

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10318 HOUSE LABOR & COMMERCE

163

HB

58

TONY KNOWLES
GOVERNOR
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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January 12, 2001

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

Dear Speaker Porter:

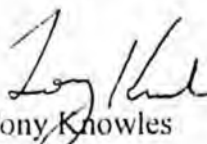
Alaska's economy includes many seasonal industries with employees who rely on their unemployment benefits to fill the gaps between times of work. The current rate of unemployment insurance payments falls woefully short in helping families cover living expenses. Alaska's unemployment insurance provides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

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

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

I urge your prompt and favorable action on this measure.

Sincerely,


Tony Knowles
Governor

HB 58

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 58
(H) Publish Date: 1/16/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Labor
Title: "An Act relating to the calculation and BRU: Employment Security
payment of unemployment compensation..."
Sponsor: Rules Committee Component: Unemployment Ins
Requester: Governor Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
New# Bldg Safety Acct						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: None

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

This legislation increases the maximum unemployment compensation weekly benefit amount (WBA) from \$248.00 to \$284.00 and increases the qualifying wages in the existing statutory table. There is no fiscal impact to the department as a result of this legislation.

Prepared by: Rebecca Gamez, Director Phone 465-2711
Division: Employment Security Date/Time 1/10/01 10:38 AM
Approved by: Ed Flanagan, Commissioner Date 1/10/2001
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

COMMITTEE COPY

22-GH1016C
Cramer
4/5/01

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

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION**

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

**Offered:
Referred:**

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

A BILL

FOR AN ACT ENTITLED

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

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

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

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

	(A)	(B)
	Base Period Wages	Weekly Benefit Amount
9		
10		
11		
12	At least	But less than
13	0	1,000
14	1,000	1,250
		\$ 0
		44

	WORK DRAFT	WORK DRAFT	22-GH1016C
1	1,250	1,500	46
2	1,500	1,750	48
3	1,750	2,000	50
4	2,000	2,250	52
5	2,250	2,500	54
6	2,500	2,750	56
7	2,750	3,000	58
8	3,000	3,250	60
9	3,250	3,500	62
10	3,500	3,750	64
11	3,750	4,000	66
12	4,000	4,250	68
13	4,250	4,500	70
14	4,500	4,750	72
15	4,750	5,000	74
16	5,000	5,250	76
17	5,250	5,500	78
18	5,500	5,750	80
19	5,750	6,000	82
20	6,000	6,250	84
21	6,250	6,500	86
22	6,500	6,750	88
23	6,750	7,000	90
24	7,000	7,250	92
25	7,250	7,500	94
26	7,500	7,750	96
27	7,750	8,000	98
28	8,000	8,250	100
29	8,250	8,500	102
30	8,500	8,750	104
31	8,750	9,000	106

WORK DRAFT

WORK DRAFT

22-GH1016C

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

WORK DRAFT

WORK DRAFT

22-GH1016\C

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

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

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

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

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

WORK DRAFT

WORK DRAFT

22-GH1016C

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

	WORK DRAFT	WORK DRAFT	22-GH1016\c
1	8,500	8,750	104
2	8,750	9,000	106
3	9,000	9,250	108
4	9,250	9,500	110
5	9,500	9,750	112
6	9,750	10,000	114
7	10,000	10,250	116
8	10,250	10,500	118
9	10,500	10,750	120
10	10,750	11,000	122
11	11,000	11,250	124
12	11,250	11,500	126
13	11,500	11,750	128
14	11,750	12,000	130
15	12,000	12,250	132
16	12,250	12,500	134
17	12,500	12,750	136
18	12,750	13,000	138
19	13,000	13,250	140
20	13,250	13,500	142
21	13,500	13,750	144
22	13,750	14,000	146
23	14,000	14,250	148
24	14,250	14,500	150
25	14,500	14,750	152
26	14,750	15,000	154
27	15,000	15,250	156
28	15,250	15,500	158
29	15,500	15,750	160
30	15,750	16,000	162
31	16,000	16,250	164

WORK DRAFT

WORK DRAFT

22-GH1016VC

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

WORK DRAFT

WORK DRAFT

22-GH1016\c

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

1	<u>31.750</u>	<u>32.000</u>	<u>290</u>
2	<u>32.000</u>	<u>32.250</u>	<u>292</u>
3	<u>32.250</u>	<u>32.500</u>	<u>294</u>
4	<u>32.500</u>	<u>32.750</u>	<u>296</u>
5	<u>32.750</u>		<u>296</u>

* Sec. 3. AS 23.20.350(d) is amended to read:

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

	(A)		(B)
	Base Period Wages		Weekly Benefit
			Amount
	At least	But less than	
14	0	1,000	\$ 0
15	0	1,000	\$ 0
16	1,000	1,250	44
17	1,250	1,500	46
18	1,500	1,750	48
19	1,750	2,000	50
20	2,000	2,250	52
21	2,250	2,500	54
22	2,500	2,750	56
23	2,750	3,000	58
24	3,000	3,250	60
25	3,250	3,500	62
26	3,500	3,750	64
27	3,750	4,000	66
28	4,000	4,250	68
29	4,250	4,500	70
30	4,500	4,750	72
31	4,750	5,000	74

WORK DRAFT

WORK DRAFT

22-GH1016C

1	5,000	5,250	76
2	5,250	5,500	78
3	5,500	5,750	80
4	5,750	6,000	82
5	6,000	6,250	84
6	6,250	6,500	86
7	6,500	6,750	88
8	6,750	7,000	90
9	7,000	7,250	92
10	7,250	7,500	94
11	7,500	7,750	96
12	7,750	8,000	98
13	8,000	8,250	100
14	8,250	8,500	102
15	8,500	8,750	104
16	8,750	9,000	106
17	9,000	9,250	108
18	9,250	9,500	110
19	9,500	9,750	112
20	9,750	10,000	114
21	10,000	10,250	116
22	10,250	10,500	118
23	10,500	10,750	120
24	10,750	11,000	122
25	11,000	11,250	124
26	11,250	11,500	126
27	11,500	11,750	128
28	11,750	12,000	130
29	12,000	12,250	132
30	12,250	12,500	134
31	12,500	12,750	136

	WORK DRAFT	WORK DRAFT	22-GH1016C
1	12,750	13,000	138
2	13,000	13,250	140
3	13,250	13,500	142
4	13,500	13,750	144
5	13,750	14,000	146
6	14,000	14,250	148
7	14,250	14,500	150
8	14,500	14,750	152
9	14,750	15,000	154
10	15,000	15,250	156
11	15,250	15,500	158
12	15,500	15,750	160
13	15,750	16,000	162
14	16,000	16,250	164
15	16,250	16,500	166
16	16,500	16,750	168
17	16,750	17,000	170
18	17,000	17,250	172
19	17,250	17,500	174
20	17,500	17,750	176
21	17,750	18,000	178
22	18,000	18,250	180
23	18,250	18,500	182
24	18,500	18,750	184
25	18,750	19,000	186
26	19,000	19,250	188
27	19,250	19,500	190
28	19,500	19,750	192
29	19,750	20,000	194
30	20,000	20,250	196
31	20,250	20,500	198

WORK DRAFT

WORK DRAFT

22-GH1016\C

1	20,500	20,750	200
2	20,750	21,000	202
3	21,000	21,250	204
4	21,250	21,500	206
5	21,500	21,750	208
6	21,750	22,000	210
7	22,000	22,250	212
8	22,250	22,500	214
9	22,500	22,750	216
10	22,750	23,000	218
11	23,000	23,250	220
12	23,250	23,500	222
13	23,500	23,750	224
14	23,750	24,000	226
15	24,000	24,250	228
16	24,250	24,500	230
17	24,500	24,750	232
18	24,750	25,000	234
19	25,000	25,250	236
20	25,250	25,500	238
21	25,500	25,750	240
22	25,750	26,000	242
23	26,000	26,250	244
24	26,250	26,500	246
25	26,500	26,750	248
26	26,750	27,000	250
27	27,000	27,250	252
28	27,250	27,500	254
29	27,500	27,750	256
30	27,750	28,000	258
31	28,000	28,250	260

WORK DRAFT

WORK DRAFT

22-GH1016C

1	28,250	28,500	262
2	28,500	28,750	264
3	28,750	29,000	266
4	29,000	29,250	268
5	29,250	29,500	270
6	29,500	29,750	272
7	29,750	30,000	274
8	30,000	30,250	276
9	30,250	30,500	278
10	30,500	30,750	280
11	30,750	31,000	282
12	31,000	31,250	284
13	31,250	31,500	286
14	31,500	31,750	288
15	31,750	32,000	290
16	32,000	32,250	292
17	32,250	32,500	294
18	32,500	32,750	296
19	32,750	<u>33,000</u>	<u>298</u> [296]
20	<u>33,000</u>	<u>33,250</u>	<u>300</u>
21	<u>33,250</u>	<u>33,500</u>	<u>302</u>
22	<u>33,500</u>	<u>33,750</u>	<u>304</u>
23	<u>33,750</u>	<u>34,000</u>	<u>306</u>
24	<u>34,000</u>	<u>34,250</u>	<u>308</u>
25	<u>34,250</u>	<u>34,500</u>	<u>310</u>
26	<u>34,500</u>	<u>34,750</u>	<u>312</u>
27	<u>34,750</u>	<u>35,000</u>	<u>314</u>
28	<u>35,000</u>	<u>35,250</u>	<u>316</u>
29	<u>35,250</u>	<u>35,500</u>	<u>318</u>
30	<u>35,500</u>	<u>35,750</u>	<u>320</u>
31	<u>35,750</u>		<u>320</u>

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

Explanation of the delayed impact Of a benefit increase on Tax Rates

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

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

The following year, six months of the increased benefit costs resulting from the increased weekly benefit amount is included in the calculation making a very small impact on the tax rates. (Our UI Actuarial staff speculates that this initial increase may actually not be observable given the current low unemployment rate and the steady growth in overall employment statewide. In other words, if cost outlays remain low and more people are employed statewide, the burden of the costs is spread further and may mask the impact of the benefit change on tax rates.)

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

The fourth calendar year that the increased benefit amount is in effect, two and one half years of the three years used in the calculation will reflect the increase. The tax rate calculated for this year will include approximately 80% of the total anticipated increase in costs.

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

CALCULATION AND PAYMENT OF UNEMPLOYMENT BENEFITS
SB 30/HB58

Position Paper of
The Associated General Contractors of Alaska

ISSUE: Alaska's unemployment program was originally enacted in 1937. As conceived, the program was designed to provide a safety net for workers during temporary unemployment. This legislation proposes to increase the maximum weekly benefit that can be paid to fifty percent of the state average weekly wage and then adjust future benefit levels to coincide with changes in the average wage.

ADVANTAGES: Unemployment benefits represent one aspect of a patriarchal society. In order to avoid the problems that ravaged families in the depression, states enacted laws that placed a tax on employers and employees to fund a minimum benefit level during unemployment. The program has been adopted by all fifty states and has been credited with stabilizing economic downturns and avoiding the economic devastation that confronted families when a wage earner lost their job.

DISADVANTAGES: Unemployment benefits are accrued through the collection of taxes assessed on both employees and employers. In Alaska, seasonal industries such as construction will face a disproportionate increase in the cost of providing this benefit. While this increase may seem justified by some, such justification has not been presented in supporting documents. Some of the issues that must be resolved prior to passage include: Why aren't the contributions made by employees scheduled to increase in proportion to those of the employers? What will be the impact on seasonal industries? Why increase the benefits to an arbitrary percentage, and how is that percentage deemed to be in the best interest of the entire State, not just one segment of the economy? If fifty percent is good, wouldn't sixty percent be even better, or even one hundred percent; and what are the countervailing issues that must be considered in establishing any level of benefits? Why is the State looking to increase unemployment benefits when the unemployment rate is at an historical low?

AGC POSITION

AGC supports an unemployment benefit program that provides a safety net for workers temporarily unemployed. We do not however, support an increase just because our relative position compared to other states suggests that our benefits lag those states in some respect. We believe that some increase is warranted, but do not believe an increase to fifty percent is justified because no one takes home their gross salary. After allowing for normal taxes and other deductions, such an individual at the maximum would most likely take home approximately \$480 per week. Consequently an individual has little incentive to accept other work because the difference between unemployment and normal wages discourages work at less than normal wages. Discouraging people from working does not seem to be good public policy.

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: _____
 Bill Version: HB 58
 () Publish Date: _____

Revision Date/Time (Note if correction): (Cor. 3/16/01) Dept. Affected: Various
 Title: "An Act relating to the calculation and payment of unemployment compensation benefits..." BRU: Various
 Sponsor: Rules Committee Component: Various
 Requester: (H)L&C Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	95.6	257.4	323.7	325.0	325.0	325.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	95.6	257.4	323.7	325.0	325.0	325.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type) <u>various</u>	95.6	257.4	323.7	325.0	325.0	325.0
TOTAL	95.6	257.4	323.7	325.0	325.0	325.0

Estimate of any current year (FY2001) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal: X

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 This legislation has a fiscal impact on the employer charge percentage charged all state agencies using the working reserves for unemployment insurance. The Fund Source is all funding sources that include Personal Services. The costs are based on a 3-year average annual usage (\$3,932,804 for FY 98 through FY 00).

 The Alaska Department of Labor conducted an analysis of affected claimants to determine the estimates reflected above. Their analysis is attached. The methodology has been provided to the University of Alaska for their use in preparing a fiscal note on this proposed legislation.

Prepared by: Kim Garnero Phone 465-3435
 Division: Finance Date/Time 03/20/01
 Approved by: Jim Duncan, Commissioner Date 3/22/01
 Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

Dept. of Administration's Fiscal Note

The original fiscal note for HB 58 was prepared by Dept. of Administration with the following estimates:

FY 2002	\$295 (Thousands)
FY 2003	\$590
FY 2004	\$590
FY 2005	\$590
FY 2006	\$590
FY 2007	\$590

The estimate of increased cost of HB 58 was based on the value of a working reserve fund for reimbursable state UI costs during the last three fiscal years. The reserves covered State Agencies, Courts, and Legislative Agencies, but not the University. The first part of the legislation raises the Maximum Weekly Benefit Amount (MWBA) from \$248 to \$284, which calculates to an increase of 15 percent. The fiscal note was prepared with an assumed 15 percent cost increase. In the note cost for the first year, FY2002, assumed 15% for half the year, since the new WBA would be in effect for only 6 months of the state fiscal year. The 15% for each full year after, then applied for FY 2003 - 2007.

Some basic facts about HB 58 are that the Maximum WBA would rise from the current \$248 to \$284 during the calendar year 2002. In the following calendar year, 2003, the MWBA would be determined by a formula based on the prevailing state average wage. Current data indicate that the resulting WBA would be set at approximately \$320.

The cost increase for state FY 2002 would include the increase for one-half of calendar year 2002, in which a MWBA of \$284 would be in place. The cost for state FY 2003 would include the increase for the second half of CY 2002, with a MWBA of \$284, PLUS the increase for the first half of CY 2003, in which a MWBA of roughly \$320 would be in place. The following state fiscal years, starting with FY 2004 would be impacted by the increases associated with the MWBA of roughly \$320.

The actual costs of the proposed legislation will be determined by the payment of benefits under the new benefit schedule, to qualified unemployed state employees. We know that most of the current state employee benefit recipients are not receiving the maximum benefit amount, and will not qualify for the new proposed maximum WBA's.

The fiscal note assumption of a 15% increase in cost, based on a 15% increase MWBA, is a conservative approach, but probably overstates the cost for the first year or two. The preparation of the fiscal note did not seem to take into account the second change in MWBA, from \$284 to roughly \$320, another 13 percent increase. These two factors together have a somewhat self-canceling effect, and the resulting estimates in the later fiscal years are not unreasonable.

Dept. of Labor & WD, R&A's estimates

A. R&A's initial estimates include costs beyond those covered by the Fiscal Note

To generate its taxable employer cost estimates for HB 58, research and analysis used a special claimant file which stratifies claim payment activity by the qualifying wages of claimants. We have used CY 1998 as a representative year. The costs for 1998 were lower than 1999, and a bit higher than 2000, and are a reasonable representative of our current economy. In looking at state of Alaska reimbursable costs for the fiscal note, we followed the same approach, limiting our data to claimants with a state "ownership" code. Unlike the Department of Administration fiscal note, our original estimate included the University of

Alaska, The Alaska Railroad, Etc. Running the state claimant data through our model gave us the following rough results:

The annual cost increase resulting from a new Max WBA of \$284 would be approximately \$ 293,000.

The annual cost increase resulting from a new Max WBA of \$320 would be approximately \$ 498,000.

