ALASKA ECONOMIC

TRENDS

AUGUST 2024

HOUSEHOLD DEBT TRENDS

ALSO INSIDE Unemployment benefit amounts

ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT • **RESEARCH AND ANALYSIS**

FROM THE COMMISSIONER

How we're helping Alaskans build careers in the skilled trades

By Catherine Muñoz, Commissioner

Increasing access to rewarding careers in the skilled trades has long been a focus for the department, and several changes over the past year will help advance that goal.

Earlier this year, Governor Dunleavy introduced legislation to improve the process for electrical and plumbing apprentices as they earn the required number of hours to take the journeyman certification test. The legislation extends the duration of the Certificate of Fitness from two to six years, allowing apprentices greater flexibility to earn their required hours and lessening the chance of working without a valid certificate. The Alaska Legislature passed Senate Bill 204 this year, and the bill is awaiting transmittal to the governor.

The legislation also allows the department to develop regulations that will enable the issuance of provisional Certificates of Fitness to those who hold a comparable certificate from another state while they wait for their Alaska certification.

Through a regulatory change, the department now allows third-party testing for electrical and plumbing journeyman certification. Approved training providers can acquire permission to give the exam whenever applicants are ready. This avoids delays and gets people to work quicker. In the past, testing only happened periodically, meaning some applicants had to wait several weeks to test.

Alaska is part of the National Electrical Reciprocal Alliance, a group of 18 states with similar licensing requirements. NERA members are reciprocal, meaning that an electrical license from Minnesota, for example, would be similar to an Alaska license. NERA membership allows us to standardize best practices for electrician licensing. It also enables member states to respond quickly to emergencies, natural disasters, and construction booms.

The Department of Labor and Workforce Development is also ready to financially support Alaskans who want to start careers in the skilled trades.

With recent changes to the Technical Vocational and Education Program, TVEP, more training providers will receive funds from the state's unemployment insurance trust fund to prepare Alaskans for good careers in the skilled trades.

Through our Job Center network, eligible Alaskans seeking financial support to start their career can apply for funding through the State Training and Employment Program, or STEP, which also funds individual training and grants for providers using a portion of the unemployment insurance trust fund.

The demand for skilled tradespeople in Alaska shows no signs of waning. The department projects that by 2030, the need for electricians will grow by 11 percent, creating 187 jobs. The demand for plumbers, pipefitters, and steamfitters is also expected to grow by more than 11 percent, to 141 additional jobs.

From advancements in renewable energy to the modernization of infrastructure, skilled trades will continue to play a pivotal role in shaping our state's growth and resilience. The Department of Labor and Workforce Development is ready to help Alaskans prepare to work in all of Alaska's high-demand industries.

Sincerely,

Catherine Muñoz

Contact Commissioner Catherine Muñoz at
(907) 465-2700 or commissioner.labor@alaska.gov.

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Dollar folded into a hexagonal envelope, photo by Flickr user Glenn Sapaden

ALASKA ECONOMIC TRENDS

ALASKA
DEPARTMENT of LABOR and WORKFORCE DEVELOPMENT

Governor
Mike Dunleavy

Commissioner
Catherine Muñoz

Trends is a nonpartisan, data-driven magazine that covers a variety of economic topics in Alaska.

ON THIS SPREAD: The background watermark for 2024 is an aerial view of the mountains around Anchorage. Photo by Flickr user Raúl AB under Creative Commons license by-nc-sa 2.0.

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Trends in household debt

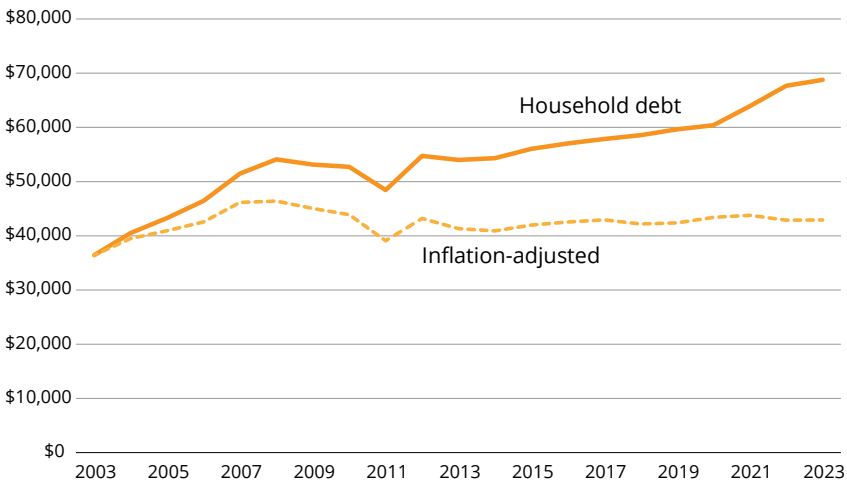
Types of debt, recent patterns, and what the data suggest

By ROB KREIGER

Household debt in Alaska has risen in recent years, hitting its highest point since at least 2003. Much of the recent increase came from rising mortgage payments in 2021 and 2022, when low interest rates, limited inventory, and higher incomes pushed prices to record levels. Auto loan and credit card debt have also gone up.

But the amount of debt and whether it's rising doesn't say anything about how effectively people are managing their debts.

Alaska's total per capita household debt, 2003-23



Source: New York Fed Consumer Credit Panel/Equifax: State Level Household Debt Statistics 2003-2023, Federal Reserve Bank of New York, February 2024

High isn't always bad and low isn't always good

Debt can rise for positive reasons; for example, people are more likely to take on additional debt if they are doing well financially and feel confident they can make payments in the future.

High debt levels can become a problem if payments slip and fall too far behind, which can have serious consequences such as losing a house.

Lower debt levels can be positive if households are paying on time and improving their balance sheets. Lower debt levels can also signal trouble, though. For example, debt levels can fall because borrowers can't secure loans because of poor credit history.

One way to gauge whether higher debt is straining households is to look at delinquency rates over time. Regardless of how much debt households carry, whenever delinquencies rise — especially if they rise sharply in a short time — that's a red flag.

