarterly contribution report and payment of the taxes can help assure that you will not be assigned a penalty rate, which is the highest rate allowed. For 1998, the penalty rate is 5.96%.

If an employer does not file a contribution report, ES Tax will file an estimated report for the delinquent-report quarter. However, the estimated report does not replace the employer's factual report for rating purposes, even if the estimated amount is paid. If the estimated report is not replaced with a factual report, the employer will receive a penalty rate if the employer is eligible for experience rating. To be eligible for experience rating, the employer must have had an account for four or more quarters as of June 30 of any year.

If an employer owes taxes and is having difficulty paying, ES Tax can set up a deferred pay-

ment contract that will allow up to one year for repayment of the indebtedness. And, if an employer stays current with an approved deferred payment contract, they will be eligible for experience rating. If a deferred payment contract is not established, or if an established deferred payment contract is not kept current, an employer will be penalty

rated for the entire year. Contact your field auditor or Central Office for more details.



New Employer Tax Handbook Available

The brand new *Alaska Employment Security Tax Handbook* is now available. The handbook contains Employment Security Tax information that will assist employers, accountants, and bookkeepers to understand Alaska's employer tax system. It is arranged in an easy-to-read format, with a complete index to help locate a desired topic. The new Tax Handbook will automatically be sent to all new employers. Others can request a copy by completing and returning the coupon on the backside of this newsletter, or by emailing us at ESD_TAX@labor.state.ak.us. Please be advised that this is not a reprint of the larger complete, but out-of-print,

1994/1995 *Alaska Employer Handbook* that also contained information on personnel practices and meeting employer legal obligations, rather it is a whole new publication devoted exclusively to Alaska's employer tax system.

A new complete version of the *Alaska Employer Handbook* is currently available on the Internet at www.state.ak.us/labor/LABOR. The *Alaska Employment Security Tax Handbook* is also available on-line at the same address.



1999 Tax Rates and Taxable Wage Base

By the time you receive this newsletter, the employer tax rates for 1999 will be in the mail. In addition to your rate for 1999, your tax rate notice will also list the taxable wage base for 1999.

By the time you receive this newsletter, the employer tax rates for 1999 will be in the mail!

Your rate notice also includes appeal rights. An employer has 30 days after the rate notice is mailed to the employer's last address of record to file a written petition for a hearing. Reasons for the appeal must be provided in the written application for review and redetermination. If you have any questions about your rate, please call the Registration Unit at our Central Office in Juneau at 1-888-448-3527 or (907) 465-2757.

Employment Security Tax has two toll free telephone numbers

1-888-448-2937 is our toll-free telephone number to connect to your employer representative if you are located in Alaska, out-of-state, or in Canada.

Anchorage, Fairbanks, Juneau, Kenai, or Wasilla should use the local telephone number for their Field Tax Office.

1-888-448-3527 is our toll-free telephone number to connect to **Central Office in Juneau**, including the Accounting and Registration Units, for all areas outside Juneau, out-of-state, or in Canada:



Send us your e-mail address

Would you like to receive the quarterly newsletter via e-mail? If so, just e-mail us your e-mail address at: ESD_TAX@labor.state.ak.us. You will continue to receive a paper copy of the newsletter along with your quarterly Contribution Report. You will also receive faster notification of law or regulation changes, or other important Employment Security Tax information.

For those accountants, bookkeepers, service bureaus, and others who are on our newsletter mailing list, if we have your e-mail address, your copy of the newsletter and other information will be provided via e-mail.



For a copy of the new Alaska Employment Security Tax Handbook, please complete the information below and return this coupon. You can also e-mail your request to ESD_TAX@labor.state.ak.us.

Name _____
 Company _____
 Address _____
 City _____ State _____ Zip _____

Alaska Department of Labor, Employment Security Tax, P.O. Box 25509, Juneau, AK 99802

Alaska Employment Security Tax Handbook



1998

Alaska Department of Labor
Employment Security Division

Tony Knowles, Governor

Alaska Employment Security Tax Handbook

1998

State of Alaska

Tony Knowles, Governor

Alaska Department of Labor

Tom Cashen, Commissioner

Diana Kelm, Editor

Employment Security Division

Rebecca Gamez, Director

Acknowledgments

Thanks to Marty Messick, Employment Security Analyst, for her technical expertise; and to Phyllice Bradner, Publication Specialist, for editorial and design presentation of this booklet.

New ES Tax locations

Kenai Field Tax Office
11312 Kenai Spur Highway Suite 2
Kenai, Alaska 99611
(907)283-4478
Effective November 2, 1998

Wasilla Field Tax Office
877 Commercial Drive
Wasilla, Alaska 99654
(907)373-2682
Effective August 5, 1998

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Employment Security Tax and Unemployment Insurance

How did Employment Security get its start?

In October 1929, a plummeting stock market plunged America into a financial disaster that has been remembered ever since as "The Great Depression." Left in its wake was an economic wasteland that offered no market for goods and no buying power. Industry closed its doors, businesses went broke, and hundreds of thousands of people were out of work, with little or no prospect for employment or income.

In response to this crisis, the U.S. government crafted a pair of laws to provide remedial and preventative action. The Wagner-Peyser Act, signed into law in 1933, established employment offices throughout the country. The Alaska Employment Security Division is one of these offices. The Social Security Act, passed in 1935, established the laws that created unemployment insurance. This insurance is an efficient way to maintain economic stability, especially in areas where workers are laid off and employment is scarce.