The claimants covered in the state data include every state entity, including the university, railroad, legislative branch, courts, etc. These estimates, therefore, cover a larger group than the DOA was considering in its fiscal note. Using these inclusive numbers we generated the following FY estimates, calculating the FY costs according to the effective WBA in place (see paragraph 4 above): FY 02 - \$147,000, FY 03 - \$396,000, FY 04 - \$498,000, FY 05 to 07 - \$500,000.

B. R&A adjusts its estimates to conform to the same parameters of coverage in the fiscal note developed by the Department of Administration

When we examine the reported amount of state total reimbursable costs, for the same group covered by the DOA's fiscal note, during the last three fiscal years (source ETA 2112 report), the average figure is \$ 3.9 million. These costs were predominantly State Administration, with minor costs for academic, fee agents, and elections.

When we estimated the total cost of benefits paid to all "state" claimants (the "larger" group), in our special claimant file, we came up with a figure of \$ 6.3 Million.

Using the two estimates, we calculated the ratio between the two data sets as approximately 65%. We then applied a 0.65 factor to the raw FY figures above to get the following estimates:

FY 2002	\$ 095,550
FY 2003	\$ 257,400
FY 2004	\$ 323,700
FY 2005	\$ 325,000
FY 2006	\$ 325,000
FY 2007	\$ 325,000

Looking at the various data sources, all created for different purposes, was a classic attempt to compare apples and oranges and get a simple definitive result. The cost figures we have created are as much a product of measured logic as they are of accounting and forecasting, which in the end is how most estimates are generated

James Wilson
Asst. UI Actuary
Alaska Dept. of Labor and Workforce Development
465 4520

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 58
(H) Publish Date: 1/16/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Various
Title: An Act relating to the calculation & payment of BRU: Various
unemployment compensation... Component: Various
Sponsor: Rules Committee
Requester: Governor Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	295.0	590.0	590.0	590.0	590.0	590.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	295.0	590.0	590.0	590.0	590.0	590.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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Other (Specify Type)	295.0	590.0	590.0	590.0	590.0	590.0
TOTAL	295.0	590.0	590.0	590.0	590.0	590.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation has a fiscal impact on the employer charge percentage charged all state agencies for unemployment insurance. The Fund Source is all funding sources that include Personal Services. The costs are based on a 3-year average annual usage (\$3,932,804 for FY 98 through FY 00). For FY 02, assumption is 15% increase for half the year (change is effective beginning of calendar year 2002). For FY 03 through FY 07, assumption is 15% increase based on the 3-year average annual usage.

Prepared by: Kim Garnero Phone 465-3435
Division: Finance Date/Time 12/12/00 4:00 PM
Approved by: Commissioner Jim Duncan Date 12/12/00
Agency: Department of Administration

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ALASKA STATE CHAMBER OF COMMERCE

FAX Poll on Unemployment Compensation Benefits

Your input is needed. Please return by FAX to ASCC at (907) 463-5515 or to Chairman Lisa Murkowski of the House Labor and Commerce Committee at (907) 465-2293.

1. Should the maximum weekly benefit amount for unemployment compensation be increased from the present amount of \$248 and, if so, by how much?

- A. Yes, it should be increased to the proposed amount of \$284, an increase of 14.5%. _____
- B. Yes, it should be increased to the proposed amount of \$320, an increase of 29%.
- C. Yes, but increased by a lesser percentage than either of the proposed increases. _____
- D. No, it should not be increased at this time. _____

2. Should the Legislature continue to be responsible for determining the maximum weekly benefit amount, or should the amount be set automatically each year by the Alaska Department of Labor at 50% of Alaska's average weekly wage.

- A. The Legislature should retain the responsibility for determining the benefit amount. _____
- B. The benefit amount should be set automatically each year by the Alaska Department of Labor at 50% of Alaska's average weekly wage.

Comments: Apply benefits to those employees who
voluntarily resign/leave a position. Cover
only those employees who are unemployed
through no fault of their own.

ALASKA STATE CHAMBER OF COMMERCE
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 - C. Yes, but increased by a lesser percentage than either of the proposed increases. X
 - D. No, it should not be increased at this time. _____

2. Should the Legislature continue to be responsible for determining the maximum weekly benefit amount, or should the amount be set automatically each year by the Alaska Department of Labor at 50% of Alaska's average weekly wage.
- A. The Legislature should retain the responsibility for determining the benefit amount. YES
 - B. The benefit amount should be set automatically each year by the Alaska Department of Labor at 50% of Alaska's average weekly wage. NO

Comments: _____

Post-It [®] Fax Note	7671	Date	3/29/01	# of pages	1/1
To	Rep. Murkowski	From	John P. McCann		
Co/Dept.		Co/Dept.	Juneau Racquet Club		
Phone #		Phone #	789-2181		
Fax #	465-2293	Fax #	789-3701		

AMBER OF COMMERCE

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 - A. The Legislature should retain the responsibility for determining the benefit amount. _____
 - B. The benefit amount should be set automatically each year by the Alaska Department of Labor at 50% of Alaska's average weekly wage. _____

Comments: _____

Dear Rep. Murkowski,

The cost of this proposed legislation to businesses and their employees may not seem much (.28 for employers a .03 for employees) but added to all the other increases in the cost of doing business (DEC food vendor fees, it is just another straw added to the camels back.

It strikes me that we should encourage businesses rather than penalize them with increased taxes no matter how small.

The legislature should retain control over benefit amounts and not let the juggernaut of indexing set the level of benefit.

Thank you for listening to my concerns

Yours Sincerely
John P. McCann

Counsel
John P. McCann

ALASKA STATE CHAMBER OF COMMERCE

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Comments: _____

Post-It* Fax Note	7671	Date	3/29	# of pages	1
To	ASCC	From	BRUCE STEELY		
Co./Dept.		Co.	IT ALASKA		
Phone #	907-463-5512	Phone #	907-563-2852		
Fax #		Fax #	907-563-2814		

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- B. The benefit amount should be set automatically each year by the Alaska Department of Labor at 50% of Alaska's average weekly wage. **X** _____

Comments: ~~LEGISLATURE WILL NOT BE A PART IN THIS MATTER.~~

THE PERCENTAGE RATE (SCALE) FOR UNEMPLOYMENT COMPENSATION NEEDS TO MORE EQUITABLY REFLECT ALASKA'S VARIOUS ECONOMICAL ACTIVITY BASED UPON VOLUME OF WORK FOR PREVIOUS YEAR WHICH FLUCTUATES SO DRAMATICALLY YEAR TO YEAR. ALSO, CONSTRUCTION WORKERS ARE ASSESSED FROM JOB TO JOB WITHOUT EVER RECEIVING ANY UNEMPLOYMENT (EXCEPT WHEN THEY WANT SOME TIME OFF FOR A VACATION)

To: Orlene Denslow Sitka Historical Soc/From: Greater Sitka Chamber of Commerce 907-747-7413
03/28/2001 16:59 9077477688 SEDA
3/28/01 15:42 463-5155 Alaska State Chamber

3/28/01 20:10:00 Page 2 of 2
PAGE 02
2/2
ASCC -> Lawrence Blood

ALASKA STATE CHAMBER OF COMMERCE

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- 2. Should the Legislature continue to be responsible for determining the maximum weekly benefit amount, or should the amount be set automatically each year by the Alaska Department of Labor at 50% of Alaska's average weekly wage.
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Comments: _____

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- D. No, it should not be increased at this time.

Taxes come out?

2. Should the Legislature continue to be responsible for determining the maximum weekly benefit amount, or should the amount be set automatically each year by the Alaska Department of Labor at 50% of Alaska's average weekly wage.

- A. The Legislature should retain the responsibility for determining the benefit amount.
- B. The benefit amount should be set automatically each year by the Alaska Department of Labor at 50% of Alaska's average weekly wage.

Comments: UI should be treated like any other insurance. If an individual has numerous claims, they should have a higher rate?

Example: A person that works in the summer and collects unemployment benefits in the winter. Sometimes, even living in Hawaii, etc.

Brad Snowden

Perhaps... reduced benefits for repeated claims?

ALASKA STATE CHAMBER OF COMMERCE
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 - A. The Legislature should retain the responsibility for determining the benefit amount. X
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note 1

Comments: Keep the employment rate at 2.08% + increase
the employees rate to .64 in 2003 + increase to
.74 in 2005. This is an employer benefit. That employees
should not be required to burden

note 1 Do not give it to the Dept of labor to control. That would be like letting the prison system be run by criminals

ALASKA STATE CHAMBER OF COMMERCE

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Comments: USING 3% INFLATION RATE COLLECTOR'S
YEILDS
 1997 - \$ 248
 1998 - \$ 255.44
 1999 - 263.10
 2000 - 270.99
 2001 - 279.13

LEGISLATIVE ACTION CALL

Date: March 27, 2001

To: ASCC Members

From: Pamela La Bolle, President

Re: HB 58/SB 30 - Unemployment Compensation Benefits



Legislation has been introduced to increase the maximum weekly benefit amount for unemployment compensation and to change the manner in which the state sets the maximum weekly benefit amount. House Bill 58 is presently being heard by the House Labor and Commerce Committee, and the Legislators need to know how you, as employers of Alaska's workforce, would be impacted by the proposed legislation.

ACTION: After reviewing the background information, please answer the questions and fax your responses back to ASCC's Juneau office at (907) 463-5515 or to the House Labor and Commerce Committee (Rep. Lisa Murkowski, Chairman) at (907) 465-2293. If you wish to comment further to the committee, Chairman Murkowski's e-mail address is representative_lisa_murkowski@legis.state.ak.us

Background: The purpose of the Unemployment Compensation program is to replace a portion of lost wages for workers who are involuntarily unemployed, while they seek employment. The current maximum weekly benefit amount (MWBA) is \$248, or 38.8% of Alaska's average weekly wage. (Alaska is one of 12 states, however, that pay an additional weekly benefit allowance for dependent children). Increases in the benefit amount are presently determined by the Legislature, and the last increase was in 1997.

House Bill 58 and Senate Bill 30 (Introduced at the request of the Governor)

- *Raising the Maximum Weekly Benefit Amount*

The Alaska Department of Labor proposes to increase the maximum weekly benefit amount (MWBA) to \$320, or 50% of Alaska's average weekly wage. This would occur in two phases; the first phase would raise the MWBA from \$248 to \$284, with a cost of \$5 million dollars. The second increase in the MWBA would be from \$284 to \$320, with an additional \$5 million dollar cost. Employers would begin to pay for the increase in tax year 2003, when the average employer tax rate would increase from 2.08% to 2.18%, and then increase again to 2.28% by 2005. The average employee tax rate would remain at the present 0.54% in the first phase and increase to 0.57% by the 2005 tax year.

- *Establishing a new methodology for setting the maximum weekly benefit amount*

The Alaska Department of Labor proposes that rather than having the Legislature establish the MWBA, it would be set automatically each year at 50% of Alaska's average weekly wage for that year.

ALASKA STATE CHAMBER OF COMMERCE

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- B. The benefit amount should be set automatically each year by the Alaska Department of Labor at 50% of Alaska's average weekly wage. _____

Comments: _____

Q & A's

- 1) **What is the range of cost to employers?**
 - a) For the entire \$10 million dollar cost to bring the maximum weekly benefit amount to 50% of the average weekly wage (total impact would not be reflected in tax rates until 2005), the per employee annual costs to the employer would range from \$0 to \$81.
 - b) For each increase of \$500,000 in trust fund costs, the per employee annual cost to the employer (using 2001 figures) would range from \$0 to \$5. (table attached)
 - i) If we tie the Maximum Weekly Benefit Amount (MWBA) to 50% of the Average Weekly Wage (AWW), an increase in weekly wages of \$4 will result in a \$2 increase in the MWBA.
 - ii) The cost to the Trust Fund of each \$2 increase increment will be approximately \$200,000. The impact of this relatively small increase in benefit costs is minimal on the 21 tax class rates. Only 7 of the rates would increase (according to our actuarial calculations). These tax classes would increase \$3 per employee per year. The employers in the remaining rate classes would see no increase in costs. (table attached)
 - iii) ****Note – The impact of an increase in benefit outlay is gradual. As the benefit cost calculation is taken from a three year average, the full impact is not realized until after the third full year that the increase is in effect.
- 2) **What is the average cost to employers in the first year?**
 - a) As the tax rate calculation begins with determining the average cost of benefits paid for the previous 3 years (ending 6/30), the effect of an increase in benefits effective January, 2002 would not impact the tax calculation until the following year.
 - b) The tax calculating for the 2003 tax rates would be based on a 3 year cost average including six months of increased benefit amount (approximately \$900,000).
 - c) The average employer rate increase for the 2003 tax rates will be approximately .01% (from 2.08 to 2.09).
 - d) The average employer rate increase for the 2004 tax rates will be approximately .06% above the 2001 rate (2.14%).
 - e) The average maximum per employee cost increase for the 2003 tax year will be \$3.
 - f) The average maximum per employee cost increase for the 2004 tax year will be \$16 above the 2001 average maximum per employee cost.
- 3) **Where will we be in wage replacement rankings after the first year?**
 - a) The increase to a maximum weekly benefit amount of \$284 will place Alaska 40th in the national ranking. (Chart with Chart Packet)
- 4) **Dependents Allowance and how that would affect our national standing and comparison to Washington State.**
 - a) As only a few (11) other states pay dependents allowance, and not all claimants receive this additional benefit, meaningful comparisons are difficult to make.

- b) In Alaska, approximately 44.5% of the claimants receive dependents allowance.
 - c) The average weekly dollar amount paid to claimants for dependents is \$44.94.
 - d) Averaged over all claimants, the average weekly dollar amount is \$20.21.
 - e) The total dollars paid from the Trust Fund for dependents allowance are roughly \$13 million annually.
 - f) Low income and rural claimants receive slightly more dependents allowance than high income and urban claimants.
 - g) In-state claimants traditionally receive more dependents allowance than out-of-state claimants.
- 5) **Average duration**
- a) Average claims duration nationwide is 15 weeks
 - b) Average claims duration in Alaska is 14.9 weeks
 - c) Average weekly benefit amount paid in Alaska is currently \$181.58
- 6) **If AK doesn't comply with fed UI standards, would feds administer for us?**
- a) Currently Alaska's Tax system complies with federal requirements, earning all Alaska employers a 90% tax credit against the FUTA (Federal Unemployment Tax Act) payroll tax. Failure to comply in this area would cause the loss of this tax credit.
 - i) With the tax credit, employers pay \$42 in federal FUTA tax for each employee earning at least \$7000, plus a \$14 surtax for a total of \$56.
 - ii) Without the tax credit, employers would pay \$420 dollars for each employee earning at least \$7000, plus the \$14 surtax for a total of \$434.
 - b) Alaska is in compliance with a large number of federally mandated issues. Failure to comply in these areas could, in the worst case scenario, result in the suspension of the UI Administrative funding grant.
 - i) The source of this funding is the FUTA tax. It is collected nationally by the IRS and distributed back to the states under a formula largely based on claims activity.
 - ii) Alaska receives back, as an administrative grant, between two and three times as many FUTA tax dollars as Alaskan employers pay.
- 7) **Breakdown of claimants by industry (dollar amount? or # of workers?)**
- a) See Table 2.11 of the Unemployment Insurance Actuarial Study and Financial Handbook (1999) for a distribution of UI dollars paid by industry (attached).
 - b) See Table 2.2 of the Unemployment Insurance Actuarial Study and Financial Handbook (1999) for claimant demographics, distribution by industry, and geographic distribution. (attached).
- 8) **Interstate Benefit dollar amount and percentage compared to benefits paid (we may also want to include the fact sheet on the IB program)**
- a) 47,074 claimants (82.3%) living in Alaska received benefits during 1999 (also from Table 2.2 of the Unemployment Insurance Actuarial Study and Financial Handbook).

- b) 10,119 claimants (17.7%) living outside Alaska received benefits during 1999 (also from Table 2.2 of the Unemployment Insurance Actuarial Study and Financial Handbook).
- c) Fact sheet on the IB program attached.

9) Could the built in adjuster go down as well as up?

- a) The proposed statute, as drafted, extends the benefit schedule coded in statute to a maximum of \$284 (in \$2 increments from the existing maximum of \$248). It also locks the maximum at no more than 50% of the average weekly wage which will be determined each year, with a new maximum benefit amount established effective January 1.
 - i) The new maximum, under this language could be the same, more than, or less than the previous year.

10) When the tax rate goes from 2.08 to 2.18, why does the worker portion stay at .54?

- a) When the overall tax rate needed to offset this initial increase in benefit cost was calculated and split (80% to the employer and 20% to the employee), the employee's share did not "round up" enough to increase the employee's tax percentage (less than .01)

11) Fiscal Note submitted by Dept. of Admin. and comment on their rationale.