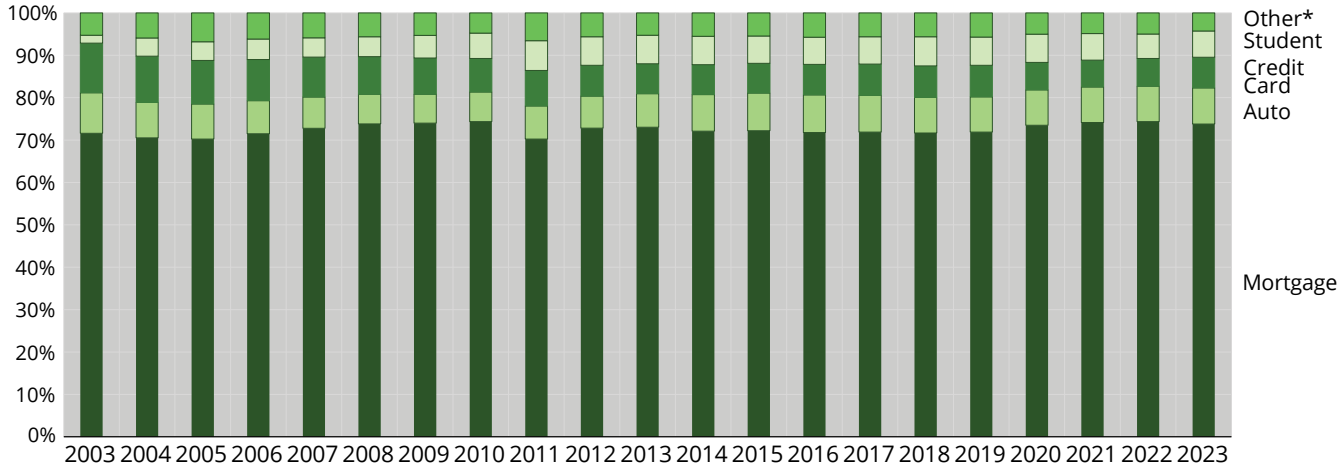
Alaska households appear to be managing debt effectively, as evidenced by low delinquency rates in the two largest categories: mortgage and auto loan payments. Some signs point toward more difficulty paying off credit cards than in the past, as credit card delinquency reached its highest point since at least 2003 last year.

Delinquency for student loan debt, which typically has the highest rate because of flexible payment options, dropped to historical lows between 2020 and 2023 as most payments were suspended during the pandemic. Student loan repayment resumed in the fall of 2023, so it's not clear how that will affect households.

Per capita household debt reaches $68,780 in Alaska

Alaska households had $68,780 in debt per capita in 2023, putting us ninth-highest among states. Per capita debt is calculated by dividing total debt by the number of people in the state with a credit report,

Mortgages make up the largest chunk of Alaska household debt, 2003 to 2023



*"Other" includes retail cards and other consumer loans such as sales financing and personal loans.
Source: New York Fed Consumer Credit Panel/Equifax: State Level Household Debt Statistics 2003-2023, Federal Reserve Bank of New York, February 2024

including those without debt. In nominal terms, this is the highest amount since at least 2003 and has increased every year since 2013.

Of the four main categories of household debt — mortgage payments, auto loans, credit cards, and student loans — mortgage payments are the largest by far, representing nearly 74 percent of total household debt last year. Auto loans are second at 8.5 percent, credit cards are 7.2 percent, and student loans represent 6.2 percent. This distribution, shown above, has been fairly consistent over time.

Mortgage debt was $50,750 per capita in 2023. (See the data box on this page for why this number might seem low.) Auto loans averaged $5,860 per capita, followed by credit cards at $4,980 and student loans at $4,250.

While current debt levels give a sense of what households are carrying now, putting the numbers into historical perspective after adjusting for inflation shows debt has been higher at other times in the past 20 years.

When adjusted for inflation, debt was highest in 2007-2010

Adjusting 2023's peak per capita debt level for inflation shows it isn't the highest in terms of value, and households have carried more debt at other times.

Debt levels in Alaska were 8 percent higher in 2008, at the peak of the national housing bubble and subsequent Great Recession. In the U.S., debt levels peaked a

Per capita data limitations

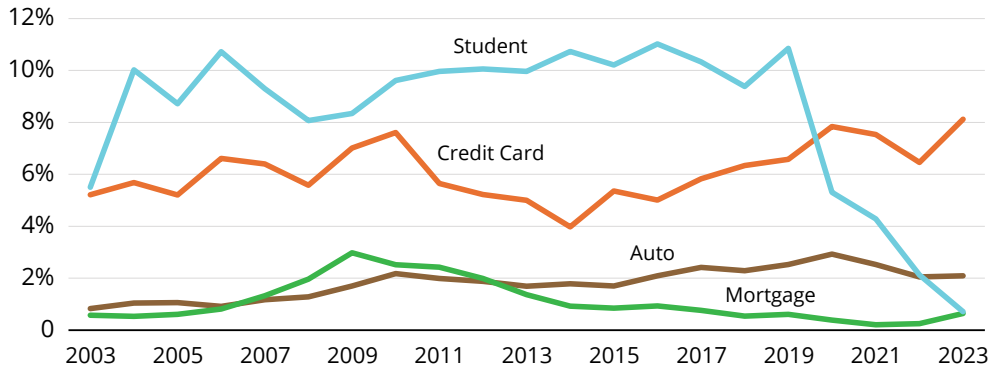
Because per capita data is a measure of total household debt divided by the number of people in the state who have a credit report, readers should be careful not to draw faulty conclusions about how their own level of mortgage, student loan, or other debt compare to the data in this article. That's because per capita data include almost everyone, not just holders of that type of debt.

The average Alaskan mortgage holder will owe significantly more than the average unadjusted $50,750 mentioned in this article because many Alaskans don't hold mortgage debt, including renters and people who have paid off their mortgages.

