

# Unemployment claims from 2008-2018

## How claimants have changed and how Alaska's system ranks

By JENNA LUHRS

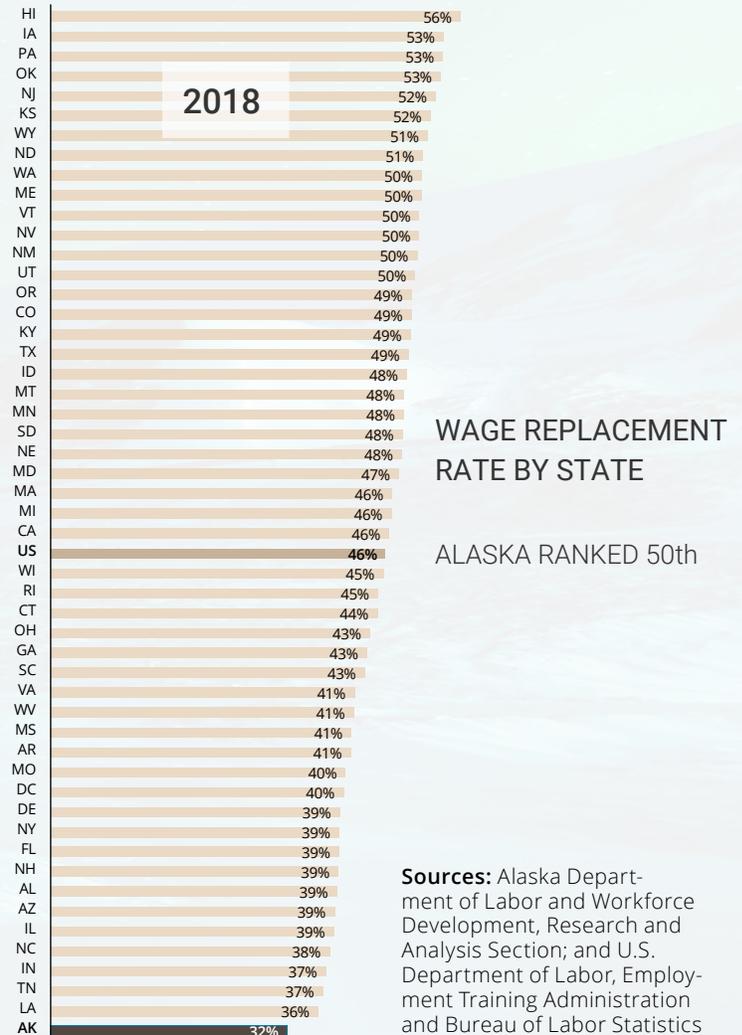
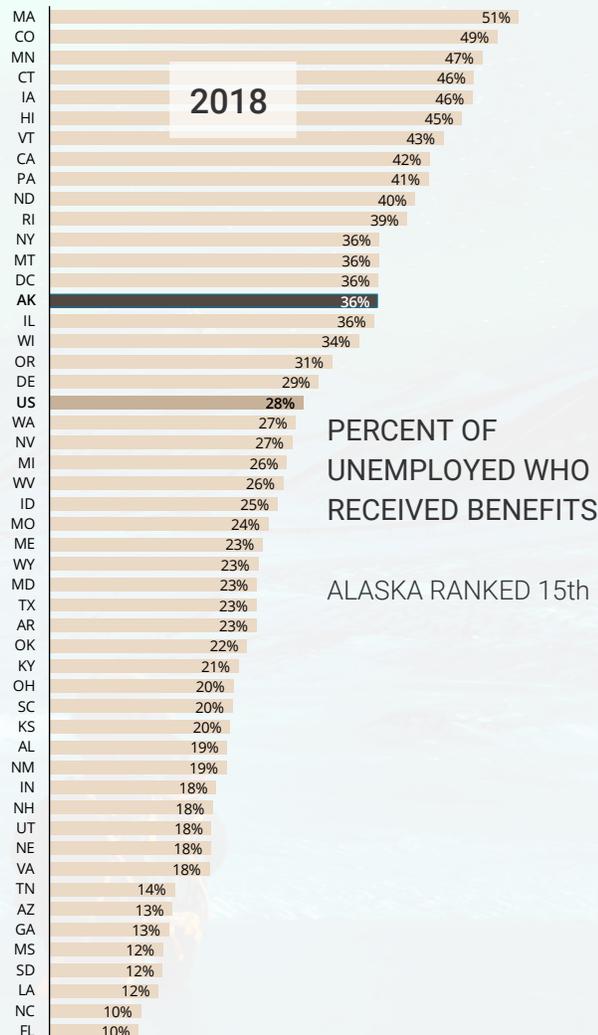
Unemployment insurance has been a fixture of Alaska's economy since 1937, when the territorial legislature enacted the Alaska Employment Security Act. While the share of Alaskans collecting benefits at any given time is small, UI is one of the first lines of defense to keep money circulating in the economy when a downturn hits.