- a) Admin's Fiscal Note (attached) attempted to calculate the cost to the state, as a reimbursable employer, for benefits that would be drawn by former employees under the new benefit schedule.

12) Summary of states that have built in adjustment to MWBA indexed to AWW.

- a) See attached table (extracted from Highlights of State Unemployment Compensation Laws – January 2000, prepared by the national Foundation for Unemployment Compensation & Workers' Compensation, pages 50 & 51.

13) How is the UI Trust Fund invested? (How does it earn interest?)

- a) The funds collected for the payment of benefits through a state payroll tax are held in trust by the U.S. Treasury. Interest accrues at the current treasury rate and remains in the state trust fund account (dedicated to the payment of benefits by federal law).

14) How is the Average Weekly Wage calculated?

- a) The average annual wage is calculated by dividing the total of all covered wages for the fiscal year ending June 30th by the average covered employment in the state.
- b) This figure is divided by 52 to obtain an average weekly wage.

Table 3: UI Employer Tax Rates and Maximum Contributions Per Employee, 2001
 Pro-forma calculation if benefit cost for past 3 years were \$0.5 million higher
Employer Contribution Rates

RATE CLASS	P-F		2001
	2001	2001	
1	1.00%	1.00%	1.00%
2	1.00	1.00	1.00
3	1.04	1.04	1.04
4	1.14	1.15	1.14
5	1.25	1.25	1.25
6	1.35	1.36	1.35
7	1.45	1.46	1.45
8	1.66	1.67	1.66
9	1.87	1.88	1.87
10	2.06	2.09	2.06
11	2.06	2.09	2.06
12	2.28	2.29	2.28
13	2.49	2.50	2.49
14	2.70	2.71	2.70
15	2.80	2.82	2.80
16	2.91	2.92	2.91
17	3.01	3.02	3.01
18	3.11	3.13	3.11
19	3.22	3.23	3.22
20	3.32	3.34	3.32
21	5.40	5.40	5.40

Employee Contribution Rates

0.52	0.52	0.52
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Taxable Wage Base

\$25,500	\$25,500	\$25,500
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Maximum Yearly Employer Contribution for Each Employee

	P-F		Increase	
1	\$255	\$255	\$0	\$255
2	255	255	0	255
3	265	265	0	265
4	291	293	3	291
5	319	319	0	319
6	344	347	3	344
7	370	372	3	370
8	423	426	3	423
9	477	479	3	477
10	530	533	3	530
11	530	533	3	530
12	581	584	3	581
13	635	638	3	635
14	689	691	3	689
15	714	719	5	714
16	742	745	3	742
17	768	770	3	768
18	793	798	5	793
19	821	824	3	821
20	847	852	5	847
21	1,377	1,377	0	1,377

Table 3: UI Employer Tax Rates and Maximum Contributions Per Employee, 2001
 Pro-forma calculation if benefit cost for past 3 years were \$0.2 million higher

RATE CLASS	Employer Contribution Rates	
	2001	P-F 2001
1	1.00%	1.00%
2	1.00	1.00
3	1.04	1.04
4	1.14	1.14
5	1.25	1.25
6	1.35	1.35
7	1.45	1.46
8	1.66	1.66
9	1.87	1.87
10	2.08	2.08
11	2.06	2.08
12	2.28	2.29
13	2.49	2.50
14	2.70	2.70
15	2.80	2.81
16	2.91	2.91
17	3.01	3.02
18	3.11	3.12
19	3.22	3.22
20	3.32	3.33
21	5.40	5.40

Employee Contribution Rates

0.52	0.52
------	------

Taxable Wage Base

\$25,500	\$25,500
----------	----------

Maximum Yearly Employer Contribution for Each Employee

		Increase	
1	\$255	\$255	\$0
2	255	255	0
3	265	265	0
4	291	291	0
5	319	319	0
6	344	344	0
7	370	372	3
8	423	423	0
9	477	477	0
10	530	530	0
11	530	530	0
12	581	584	3
13	635	638	3
14	689	689	0
15	714	717	3
16	742	742	0
17	768	770	3
18	793	796	3
19	821	821	0
20	847	849	3
21	1,377	1,377	0

Table 2.11
UI Regular Benefits Payments (Taxable and Reimbursable)
by Industry - Total, 1992-1999

INDUSTRY	1992	1993	1994	1995	1996	1997	1998	1999
NUMBER OF WEEKS PAID								
Totals (incl. unclass.)	744,271	641,595	750,147	693,264	697,194	655,905	657,858	693,263
Ag., For. & Fish	5,972	8,926	8,016	5,830	5,587	5,749	5,365	4,974
Mining	53,355	35,535	34,557	31,839	35,193	28,199	22,195	49,387
Oil and Gas	46,785	28,836	27,601	26,137	30,221	23,669	16,794	44,263
Other Mining	6,590	6,699	6,956	5,699	5,272	4,509	5,401	5,124
Construction	103,203	77,861	106,416	112,284	112,478	105,949	104,892	107,435
Manufacturing	112,463	106,215	144,534	113,301	116,531	109,701	114,536	105,737
Food Products	74,812	77,929	107,964	85,279	88,182	80,115	86,133	82,148
Lumber & Wood	20,750	13,033	15,696	11,998	14,961	12,611	16,109	14,802
Paper Products	4,143	5,812	11,719	8,556	4,473	6,294	4,195	443
Other Mfg.	12,752	9,441	9,163	7,548	6,935	6,481	6,099	6,464
Trans., Comm. & Util.	68,482	59,563	67,440	69,207	61,565	56,441	58,007	53,781
Trade	139,700	124,017	132,591	120,959	123,314	114,296	116,208	123,083
Fin., Ins. & Real Est.	25,783	22,825	25,720	30,868	27,828	25,655	27,860	28,782
Services	173,733	154,734	174,257	157,780	163,247	159,181	158,687	167,330
Public Adm.	58,706	51,353	54,853	49,619	49,074	48,535	47,428	47,159
Unclassified	2,824	2,568	2,733	1,530	2,279	2,290	2,672	2,895
NUMBER OF FIRST PAYMENTS								
Totals (incl. unclass.)	43,561	40,586	50,768	46,791	45,106	43,800	43,846	45,820
Ag., For. & Fish	390	467	559	408	379	399	390	340
Mining	3,167	2,127	2,358	2,135	2,374	1,638	1,607	3,075
Oil and Gas	2,778	1,696	1,934	1,709	2,066	1,328	1,248	2,782
Other Mining	381	429	422	426	286	308	359	313
Construction	6,524	5,504	7,625	7,848	7,476	7,201	7,193	7,299
Manufacturing	7,813	7,387	8,706	7,976	7,655	7,399	7,816	6,614
Food Products	4,771	5,257	7,106	5,699	5,583	5,318	5,746	5,023
Lumber & Wood	1,541	978	1,323	1,060	1,122	1,049	1,047	1,012
Paper Products	373	626	683	600	317	482	259	53
Other Mfg.	828	526	591	611	633	640	662	628
Trans., Comm. & Util.	4,254	3,747	4,674	4,567	3,941	3,775	3,884	3,674
Trade	8,333	7,474	8,662	8,030	7,909	7,522	7,740	8,125
Fin., Ins. & Real Est.	1,440	1,296	1,739	1,894	1,800	1,895	1,876	1,795
Services	10,384	9,301	11,461	10,475	10,514	10,524	10,366	11,209
Public Adm.	3,396	3,111	3,596	3,312	3,166	3,176	3,163	3,056
Unclassified	168	170	189	148	182	183	182	243
AMOUNT OF PAYMENTS (\$)								
Totals (incl. unclass.)	121,771,578	105,041,423	117,904,643	113,609,324	114,031,640	108,885,202	109,037,747	117,903,382
Ag., For. & Fish	904,625	1,060,573	1,211,126	889,244	879,376	915,156	853,459	828,456
Mining	10,614,400	7,116,397	6,761,964	6,386,521	7,040,403	5,968,416	4,648,449	11,183,671
Oil and Gas	9,346,737	5,733,592	5,495,760	5,290,109	5,978,122	5,091,538	3,536,770	10,128,168
Other Mining	1,267,663	1,384,605	1,266,224	1,096,412	1,062,281	894,878	1,109,699	1,055,503
Construction	19,391,932	14,489,738	19,341,995	21,359,721	21,316,541	21,912,440	21,255,524	21,533,944
Manufacturing	17,261,599	16,443,719	20,994,462	16,981,850	17,476,597	17,261,825	17,362,302	16,368,099
Food Products	10,415,032	11,144,615	14,121,007	11,620,870	12,149,494	11,225,601	11,863,170	11,711,555
Lumber & Wood	3,864,816	2,466,623	2,881,220	2,277,756	2,836,033	2,523,320	3,292,420	2,952,990
Paper Products	783,566	1,184,637	2,433,846	1,722,795	892,971	1,905,408	943,704	68,649
Other Mfg.	2,196,183	1,647,644	1,558,393	1,360,829	1,598,099	1,607,296	1,573,008	1,812,704
Trans., Comm. & Util.	11,380,874	9,969,113	11,065,522	11,979,131	10,466,227	9,447,693	9,839,573	9,648,594
Trade	20,375,963	18,294,676	18,750,027	17,757,496	16,156,270	16,606,182	17,146,674	18,422,257
Fin., Ins. & Real Est.	4,322,820	3,900,605	4,312,178	5,244,457	4,676,879	4,243,489	4,636,515	4,948,876
Services	27,060,383	24,476,148	26,200,067	24,499,514	25,317,330	24,861,970	24,738,486	26,607,312
Public Adm.	10,053,369	8,929,569	8,910,609	8,285,169	8,373,990	8,186,780	8,145,131	7,991,517
Unclassified	405,613	358,465	356,647	226,221	326,227	343,451	411,635	377,967

Table 2.2
Unemployment Insurance Claimant Characteristics, 1999

Characteristics	Number	Percent of Total	Characteristics	Number	Percent of Total
Total	57,183	100.0	Average Annual Earnings (\$):		
Gender:			1,000-9,999	14,994	26.2
Male	35,850	62.9	10,000-19,999	17,041	29.8
Female	21,243	37.1	20,000-29,999	10,723	18.7
Age:			30,000-39,999	5,970	10.4
Less than 21	1,421	2.5	40,000-49,999	3,558	6.2
21-24	4,536	7.9	50,000-59,999	2,239	3.9
25-34	15,891	27.4	60,000-69,999	1,242	2.2
35-44	18,111	31.7	70,000-79,999	671	1.2
45-54	12,273	21.5	80,000-89,999	305	0.5
55-64	4,454	7.8	90,000+	446	0.8
65+	707	1.2	Geographic Location:		
Number of Dependents:			Aleutians East Borough	189	0.3
0	32,531	56.9	Aleutians West Census Area	305	0.5
1	9,725	17.0	Anchorage Borough	16,020	28.2
2	8,348	14.6	Bethel Census Area	1,154	2.0
3+	6,569	11.5	Bristol Bay Borough	134	0.2
Ethnic Background:			Denali Borough	241	0.4
Alaska Native/American Indian	10,685	18.7	Dillingham Census Area	311	0.5
Asian and Pacific Islander	3,945	6.9	Fairbanks North Star Borough	5,822	9.8
Black	1,913	3.3	Haines Borough	318	0.6
Hispanic	2,494	4.4	Juneau Borough	1,325	2.3
White	37,189	65.0	Kenai Peninsula Borough	5,219	9.1
Other	348	0.6	Katchikan Gateway Borough	1,288	2.2
No Information	619	1.1	Kodiak Island Borough	1,803	3.2
Industry:			Lake & Peninsula Borough	107	0.2
Agriculture, Forestry and Fishing	368	0.7	Matanuska-Susitna Borough	5,008	8.8
Mining	3,687	6.4	Nome Census Area	889	1.5
Oil and Gas	3,253	5.7	North Slope Borough	459	0.8
Other Mining	434	0.8	Northwest Arctic Borough	532	0.9
Contract Construction	8,970	15.7	Prince of Wales-Outer Kachikan C A	836	1.5
Manufacturing	8,355	14.6	Sitka Borough	590	1.0
Food Products	6,323	11.1	Skagway-Hoonah-Angoon C A	509	0.9
Lumber and Wood Products	1,303	2.3	Southeast Fairbanks Census Area	689	1.2
Paper Products	6	0.0	Valdez-Cordova Census Area	982	1.7
Other Manufacturing	723	1.3	Wade Hampton Census Area	704	1.2
Transport, Communications and Util.	4,560	8.0	Wrangell-Petersburg Census Area	736	1.3
Trade	9,978	17.4	Yakutat Borough	85	0.1
Finance, Insurance and Real Estate	2,153	3.8	Yukon-Koyukuk Census Area	580	1.0
Services	13,632	23.8	Alaska Area Unknown	1,290	2.3
Public Administration	5,185	9.0	Total In-State	47,074	82.3
Unclassified	305	0.5	Out-of-State	10,119	17.7
Occupation:			Local Office:		
Agriculture, Forestry, and Fishing	1,430	2.5	Anchorage	28,891	50.2
Benchwork	201	0.4	Central - Interstate Claims	10,119	17.7
Clerical and Sales	10,148	17.7	Central - Rural Mail Claims	6,906	12.0
Machine Trades	1,729	3.0	Fairbanks	5,990	10.6
Processing	5,772	10.1	Juneau / SE Urban	4,068	7.1
Professional, Technical, Managerial	6,335	11.1			
Service	7,995	14.0			
Structural Work	14,970	26.2			
Miscellaneous and Unknown	6,615	11.6			

Notes: Percentages may not add up to 100% due to rounding
 Source: Alaska Department of Labor and Workforce Development,
 Research and Analysis Section:
 UI Claimant Characteristics Files.

Starting 1996, the UI claims processing work at many offices was consolidated into regional centers in Anchorage and Juneau. All UI Claims filing is now done by mail or telephone.

The Anchorage Center serves clients in Anchorage, Bethel, Dillingham, Eagle River, Glennallen, Homer, Kenai, Kodiak, Kotzebue, Mat-Su, Nome, Seward, Tok, and Valdez.

Juneau / SE Urban serves Juneau, Katchikan, Petersburg, Sitka.

Alaska Department of Labor and Workforce Development

Employment Security Division
FACT SHEET

INTERSTATE BENEFITS

BACKGROUND:

Individuals who have worked in Alaska and subsequently move outside the state may receive Alaska Unemployment Insurance benefits under the Interstate Agreement, as outlined in the Employment & Training (ET) Handbook 392, and under AS 23.20.085 and 8 AAC 85.110.

Claimants who are filing an Alaska UI claim while residing outside Alaska have the same rights for unemployment insurance benefits as claimants residing in Alaska. Using a toll-free telephone number, claimants call the Juneau Call Center from anywhere in the United States, Canada, Puerto Rico, or the Virgin Islands to establish or reopen a benefit year for Alaska Unemployment Insurance Benefits. Until recently, claimants completed paper forms in the state of residence instead of establishing a benefit year by telephone. Telephone claimtaking has significantly reduced processing delays. Once a benefit year is established, interstate claimants may call the integrated voice response system (VICTOR) to claim weeks of unemployment and may elect direct deposit, just like claimants filing from within Alaska.

Persons who worked in more than one state during their base period may combine their wage records to qualify for unemployment insurance benefits from one state under 20 Code of Federal Regulations (CFR) 616 the "Interstate Arrangement for Combining Employment and Wages (CWC Arrangement) and AS 23.20.085. Filing for a Combined Wage Claim is optional. Agency employees gather information and assist the claimant in deciding whether to file a CWC or regular claim.

States assist each other in collecting overpayments when claimants subsequently establish a benefit year against another state. Currently 30 states, including Alaska participate in IRORA, the Interstate Reciprocal Overpayment Recovery Arrangement. IRORA significantly increases the likelihood that Alaska will collect an overpayment once a claimant leaves the state.

ICON, the Interstate Connection, is a telecommunications system that links all state and federal employment security agencies in sharing information. ICON is similar to the Internet, but is available to a very limited group of users.

ICON applications include:

- Wage and claim information for every Social Security number (available for 50 states, including Alaska);
- A synopsis of each state's laws, filing procedures and eligibility information;
- Electronic transfer of initial claims applications for states which do not accept initial claims by telephone;
- Systems for transferring wage information for Combined Wage claims;
- Electronic billing for another state's share of payments made on a Combined Wage Claim
- Statistical reporting of filing activity which determines levels of federal funding for many programs; and
- A locator to find persons with overpayments.

STATUS:

Alaska paid \$129,234,098 in unemployment insurance benefits during 1999. Of that amount, \$23,307,864, or 18%, was paid to interstate claimants. In recent years, the percentage of Alaska UI dollars paid to workers out of state has averaged 20 - 24%.