Similarly, the unadjusted $4,250 in student loan debt per capita for Alaska is much less than the average owed by people with student loan debt.

While other data sets show how a person's student loan debt compares with other student loan borrowers and the average level of mortgage debt among mortgage borrowers, the numbers in this article are not for that purpose. Here, the per capita data allow large-scale comparisons over time for Alaska.

Debt delinquency rates by type in Alaska, 2003-2023



Source: New York Fed Consumer Credit Panel/Equifax: State Level Household Debt Statistics 2003-2023, Federal Reserve Bank of New York, February 2024

year earlier and were 21 percent higher than in 2023 when adjusted for inflation.

But as mentioned earlier, whether debt levels are rising, falling, or inflation-adjusted doesn't shed much light on how households are managing their debts. When households fall behind on payments, it generally signals financial strain, so delinquency rates are one way to assess debt management. If debt levels are high and delinquency rates are low, households can probably keep up with payments despite having more debt overall. When delinquency rates rise significantly above historical levels, it's often a bad sign regardless of debt levels.

Debt delinquency data are available for most major types of household debt. Delinquency rates represent the percentage of loan balances that are 90 days late or more.

Mortgage debt delinquency stayed very low in 2023

Although mortgages are the largest debt category, they have the lowest delinquency rates. (See the graph above.) In 2023, mortgage delinquency was 0.6 percent, up from the record lows of the two prior years of 0.2 percent. While low mortgage delinquency in 2021 and 2022 was probably linked to pandemic homeowner protections and more affordable housing due to low interest rates, mortgage delinquency had already been declining for many years since peaking in 2009.

While Alaska was largely shielded from the housing bubble that burst in the Lower 48, some households here were overextended and began to slip on mortgage payments. Alaska's delinquency rates hit their highest level in 2009, at 3.0 percent. For comparison, mortgages also hit their highest national delinquency in 2009, but at 8.7 percent.

Auto debt delinquency dipped after long, steady rise

Auto debt delinquency, which tends to be higher than for mortgages but lower than for credit cards and student loans, followed a different path than mortgage delinquency after the Great Recession.

Unlike mortgage delinquency, which fell significantly in the years after the Great Recession and has remained low in recent years, auto delinquency dipped slightly

States' per capita debt

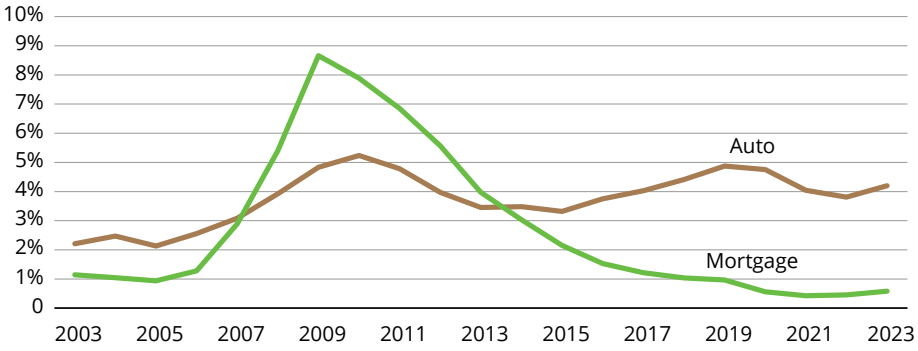
State	2023 debt per capita
CO	$90,760
CA	$85,050
HI	$82,860
WA	$82,130
MD	$80,660
UT	$80,240
VA	$75,140
MA	$74,780
AK	**$68,780**
NV	$68,040
NJ	$67,700
AZ	$67,270
OR	$66,430
ID	$65,480
CT	$64,950
NH	$64,640
DE	$62,870
MN	$62,680
US	**$60,690**
RI	$59,750
GA	$59,370
FL	$58,390
NY	$57,730
NC	$57,650
MT	$57,070
TX	$56,560
SC	$55,610
WY	$53,400
TN	$53,270
IL	$52,780
VT	$51,200
ND	$51,190
ME	$51,010
SD	$49,610
PA	$48,760
NE	$47,980
WI	$47,480
NM	$47,140
MO	$47,000
IN	$46,870
LA	$46,660
MI	$46,500
IA	$46,130
AL	$46,110
OH	$44,870
KS	$44,280
KY	$41,170
OK	$40,990
AR	$40,580
MS	$39,510
WV	$35,430

Source: New York Fed Consumer Credit Panel/Equifax: State Level Household Debt Statistics 2003-2023, Federal Reserve Bank of New York, February 2024

and then resumed rising, hitting a peak of 2.9 percent in 2020. Auto delinquency rates have pulled back some in the past few years but remain relatively high.

One possible explanation for the difference is that mortgage lending practices became more restrictive for buyers with lower credit scores but auto loans were still available for those borrowers.

U.S. mortgage and auto delinquency rate trends



Source: New York Fed Consumer Credit Panel/Equifax: State Level Household Debt Statistics 2003-2023, Federal Reserve Bank of New York, February 2024

National data from the Federal Reserve Bank of New York suggest the dollar volume of mortgage originations for borrowers with credit scores below 620 (below average) fell significantly after 2007. At the same time, the dollar volume of auto loans for borrowers with credit scores below 620 dipped to their lowest level in 2009, but unlike mortgages, rose steadily in the years after.

While these data are for the U.S., it is reasonable to assume this was the case in Alaska too, as auto loan and mortgage delinquencies followed similar trajectories even though U.S. rates were higher. (See the graph on this page.)

Credit card debt may be a concern

Credit cards represent a smaller percentage of household debt than mortgages and autos, but they have higher delinquency rates.

After hitting a low point in 2014, credit card delinquency rose steadily until 2020, then dipped briefly in 2021 and 2022. In 2023, credit card delinquency jumped to 8.1 percent, the highest level since at least 2003.

Credit card debt in Alaska swinging upward so fast doesn't necessarily signal a problem, but it might indicate how households prioritize their debt. For example, mortgage and auto loan delinquency rates haven't recorded that same sudden jump, meaning households prioritize debts with higher consequences, such as mortgage and car payments, over debts easier to put aside such as credit cards.