Employment Security Tax

The Employment Security Tax Section of the Alaska Employment Security Division (ESD) is located in the Alaska Department of Labor (AKDOL). It is primarily responsible for providing assistance and information to employers concerning the Unemployment Insurance (UI) tax program and for the collection of UI taxes. The basic activities of the Employment Security Tax (ES Tax) Section are to:

- Identify employers subject to UI tax laws, including:
 - ✓ nonprofit organizations
 - ✓ political subdivisions
 - ✓ successor employers

- Assist and inform employers on how to:
 - ✓ establish an account
 - ✓ properly report wages
 - ✓ determine when wages are excluded
 - ✓ compute taxable wages
 - ✓ calculate contributions

- Educate employers about:
 - ✓ multi-state employment
 - ✓ fishing and maritime employment
 - ✓ employee/employer relationships
 - ✓ contract labor issues

*Responsibilities
of Employment
Security Tax*

- Determine the tax rate for each regular contributory employer under the experience rating system, based on the quarterly payroll decline formula, and inform all employers of their tax rate.
- Assist nonprofit employers in choosing between the regular contributory and the reimbursable payment methods.
- Assist employers in lowering their quarterly wage decline by processing employer option forms for:
 - ✓ lump-sum payments
 - ✓ bonuses
 - ✓ seventh biweekly payment of wages
 - ✓ accounting anomalies
- Review all contribution reports, wage schedules and related documents submitted to identify potential problems and complete any necessary corrections.
- Complete field audits of employer records as required by federal guidelines. The audit also provides an opportunity for tax staff to meet and form working relationships with employers.
- Apply penalties and statutory tax collection remedies in order to enforce compliance with the law.
- Refund excess employer and employee contributions paid to ES Tax. As required by law, ES Tax maintains a list of employee refunds and unclaimed employer refunds.

Office Locations

The central office of Employment Security Tax (ES Tax) is located in Juneau, Alaska. All correspondence with ES Tax should include the employer account number. Questions, requests for forms or any other correspondence, including adjustment requests, should be mailed to:

Alaska Department of Labor
 Employment Security Tax
 P.O. Box 25509
 Juneau, AK 99802-5509
 Phone: (907) 465-2757
 Fax: (907) 465-2374

Quarterly reports and payments should be sent to:

Alaska Department of Labor
 Employment Security Tax
 P.O. Box 25506
 Juneau, AK 99802-5506

Field Tax Offices are located in Anchorage, Fairbanks, Juneau, and Kenai. Each Field Tax Office is staffed with Field Auditors and support staff who are

*Addresses and
 telephone numbers
 for ES Tax*

available to answer questions concerning Unemployment Insurance Tax filing requirements.

Anchorage

Employment Security Tax
3301 Eagle St., Room 103
P.O. Box 9-2557
Anchorage, AK 99509-2557
(907) 269-4850
(907) 269-4845 (Fax)

Fairbanks

Employment Security Tax
675 7th Avenue, Station L
Fairbanks, AK 99701-4596
(907) 451-2876
(907) 451-2883 (Fax)

Juneau

Employment Security Tax
1111 W. 8th St., Room 203
P.O. Box 25509
Juneau, AK 99802-5509
(907) 465-2787
(907) 465-2374 (Fax)

Kenai

Employment Security Tax
120 Trading Bay Rd., Suite 290
Kenai, AK 99611-7716
(907) 283-4478
(907) 283-5152 (Fax)

ES Tax has a toll free telephone number for use from rural areas of Alaska and out-of-state. When placing a call, an employer will be connected to the Field Tax Office that serves their area.

**1-888-44-TAXES
(1-888-448-2937)**

If calling from Anchorage, Fairbanks, Kenai, or Juneau, please call the local Field Tax Office number.

Employment Security Tax employer information is available on the Internet at http://www.state.ak.us/local/akpages/LABOR/esd_tax_handbook/estax.htm This information is being updated periodically, and ES Tax forms may be available on the Internet in the near future.

Field Offices

Toll free telephone number for rural Alaska and out-of-state employers

Internet address

Who is an Employer?

For Unemployment Insurance (UI) Tax purposes, any person, firm, corporation, limited liability company, or other type of organization that hires one or more individuals to perform services for them during any portion of a day is an employer. In addition, an organization (or person) is an employer if it has employees and does any of the following:

- Acquires a business, or substantially all the operating assets of a business that was an employer at the time of the purchase.
- Forms a business by merging or affiliating two or more employers.
- Forms a joint venture between two existing employers.
- Is a nonprofit organization exempt from income tax under IRC 501(a) or 501(c)(3) and
 - ✓ pays \$250 or more in a calendar quarter; or
 - ✓ has four or more employees, at the same or different times, for some portion of a day in each of 20 not necessarily consecutive weeks in the current or preceding calendar year.
- Is a political subdivision such as the State of Alaska (including its agencies, boards, departments, hospitals, and institutions of higher education), boroughs, municipalities, and their agencies.
- Voluntarily elects coverage under the UI program even though not required by law to participate. Such elections, when approved, are effective for a minimum of two calendar years. Alaska statutes do not provide for UI coverage for self-employed individuals.

Out-of-state and multi-state employers

Reporting requirements for out-of-state employers and workers

Out-of-state and multi-state employers must set up accounts for workers who are hired in Alaska and perform work in Alaska. Employers may also be required to report to Alaska the workers who are hired *out-of-state* and brought to work in Alaska.

The Alaska Department of Labor (AKDOL) and the Washington Department of Employment Security have entered into a formal agreement addressing requirements for wages to be reported to each state. The U.S. Department of Labor has localization guidelines for reporting multi-state employment situations. The agreement and the guidelines are available from any AKDOL office. (For addresses and telephone numbers see "office locations" at the beginning of this handbook.)