In 1999, 20.9% of Alaska's interstate claimants resided in Washington, 21.5% in California, 8.5% in Oregon, 4.3% in Texas, 3.7% in Arizona, 3.6% in Idaho, and 3.6% in Montana. The number of Alaska's interstate claimants filing from each of the other states was less than 3% of the total.

Note: Source of statistics: Alaska Department of Labor and Workforce Development, Research and Analysis Section: UC 217 Report for 1999 not yet published.

Rev. 12/2000

In 35 states the maximum weekly benefit amount (Max WBA)
 is set as percentage of the state average weekly wage (AWW).

State	2000 Current Max WBA	Percent of the AWW
Arkansas	\$309	66.67
Colorado	307	55
Connecticut	382	60
Dist. of Columbia	309	50
Hawaii	371	70
Idaho	282	60
Illinois	296	49.5
Iowa	263	53
Kansas	292	60
Kentucky	316	62
Louisiana	258	66.67
Maine	227	52
Massachusetts	431	57.5
Michigan	300	Not Avail
Minnesota	331	Not Avail
Montana	254	60
Nevada	282	50
New Jersey	429	56.67
New Mexico	254	52.5
North Carolina	356	66.67
North Dakota	271	65
Ohio	289	Not Avail
Oklahoma	262	Not Avail
Oregon	360	64
Pennsylvania	408	66.67
Puerto Rico	133	50
Rhode Island	383	67
South Carolina	248	66.67
South Dakota	214	50
Utah	309	60
Vermont	287	Not Avail
Virgin Islands	331	65
Washington	478	70
West Virginia	318	66.67
Wyoming	261	55

Source: Highlights of State Unemployment Compensation Laws, January 2000.
 National Foundation for Unemployment Compensation & Workers' Compensation
 Washington State data revised July 1 2000.

Zip Codes

ACS
Alaska Communications
System

99615	Akhlok	99702	Eielson	99619	Kodiak USCG	99950	Port Protection
99551	Aachak	99580	Ekwook		Base	99615	Port Wakefield
99552	Aklak	99825	Eliin Cove	99578	Kollganok	99655	Quinhagak
99553	Akutan	99739	Elim	99620	Kotlik	99787	Rampart
99554	Ajakanuk	99506	Elmendorf AFB	99752	Kotzebue	99656	Red Devil
99555	Aleknagik	99581	Ermonak	99753	Koyuk	99788	Ruby
99615	Ahtak	99582	Eska	99754	Koyukuk	99657	Russian Mission
99720	Allakaket	99725	Ester	99621	Kwethluk	99591	Saint George
99786	Ambler	99701	Fairbanks	99622	Kwigillingok	99658	Saint Marys
99721	Anaktuvuk Pass	99583	False Pass	99757	Lake Minchumina	99659	Saint Michael
99501-		94501	Federal	99624	Larsen Bay	99660	Saint Paul Island
99513	Anchorage	99584	Fiat	99625	Levelock	99714	Saicha
99556	Anchor Point	99737	Fort Greely	99762	Little Diomed	99661	Sand Point
99744	Anderson	99505	Fort Richardson	99626	Lower Kalskag	99769	Savoonga
99820	Angoon	99703	Fort Wainwright	99627	McGrath	99682	Scammon Bay
99557	Aniak	99703	Fort Wainwright	99755	McKinley Park	99770	Selawik
99920	Annette Island		Post Ex	99758	Manley	99683	Seldovia
99558	Anvik	99740	Fort Yukon		Hot Springs	99664	Seward
99722	Arctic Village	99585	Fortuna Ledge	99628	Manokotak	99771	Shageluk
99547	Atka	99586	Gakona	99629	Medfra	99771	Shaktolik
99821	Auke Bay	99741	Galena	99630	Mekoryuk	99666	Sheldon Point
99822	Baranof	99742	Gambell	99926	Metlakatla	99722	Shishmaref
99723	Barrow	99587	Girdwood	99903	Meyers Chuck	99773	Shungnak
99724	Beaver	99588	Glennallen	99730	Miller House	99835	Sitka
99559	Bethel	99701	Gold Rush	99758	Minto	99840	Skagway
99726	Bettles Field	99762	Golovin	99705	Moosa Creek	99687	Skwentna
99764	Border City	99589	Goodnews Bay	99631	Moose Pass	99668	Sleetmute
99789	Bornite	99590	Grayling	99504	Mountain View	99660	Soldota
99785	Brevig Mission	99828	Gustavus	99632	Mountain Village	99669	Soldotna
99727	Buckland	99827	Haines	99633	Naknek	99670	South Naknek
99729	Candle	99603	Halibut Cove	99603	Nanwalek	99503	Spenard
99729	Cantwell	99828	Hawk Inlet	99634	Napaklak	99671	Stebbins
99560	Cape Yakataga	99743	Healy	99571	Nelson Lagoon	99672	Sterling
99730	Central	99689	Hobart Bay	99760	Nenana	99774	Stevens Village
99788	Chalkyitsik	99744	Hogatza	99638	New Stuyahok	99557	Stony River
99731	Chatanika	99602	Holy Cross	99690	Nightmute	99674	Sutton
99823	Chatham	99603	Homer	99635	Nikiski	99675	Takotna
99561	Chofomak	99829	Hoonah	99638	Nikolai	99676	Talkeetna
99563	Chovak	99604	Hooper Bay	99639	Ninilchik	99776	Tanacross
99732	Chicken	99605	Hope	99761	Noatak	99777	Tanana
99564	Chignik	99745	Hughes	99762	Nome	99677	Tatitlek
99565	Chignik Lagoon	99746	Hualla	99640	Nondalton	99778	Teller
99564	Chignik Lake	99922	Hydaburg	99763	Noorvik	99841	Tenakee Springs
99566	Chitna	99923	Hyder	99611	North Kenai	99779	Tedin
99567	Chuglak	99606	Illamna	99705	North Pole	99919	Thorne Bay
99733	Circle	99540	Indian	99764	Northway	99678	Togalak
99568	Clam Gulch	99695	Ivanoff Bay	99765	Nulato	99780	Tok
99569	Clarks Point	99801-		99504	Nunaka Valley	99637	Toksook Bay
99704	Clear	99803	Juneau	99641	Nunapitчук	99679	Tuluksak
99918	Coffman Cove	99830	Kake	99643	Old Harbor	99680	Tuntutullak
99570	Cohoe	99747	Kaktovik	99644	Ouzinkie	99681	Tununak
99571	Cold Bay	99607	Kalskag	99645	Palmer	99716	Two Rivers
99701	College	99748	Kaltag	99646	Pauloff Harbor	99682	Tyonek
99572	Cooper Landing	99608	Kariuk	99737	Paxson	99683	Ugashik
99573	Copper Center	99924	Kasaan	99547	Pedro Bay	99684	Unalakeet
99574	Cordova	99609	Kasigluk	99832	Pelican	99685	Unalaska
99921	Craig	99610	Kaslif	99648	Perryville	99787	Ualheili
99575	Crooked Creek	99611	Kenai	99833	Petersburg	99686	Valdez
99901	Cuhe Cove	99901	Ketchikan	99649	Pilot Point	99781	Venette
99736	Deering	99749	Kiana	99650	Pilot Station	99782	Wainwright
99737	Delta Junction	99812	King Cove	99651	Platinum	99783	Wales
99576	Dillingham	99613	King Salmon	99927	Point Baker	99928	Ward Cove
99737	Dot Lake	99614	Kipnuk	99766	Point Hope	99687	Wasilla
99824	Douglas	99750	Kivalina	99836	Port Alexander	99784	White Mountain
99738	Eagle	99501	Klatt Road	99653	Port Alsworth	99693	Whittier
99577	Eagle River	99925	Klawock	99654	Port Ashton	99611	Wildwood
99501	Eastchester	99751	Kobuk	99603	Port Graham	99688	Willow
99578	Eek	99815	Kodiak	99549	Port Helden	99929	Wrangell
99579	Egegik			99550	Port Lions	99689	Yakutat

ALASKA

NUMERICAL LIST OF POST OFFICES

The following lists in numerical order the ZIP Codes in use within the State and the name of the associated Post Office. The parent Post Office name is shown next to branch, station and other postal unit ZIP Codes. Addresses in the ZIP+4 Directory List pages are grouped under their respective Post Office name.

ZIP Code	Post Office	ZIP Code	Post Office	ZIP Code	Post Office	ZIP Code	Post Office	ZIP Code	Post Office	ZIP Code	Post Office	ZIP Code	Post Office
99544	ADAK	99575	CROOKED CREEK	99615	KODIAK	99652	BIG LAKE	99683	TRAPPER CREEK	99730	CENTRAL	99760	NENANA
99500-04	ANCHORAGE	99576	DILLINGHAM	99619	KODIAK	99653	PORT ALSWORTH	99684	UNALAKLEET	99732	CHICKEN	99761	NOATAK
99505	FORT RICHARDSON	99577	EAGLE RIVER	99620	KOTLIK	99654	WASILLA	99685	UNALASKA	99733	CIRCLE	99762	NOME
99506	ELMENDORF AFB	99578	EEL	99621	KWETHLUK	99655	QUINHAGAK	99686	VALDEZ	99734	PRUDHOE BAY	99763	NOORVIK
99507-24	ANCHORAGE	99579	ECEGBK	99622	KWIGILLINGOK	99656	RED DEVIL	99687	WASILLA	99736	DEERING	99764	NORTHWAY
99540	INDIAN	99580	ERWOK	99624	LARSEN BAY	99657	RUSSIAN MISSION	99688	WILLOW	99737	DELTA JUNCTION	99765	NULATO
99547	ATKA	99581	EMMONAK	99625	LEVELOCK	99658	SAINT MARYS	99689	YAKUTAT	99738	EAGLE	99766	POINT HOPE
99548	CHIGNIK LAKE	99583	FALSE PASS	99626	LOWER KALSKAG	99659	SAINT MICHAEL	99690	NIGHTMUTE	99739	ELIJAH	99767	RAMPART
99549	PORT HEIDEN	99584	FLAT	99627	MC GRATH	99660	SAINT PAUL	99691	NIKOLAJ ISLAND	99740	FORT YUKON	99768	RUBY
99550	PORT LIONS	99585	MARSHALL	99628	MAHOKOTAK	99661	SAND POINT	99692	DUTCH HARBOR	99741	GALENA	99769	SAVOONGA
99551	AKUACHAK	99586	GAKONA	99630	MEXORYUK	99662	SCAMMON BAY	99693	WHITTIER	99742	GAMBELL	99770	SELAWIK
99552	AKIAK	99587	GIRDWOOD	99631	MOOSE PASS	99663	SELDOVIA	99694	HOUSTON	99743	HEALY	99771	SHAKTOOLIK
99553	AKUTAN	99588	GLENHALLEN	99632	MOUNTAIN VILLAGE	99664	SEWARD	99695	ANCHORAGE	99744	ANDERSON	99772	SHISHMAREF
99554	ALAKAMUK	99589	GOODNEWS BAY	99633	NAKHEK	99665	SHAGELUK	99697	KODIAK	99745	HUGHES	99773	SIUNGNAK
99555	ALEKNAGIK	99590	GRAYLING	99634	NAPAKUK	99666	SHIELDON POINT	99701	FAIRBANKS	99746	HUSLIA	99774	STEVENS VILLAGE
99556	ANCHOR POINT	99591	SAINT GEORGE ISLAND	99635	NIKISKI	99667	SKWENTMA	99702	EIELSON AFB	99747	KAKTOVIK	99775	FAIRBANKS
99557	ANIAX	99599	ANCHORAGE	99636	NEW STUDYAHOK	99668	SLEETMUTE	99703	FORT WAINWRIGHT	99748	KALTAG	99776	TANACROSS
99558	ANYIK	99602	HOLY CROSS	99637	TOKSOOK BAY	99669	SOLDOTNA	99704	CLEAR	99749	KIANA	99777	TANANA
99559	BETHEL	99603	HOMER	99638	NIKILSKJ	99670	SOUTH NAKHEK	99705	NORTH POLE	99750	KYALINA	99778	TELLER
99561	CHEFORNAK	99604	HOOPER BAY	99639	NINILCHIK	99671	STEBBINS	99706-12	FAIRBANKS	99751	KOBUK	99779	TELLIH
99563	CHEYAK	99605	HOPE	99640	NONDALTON	99672	STERLING	99714	SALCHA	99752	KOTZEBUE	99780	TOK
99564	CHIGNIK	99606	ILIAMNA	99641	NUHAPITCHUK	99673	SUTTON	99716	TWO RIVERS	99753	KOYUK	99781	VENETIE
99565	CHIGNIK LAGOON	99607	KALSKAG	99643	OLD HARBOR	99674	TAKOTNA	99720	ALLAKAKET	99754	KOYUKUK	99782	WAINWRIGHT
99566	CHITINA	99608	KARLUK	99644	OUIZIKIE	99675	TALKEETNA	99721	ANAKTUVIK PASS	99755	DENALI NATIONAL PARK	99783	WALES
99567	CHUGIAK	99609	KASIGLUK	99645	PALMER	99676	TATITLEK	99722	ARCTIC VILLAGE	99756	MANLEY HOT SPRINGS	99784	WHITE MOUNTAIN
99568	CLAM GULCH	99610	KASILOF	99647	PEDRO BAY	99677	TOGIK	99723	BARROW	99757	LAKE MINCHUMINA	99785	BREVIG MISSION
99569	CLARKS POINT	99611	KENAI	99648	PERRYVILLE	99678	TULUKSAK	99724	BEAVER	99758	MINTO	99786	AMBLER
99571	COLD BAY	99612	KING COVE	99649	PILOT POINT	99679	TUNTUTULLAK	99725	ESTER	99759	POINT LAY	99788	CHALKYITSIK
99572	CODDER LANDING	99613	KING SALMON	99650	PILOT STATION	99680	TURUNAK	99726	BETTLES FIELD			99789	HUIQSUT
99573	COPPER CENTER	99614	KUPNUK			99681	TYONEK	99727	BUCKLAND			99790	FAIRBANKS
99574	CORDOVA					99682		99729	CANTWELL			99791	ATOASUK

APQ/FPO

98704 Andriana / Clear AFB

98713 King Salmon AFB

98723 Galena AFB

98733 Fort Greely

98736 Shemya

98777 Adak

98791 Adak

96508 Fort Greely

96512 Eureka

96505 Adak

96506 Adak

A Case for Changing the U.I. Weekly Benefit Amount

The Program: the purpose of the Unemployment Insurance program is to replace some of the wages lost to workers during spells of unemployment. The program was set up over sixty years ago when it was realized that people out of work needed some type of insurance to tide them over while they looked for jobs.

Sixty years later, how does the program measure up In Alaska

The Problem: Under current Alaska law, a worker with average earnings receives very low wage replacement. On the average an unemployed Alaskan's check replaces less than 30% of the average weekly wage. Alaska's unemployment benefits haven't changed 1997, while wages and prices have risen. The result is that the average worker in Alaska has become less able to weather a period of unemployment. In fact, Alaska ranks nearly last in the nation in replacing wages lost to unemployment.

How can we improve wage replacement?

The Solution: While Alaska uses a fixed benefit schedule, most states (35) use a *flexible* formula based on a percentage of the states average weekly wage and driven by changes in that average wage. The advantage of this kind of adjustable schedule is that it doesn't need to be fixed every few years. As average wages change, the schedule keeps pace and self-adjusts either up or down according to the state's economy. Such moderate increases would provide a greater measure of economic security for the average worker.

How would this change impact employer costs?

The Impact: Changes to Alaska's UI weekly benefit amount will cost most employers less than \$1.00 per employee, per week. Employers with lower UI tax rates will hardly be affected at all. Employers with higher rates will pay slightly more, but their employees will also benefit. The UI program is only as effective as its ability to restore wages lost to unemployment. This change will improve the integrity of the UI program, at minimal employer cost, by easing the financial burden of lost income for unemployed workers and maintaining vital purchasing power in Alaska's communities.

A Case for Increasing the UI Maximum Weekly Benefit Amount (MWBA)

The Unemployment Insurance Program

- Alaska's Unemployment Insurance (UI) program was enacted in 1937.
- The primary objective is to replace some of the wages lost to workers during temporary unemployment.
- It is an *insurance* program that provides partial wage replacement for laid-off workers who are seeking jobs.
- It is the leading stabilizer during economic downturns, maintaining purchasing power in the state's and local economies.
- It prevents out-migration of trained workers.
- To qualify, a worker must demonstrate attachment to the labor market with earnings in a base period, and must meet eligibility requirements on a week to week basis.
- Alaska is one of ten states that pay an allowance for dependents.

