

Alaska State Chamber of Commerce 2008 Position

Minimize costs to businesses of proposed weekly benefit amount (WBA) Increases to Alaska's Unemployment Insurance Program

There is currently an effort to increase the weekly benefit amount for Alaska's Unemployment Insurance Program. While the weekly benefit amount paid to claimants has not increased in many years, costs to employers have increased each year. In 1997 the Maximum Wage Base was \$24,400, in 2007 that Maximum Wage Base had increased to \$30,100. While the tax rate has remained stable, the amount now taxed has increased more than 23% in a short 12 years.

While no one disagrees with the need to raise the weekly benefit amount, there is concern that the proposed program increases will have a negative impact on business. We suggest that there can be both an increase in weekly benefits while not increasing the amount of tax collected from employers.

By eliminating the program noted below of the Unemployment Program, there is sufficient revenue to increase weekly benefits paid to claimants while not increasing the tax burden to employers.

Dependants Allowance (DA) - \$10.5 million

\$10.5 million of DA in 2006 was paid to 40% of claimants. Unemployment Insurance is not intended to be a needs based program. Dependants allowance socializes a program that was intended to be based on an insurance model. This discriminates unfairly against individuals who do not have dependants yet pay the same taxes as those who do. 60% of claimants do not benefit from a dependants allowance.