Fishing and maritime employers

Special rules for fishing, tendering, and fish processing

Fishing operations are excluded under Alaska law when there are less than 10 crew members, and the crew is paid on a share basis. Tender operations and fish processing wages, however, **are** reportable. Special regulations govern operating crews on American vessels. Some of the factors considered in these situations include the employer's place of business and whether the operation is inside or outside the three-mile limit for Alaska waters. Questions regarding these or other fishing and maritime issues should be referred to the Juneau Field Tax Office at (907)465-2787.

General Information

Employers are required to:

- ✓ File an *Alaska Employer Registration Form*
- ✓ Maintain accurate payroll records
- ✓ File quarterly reports
- ✓ Pay unemployment insurance taxes
- ✓ Report changes in ownership or closure of the business
- ✓ Report changes in corporate officers
- ✓ Report changes in members of a limited liability company

An *Alaska Employer Registration Form* may be obtained from the Employment Security Tax office in Juneau or from any Field Tax office. (For addresses and telephone numbers see "office locations" at the beginning of this handbook.) It is important that the Registration Form is filled out completely. Contribution rates are assigned based on information employers provide concerning their business. If this information is not provided, the employer will be given the maximum rate allowed by law for the calendar year.

Employers who are purchasing or acquiring a business should refer to the section in this handbook entitled "*Successors in Business*," for important information.

Out-of-state employers should refer to the previous section regarding *out-of-state and multi-state employers*.

Contribution Reports are mailed quarterly to all active employers by March 31, June 30, September 30, and December 31. These reports have been pre-printed with the employer and employee rate, the quarter ending date, employer account number, federal identification number, and the employer's name and address.

Even if employers do not receive the pre-printed form, they still must file timely reports. Reports are due the last day of the month following the end of the calendar quarter.

For the Quarter Ending:
March 31
June 30
September 30
December 31

Report and Payment are Due:
April 30
July 31
October 31
January 31

*How to set up an
ES Tax account*

*Due dates of
quarterly
contribution
reports.*

Mailing address for quarterly contribution reports

The Employment Security Tax office has a special mailing address for all quarterly reports and payments:

Alaska Department of Labor
Employment Security Tax
P.O. Box 25506
Juneau, AK 99802-5506

Mailing address for correspondence, adjustments to accounts, forms, etc.

Questions, requests for forms or any other correspondence, including adjustments requests, should be mailed to:

Alaska Department of Labor
Employment Security Tax
P.O. Box 25509
Juneau, AK 99802-5509

For a copy of the brochure on "magnetic media" reporting contact ES Tax at 907-465-2757

Individual employee wage data from the *Alaska Quarterly Contribution Report* (Form 1004), may be submitted on IBM nine-track magnetic tape, cartridges, or IBM formatted 3.5 inch diskette. The employer is required to complete items one through 10 on the *Alaska Quarterly Contribution Report*, sign the report and return it with the tape, cartridge, or diskette.

Employers who plan to begin reporting on tape or diskette, should contact ES Tax at least 45 days prior to implementation to ensure a smooth and timely transition. For questions or a copy of the brochure *Magnetic Media Wage Reporting Specifications*, contact ES Tax in Juneau at (907) 465-2757.

The taxable wage base can change each year

The taxable wage base, which is recalculated each year, is 75% of the average annual wage in Alaska.

Unemployment Insurance contributions are due for each employee up to the amount of the taxable wage base. Wages paid to an employee in excess of the taxable wage base are still reported and listed on the Wage Schedule, but are not taxed.

If an employee is transferred to Alaska with the same company, the employer can receive credit for the amount paid for another state's taxable wages against Alaska's taxable wage base in the same calendar year.

In a successorship, if an entire organization, trade, or business, or a distinct portion is acquired, the wages paid to an employee by the predecessor can be combined with wages paid to the employee by the successor for the calendar year of the acquisition to determine the taxable wage base limitation.

Employees working for taxable employers or for nonprofit organizations that pay contributions are required to pay the employee share of contributions on the wages they earn to help finance the UI program. The employer is responsible for deducting the employee's share of the tax from wages earned. This tax is reported and submitted with the employer's quarterly contribution report.

Quarterly reports are due for each quarter as long as the account is open, even if no wages were paid during the quarter. The employer should write zeros in the lines for reportable and taxable wages and amount remitted, sign and date the report, and mail it on time. There is a minimum \$10 penalty for late filing of a contribution report even if no money is due.

If an account has zero reports for four or more consecutive quarters, it can be administratively closed. An employer who is anticipating paying wages in the near future, and whose account was administratively closed, should call or write the Employment Security Tax office to have the account reopened.

Contribution reports for both the original employer and the successor employer are required when an ownership or entity change occurs in the middle of a calendar quarter. The original owner, using his or her own account number, must report the wages and pay the taxes up to the date of the change. The successor, using his or her own account number, is required to report the wages and pay the taxes for their portion of the quarter.

If employers fail to file a contribution report, the Alaska Department of Labor will file an estimated report on their behalf. The contributions due on the Notice of Assessment for the estimated report are legally collectible unless the employer responds within 30 days of receipt of the notice. An estimated report does not take the place of the employer's factual report for rating purposes. An employer will receive a penalty rate as long as an estimated report remains on file for any quarter in the rating period.