The rise in credit card delinquency could also be a sign that households are having a harder time making ends meet even though mortgage and auto loan debt seem to be under control, at least for now.

Student loan debt an unknown

Student loan delinquencies have largely been missing from the equation over the past few years. Since student loan payments resumed less than a year ago, it's too early to know whether those repayments will cause delinquency in other categories to rise. We also don't yet know how it will affect households' ability to manage their total debt levels.

Student loans are the smallest category of household debt but have historically had the highest delinquency rates. Lack of sufficient income or difficulty finding employment after graduation may contribute to higher rates.

Student loan delinquency dropped significantly as the federal government unveiled various measures to provide payment relief during the pandemic. Delinquency fell from a peak of 10.9 percent in 2019 to 5.3 percent in 2020, ultimately falling below 1 percent in 2023.

Rob Kreiger is an economist in Juneau. Reach him at (907) 465-6031 or rob.kreiger@alaska.gov.

Jobless benefits out of sync

Part of Alaska's system self-adjusts and part of it doesn't

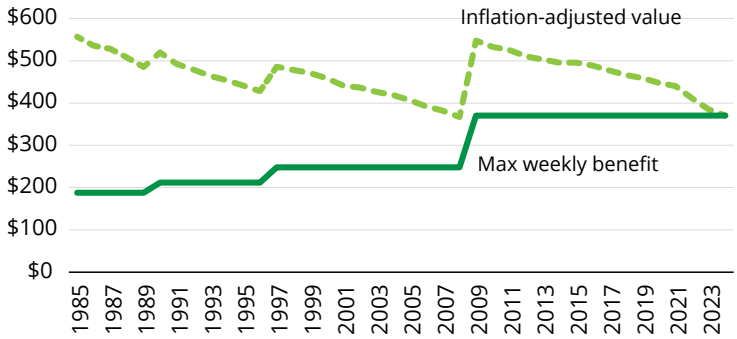
By LENNON WELLER

In statute and by design, unemployment insurance tax rates self-adjust each year according to specific formulas. The system seeks to recover costs while keeping enough money in reserve to weather economic downturns — periods with high unemployment when the benefits paid out exceed the amount collected.

However, the amounts claimants receive in weekly benefits do not self-adjust. The Alaska Legislature has to raise or lower the benefit amounts and set the maximum weekly benefit, and these amounts have remained constant since the last increase in 2009.

Because of inflation and wage increases, unemployment benefits have replaced increasingly smaller percentages of workers' lost wages since then. The value of those benefits has also declined in the longer term, even with a handful of legislative increases to benefit schedules since the 1980s. (See the exhibit below.)

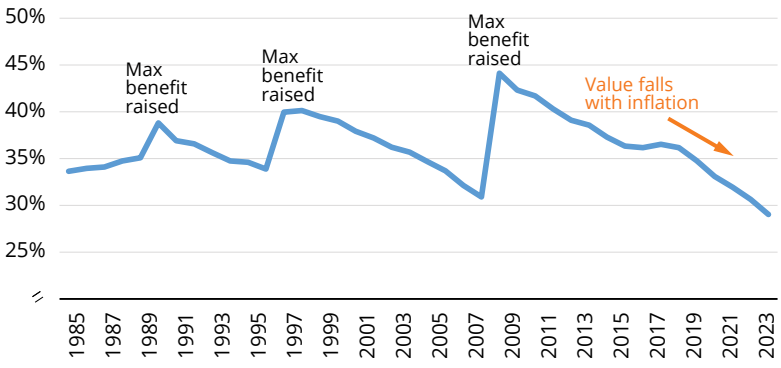
Alaska's maximum weekly benefit over time



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

At the same time, even while collecting at the lowest tax rates allowed, the unemployment insurance trust fund has grown to a much larger balance than is statutorily targeted.

Maximum weekly benefit replacement rate for the average earner in Alaska, 1985 to 2023



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

Increases didn't outpace inflation

In 1985, Alaska provided a maximum weekly unemployment benefit of $188, not including any allowance for dependents. Since then, legislators have increased the maximum amount at irregular intervals and by subjective amounts.

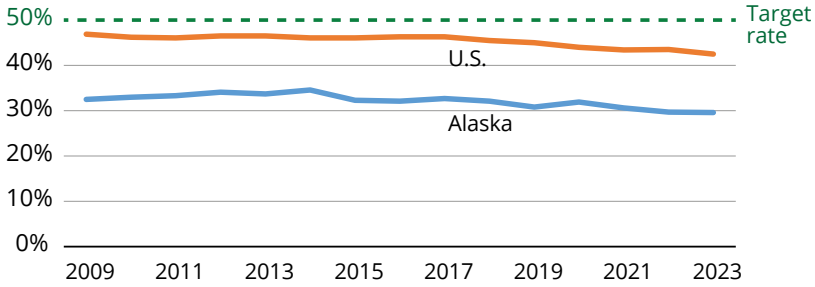
The maximum was raised to $212 a week in 1990, coinciding with a mild national recession. Another increase followed in 1997, to $248 a week. In 2009, lawmakers increased it again, to $370, where it has remained for the last 16 years.

Adjusting these amounts to 2024 dollars shows that even with the increases, the real value of the maximum benefit has never again reached that of the 1980s. For a brief period in 2009, it came close.

For example, in 1985, the $188 maximum was equivalent to $556 today. After the increase in 2009, it reached nearly $548 in today's dollars, then began to decline again.

Adjusting for inflation shows that since 2009, the maximum weekly unemployment benefit has lost nearly 32 percent of its purchasing power.

Average wage replacement rate for Alaska, U.S.



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Department of Labor

Wage replacement rate fell 9 points in 15 years

While Alaska's average annual wage has risen 128 percent since 1985, the maximum benefit a claimant can collect has risen 97 percent.