The Problem

- Under current Alaska law, a worker with average earnings receives low wage replacement.
- There is significant disparity between Alaska's maximum weekly benefit amount and the average weekly wage it replaces; the current MWBA is just 38.8% of the average weekly wage.
- UI recipients earning between \$26,750 and \$31,250 receive wage replacement as low as 40 percent of their average weekly wage. (Approximately 27 percent of the claimant population earn more than \$26,750.)
- The result, the average worker in Alaska has become less able to weather a period of unemployment.
- In fact, Alaska ranks *last* in the nation in replacing wages lost to unemployment.

The Solution

- The legislation (SB 30/HB 58) will raise the maximum weekly benefit amount to equal approximately 50 percent of the average weekly wage by the second year after enactment.
- With a two-phase increase, impact to employers, employees and the UI Trust Fund is minimized.
- The advantages are:
 - an adjustable schedule that does not require re-addressing every few years;
 - a schedule that keeps pace, self-adjusts according to the state's economy; and,
 - a notice requirement that keeps the public, governor and legislators informed on the status of the maximum weekly benefit amounts.

Who Benefits?

- Workers, who receive benefits that enable them to defray non-deferrable expenses, most commonly rent, food and utilities.
- Local businesses, because they supply the rentals, food, and utilities.
- Local businesses during the "off season," when UI benefits are directed at weaker economic regions of the state.

- State and local economies, which retain temporarily unemployed workers receiving benefits, who remain in Alaska and help maintain a local, trained labor force.

The Impact

- Reaching approximately 50 percent of the average weekly wage will occur in two phases.
- The first raises the maximum weekly benefit amount to \$284 with a \$5 million cost.
- The second raises the maximum weekly benefit amount to approximately \$320 with an additional \$5 million cost.
- The full effects of the increase in benefit costs will not affect employer tax rates until 2005.
- The first maximum benefit amount increase will raise employer and employee tax rates in tax years 2003 and 2004, raising the average employer tax rate from 2.08% to 2.18%; the average employee tax rate will remain at 0.54%.
- The second maximum benefit amount increase will affect employer and employee tax rates in tax year 2005, raising the average employer tax rate to 2.28%, and the average employee tax rate to 0.57%.

Details of SB30/HB58

- Section One of the bill amends the benefit schedule effective January 1, 2002.
 - The current statute specifies a "hard-coded" benefit schedule that grants a minimum weekly benefit amount of \$44 for the minimum qualifying wage of \$1000. For each additional \$250 of qualifying wages, the benefit amount is increased by \$2 to the current maximum of \$248. This section proposes to extend that schedule in \$2 increments (for each additional \$250 earnings) to \$284.
- Section Two of the bill includes the new amounts from the benefit schedule in the calculation used to determine benefit duration.
- Section Three adds new sections authorizing the department to adopt regulations to establish methodology for calculating new benefits amounts that increase the maximum weekly benefit amount for workers earning at least \$31,250.
 - Using the same incremental schedule currently in statute (described above), the maximum benefit amount would be set at 50 percent of the average weekly wage. Based on the average weekly wage in Alaska at this time, the new maximum benefit amount would be \$320. Workers earning over \$31,250 would receive \$2 more in benefits for each additional \$250 in qualifying wages up to the new maximum.
 - The new methodology will be applied by December 1 of each year with the benefit schedule adjusted as needed to maintain the maximum benefit amount at 50 percent of the average weekly wage.
- Provides for public notice of the new benefit amounts calculated by December 1 of each year and limits new weekly benefit increases to once a year.
- Requires the commissioner to report to the governor and legislature if the average weekly wage decreases to the extent that an adjustment in benefit amounts is necessary to administer the UI Trust Fund.
- Establishes a calculation procedure for determining the average weekly wage.



Alaska Unemployment Insurance Tax System the Basics

by James Wilson, Assistant UI Actuary

An overview of the UI Financing System.

Why do we have an Unemployment Insurance System?

The Unemployment Insurance System in the United States was created in the early 1930's, as America was trying to recover from the great depression. It was felt that the country could no longer afford to suffer through the normal economic "boom and bust" cycles that had existed for over a century. Our political leaders wanted to control some of the factors which caused the crash of 1929, as well as lessen some of the economic impacts of normally occurring business downturns.

Does the Unemployment Insurance System help businesses?

The purpose of the UI system is economic stability for both businesses and individuals. Although benefits are paid to unemployed workers, almost every dollar is quickly returned to the economy, strengthening the business climate and stabilizing the work force needed by employers.

Is UI a National or State program?

Both. The Unemployment Insurance System was created as part of the 1935 Social Security Act. However, each state administers its own program, approved by the U.S. Department of Labor. There are a wide variety of state laws covering eligibility, benefits amounts, and financing. The law governing Alaska's UI program is the Employment Security Act (first enacted in 1937).

Is the UI system financially sound?

Although born of the Social Security Act, the UI system does not have the financial uncertainties of the social security system. By adhering to the insurance principle, the UI System has maintained its financial soundness. During the 1980's, several states depleted their trust funds because their financing systems were not able to respond to the changing economy. Alaska's UI system was able to weather the worst recession in the state's history, which followed the 1986 oil price collapse.

Who pays for the cost of Alaska's UI benefits?

Employers and employees. Alaska is one of three states in which employees share the cost of benefits paid. Currently, employers pay for 80% of the benefit costs and 20% is paid for by employees.

Where does the tax money go?

The employer and employee taxes, which are submitted each quarter, are deposited in the Unemployment Insurance Trust Fund. The funds are held by the U.S. Treasury. Funds are drawn out continuously as needed to pay for benefits.

How much of the trust fund is used for administrating the UI program?

None. Tax receipts in the UI Trust Fund are used only for the payment of benefits. The cost of administrating Alaska's UI program is paid for by a grant from the U.S. Department of Labor.

Do Alaska employers pay any federal UI taxes?

Yes. Employers in every state pay FUTA (Federal Unemployment Tax Act) taxes. The FUTA tax rate is 6.2% on the first \$7,000 of each employee's wages. However, there is also a 5.4% credit for contributions to an approved state UI program. Therefore, the effective FUTA tax rate is 0.8% of \$7,000, or a maximum of \$56 per employee. A portion of the FUTA tax revenues is used to fund the administrative grants for state UI programs.

Is the FUTA tax rate a fair deal for Alaska?

In Federal Fiscal Year 1998, Alaska employers paid \$13.1 million in FUTA taxes. Alaska received back \$20.0 million in UI administrative grants and \$8.1 million in Employment Security administrative grants for a total of \$28.1 million, or 215% of FUTA paid in. That is a good deal for Alaska.

What if Alaska did not have an approved UI program?

Employers would pay the full FUTA tax rate of 6.2%, or up to \$434 per employee, and receive no economic benefit in return. Alaska would lose over \$28 million a year in federal grant money. There would be no benefit payments to Alaska workers.

How much is in the trust fund?

On September 30, 2000, the UI Trust Fund had a balance of \$211 million.

What is the right amount of money to keep in the fund?

The goal of the UI tax system is to keep the UI trust fund solvent in order to pay benefits to eligible claimants. The basic measure of solvency, the **UI Trust Fund Reserve Rate**, is the relationship between the level of fund reserves and the amount of total statewide payroll. Specifically:

$$\begin{array}{rcl} \text{Trust Fund} & \text{Trust Fund Balance on September 30} & \\ \text{Reserve} & = & \text{-----} \\ \text{Rate} & & \text{Total Payroll (of taxable employers)} \\ & & \text{in the last State Fiscal Year} \end{array}$$

The goal is to maintain a reserve rate between 3.0% and 3.2%. At this level, the fund is able to meet the benefit demands of a severe economic recession (like 1986-1987). This level of reserve also keeps the system from being over funded.

Does keeping a proper fund reserve help employer tax rates?

Yes. To maintain the solvency of the UI trust fund, the tax system must cover the cost of the benefits being paid. The level of employer and employee contributions (taxes) is based on the **Average Benefit Cost Rate**, the relationship between benefit costs and the total payroll of taxable employers. Data for multiple years are used in the calculation of the Benefit Cost Rate, thereby "smoothing out" sudden changes to the system and making the rate somewhat counter cyclical. Counter-cyclical financing allows the fund to weather an economic slump, while resisting sudden changes in tax rates during a period of high benefit demands.

How are the tax rates calculated?

There are three components in the UI tax rate calculations:

1. **Average Benefit Cost Rate (ABCR)**
2. **Employer's Experience Rating Factor**
3. **Trust Fund Solvency Adjustment Factor (TFSA)**

The calculations of the employer and employee tax rates are:

- Employer UI Tax Rate = (0.80 x ABCR x Experience Rating Factor) + TFSA
- Employee UI Tax Rate = (0.20 x ABCR)

The tax rate is applied to a taxable wage base, which changes according to statewide average earnings.

For the actual 2001 tax rate calculations, see [Tax Rate Calculations for 2001](#)

... Average Benefit Cost Rate (ABCR): Tax Calculation Component 1

The measure of the cost of benefits, the Average Benefit Cost Rate, is calculated as follows:

$$\text{Benefit Cost Rate} = \frac{\text{Cost of Benefits / Total Payroll (taxable firms) in last 3 SFY's}}{\text{Taxable Payroll / Total Payroll (taxable firms) last SFY}} \div \frac{\text{Cost of Benefits / Total Payroll (taxable firms) in first 3 of last 4 SFY's}}{\text{Taxable Payroll / Total Payroll (taxable firms) last SFY}}$$

Note: SFY = State Fiscal Year

... Employer's Experience Rating Factor: Tax Calculation Component 2

Experience rating systems classify employers based on their impact on the UI trust fund. All states, except Alaska, have some form of "charge back" benefits financing system, in which employer experience is measured by actual benefits paid, or some approximation of actual benefits paid. Alaska uses the **payroll decline quotient** system. Instead of looking at direct benefit costs, it measures charges in individual employer payrolls over time as an approximation of benefit costs. Employers are ranked according to their experience and assigned to one of the 21 rate classes. Each rate class carries an experience rating factor, which is used in the calculation. See below for more details.

... Trust Fund Solvency Adjustment (TFSA): Tax Calculation Component 3

Sometimes tax rates based on the Average Benefit Cost Rate are not adequate to maintain the desired trust fund reserve rate. The Trust Fund Solvency Adjustment is an adjunct to assist in this process. The Trust Fund Solvency Adjustment (TFSA) is a surcharge, or credit, applied to employer tax rates, according to statutory schedule, based on the trust fund reserve rate. The TFSA ranges from -0.4% to 1.1%, and can only change by 0.3% or less each year.

Is the payroll decline method of experience rating effective?

Alaska's payroll decline quotient system has proven its effectiveness and has advantages over other direct "charge back" systems. Alaska's trust fund has remained solvent while many other states have been forced to borrow from the federal government, with interest. Alaska's experience rating system is much simpler and cheaper to administer than systems which are forced to track every dollar of benefits paid back to an individual employer.

How are the experience rating factors calculated?**... Experience Rating: Three Classes of Employers**

Alaska has three classes of employers in its experience rating system.

A-rated firms are those with at least 4 quarters of wage history, qualifying them for experience rating.

B-rated firms lack the wage history to qualify for experience rating and are assigned an industry average tax rate.

C-rated firms are delinquent in filing quarterly reports, or paying of contributions, and are assigned the maximum tax rate.

... Experience Rating: Ranking the A-rated firms

The experience factor assignment for A-rated firms begins with the calculation of the average payroll decline quotient for the last 12 quarters. Firms are then ranked by the decline quotient. The ranking list is then divided among 20 classes, with each containing approximately 5% of the total statewide payroll. Class 21 contains the final .01%. Each class is assigned a statutory experience factor.

What is the taxable wage base?

The Employer's (and employee's) tax rates are expressed as a percent of each worker's wages. The amount of each worker's wages subject to UI taxation is called the taxable wage base. The taxable wage base is defined as 75% of the statewide average annual earnings of workers covered by the UI program. The taxable wage base for 2001 is \$25,500

Are there some employers who are not in tax system?

Some employers covered by the UI system are not included in the tax system. These "reimbursable" employers pay back the trust fund for the benefit costs of their former employees. Reimbursable employers are generally large organizations with stable work forces, such as state and municipal governments, but also include private non-profit organizations.

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Information

Population
Information

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UI Benefit Recipients (instate) by Zip Code, SFY 1999

Zip	Count
99501	816
99502	821
99503	1,070
99504	1,789
99505	58
99506	64
99507	1,404
99508	1,931
99509	288
99510	264
99511	199
99514	261
99515	920
99516	478
99517	845
99518	550
99519	26
99520	225
99521	191
99522	173
99523	246
99524	246
99540	15
99546	8
99547	4
99548	9
99549	7
99550	42
99551	42
99552	23
99553	29
99554	51
99555	7
99556	215
99557	63
99558	18
99559	370
99561	40
99563	89
99564	12
99565	1
99566	20
99567	456
99568	43
99569	6
99571	4
99572	46
99573	118

99574	305
99575	14
99576	178
99577	901
99578	26
99579	9
99580	10
99581	76
99583	6
99585	38
99586	77
99587	215
99588	96
99589	16
99590	14
99591	19
99602	36
99603	784
99604	97
99605	25
99606	33
99607	18
99608	2
99609	51
99610	217
99611	1,037
99612	90
99613	30
99614	70
99615	1,579
99620	61
99621	34
99622	34
99624	19
99625	14
99626	30
99627	57
99628	37
99630	52
99631	36
99632	105
99633	54
99634	49
99635	321
99636	14
99637	64
99638	1
99639	136
99640	16
99641	58
99643	9
99644	11

99645	1,356
99647	4
99648	7
99649	9
99650	51
99651	3
99652	245
99653	5
99654	1,048
99655	62
99657	36
99658	51
99659	44
99660	41
99661	92
99662	37
99663	33
99664	628
99665	1
99666	15
99667	2
99668	6
99669	1,150
99670	30
99671	57
99672	274
99674	120
99675	4
99676	161
99677	3
99678	39
99679	24
99680	35
99681	27
99682	34
99683	72
99684	61
99685	43
99686	324
99687	1,567
99688	183
99689	105
99690	17
99691	10
99692	221
99693	23
99694	48
99695	3
99697	4
99701	1,229
99702	62
99703	97

99704	3
99705	980
99706	138
99707	635
99708	598
99709	943
99710	152
99711	166
99712	348
99714	77
99716	44
99720	27
99721	33
99722	28
99723	227
99724	7
99725	61
99726	5
99727	42
99729	34
99730	19
99732	3
99733	15
99734	4
99736	17
99737	207
99738	26
99739	40
99740	73
99741	46
99742	52
99743	105
99744	19
99745	10
99746	42
99747	22
99748	34
99749	37
99750	40
99751	14
99752	188
99753	48
99754	8
99755	64
99756	17
99757	4
99758	16
99759	7
99760	80
99761	65
99762	257
99763	45

99764	44
99765	40
99766	87
99767	16
99768	28
99769	69
99770	72
99771	38
99772	81
99773	29
99774	12
99775	16
99776	11
99777	35
99778	30
99779	5
99780	222
99781	35
99782	22
99783	22
99784	10
99785	43
99786	23
99788	8
99789	16
99790	4
99791	16
99801	1,110
99802	320
99803	329
99806	1
99820	79
99821	59
99824	136
99825	2
99826	17
99827	294
99829	193
99830	181
99832	21
99833	30
99835	574
99836	5
99840	134
99841	11
99850	36
99901	1,096
99903	1
99917	1
99918	68
99919	109
99921	323

99922	64
99923	13
99924	1
99925	127
99926	269
99927	6
99928	166
99929	240
99950	57

Total 45,267

Alaska Department of Labor & Workforce Development
Research and analysis Section
UI Claimant Characteristic Data File for SFY 1999