Each employer must set up, maintain, and preserve accounting and payroll records for not less than five years. Payroll records for each employee must show:

1. the beginning and ending dates for each period worked
2. the wages paid in each period
3. the name and social security number

*Employer must report
for a quarter
even if no wages are
paid.*

*If an employer does
not file a quarterly
report, ES Tax will
file an estimated
report.*

4. the wage rate, method of wage computation, hours of work, and wages paid in each pay period, showing separately:
 - ✓ money wages
 - ✓ cash value of remuneration in a medium other than cash
 - ✓ special payments of any kind, including bonuses, gifts and prizes
5. the dates of hire and return to work after layoff
6. the date and cause of each termination and suspension of work

An employer must furnish each employee a statement showing employee contributions withheld for each calendar year. The form generally used is a W-2 form. Employers are not required to file a copy of these statements with the Employment Security Tax office.

An employer's records may be copied as often as necessary, and are open to inspection, such as for an audit, by the department at any reasonable time. The department may also require an employer to give statements or reports, such as a separation statement, with respect to their employees.
(AS 23.20.105)

FUTA credit

In most instances, an employer who is covered under FUTA is also defined as an employer under Alaska law. An employer who files and pays timely contributions to Alaska will receive a credit on a portion of the amount of state UI tax paid against the FUTA tax. The credit cannot be claimed unless payment has been made to the state. The amount of Federal Unemployment Tax and the FUTA maximum taxable wage base are set by federal law. Information and tax forms are available from the Internal Revenue Service. Their toll-free telephone number is:

1-800-829-1040.

Excluded Employment

Following are some common types of employment which are excluded from coverage for Unemployment Insurance:

- Service performed for a corporation by an **executive officer of the corporation** if:
 - ✓ the corporation is incorporated under AS 10.06 (business corporation) or AS 10.45 (professional corporation)
 - ✓ the corporation is not a government entity, non-profit corporation, or a financial institution
 - ✓ executive corporate officers are those prescribed by the corporation's by-laws and appointed or elected according to the procedures described in the by-laws

Note: If UI coverage is elected for corporate officers, all corporate officers must be covered as a group. Refer to the section on "Election of Coverage" in this handbook.

Some employment is not covered, and should not be listed on the quarterly report or included in any wage totals

■ Service performed by an **individual who is employed by a:**

- ✓ son, daughter, or spouse
- ✓ parent or legal guardian if the **individual was under the age of 21 years and a full-time student** during eight of the last 12 months and intends to resume full-time student status within the next four months
- ✓ mother or father if the service is performed by a **child under the age of 18**
- ✓ **parent or child** of an employer that is a partnership; however, the **parent/child relationship** must exist between the employee and all partners

Full-time student under 21, working for parent

■ **Domestic/child care service in a private home**, except when the service is provided for an employer who paid wages of \$1,000 or more for those services in any calendar quarter in the current or preceding calendar year

Domestic care in the home

■ Service performed by an **individual on a boat engaged in catching fish** or other forms of aquatic animal life under an arrangement with the owner or operator of the boat; and if the individual does not receive any cash remuneration except as provided below:

Individuals working on fishing boats

- ✓ the individual receives a share of the catch of fish or other aquatic animal life or a share of the proceeds from the sale of that catch; and
- ✓ the operating crew of the boat (or each boat from which the individual received a share in the case of fishing operations involving more than one boat) is normally made up of fewer than 10 individuals

■ Service performed by **newspaper carriers** in selling or distributing newspapers on the street or from house to house

■ Service performed by a **minister** of a religion or a member of a religious order in the exercise of related duties

■ Service performed for a **church** or association of churches

■ Service performed for an organization which operates primarily for **religious purposes** and which is operated, supervised, controlled, or principally supported by a church or a convention or association of churches

■ Service performed in the employ of a school, college, or university by an **enrolled student** who is regularly attending classes at the facility

Enrolled students working at an educational facility

■ Service performed by **elected and appointed public officials and municipal (city) officers** as defined by AS 39.50.200

*Insurance and
real estate*

*Students in
work-study
programs*

Contract Labor

- ✓ **Municipal officers** include the borough or city mayor, borough assemblyman or councilman, school board member, elected utility board member, city or borough manager, members of planning or zoning commissions
- ✓ **Public official** is defined as a judicial officer, a member of the legislature, the fiscal analyst of the Legislative Finance Division, the Legislative Auditor of the Legislative Audit Division, the Executive Director of the Legislative Affairs Agency and the directors of the divisions within the Legislative Affairs Agency, the Governor, the Lieutenant Governor, a person hired or appointed as the head or deputy head of, or director of a division within a department in the executive branch, an assistant to the Governor, chairman or member of a state commission or board
- Service performed by an **insurance agent, insurance solicitor, a real estate broker, a real estate salesperson, or securities salesperson** when he or she receives a **commission**, unless the service is required to be covered under the Federal Unemployment Tax Act
- Service performed by an individual in **agricultural labor**; except
 - ✓ when that service is performed for a person who, during any calendar quarter in either the current or the preceding calendar year, paid remuneration in cash of \$20,000 or more to individuals employed in agricultural labor; or
 - ✓ when that service is performed for a person who employed 10 or more individuals in agricultural labor for some portion of the day in each of at least 20 different weeks.
- Service performed by a **full-time student** under the age of 22 in a work-study program taken for credit at a public or nonprofit institution which has certified that the service is an integral part of the program
- Service performed as part of an **unemployment work-relief or work-training** program assisted or financed in whole or in part by any federal agency or any agency (department) of the state or political subdivision (city, borough, municipality, etc.) of the state
- Service as a member of the **Alaska Army National Guard or Alaska Air National Guard, or Alaska Naval Militia**
- Service in the employ of the state or a political subdivision of the state as an employee serving on only a temporary basis in **case of fire, storm, snow, earthquake, flood, or similar emergency**
- **Contractor/contract labor services** performed by an individual where, according to Alaska Statute 23.20.525(a)(10)(ABC) as quoted below, it has been shown to the satisfaction of the Alaska Department of Labor that all three of the following criteria have been met:
 - ✓ *the individual has been and will continue to be free from control and direction in connection with the performance of the service, both under the individual's contract for the performance of service and in fact;*