Looking at whether the maximum benefit has kept pace with inflation is one way to evaluate Alaska's unemployment system. Another is to look at replacement rates over time — that is, the percentage of a claimant's lost wages the weekly benefit can replace.

Although the U.S. Department of Labor recommends a wage replacement rate of 50 percent, it's important to note that Alaska doesn't explicitly use a replacement percentage to calculate someone's qualifying benefit amount.

The state has a benefit schedule that begins at $2,500 in annual wages, which qualifies for $56 a week in unemployment benefits. Every additional $250 earned increases the weekly benefit by $2, to a maximum of $370 a week for $41,750 earned. Workers who earned more than that do not qualify for additional benefits.

The last time the maximum weekly benefit was increased, in 2009, the average weekly wage was $838, or $43,600 yearly. At that time, the maximum benefit would have replaced roughly 44 percent of the average worker's earnings.

In 2024, that same maximum weekly benefit replaces just 29 percent of the average weekly wage, the lowest replacement rate in Alaska's program history.

Even in 1985, when the weekly maximum was at its highest real value, it still replaced just 34 percent of the average wage. Every increase in the benefit schedule since then shows an upward correction to the replacement rate followed by a decline in value until the next adjustment.

The U.S. Department of Labor publishes comparable replacement rates for all states, using a weighted average of the weekly benefit amount and a "normalized" hourly wage of the typical claimant. While this measure is a bit massaged, it allows rough comparisons not just between states but with regions and the national average.

Alaska's wage replacement rate was the lowest among states last year and has historically been near the bottom. The federal measure put Alaska's replacement rate at 29.6 percent in 2023 and the national rate at 42.5 percent. While the gap has narrowed, both have fallen by several percentage points in the last decade and a half.

Alaska's wage replacement rate in 2009 was 32.5 percent. It peaked in 2014 at 34.6 percent, and since then, our rate has fallen five percentage points. During the pandemic, it ticked up briefly, but the long-term trend has been decidedly downward.

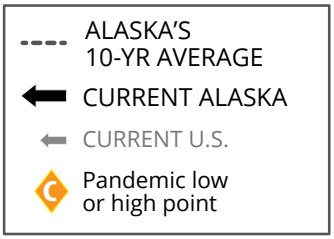
While our replacement rate and weekly amounts are low, Alaska's system is among the most lenient in the nation in terms of who qualifies to receive benefits. Alaska is one of the few states that allow claimants who left their jobs voluntarily to collect, for example, after a waiting period.

More claimants hit the ceiling of the allowed benefit schedule

To get the full picture of how well Alaska's system covers its claimants, it's important to look at the filers who are stuck at the maximum benefit, given the amount of qualifying wages they earned, and that number is increasing.

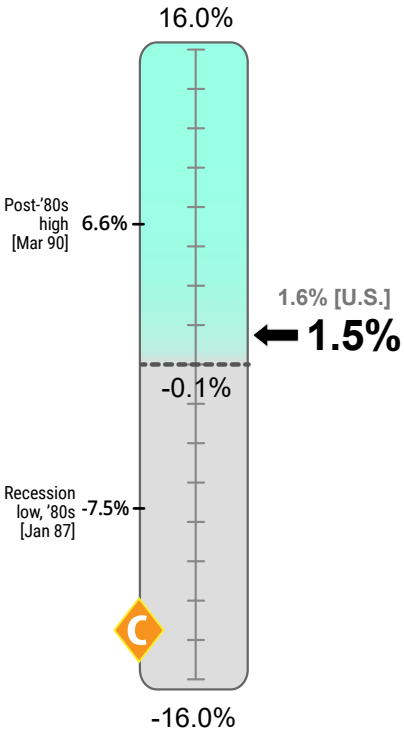
Continued on page 14

Gauging The Economy



Job Growth

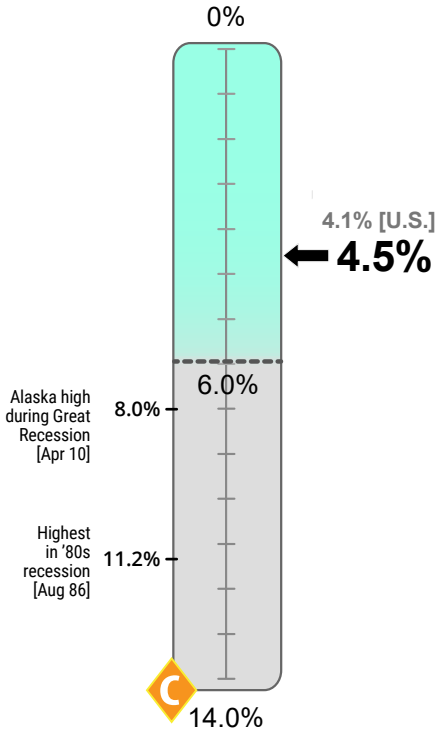
June 2024
Over-the-year percent change



Alaska's June employment was 1.5 percent above last June while national employment was up 1.5 percent over the same period.

Unemployment Rate

June 2024
Seasonally adjusted

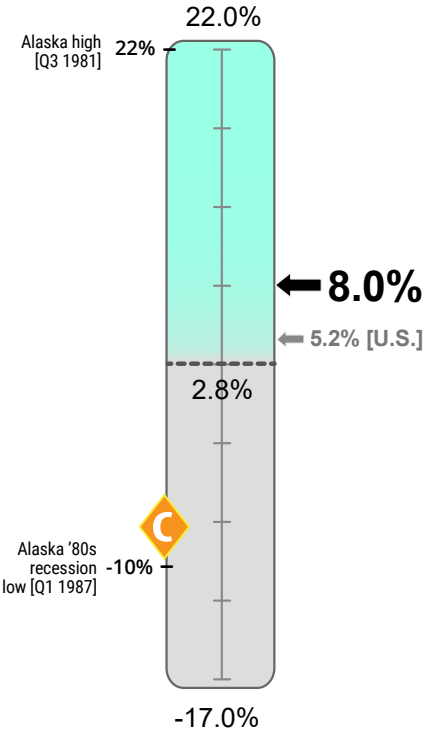


Alaska's unemployment rate has been less useful as an economic measure since the pandemic because of data collection and other technical difficulties.