Record Select: Office > 0000 and ZIP > 99500

File: JRW C:\work\99zipcnt.xls

UI Benefit Payments (instate) by Zip Code, SFY 1999

Zip	Regular	EB	SSB	Total
99501	\$1,541,406	\$75,638	\$3,301	\$1,620,345
99502	1,946,611	106,007	848	2,053,466
99503	2,222,492	135,626	1,196	2,359,314
99504	3,879,138	180,669	4,078	4,063,885
99505	144,255	8,222	0	152,477
99506	132,856	6,844	0	139,700
99507	3,213,900	177,227	1,568	3,392,695
99508	4,054,568	234,257	4,840	4,293,665
99509	605,831	32,062	0	637,893
99510	496,760	18,539	898	516,197
99511	506,735	24,554	0	531,289
99514	538,791	27,624	46	566,461
99515	2,149,814	100,653	108	2,250,575
99516	1,073,639	49,457	0	1,123,096
99517	1,832,073	115,839	0	1,947,912
99518	1,343,535	78,048	0	1,421,583
99519	68,360	1,930	0	70,290
99520	489,637	12,923	0	502,560
99521	421,960	18,536	200	440,696
99522	404,457	31,343	1,104	436,904
99523	562,653	26,967	122	589,742
99524	542,700	36,075	540	579,315
99540	25,933	1,744	0	27,677
99546	25,198	0	0	25,198
99547	7,021	0	0	7,021
99548	12,318	774	0	13,092
99549	11,107	0	0	11,107
99550	99,902	9,848	0	109,750
99551	83,813	5,466	1,064	90,343
99552	44,189	446	0	44,635
99553	40,622	0	0	40,622
99554	103,733	5,042	120	108,895
99555	10,734	0	0	10,734
99556	497,790	34,352	690	532,832
99557	155,304	13,976	0	169,280
99558	43,332	5,756	0	49,088
99559	692,259	42,957	2,624	737,840
99561	53,865	3,883	0	57,748
99563	178,289	19,228	1,496	199,013
99564	21,969	1,008	0	22,977
99565	2,240	0	0	2,240
99566	50,654	7,168	0	57,822
99567	1,025,933	40,011	138	1,066,082
99568	101,484	7,671	0	109,155
99569	12,340	1,782	0	14,122
99571	10,956	0	0	10,956
99572	87,321	6,338	0	93,659
99573	283,609	37,947	544	322,100

99574	738,546	33,226	0	771,772
99575	35,764	4,666	0	40,430
99576	386,993	28,511	298	415,802
99577	2,077,489	91,999	2,752	2,172,240
99578	31,948	2,492	44	34,484
99579	16,008	0	0	16,008
99580	12,479	0	0	12,479
99581	131,085	10,066	1,268	142,419
99583	6,383	0	0	6,383
99585	69,346	2,672	0	72,018
99586	160,170	19,426	0	179,596
99587	372,845	10,382	0	383,227
99588	224,673	19,471	0	244,144
99589	16,777	2,032	352	19,161
99590	27,133	4,881	0	32,014
99591	25,217	178	0	25,395
99602	75,350	5,467	0	80,817
99603	1,700,326	118,017	3,278	1,821,621
99604	217,673	32,476	2,716	252,865
99605	65,466	7,342	0	72,808
99606	60,980	3,382	288	64,650
99607	48,350	4,756	0	53,106
99608	944	78	0	1,022
99609	95,469	8,132	0	103,601
99610	509,841	41,993	906	552,740
99611	2,329,210	165,361	1,950	2,496,521
99612	161,144	8,195	0	169,339
99613	71,183	1,820	0	73,003
99614	141,933	15,108	1,142	158,183
99615	3,336,730	66,308	13	3,403,051
99620	131,912	4,709	2,836	139,457
99621	59,203	3,317	0	62,520
99622	61,440	4,844	0	66,284
99624	33,369	2,356	0	35,725
99625	19,766	0	0	19,766
99626	63,433	6,086	0	69,519
99627	146,747	9,676	0	156,423
99628	68,348	11,929	1,422	81,699
99630	71,535	5,064	352	76,951
99631	72,574	2,566	138	75,278
99632	188,826	19,851	2,092	210,769
99633	124,618	16,159	736	141,513
99634	71,628	7,564	752	79,944
99635	725,383	65,364	2,336	793,083
99636	27,111	808	212	28,131
99637	86,823	6,112	960	93,895
99638	1,543	0	0	1,543
99639	309,968	17,615	960	328,543
99640	41,756	2,706	0	44,462
99641	123,192	8,020	116	131,328
99643	8,985	1,224	0	10,209
99644	22,143	714	0	22,857

99645	3,197,601	180,701	698	3,379,000
99647	1,132	164	0	1,296
99648	14,486	0	0	14,486
99649	15,149	1,118	0	16,267
99650	118,689	11,133	1,632	131,454
99651	1,019	0	0	1,019
99652	590,899	38,813	816	630,528
99653	12,012	975	0	12,987
99654	2,541,491	154,900	1,252	2,697,643
99655	102,608	4,382	1,150	108,140
99657	62,342	4,212	44	66,598
99658	104,043	5,611	768	110,422
99659	79,330	2,846	730	82,906
99660	75,303	1,744	0	77,047
99661	178,350	3,090	504	181,944
99662	58,899	384	768	60,051
99663	55,524	4,244	0	59,768
99664	1,380,750	96,060	1,209	1,478,019
99665	2,088	232	0	2,320
99666	17,619	0	0	17,619
99667	5,282	0	0	5,282
99668	9,272	0	0	9,272
99669	2,680,420	196,419	3,711	2,880,550
99670	58,859	4,918	0	63,777
99671	117,182	7,224	0	124,406
99672	665,440	39,600	2,925	707,965
99674	300,312	12,692	0	313,004
99675	7,456	0	0	7,456
99676	341,755	34,530	742	377,027
99677	5,232	2,040	0	7,272
99678	71,238	3,958	2,624	77,820
99679	39,533	176	0	39,709
99680	44,507	4,347	0	48,854
99681	42,235	7,340	126	49,701
99682	97,881	8,386	0	106,267
99683	178,769	19,933	0	198,702
99684	137,865	12,632	336	150,833
99685	80,609	732	0	81,341
99686	734,251	41,653	762	776,666
99687	3,761,051	229,807	4,960	3,995,818
99688	456,503	43,334	368	500,205
99689	231,893	19,334	0	251,227
99690	20,750	494	0	21,244
99691	31,998	70	0	32,068
99692	388,700	8,018	0	396,718
99693	47,489	1,575	0	49,064
99694	111,436	7,094	0	118,530
99695	15,260	0	0	15,260
99697	8,004	220	0	8,224
99701	2,615,632	177,826	2,934	2,796,392
99702	105,032	3,344	0	108,376
99703	230,526	15,644	0	246,170

99704	7,869	0	0	7,869
99705	2,567,898	152,656	0	2,720,554
99706	319,522	14,061	752	334,335
99707	1,528,572	109,595	0	1,638,167
99708	1,397,503	88,150	966	1,486,619
99709	2,271,205	133,665	1,232	2,406,102
99710	375,399	18,135	0	393,534
99711	378,496	38,863	672	418,031
99712	804,502	37,510	1,064	843,076
99714	195,172	10,698	0	205,870
99716	100,255	11,951	0	112,206
99720	81,282	8,458	46	89,786
99721	117,635	13,591	0	131,226
99722	57,139	9,521	0	66,660
99723	591,891	33,692	0	625,583
99724	25,856	2,072	0	27,928
99725	179,126	8,367	0	187,493
99726	11,686	0	0	11,686
99727	94,538	2,005	0	96,543
99729	74,241	4,866	0	79,107
99730	38,745	7,570	0	46,315
99732	3,218	424	0	3,642
99733	30,084	2,748	0	32,832
99734	16,448	3,884	0	20,332
99736	30,483	2,038	0	32,521
99737	525,251	41,129	1,248	567,628
99738	79,383	5,819	0	85,202
99739	89,942	7,048	0	96,990
99740	170,085	19,059	0	189,144
99741	111,148	7,154	0	118,302
99742	109,724	9,207	0	118,931
99743	244,770	16,474	0	261,244
99744	41,913	2,726	0	44,639
99745	21,518	1,728	0	23,246
99746	107,925	13,477	0	121,402
99747	60,613	2,162	0	62,775
99748	64,650	1,248	152	66,050
99749	95,259	2,801	315	98,375
99750	82,181	11,604	2,192	95,977
99751	21,686	0	0	21,686
99752	447,117	21,081	0	468,198
99753	109,210	13,837	0	123,047
99754	22,456	1,278	0	23,734
99755	141,750	20,397	0	162,147
99756	44,591	3,948	0	48,539
99757	9,006	0	0	9,006
99758	28,777	4,122	0	32,899
99759	20,412	2,568	0	22,980
99760	200,995	14,462	0	215,457
99761	168,145	24,161	0	192,306
99762	706,604	60,251	0	766,855
99763	92,760	13,648	992	107,400

99764	97,561	9,052	0	106,613
99765	108,747	5,480	304	114,531
99766	205,417	3,796	0	209,213
99767	42,559	3,602	87	46,248
99768	65,772	8,619	0	74,391
99769	154,947	12,672	560	168,179
99770	178,298	8,796	272	187,366
99771	74,851	3,649	752	79,252
99772	177,266	17,979	1,278	196,523
99773	63,708	7,968	0	71,676
99774	20,412	856	0	21,268
99775	26,260	0	0	26,260
99776	30,496	6,822	0	37,318
99777	86,153	6,017	784	92,954
99778	62,325	1,895	0	64,220
99779	16,254	2,928	0	19,182
99780	553,871	37,943	0	591,814
99781	50,518	2,792	1,224	54,534
99782	64,344	7,816	0	72,160
99783	42,091	3,402	0	45,493
99784	12,715	410	0	13,125
99785	75,419	6,038	0	81,457
99786	63,065	8,582	0	71,647
99788	9,057	1,224	0	10,281
99789	30,300	250	0	30,550
99790	8,289	520	0	8,809
99791	39,611	1,316	0	40,927
99801	2,423,271	114,977	388	2,538,636
99802	723,231	49,575	1,120	773,926
99803	753,833	51,036	0	804,869
99806	3,662	0	0	3,662
99820	158,587	16,262	1,424	176,273
99821	148,206	3,029	0	151,235
99824	282,002	11,048	0	293,050
99825	4,090	725	0	4,815
99826	107,164	5,688	0	112,852
99827	683,669	38,174	796	722,639
99829	482,118	21,480	784	504,382
99830	502,556	22,086	928	525,570
99832	40,356	5,574	0	45,930
99833	698,627	28,470	0	727,097
99835	1,173,214	42,509	134	1,215,857
99836	8,216	648	1,376	10,240
99840	315,660	16,247	800	332,707
99841	19,303	122	200	19,625
99850	94,886	5,576	0	100,462
99901	2,426,593	148,083	2,486	2,577,162
99903	2,400	0	0	2,400
99917	328	0	0	328
99918	231,867	4,056	276	236,199
99919	253,540	9,617	132	263,289
99921	842,241	26,818	0	869,059

99922	177,587	1,802	0	179,389
99923	24,286	5,621	0	29,907
99924	0	116	0	116
99925	274,723	11,644	384	286,751
99926	578,614	48,200	2,320	629,134
99927	14,993	656	0	15,649
99928	437,003	32,046	0	469,049
99929	542,667	19,133	710	562,510
99950	143,809	8,024	100	151,933
Total	\$101,763,794	\$6,018,882	\$111,753	\$107,894,429

Source: Alaska Department of Labor & Workforce Development
 Research and analysis Section
 UI Claimant Characteristic Data File for SFY 1999

Record Select: Office > 0000 and ZIP > 99500

File: JRW C:/work/99zippay.xls

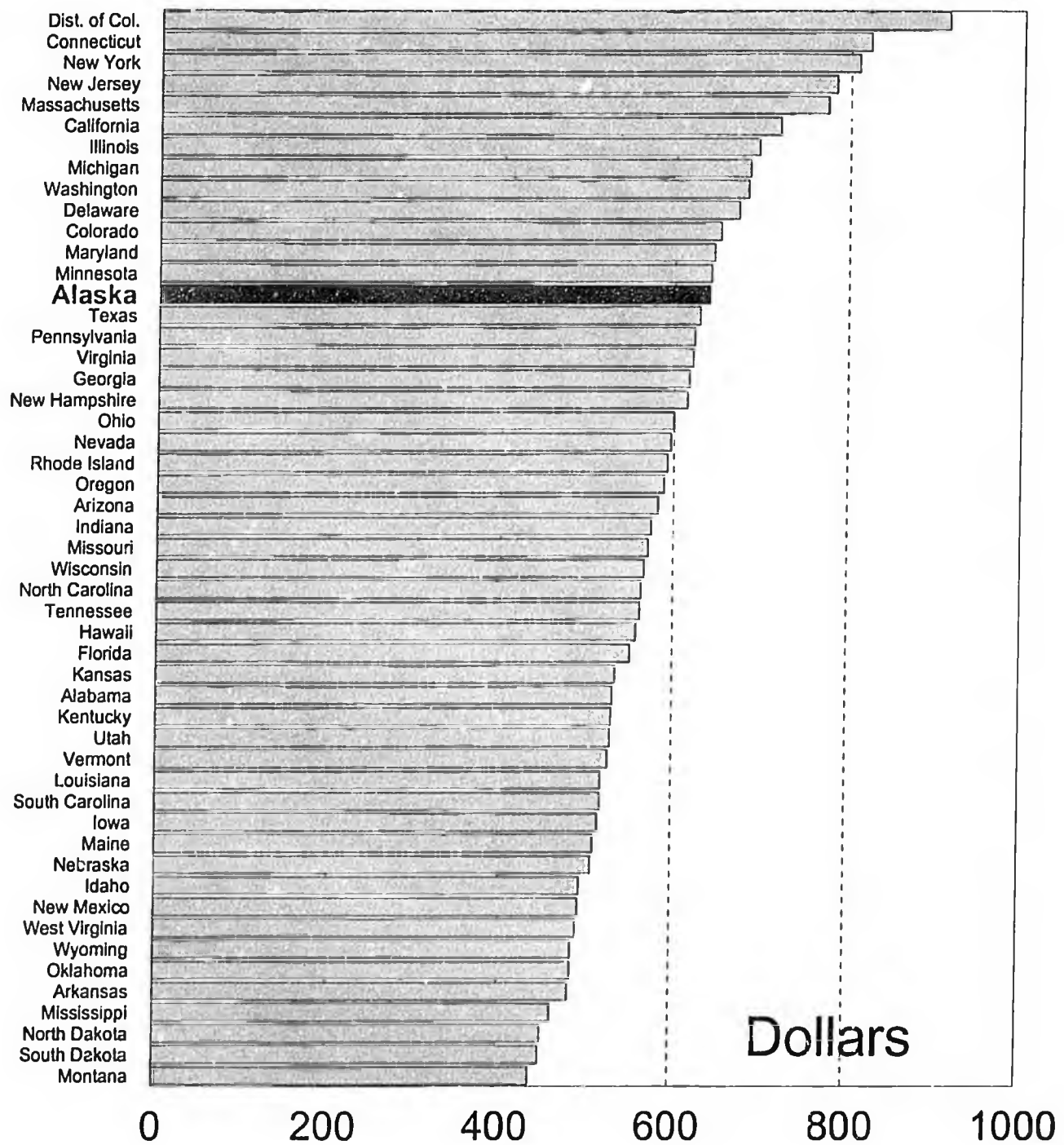
In 35 states the maximum weekly benefit amount (Max WBA)
is set as percentage of the state average weekly wage (AWW).

State	2000 Current Max WBA	Percent of the AWW
Arkansas	\$309	66.67
Colorado	307	55
Connecticut	382	60
Dist. of Columbia	309	50
Hawaii	371	70
Idaho	282	60
Illinois	296	49.5
Iowa	263	53
Kansas	292	60
Kentucky	316	62
Louisiana	258	66.67
Maine	227	52
Massachusetts	431	57.5
Michigan	300	Not Avail
Minnesota	331	Not Avail
Montana	254	60
Nevada	282	50
New Jersey	429	56.67
New Mexico	254	52.5
North Carolina	356	66.67
North Dakota	271	65
Ohio	289	Not Avail
Oklahoma	262	Not Avail
Oregon	360	64
Pennsylvania	408	66.67
Puerto Rico	133	50
Rhode Island	383	67
South Carolina	248	66.67
South Dakota	214	50
Utah	309	60
Vermont	287	Not Avail
Virgin Islands	331	65
Washington	478	70
West Virginia	318	66.67
Wyoming	261	55

Source: Highlights of State Unemployment Compensation Laws, January 2000.
National Foundation for Unemployment Compensation & Workers' Compensation
Washington State data revised July 1 2000.