- ✓ *the service is performed either outside the usual course of the business for which the service is performed, or is performed outside of all the places of business for which the service is performed; and*
- ✓ *the individual is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the services performed.*

More information is available in the section entitled, *Contract and Casual Labor?*

Employers may voluntarily elect to have their excluded employment covered for unemployment insurance purposes. By doing so, employees who would otherwise be excluded may be eligible for unemployment insurance benefits should they become unemployed. To elect to participate in UI coverage an employer should request a *Voluntary Election of Coverage for Excluded Employment* form.

When electing coverage, employers should indicate the date they would like coverage to begin. Once approved by Employment Security Tax, an Election of Coverage agreement is binding for the remainder of the calendar year in which the coverage becomes effective, and for two additional calendar years. Coverage continues in effect on a yearly basis until either the employer or ES Tax terminates the coverage in writing. This must be done no later than March 15th of the year for which termination is requested.

Important Points to Remember:

- All corporate officers must be covered as a group.
- Self-employment is not covered, nor can coverage be elected. Sole proprietors and partners are considered self-employed.
- Wages paid to individuals who are specifically excluded from coverage should **not** be listed on the wage schedule or included in the total reportable wages unless the employer has elected coverage for the excluded employment.

How to elect coverage for employment that is not covered by U.I.

Wages and Excluded Payments

The wages that are reportable for UI tax purposes are the total wages paid to an employee before any deductions, such as taxes, are made. Alaska Statute 23.20.530 defines wages as "all remuneration for service." The most common types of remuneration are:

- hourly pay
- salaries
- back pay and overtime paid in settlement of employee claims
- bonuses and lump sum payments
- cash paid instead of fringe benefits

Definition of "wages"

- cash value of all pay in any medium other than cash
- commissions
- fringe benefits such as day care, legal services plan, deferred compensation, etc., and those not listed under *Excluded Employment*
- sick leave pay (unless sick leave is paid out of a separate third-party fund which is for that purpose only)
- tips (when employees report them to the employer)
- vacation pay

However, there are payments that are **exceptions to the definition of wages** and these should not be reported. The most common exceptions are:

- dismissal payments (severance pay) which the employer is not legally required to pay
- employer payments into a fund for:
 - A. retirement
 - B. sickness or accident disability
 - C. medical or hospitalization expenses in connection with sickness or accident disability
 - D. death benefits

(See Retirement Plans and Section 125 Cafeteria Plans)

- reimbursement to employee for moving expenses
- employment agency fees
- room and board when required for employer's convenience
- royalty payments to employees
- subsistence or per diem payments made to an employee while employed away from home (*see explanation below*)

Reimbursement for expenses incurred by an employee in the performance of duties is not wages. To be considered a reimbursement of expenses, the employer must maintain, and have available for review, evidence that the reimbursement reflects the actual employee business expenses. A payment commonly called an allowance, that is not accounted for is considered wages.

Some of the more commonly used allowances are:

- equipment or tool allowance
- car allowance
- mileage allowance
- uniform allowance

Contract and Casual Labor

Contract labor is a term commonly used by employers to describe a worker who is "independent," i.e., not an employee. Alaska Statutes require scrutiny of the relationship between the employer and the contract laborer to determine for UI tax purposes whether the worker is an employee. Alaska Statutes give three conditions, discussed below, that must be met for a worker to be excluded from coverage. It is in the employer's best interest to understand these provisions of the law. Failure to report a contract laborer

who does not meet all the conditions may result in additional taxes, interest, and penalties to the employer.

Agreements and contracts are not sufficient to alter the real status or relationship between the employer and the worker. According to Alaska Statute 23.20.395, coverage under the Alaska Employment Security Act cannot be waived. In other words, an employer and/or employee cannot decide that the worker is an independent contractor, responsible for his/her own taxes, unless the legal conditions are met.

These conditions have been interpreted in a number of appeals and court decisions, the outcomes of which may be helpful in determining if "contract labor" is actually "employment" and, therefore, should be reported. The following synopsis is not all inclusive, but should be of some assistance:

To qualify as an independent contractor, a contract laborer must meet *all three* of the following conditions:

1. be free from direction and control
2. not be in the employer's usual course or place of business
3. be customarily working in an independent trade or business of the same nature.

The three conditions that must be met to be considered contract labor

Free from direction and control

Control is exercised when workers are totally dependent upon the employer economically. The employer may exercise the necessary control over the employee through monetary means. For example, a worker who performs services primarily for one company would be economically dependent upon that company.

The nature and degree of control exercised will vary with circumstances. An experienced worker, for example, requires less direction and control than a novice. The type of work may be another factor in the degree of direction and control required. The test of control is whether the employer has the right to exercise the kind and degree of control necessary within the circumstances.

The fact that a worker may choose his/her own hours of work or days of work may not be sufficient to show a nonemployee relationship. Independent contractors, for example, have freedom of action other than choosing hours/days of work. They can work with materials of their own choosing, select their own customers, hire their own assistants, and set their own fees for the services performed.