It's clear, however, that unemployment rates in Alaska and the U.S. are historically low and that the shortage of workers is a bigger economic challenge than unemployment.

Wage Growth

4th Quarter 2023
Over-the-year percent change



Total wages paid by Alaska employers have shown strong growth in recent quarters.

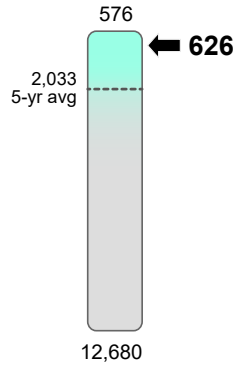
Wages were up 8.0 percent from year-ago levels in the fourth quarter of 2023 — well above the 5.2 percent growth for the U.S. — and 20.3 percent above fourth quarter 2019.

Gauging The Economy

ALASKA'S 10-YR AVERAGE
CURRENT ALASKA

Initial Claims

Unemployment, week ending July 6, 2024*

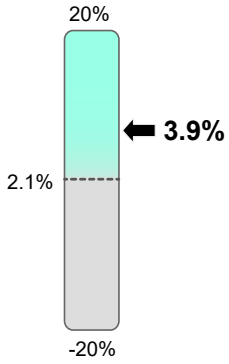


Pandemic-driven high claims loads have fallen, and new claims for benefits are well below their long-term average.

*Four-week moving average ending with specified week

GDP Growth

1st Quarter 2024
Over-the-year percent change*

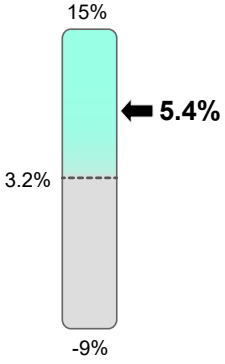


Gross domestic product is the value of the goods and services a state produces. It's an important economic measure but also a volatile one for Alaska because commodity prices influence the numbers so much — especially oil prices.

*In current dollars

Personal Income Growth

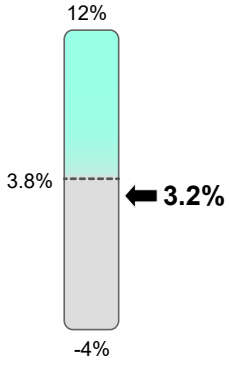
1st Quarter 2024
Over-the-year percent change



Personal income consists of three main parts: 1) wages and salaries; 2) dividends, interest, and rents; and 3) transfer payments (payments from governments to individuals).

Change in Home Prices

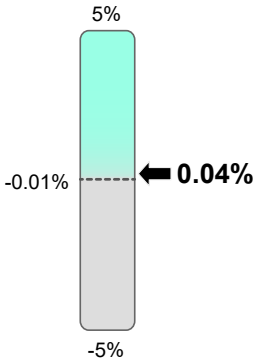
Single-family, percent change from prior year, Q1 2024



Home prices shown include only those for which a commercial loan was used. This indicator tends to be volatile from quarter to quarter.

Population Growth

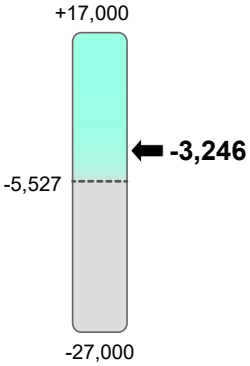
2022 to 2023



After four years of decline, Alaska's population has grown slightly in each of the last three years as natural increase (births minus deaths) has slightly exceeded migration losses.