State Average Weekly Wage Comparison

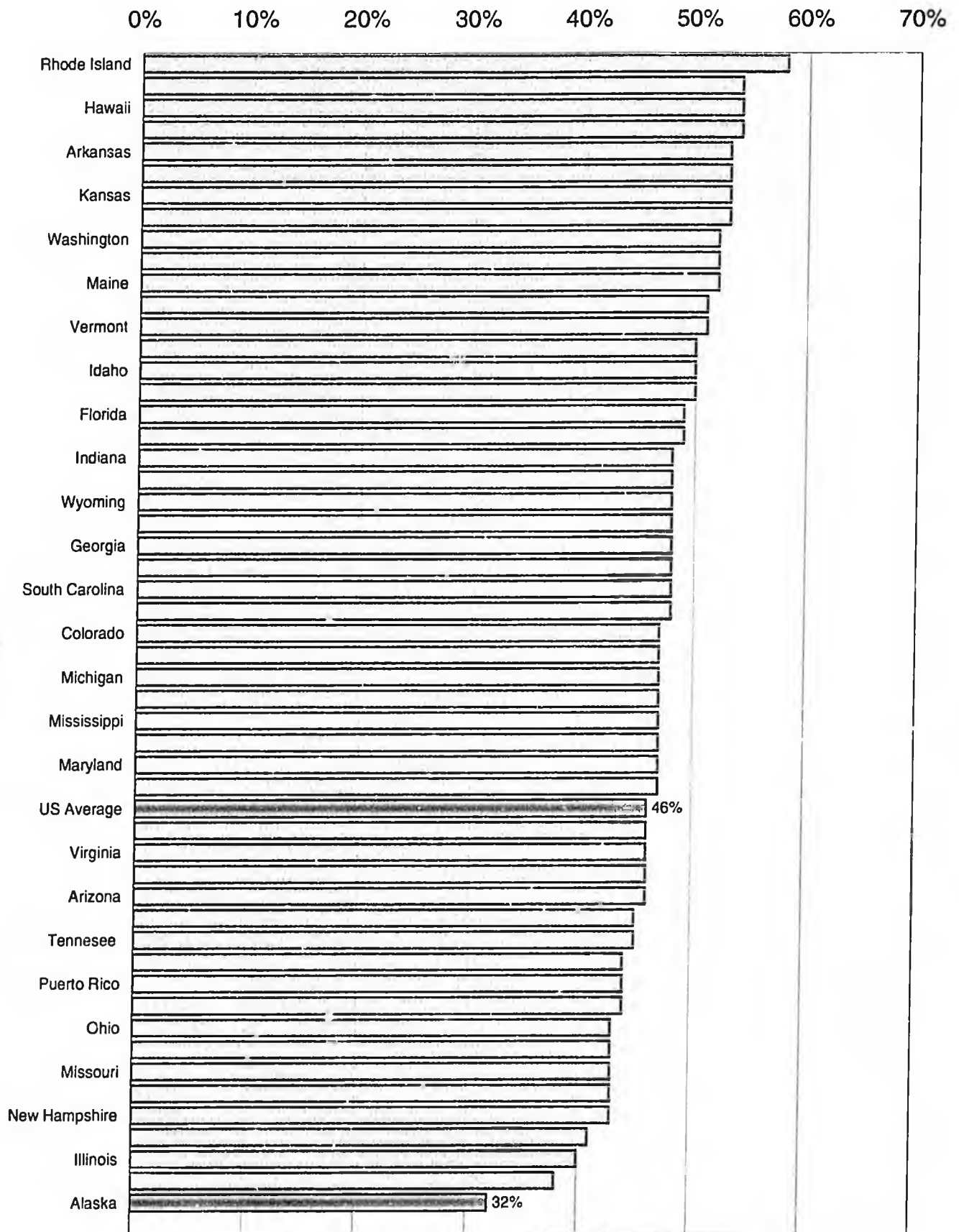
1999



Source: Alaska Dept of Labor & Workforce Development

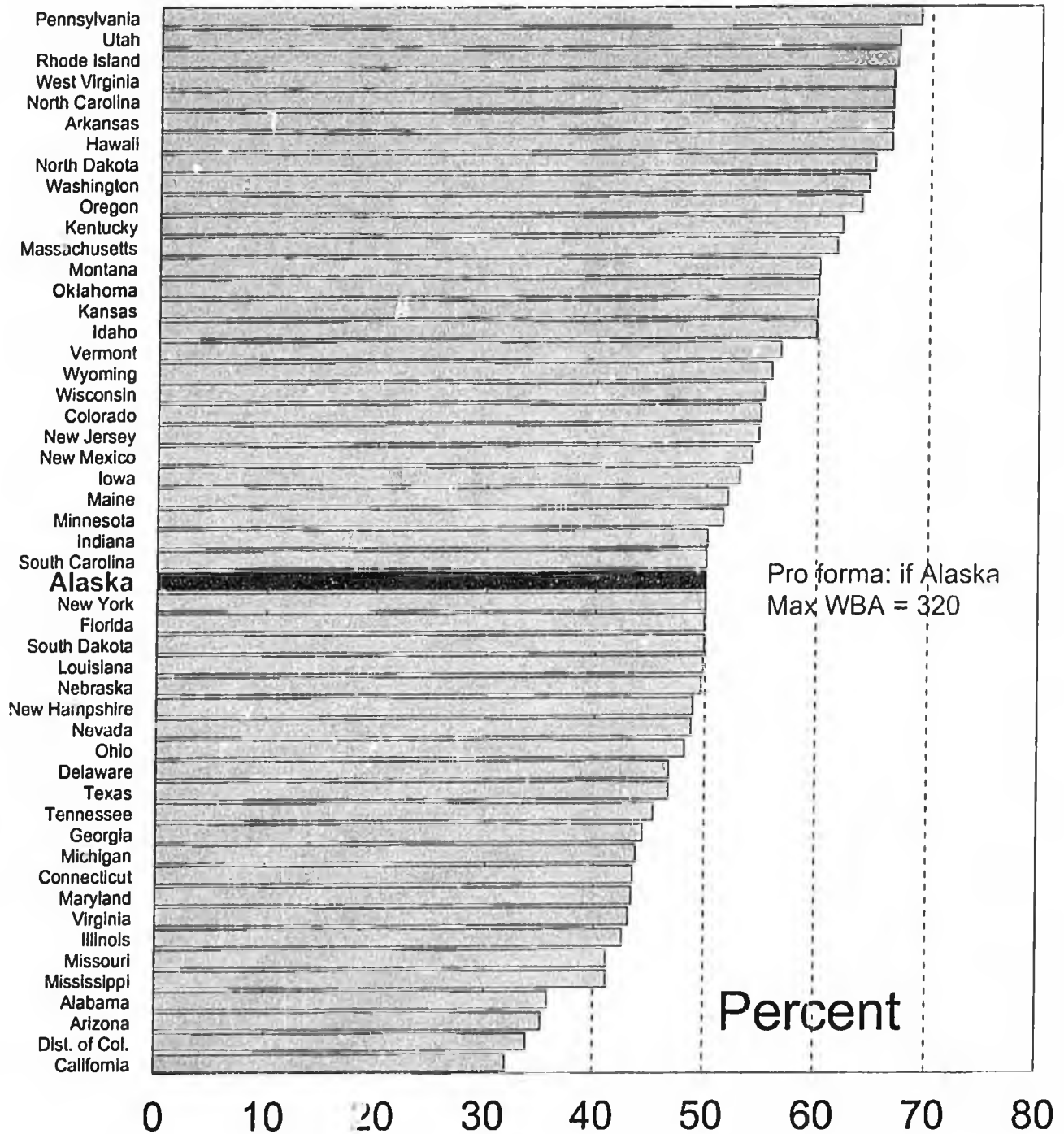
Federal Wage Replacement Comparison, CY 1999

Avg Wk Benefit as a % of Avg Weekly Wage



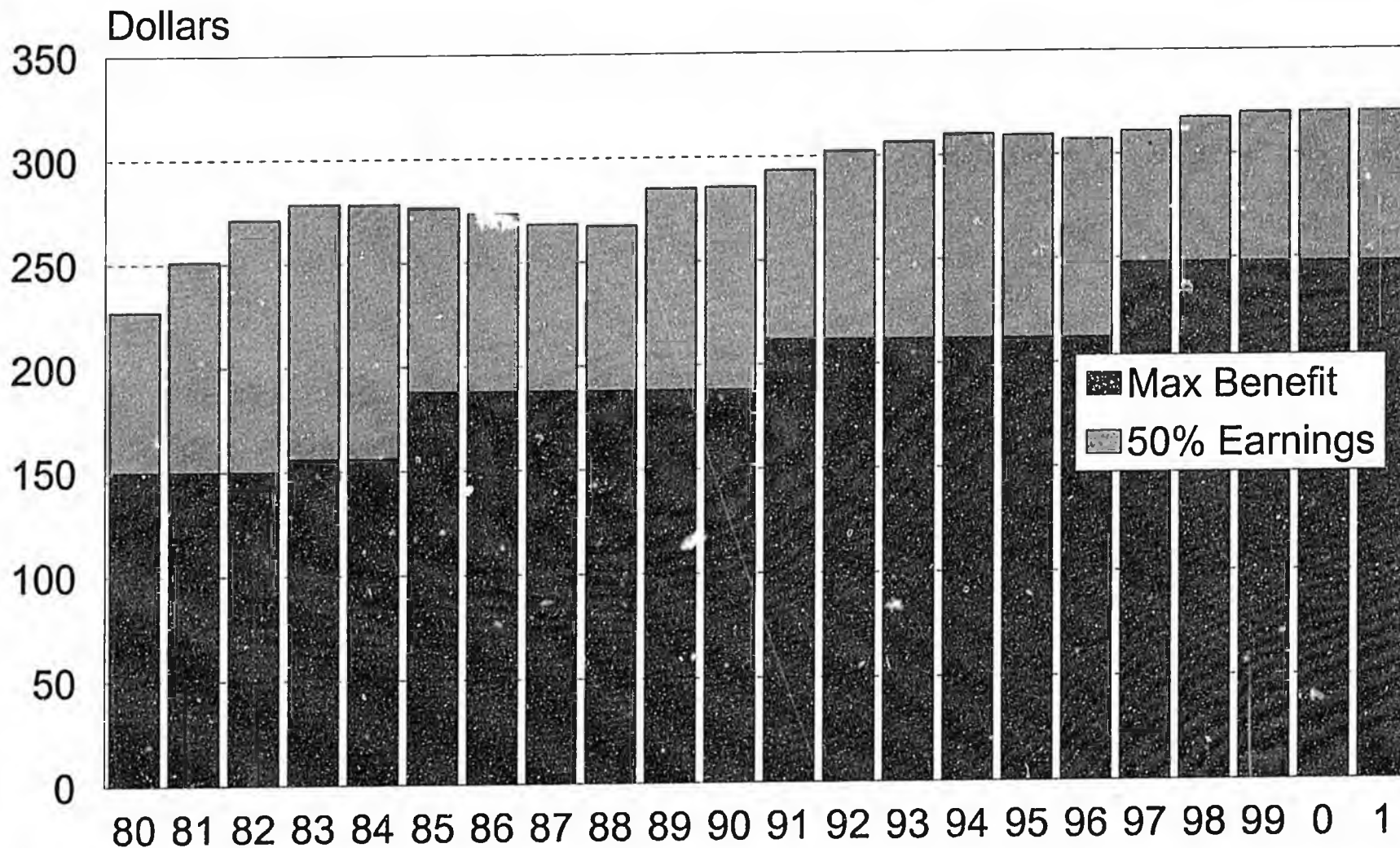
Wage Replacement Comparison, 1999

Max Wk Benefit as a % of Av Weekly Wage



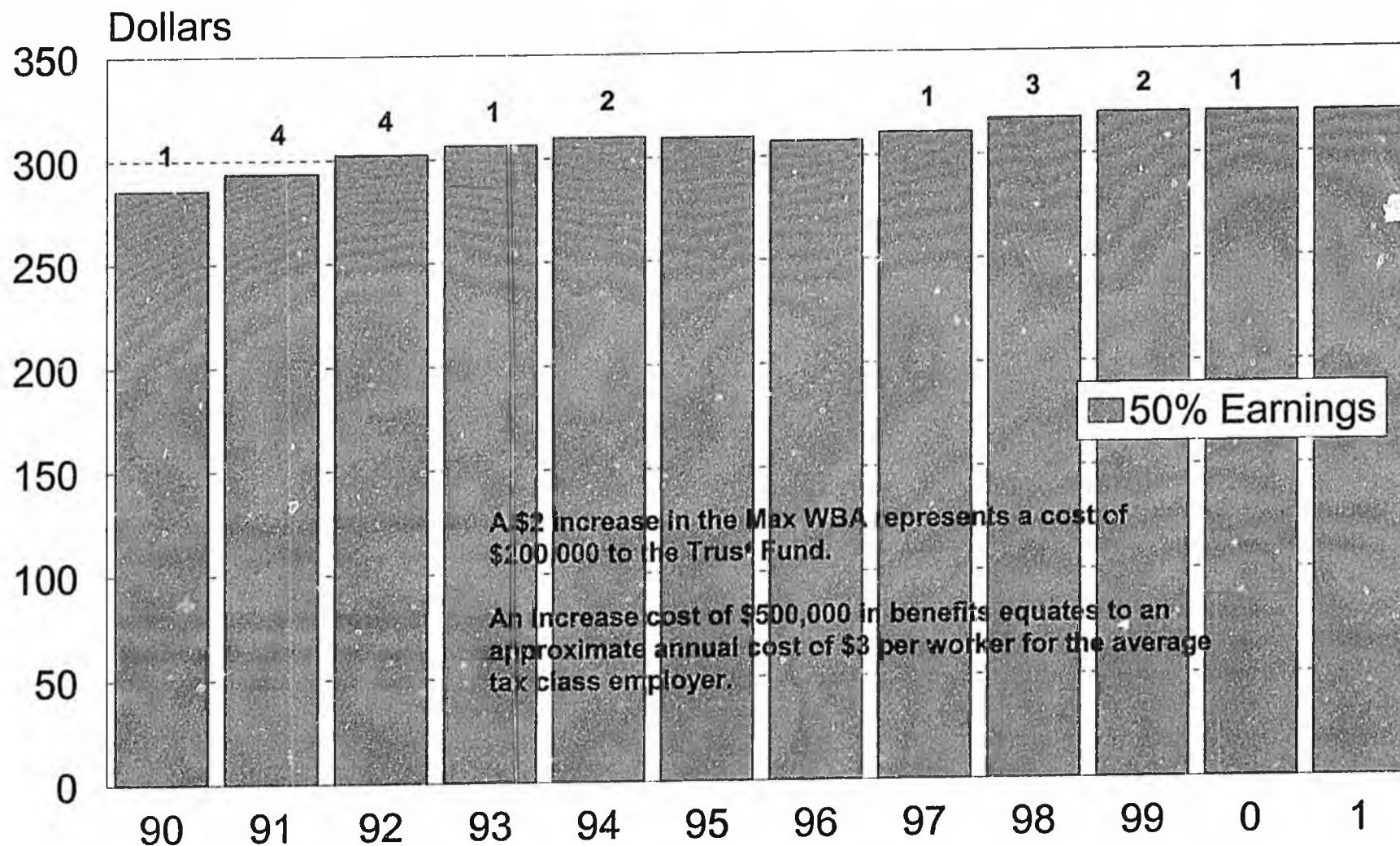
Source: Alaska Dept of Labor & Workforce Development

Alaska's Maximum Weekly Benefit Amount compared with 50% Average Weekly Earnings



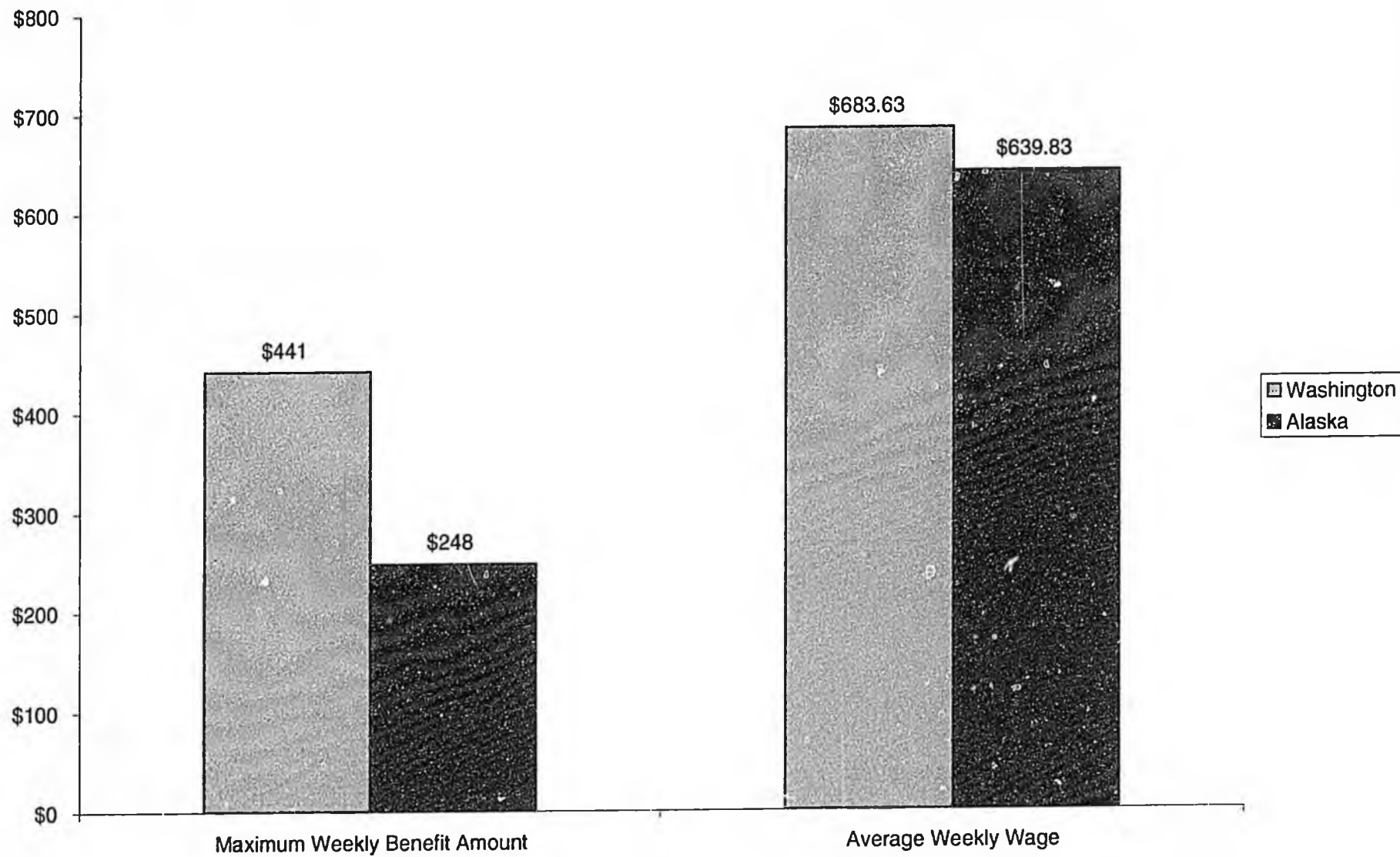
Source: Alaska Department of Labor & Workforce Development