In contract labor, the company that contracted to have the work done is concerned only with the finished product. In an employer/employee relationship, concern is with the way the work is performed. A test of control is the employer's right to fire a worker, which is distinct from breach of contract or cancellation of a contract. An employer also has the right to reject a sale or other type of contract proposed by a worker.

Not in the employer's usual course or place of business

The **usual course of business** is defined as the usual or ordinary functions and services a business provides. This can change as functions or services are added or deleted from a business' activities. Duties performed by a worker to achieve the goals of the business are considered employment. These services

may be direct, such as sales, or indirect, such as bookkeeping, but the work performed is part of the employer's usual course of business.

The employer's **place of business** is the location where the work is performed. For example, a construction job site is the usual place of business for a contractor. The point of sale is the usual place of business for an organization involved in selling.

Customarily working in an independent trade or business of the same nature

A sign of an independent business is not the possession of a business license, but clear indication that the business of the worker could exist independent of the particular employer.

Some of the factors used to determine an independent contractor status include the following:

- ✓ customarily performing work for other clients
- ✓ advertising
- ✓ providing own tools, equipment, and supplies
- ✓ submitting bids on projects or proposals with the contractor setting their own fees
- ✓ being liable for the performance of the work

Alaska does not recognize casual labor

Alaska does not have a law that specifically addresses *casual labor*. If a worker performs service that is part of an employer's business, the wages are reportable regardless of how short the time worked or how little wages were paid. Workers substituting for regular staff or working part-time are to be reported for UI tax purposes.

Alaska does have a law that covers conditions under which a worker who performs service outside the usual course of business must be covered for UI purposes. The wages must be reported if:

- ✓ remuneration paid is \$50 or more in a calendar quarter, and
- ✓ the service performed is done by a worker who is regularly employed to do this work.

Individuals are considered to be regularly employed if they perform service for some portion of the day on each of at least 24 days in a calendar quarter or during the preceding calendar quarter.

Adjustments and Reporting Errors

Adjustments for errors may be submitted by letter or on a *Correction of Wage Item(s)* form, available from any ES Tax office. Information required includes:

- ✓ the employer's name and account number

- ✓ the year and quarter being corrected
- ✓ the employee's name and social security number
- ✓ the amount of reportable and taxable wages as originally reported, and
- ✓ the corrected reportable and taxable wages.

If an adjustment results in a credit balance, the adjustment can be made for up to two years after the original quarterly report was paid. For example, an employer over-reported taxable wages for the quarter ending December 31, 1997, which resulted in an overpayment. The original payment was received on January 30, 1998, so the employer will have two years, or until January 30, 2000, to make the correction. The Alaska Statutes do not allow a credit or refund on an account after two years.

Credit notices are mailed out once a quarter, approximately two weeks before the end of the quarter. Credit amounts are also listed on the Alaska Quarterly Contribution Report, which is mailed approximately three weeks prior to the end of the quarter. If either of these credit amounts appears to be in error or an employer is unsure of the correct credit balance, a call for clarification should be made before deducting the credit from the contributions due for the quarter.

■ Listing excluded (non-reportable) wages on the wage schedule

Some examples of individuals whose wages are excluded by statute include officers of a corporation, self-employed individuals, or children under 18 employed by a parent. For a full list of exclusions, see "Excluded Employment" in this handbook. Excluded wages are frequently listed incorrectly on the wage schedule, included in reportable wages, and removed as nontaxable wages.

Solution: Excluded wage payments should NOT be entered on the wage schedule or in reportable wages.

■ Listing employees more than once on the Wage Schedule because they have worked at various locations or occupations

The Employment Security Tax computer system is an overlay system; that is, the second posting drops, or overlays, the first posting. When an employee appears more than once on a Wage Schedule, only the last amount entered will show as wages paid for the quarter.

Solution: Each employee must be listed on the Wage Schedule only once using the total reportable wages paid for that quarter. The occupational title and area code used should be the one that generated the most wages paid for the quarter.

■ Listing minus or negative amounts on Wage Schedules to adjust previous quarter reporting errors

The Employment Security Tax computer system cannot recognize a negative amount. The system posts these amounts as positive, and

The corrected amount must be reported in the next quarterly report. An employer has two years to make the correction.

Wages of officers of a corporation, self-employed individuals, or children under 18 are excluded.

An employee must not be listed more than once.

Negative amounts cannot be reported.

therefore the report will not balance, thus generating an out-of-balance discrepancy notice to the employer.

Solution: Only wages paid during the quarter should be reported. Corrections to wages reported for a prior quarter must be listed separately. A *Correction of Wage Item(s) Form* may be requested from any Employment Security Tax office. Adjustment information may also be submitted in letter form. It should include:

- the year and quarter in which the reporting error was made
- each employee's social security number and name
- wages originally reported
- the correct amount of reportable wages for the quarter
- employer name and account number.

To expedite corrections to their accounts, employers should mail those corrections separately from their quarterly reports.

■ Listing wages in wrong quarters

Some employers have pay periods that extend beyond the end of a quarter. When they try to prorate wages to fit into quarters, they are creating unnecessary work, and they are not complying with the law.

Solution: Wages must be reported in the quarter they are paid, not earned.

■ Not taking credit for the taxable wages paid by a predecessor

An employer who acquires a business and is a successor may be able to save money by considering the wages paid by the seller when computing taxable wages for the remainder of the year in which they acquired the business.

Solution: When an employer acquires a business, he or she should be sure to receive a record of the individual employee wages paid by the seller for the year of their acquisition.