Net Migration

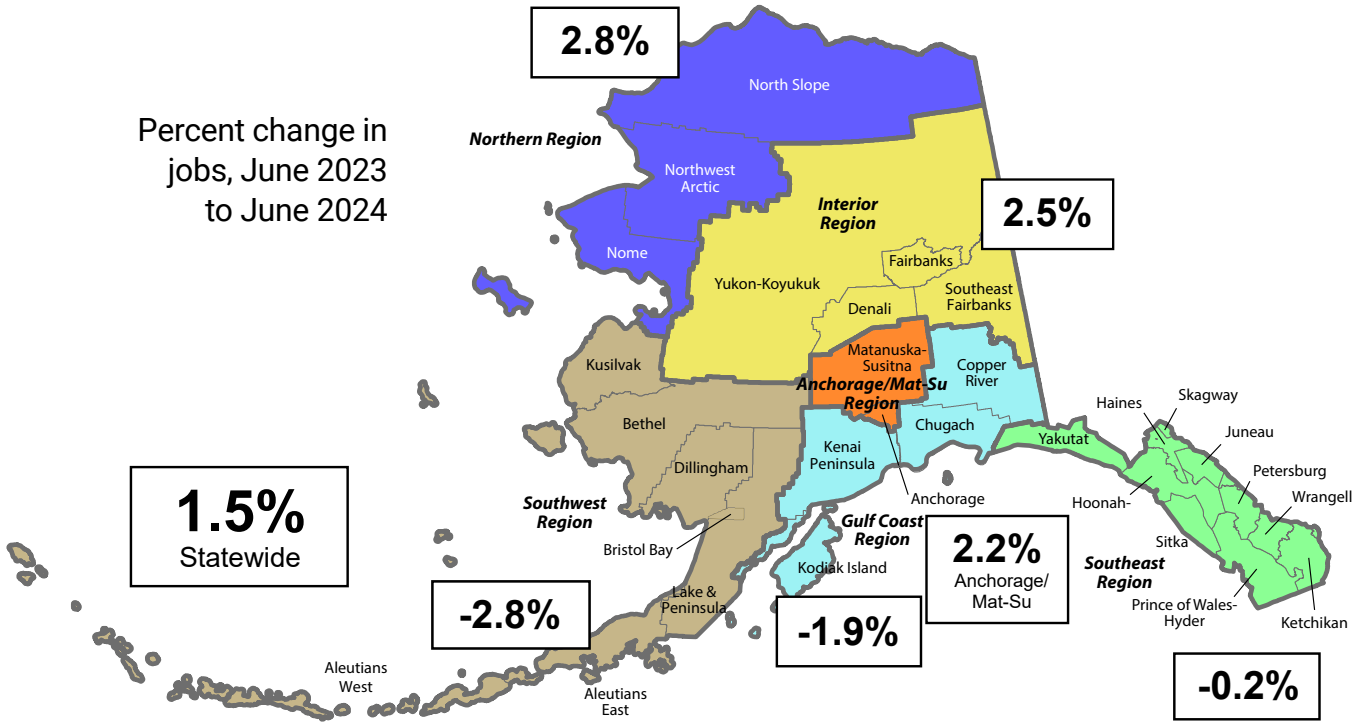
2022 to 2023



The state had net migration losses for the 11th consecutive year in 2023. Losses were larger than the previous two years but smaller than the late 2010s. Net migration is the number who moved to Alaska minus the number who left.

Employment Growth by Region

Percent change in jobs, June 2023 to June 2024



Unemployment Rates

Seasonally adjusted

	Prelim.	Revised	
	6/24	5/24	6/23
United States	**4.1**	**4.0**	**3.6**
Alaska	**4.5**	**4.5**	**4.1**

Not seasonally adjusted

	Prelim.	Revised	
	6/24	5/24	6/23
United States	**4.3**	**3.7**	**3.8**
Alaska	**4.9**	**4.2**	**4.4**

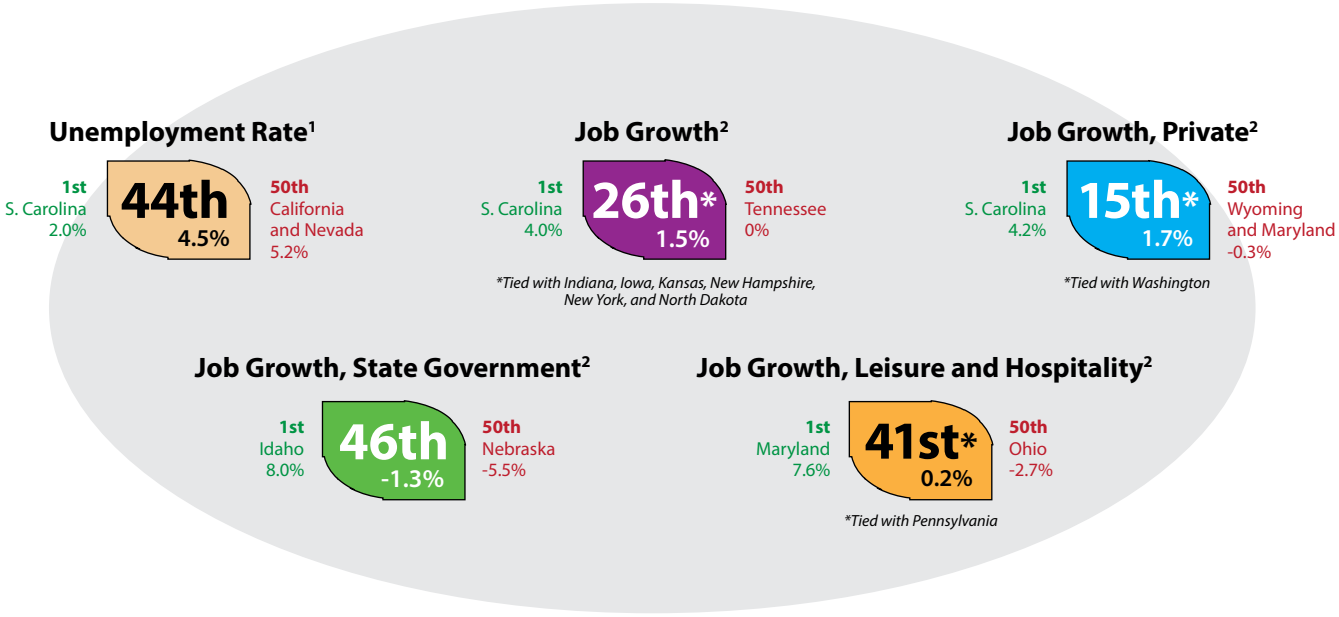
Regional, not seasonally adjusted

	Prelim.	Revised	
	6/24	5/24	6/23
Interior Region	**4.8**	**4.1**	**4.3**
Denali Borough	2.8	3.7	2.8
Fairbanks N Star Borough	4.5	3.8	4.0
Southeast Fairbanks Census Area	6.3	5.2	5.6
Yukon-Koyukuk Census Area	8.9	9.5	8.8
Northern Region	**9.0**	**7.4**	**8.2**
Nome Census Area	9.6	7.8	8.8
North Slope Borough	6.6	5.5	5.7
Northwest Arctic Borough	10.7	8.9	10.0
Anchorage/Mat-Su Region	**4.6**	**3.8**	**4.1**
Anchorage, Municipality	4.2	3.6	3.7
Mat-Su Borough	5.6	4.6	5.2

	Prelim.	Revised	
	6/24	5/24	6/23
Southwest Region	**9.1**	**9.4**	**7.8**
Aleutians East Borough	2.3	5.1	1.8
Aleutians West Census Area	4.6	6.3	3.7
Bethel Census Area	12.2	10.6	10.5
Bristol Bay Borough	2.5	4.4	1.9
Dillingham Census Area	8.7	7.3	6.6
Kusilvak Census Area	20.9	15.2	19.7
Lake and Peninsula Borough	6.9	6.8	5.2
Gulf Coast Region	**5.0**	**4.5**	**4.3**
Kenai Peninsula Borough	5.1	4.4	4.5
Kodiak Island Borough	5.0	4.4	4.0
Chugach Census Area	4.4	4.7	3.4
Copper River Census Area	5.9	6.7	5.9