Number of two dollar increases in Calculation of 50% Average Weekly Earnings



Source: Alaska Department of Labor & Workforce Development

Alaska Wage Replacement Compared To Washington Wage Replacement



STATE OF ALASKA

Tony Knowles, Governor

Department of Labor and Workforce Development

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PO Box 25509
Juneau, AK 99802-5509
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FAX: (907) 465-4537

Employment Security Division
Director's Office

March 15, 2001

The Honorable Lisa Murkowski
Chair, House Labor & Commerce Committee
House of Representatives
Alaska State Legislature
State Capitol Building, Room 408
Juneau, AK 99801-1182

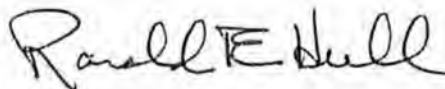
Dear Representative Murkowski:

I would first like to thank you for allowing us to appear before your committee last Friday, March 9th, to present information relating to House Bill 58. I sincerely hope that we were able to shed some light on the proposed legislation and its impacts – at times the subject area can seem so complex that it is hard not to “muddy the waters.”

In the enclosed documents we have attempted to respond to the questions and issues raised by the Committee during the March 9th hearing.

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

Sincerely,



Ronald E. Hull
Acting Director

REH:yd

Enclosures

cc: Ed Flanagan, Commissioner, Dept. of Labor & Workforce Development
Rebecca Nance Gamez, Deputy Commissioner, Dept. of Labor & Workforce
Development
Representative Andrew Halcro
Representative Pete Kott
Representative Norman Rokeberg
Representative Kevin Meyer
Representative Harry Crawford
Representative Joe Hayes

**Answers to House Labor & Commerce Committee Questions
of March 9, 2001**

Basic Eligibility:

In general terms, an individual is eligible for unemployment benefits if they work in covered employment and earn qualifying wages during a specified base period. The main purpose of unemployment insurance (UI) is to provide temporary, partial wage replacement for workers who are willing and able to return to full-time work.

The following actions by a worker will result in disqualification from receiving benefits and are designed to discourage a person from causing their own unemployment in the hope of drawing benefits:

- Voluntary leaving work without good cause
- Discharge for misconduct connected with the work (a more severe disqualification is imposed for workers discharged for commission of a theft or felony related to the job)
- Refusal of suitable work

In addition, the following circumstances may result in disqualifications for each week impacted by the circumstance:

- Unable to work
- Not available to seek or accept full-time work
- Participation in a labor dispute
- Receipt of disqualifying income
- Making fraudulent claims (in addition to disqualifying each week claimed through misrepresentation, an additional six weeks disqualification is imposed for each of these fraudulently claimed weeks)

For a general discussion of the basis for issues of eligibility in the Unemployment Insurance system nationwide, please refer to the attached *Background of Issues in the Unemployment Insurance Program in the United States* produced by USDOL (enclosure 2).

Disqualification for Separations from Employment:

Every state disqualifies individuals who bring about their own unemployment through "voluntarily leaving work without 'good cause'" or being "discharged for misconduct in connection with the work."

The following states disqualify or postpone benefits for a fixed or variable number of weeks, depending on the circumstances of the case:

- Voluntary leaving without good cause: Alaska, Colorado, Maryland, and Nebraska
- Discharge for misconduct: Alabama, Alaska, Arkansas, Colorado, District of Columbia, Florida, Maryland, Missouri, Nebraska, New Jersey, South Carolina, Vermont, and West Virginia.

The argument supporting temporary disqualification or postponement of benefits after a work separation is that, as time passes, labor market conditions exert an increasing influence on the reason for a worker's continued unemployment. At some point, the controlling factor in the worker's on-going unemployment becomes the lack of work available rather than the disqualifying action that initiated his unemployment.

Previous Alaska legislatures have apparently subscribed to this view of "matching the penalty to the crime." Clearly, a worker who leaves work in August is responsible for his condition of being unemployed for some period of time and, should not, within the intent of the program, be entitled to benefits. However, for many of these workers, unemployment in October would be an inevitable result of the work season shutting down, regardless of actions the worker took in August. As the labor market conditions are then the predominant factor in the worker's unemployment, the continuation of a disqualification for the prior separation could be seen as punitive beyond the "damage" done by that controllable action.

In drafting our statute, these legislatures held that, in Alaska, those who are found to have become unemployed for reasons within their control (either having left work without "good cause" or having been discharged for work-related misconduct) should be disqualified for a six-week period. In addition, the maximum amount that these workers could receive from their claims is reduced by three times their weekly benefit amount. Further, they are held, by federal law, to be ineligible for an extension on their claim should they exhaust their entitlement during a time that federal Extended Benefits are payable in Alaska.

Basic UI Facts:

Maximum Potential Duration – Alaska	26 weeks
Maximum Potential Duration w/ Extended Benefits – Alaska	39 weeks
Average Duration – Nationally	15 weeks
Average Duration – Alaska	14.9 weeks

Interstate Facts:

While the percentage of total unemployment insurance dollars paid to workers living outside the state has declined from well over 20 percent to less than 18 percent, there remains a natural concern over these dollars leaving the state. This concern has existed since the early days of the program.

In fact, Alaska at one time paid a substantially reduced benefit amount to workers out of state than was made available to workers who remained in the state. Alaska enacted laws in 1955 and 1960 to reduce the maximum weekly benefit amount paid to claimants who were outside of Alaska. In 1972, Congress decided the practice was discriminatory to the rights of workers to move from state to state seeking employment. The practice was discontinued to avoid serious sanctions against our program.

Claimants who file for benefits from Alaska while residing elsewhere are instructed to register with their local union or nearest Employment Service, advised that they must conform to local labor market conditions, and be willing to seek and accept full-time employment in their area of residence.

Seasonality of Alaska Employment:

According to the 1999 Nonresident Worker Report, an average of 20.95 percent of private sector workers were nonresident in 1999, but the nonresident rates varying widely by industry.

The enclosed excerpt from the 1999 Nonresident Worker Report (enclosure 3) indicates the percentage of nonresident workers by industry and illustrates a decline in nonresident workers in the food processing industry. This industry grouping, primarily representing the seafood industry, has a workforce that is over 70 percent nonresident. A major portion (approximately 70 percent) of the 17.7 percent of claimants receiving UI benefits from Alaska while residing outside of the state come from such highly seasonal industries. (Charts 1, 2, and 3 enclosed provide information on the distribution of Interstate claimants by industry and a comparison of "in-state" and "out-of-state" UI dollars paid by industry.)

In general, our economists feel that there is a very strong correlation between the percentage of nonresident workers in an industry and the seasonality of such employment.

In Anchorage, which has one of the most stable annual economies in the state:

- employment in CY 2000 varied from a summer peak of 137,000 to a low in the winter months of 128,000 workers – a seasonal variation of 9 percent;

- the construction industry dropped from a summer high of 9,200 workers to a winter low of 6,000 – a seasonal variation of nearly 35 percent; and
- the hotel industry, heavily reliant on tourism, dropped from a seasonal high of 3,700 workers to 2,700 – a 27 percent decline.

Agent Interstate Claim Facts:

Limited data is available for claims filed from Alaska against the UI programs of other states (known as "Agent Interstate Claims"). Alaska receives a weekly activity report on the numbers of such claims filed, but no report currently compiles data on a larger scale. (This information is used to aid the states in accurately providing USDOL with counts of "first time" and on-going benefit claims on a weekly basis – one of the most heavily relied upon national economic indicators.) Because of the narrow usage for which this data is intended, the state being filed against is not an information element that we are provided.

A report issued by the Bureau of Labor Statistics for the period 7/1/98 - 6/30/99 indicates:

- 2,596 unemployed workers living in Alaska filed claims against the UI programs of other states. (As compared to 10,119 claims filed against Alaska by those living outside the state. This represents .05 percent of the total UI population in Alaska for the same period.

While workers with claims against other states are not asked to participate in Profiling Services, they are registered with the Employment Service office nearest to their residence.

UI for Unemployment Civilian Workers and Ex-Military:

- A total of \$3,165,472 or .02 percent of total UI paid by Alaska for 1999 was paid to unemployed federal civilian workers.
- The federal government reimburses 100 percent of these benefits to the state Trust Fund account.
- A total of \$1,186,710 or .009 percent of total UI paid by Alaska for 1999 was paid to ex-military personnel.
- The federal government reimburses 100 percent of these benefits to the state Trust Fund account.

Charts:

Charts 1-3 – Provide information on the distribution of Interstate claimants by industry and a comparison of in-state and out-of-state UI dollars paid by industry.

Chart 4 – Estimated Maximum per Employee increase in taxes for the average employer as the full effect of the increased benefit costs impact the tax rate calculation over a five year period.

Chart 5 – Comparison of Maximum Weekly Benefit Amounts by state

*Background of Issues in the Unemployment Insurance
Program in the United States*

Introduction

In the American society, the dignity of man has often been related to that which he could gain by the "sweat of his brow." When a man was not gainfully employed, his dignity, and often times his survival, depended on the benevolence of his employer or some other individual or group. Only recently has western man placed emphasis on the right to dignity as well as survival.

But the principles underlying this work ethic cast a stigma on any system which would protect the unemployed. Unemployment was viewed as being synonymous with incompetence and with incompetent people who needed to be cared for through welfare.

The disastrous economic crisis of 1929 clearly demonstrated the inadequacies of a labor market built solely on supply and demand. As a result of this crisis, and the ensuing millions of unemployed people, the premise that gainful employment was available to all who would work was challenged.

The unemployment insurance program was designed to provide survival with dignity for people who became unemployed. As such the program included social objectives along with insurance characteristics. To maintain the features of an insurance program, the unemployed person could not be subjected to a test of economic need. The payment of unemployment benefits has a secondary effect of maintaining purchasing power. When many people in a community are unemployed, their unemployment is a hazard to the well-being of the society.

The unemployment insurance program provides payments to workers, who are unemployed without fault of their own. In order to accomplish this objective, a critical detailed inquiry into three areas is required.

Three Key Questions

Does the claimant's past record of employment qualify him as a worker? Is the claimant unemployed? Is the claimant's unemployment with fault or without fault? The terminology fault versus without fault used herein implies no moral judgment but relates to the degree of control expected of a worker. It should be noted that the use of the words "fault" and "without fault" does not imply that a determination is made on this basis. Rather, the determination as to whether a worker is eligible for benefits is accomplished by applying the eligibility and disqualification provisions of the state statutes.

In determining fault, three sub-areas are examined: 1) What was the reason for the claimant's separation from work? 2) Is he able to work, available for work and following a reasonable course to reemployment? 3) Has he refused to become reemployed when suitable work became available?

WORKER

What was included in the unemployment insurance program in this country and what has motivated its development still reflects the philosophy that a person must work to enjoy the benefits of the industrial society and that monetary benefits are paid only to workers who are willing to work when reasonably possible. Consequently, unemployment insurance provides benefits to unemployed workers who have established their right to protection.

An insurance program designed to protect against the risk of unemployment naturally would insure unemployed workers. The first task then is to define who qualifies as a *worker*. A worker is an individual who has been a part of the regular working force. Early distinction was made between the self-employed worker who controls his own destiny and workers who accept direction and control from another — that is, the entrepreneur and the wage earner. Generally, the self-employed worker was not included in the insured worker group. An exception to this rule is found in the California law. This exception permits an employer to request coverage of his own services.

Early legislation provided that a simple declaration by the individual that he was a worker was not sufficient to establish that he was a worker. Worker status applied only to those who recently had substantial employment.

The amount of employment required to demonstrate that an individual is a worker differs in the various state laws. All states have set up "base periods" and require certain minimum amounts of earnings or weeks of employment to determine those who meet the definition of eligible worker. These base periods and minimum earnings are designed to provide an identification of those individuals who are currently members of the labor force and are most likely to return to work. In the process of defining who is an insurable worker, certain political or practical considerations caused the exclusion of various groups; notably, government workers, agricultural workers, domestic workers in private homes and employees in non-profit organizations. Some of these groups have subsequently been added.

UNEMPLOYED

Most unemployment insurance laws provide that a worker is totally unemployed if he is not performing a service and if no remuneration is due him. Unemployment may occur even though the worker still maintains an employment relationship with the employer, for example, in a situation where an individual is on a leave of absence. However, when the maintenance of the relationship results in the performance of a service, the worker is no longer unemployed.

The term "unemployed" also may include partial unemployment or less than full-time work. Each state law provides specific earnings and hourly limitations for determining when a person is partially unemployed. Generally, the amount of earnings in part-time work which leaves the worker insurably unemployed is proportionate to the amount of the worker's full unemployment insurance weekly benefit payment.

WITHOUT FAULT
VS. FAULT

After it has been assessed that a claimant qualifies as a worker and that his work attachment qualifies him as being unemployed, the remaining test is applied to identify those claimants who are entitled to benefits. This test is designed to determine which *workers* are *unemployed* through no *fault* of their own. These individuals are entitled to benefits. *Fault* on the part of the unemployed worker is found when he does not:

- 1) remain in employment when he would reasonably be expected to do so (*Reason for Separation*)
- 2) conduct himself in a way that would logically result in his beginning suitable work at the earliest possible time (*Able and Available*)
- 3) begin employment when he reasonably would be expected to do so (*Refusal of Suitable Work*)

Fault in the American Unemployment Insurance system is related to circumstances within the control of the worker and without fault is related to circumstances outside the control of the worker. The terms "fault" and "without fault" are generalized concepts. Determining which workers are unemployed without fault is accomplished by applying the eligibility and disqualification provisions of the various state laws. The provisions for determining when fault exists vary greatly among the states, but certain similarities exist in the laws. Generally, to be without fault a worker is expected to 1) remain employed or begin work under conditions that would be acceptable to a reasonable person, and 2) exhibit a certain degree of readiness to work, that is, he must be available for work.

The first point to consider is did the worker remain employed when he would reasonably be expected to do so? This is consistent with the idea that a person is expected to work in the industrial society. To consider this point, the *reason for separation* is examined.

No questions of fault occur when a worker is laid off due to lack of work, for example, when a job is abolished, a plant is shut down, or there is insufficient work. But, other reasons for separation lead to the need for adjudications. These include: *voluntary leaving or quitting, discharge for misconduct and labor disputes.*

If it is found that a disqualification is to be applied, in most states the period of disqualification created by any of the separation from work issues is designed to cover the time that the worker normally would be unemployed after causing his own unemployment. This unemployment period is usually held to be the average amount of time that a worker requires to obtain suitable work. Theoretically, at least, a worker who creates his own unemployment through an act within his control becomes unemployed without fault after a period of time that a person would normally be expected to need to find work. In states which provide disqualification periods which extend beyond the period of time that a person is normally expected to need in order to find work, the disqualification is in the nature of a penalty for the act which caused his unemployment.

Now, a look at the issue of *voluntary leaving or quitting*. When is a worker unemployed without fault after quitting his work? There are two points of examination necessary to answer this question — the individual