Retirement Plans and Section 125 Cafeteria Plans

Four questions need to be asked to determine if a retirement plan or Section 125 Cafeteria Plan (a fringe benefit plan in which the employees select benefits from a menu of choices) is excluded from pre-tax dollars, and therefore, is excluded from the definition of wages for Employment Security Tax purposes.

1. Does the retirement plan meet Employment Security Tax's definition of a retirement plan?

A qualified pension or retirement plan is defined by Employment Security Tax as any plan or system approved by the Internal Revenue Service.

2. Are the retirement plan or Cafeteria Plan benefits allowed to

be excluded from pre-tax dollars by the IRS?

If the answer is yes, see Question 3 below.

- 3. Do the retirement plan or Cafeteria Plan benefit selections meet the Employment Security Tax definition of exclusions from wages in AS 23.20.530(b)?**

In other words, the deductions from pre-tax dollars must be for retirement, for medical or disability premium payments or expenses, or for life insurance. No other benefits are allowed as exclusions from pre-tax dollars for Employment Security Tax purposes, even though IRS does allow others, such as day care, to be excluded from pre-tax dollars.

- 4. Does the employee pay an amount for retirement, for medical or disability premium payments or expenses, or for life insurance that is not allowed as a pre-tax deduction by IRS?**

If so, this is an after-tax charge to the employee and this amount cannot be used to decrease the gross wages reported for Employment Security Tax purposes.

After-tax deduction

The term after-tax deduction refers to the extra amount that an employee pays for benefits that may not be allowed as a pre-tax deduction by IRS. This after-tax deduction cannot be used to decrease the total or taxable wages reported for ES Tax purposes.

Cafeteria Plan or Section 125 Cafeteria Plan

A Cafeteria Plan allows participants to choose from a menu of two or more options which may include cash and certain other permissible benefits. No amount of a benefit chosen under a Cafeteria Plan, except cash, is included in gross income for IRS purposes if it is deducted from pre-tax employee wages. However, there are two questions that must be answered to determine if a benefit is excluded from reportable wages for ES Tax purposes:

- ***Does the Cafeteria Plan benefit meet the requirement for ES Tax exclusion from wages as defined in AS 23.20.530(b)?***

The three allowable exclusions from the definition of wages for Employment Security Tax purposes are for:

- Retirement
- Medical or disability premium payments or expenses
- Life insurance

- ***Is the Cafeteria Plan benefit deducted from pre-tax wages?***

Benefits offered as a **pre-tax** IRS wage reduction include the following:

- ✓ Group-term life insurance
- ✓ Accident or health insurance
- ✓ Participation in a 401(k) retirement plan
- Dependent care assistance program
- Group legal service plan

Although IRS allows the above five Cafeteria Plan benefits as an exclusion from wages, only the first three benefits would qualify for an exclusion from the ES Tax definition of wages. Also, any amount that an employee receives as cash is always reportable.

401(k) Plan

A 401(k) is a type of profit sharing plan that permits employees to also contribute toward their retirement. IRS considers a 401(k) a qualified retirement plan, therefore, it also meets the ES Tax definition of a retirement plan. Employees contribute to the plan with pre-tax dollars and the amount any one employee may contribute is legally limited. Payments to a 401(k) are considered as **pre-tax** payments and can be used to decrease wages reportable to ES Tax. Employers may also contribute on behalf of their employees. These contributions can be either a discretionary profit sharing contribution or a matching contribution based on the employee's salary deferral.

Non-qualified retirement plans

There are also **non-qualified** plans. For example, the *deferred compensation* plan that the State of Alaska administers is under Section 457(a) and it also allows for a **pre-tax** exclusion from wages. However, since there is no penalty for early withdrawal, the plan is *not a qualified retirement plan*. These **pre-tax** wages are reportable for Employment Security Tax purposes, and cannot be used to decrease wages. It is important that the employer know if their plan is qualified or non-qualified.

Other retirement plans

There are other retirement plans that have not been specifically addressed in this section. If the retirement plan is qualified according to IRS, then it also meets the ES Tax definition of a qualified retirement plan.

Pre-tax deduction

A pre-tax deduction is an amount deducted from an employee's gross wages prior to calculation of withholdings. According to AS 23.20.530(b), ES Tax treats a pre-tax deduction as "paid by the employer to or on behalf of the employee." Therefore, for ES Tax purposes, payments for **retirement, medical or disability insurance or expenses, or life insurance** are not considered reportable wages; these are pre-tax deductions. No other pre-tax deductions from gross wages are allowed for ES Tax purposes.

Qualified retirement plan

A qualified retirement plan is a written plan that establishes benefits for employees and their beneficiaries, and must meet specific guidelines as set down by IRS. If a qualified plan allows employee contributions to be

When a retirement plan does not qualify because it does not fit the definition

Definition of a qualified retirement plan

deducted from **pre-tax** wages for IRS purposes, ES Tax will also allow these contributions to be deducted from **pre-tax** wages. Since the funds are for retirement, they meet one of the three allowable exclusions. Qualified plans do not require the employee to pay income tax in the year the money is placed in the retirement fund, and there is a penalty for early withdrawal prior to retirement.

SBS, PERS, & TRS - for Alaska government & nonprofit employers only

The Supplemental Benefits System - **SBS** - is used by governmental employers and consists of two parts, the SBS Annuity and SBS Voluntary. The SBS Annuity portion is a qualified retirement plan and should not be reported to ES Tax. The SBS Voluntary portion is a Section 125 cafeteria fringe benefit plan that allows for selection of additional employee benefits for disability insurance, additional medical coverage, life insurance, and dependent care. All of the SBS Voluntary selections are excluded from coverage **except** dependent care, which is considered reportable wages.