	Prelim.	Revised	
	6/24	5/24	6/23
Southeast Region	**4.0**	**3.5**	**3.6**
Haines Borough	5.7	5.6	4.9
Hoonah-Angoon Census Area	3.7	3.7	3.7
Juneau, City and Borough	3.6	3.0	3.1
Ketchikan Gateway Borough	3.8	3.4	3.4
Petersburg Borough	4.4	4.3	4.8
Prince of Wales-Hyder Census Area	7.6	6.5	6.7
Sitka, City and Borough	3.3	2.9	2.9
Skagway, Municipality	2.7	3.1	2.7
Wrangell, City and Borough	5.9	4.5	4.4
Yakutat, City and Borough	5.9	6.0	6.6

How Alaska Ranks



Note: Government employment includes federal, state, and local government plus public schools and universities.
[1]June seasonally adjusted unemployment rates
[2]June employment, over-the-year percent change

Sources: U.S. Bureau of Labor Statistics; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

Other Economic Indicators

	Current		Year ago	Change
Urban Alaska Consumer Price Index (CPI-U, base yr 1982=100)	264.367	1st half 2024	257.938	+2.5%
Commodity prices				
Crude oil, Alaska North Slope,* per barrel	$84.36	June 2024	$75.81	+11.3%
Natural gas, Henry Hub, per thousand cubic feet (mcf)	$2.81	June 2024	$2.47	+13.6%
Gold, per oz. COMEX	$2,456.40	7/13/2024	$1,980.80	+24.0%
Silver, per oz. COMEX	$30.22	7/13/2024	$25.26	+19.7%
Copper, per lb. COMEX	$4.28	7/13/2024	$3.83	+11.8%
Bankruptcies	49	Q1 2024	52	-5.8%
Business	7	Q1 2024	4	+75.0%
Personal	42	Q1 2024	48	-12.5%
Unemployment insurance claims				
Initial filings	2,366	June 2024	2,947	-19.7%
Continued filings	17,822	June 2024	14,920	19.5%
Claimant count	4,607	June 2024	4,034	14.2%

*Department of Revenue estimate

Sources for this page and the preceding three pages include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. Energy Information Administration; U.S. Census Bureau; COMEX; NASDAQ; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

JOBLESS BENEFITS

Continued from page 9

Between 2015 and 2023, the percentage of claimants who qualified for the maximum amount rose from 30 percent to 40 percent.

Over the same time, the percentage receiving at least 50 percent wage replacement fell from 35 percent to 24 percent of claimants.

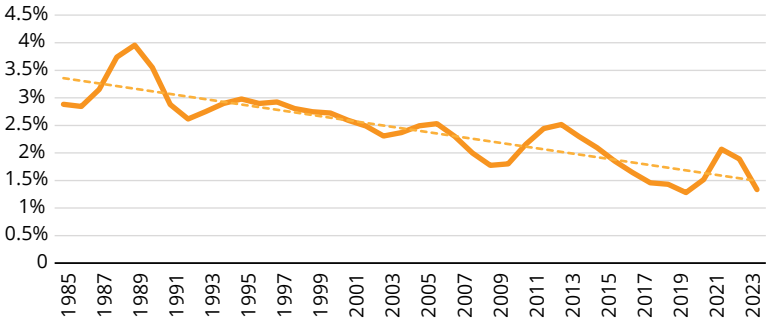
In essence, more and more unemployed people are hitting the ceiling where the maximum benefit replaces a progressively smaller percentage.

Unemployment insurance system ability to buffer downturns

Unemployment insurance provides income relief at critical times in U.S. and state-level economic downturns. These dollars flow directly to a group most likely to need support, and that money recirculates into their local economies as they pay their bills and buy goods and services.

This reduces the broad hardships the economy would weather if the program didn't exist and alleviates the financial strain on the unemployed until they can find work again.

System benefit costs* have fallen since 1985



*The cost rate is measured as what the system pays out in benefits as a percentage of the total wages it covers, and the target rate is 3 to 3.5 percent. In Alaska, about 98 percent of all jobs are covered by the unemployment insurance system.

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

As mentioned earlier, Alaska's benefit schedule is the only provision in state statute for the unemployment insurance system that isn't linked to fluctuations in wage levels. The system's financing targets a certain percentage of covered wages to recoup its costs and calculate taxes. While these occur automatically, the benefit schedule relies on legislative action for updates.

If the trend of out-of-sync benefit amounts continues and no changes are made to the way taxes are calculated, the trust fund balance will continue to grow, employers will continue to pay more taxes than required to maintain adequate reserves, and benefit amounts will continue to lose ground to inflation.

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EMPLOYER RESOURCES

Free fidelity bonds help employers hire skilled workers

Fidelity bonding is an effective job placement tool that helps concerned employers and at-risk job seekers. It is proven to combat recidivism.

The Alaska Fidelity Bonding Program offers no-cost, no-deductible bonds to employers who hire at-risk employees such as people recovering from substance abuse, those with poor work or credit histories, and other workers who are not otherwise bondable. It is the only program that bonds ex-offenders.

Bonds insure employers against any job-related theft, forgery, larceny, or embezzlement by an employee, on or off the work site. Obtaining a free fidelity bond allows the employer to focus on a worker's skills and productivity while mitigating risk of worker dishonesty.

While self-employed individuals are not eligible, employers can bond any full- or part-time, permanent or temporary, new or returning employee who meets the state's legal age requirement to work. Under some circumstances, no-cost bonds may also be available to promote or retain at-risk workers. Bonds may be issued without the need to sign forms. It takes just a few minutes for Alaska job center staff to take down information about the employer, employee, and hire date for the bond to take effect.

Up to five $5,000 bonds are effective for six months, with renewals through the Fidelity Bonding Program available in some circumstances. Employers may also continue coverage directly with the underwriter if there were no claims in the first six months.

For more information about Alaska's Fidelity Bonding Program, visit https://labor.alaska.gov/bonding/ and contact your nearest Alaska job center at jobs.alaska.gov/offices to obtain bonds.

Employer Resources is written by the Employment and Training Services Division of the Alaska Department of Labor and Workforce Development.