Both **PERS** (Public Employees Retirement System) and **TRS** (Teachers Retirement System) are qualified retirement plans. They are both IRS approved as 401(a)'s. The deductions are considered paid by the employer on behalf of the employee, and both of these would be deducted from gross wages prior to being reported to ES Tax.

SEP or Simplified Employee Pension Plan

A Simplified Employee Pension (SEP) plan is a qualified retirement plan that combines many characteristics of an IRA with those of defined contributory plans. The Tax Reform Act of 1986 made it possible for employees to defer a portion of their **pre-tax** earnings with a salary reduction SEP, also known as a SAR-SEP. Employers may establish a SEP with employer contributions only, or employers may set up a SAR-SEP with both employer contributions and employee **pre-tax** salary deferrals. The **pre-tax** salary deferral for a SAR-SEP would also be excluded for reporting for ES Tax purposes.

TSA or Tax Sheltered Annuity

Employees of religious, charitable, educational, scientific, and literary organizations described in IRC Sec 501(c)(3), and public school systems are eligible for IRC Section 403(b) tax sheltered annuities. A TSA is a qualified retirement plan. While an employer can make contributions, typically the employee agrees to have his or her salary reduced by the amount to be contributed. The employee salary reduction is a **pre-tax** salary reduction and is excluded from reporting for ES Tax purposes.

Employer and Contractor Responsibilities

Employers must be aware that they could be held liable for unpaid unemployment insurance taxes and interest owed by their contractors and subcontractors. An employer's potential liability includes those taxes that are incurred by the contractor's or subcontractor's employees working on the project during the contract period. To avoid problems, employers and contractors need to know their obligations and responsibilities.

*Employers can
protect themselves*

To avoid a possible liability, an employer should not make payments to contractors or subcontractors without first receiving a tax clearance indicating that the contractor or subcontractor has paid their unemployment insurance taxes. If an employer pays a contractor or subcontractor without having received a tax clearance, the employer may become liable for the taxes and interest owed.

Employers have three ways of protecting themselves from the possibility of having to pay the taxes of their contractor or subcontractor:

1. Require that all contractors or subcontractors provide a tax clearance before the employer pays them,
2. Request a tax clearance from Employment Security Tax for all contractors or subcontractors performing services for the employer, or
3. Require that the employer's contractors or subcontractors post a bond with Employment Security Tax sufficient to cover any unemployment insurance taxes that may be due during the duration of the contract.

Contractors and subcontractors can avoid a delay in payment from the employer by using one of the following methods:

1. Request a tax clearance from an Employment Security Tax field office and present this to the employer as proof that their unemployment insurance taxes are paid.
2. Post a bond with Employment Security Tax sufficient to pay any unemployment insurance taxes that may become due during the duration of the contract.

*Contractors and
subcontractors can
protect themselves*

*How to obtain a
tax clearance*

To obtain a tax clearance, either an employer or contractor or subcontractor may call, fax, write, or visit an Employment Security Tax field office. ES Tax staff are available to verify that all required reports have been filed and taxes have been paid, or

A request for a tax clearance should include:

- the name, address, and telephone number of the employer requesting the tax clearance
- the name, address, and telephone number of each contractor, including all names under which the contractor does business
- the contractor's federal identification or state Employment Security Tax number, if available
- the period for which clearance is requested

Reports are filed with Employment Security Tax on a quarterly basis, therefore, clearance will generally be granted through the last filed and paid calendar quarter. If, however, an employer has a timely reporting and payment history, a tax clearance can be granted through the end of the current quarter.

To grant a mid-quarter tax clearance for employers without a timely reporting and payment history, Employment Security Tax will require a partial report and prepayment of contributions. The ES Tax office can then issue a tax clearance through the weeks included on the partial report. At the end of the quarter, the contractor must file a report that includes all wages paid for the entire quarter and include payment for any contributions still owing.

A tax clearance is not required for contractors and subcontractors who have no employees. If an employer is insisting that a contractor provide clearance, the contractor should contact Employment Security Tax and request a letter stating that a tax clearance is not required, since no employees are involved.

*Mid-quarter
tax clearance*

Contribution Rates

All states have some system of experience rating for calculation of individual employer contribution rates. Alaska's rating system is based on an employer's experience with quarterly wage declines. See the definition of "Quarterly Declines" noted below. A rate notice is mailed to each new employer when their account is set up. A rate notice is also mailed to all employers prior to January 1, listing the new rate and the new taxable wage base for the coming calendar year.

The three types of employer rates—experience, industry, penalty—are listed below:

"A" Rate - Experience rate

The "A" rate is the rate assigned to an employer who has been subject to the Alaska Employment Security Act for four or more quarters ending with the June 30 computation date, who has filed all reports, and paid all contributions, interest, and penalty required by the Act.

An "A" rate is based on quarterly declines in total wages (not taxable wages) reported each quarter. See below for "Quarterly Declines."

Experience rate

"B" Rate - Industry rate

The "B" rate is the rate assigned to a new employer. It is the rate for employers who have less than four consecutive quarters ending with the June 30 computation date. An employer who has been named as successor, will generally not be "B" rated. For rating purposes, a successor employer will usually have four or more quarters ending with the June 30 computation date when considering the predecessor's payroll history.

Industry rate

Employers who are "B" rated will receive an industry average rate that is equal to the average rate of eligible employers in the same industry. Employers who do not list their major business activity on the *Employer Registration Form* will be assigned the highest industry rate.