During the 1980s recession, more than 138,000

Alaskans collected UI. According to the U.S. Census Bureau, UI benefits kept at least 11 million people out of poverty nationwide during the Great Recession in the late 2000s.

This article looks at the current system and how claimants have changed in Alaska over the last decade. In general, the claimant population reflects changes in the population between 2008 and 2018. The industry composition for claims has remained fairly consistent, but fewer people are using the UI program in Alaska and nationwide.

### Benefits easier to qualify for in Alaska, but payments are smaller



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

## The decline in claims and how Alaska compares

Claims increased in 2015 with the state recession, but that was the only year-over-year increase in Alaska since 2011, after the U.S. recession ended.

Except in 2015 and 2016, total claims have decreased every year since 2011. About 34,000 claims were filed in 2018, down from 38,000 the year before.

Similarly, the \$132 million in benefits the state disbursed in 2018 was down nearly 20 percent from the year before and well below the 10-year average of \$238 million.

In terms of the percentage of unemployed workers collecting benefits, 36 percent participated in 2018, down markedly from 53 percent in 2008. Collecting benefits has been on a long-term decline nationally as well, with average U.S. participation falling from 37 percent to 26 percent over that period. While the full explanation isn't clear, we've written about the possible factors in the past, which include fewer people participating in the labor force in general. (See "10 Possible Reasons Unemployment Claims Are Low" in the December 2017 issue of *Trends*.)

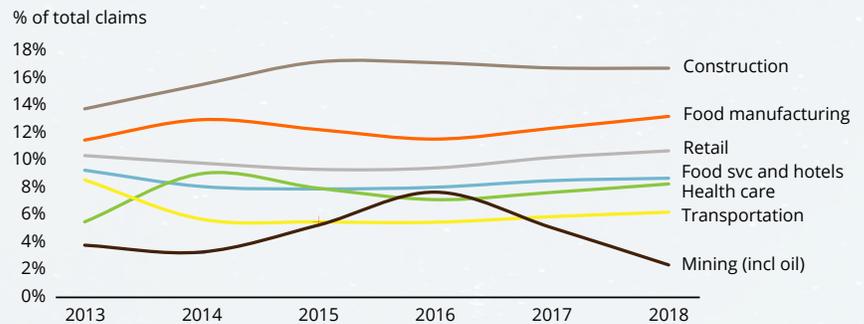
Alaska typically ranks among the top states for the proportion of unemployed workers receiving benefits, although our national ranking dropped from fourth in 2008 to 15th in 2018. Alaska has low barriers to UI compensation, being one of just 16 states that allow seasonal workers to collect benefits and one of 10 that don't disqualify filers who have quit work or been fired.

Alaska ranks last for the percentage of average wages replaced, however. In 2018, Alaska's wage replacement rate of 32 percent was far below the U.S. average of 46 percent.

## Industry composition mostly stable

Total claims were down for most industries in 2018 compared to 2008, and the five industries with the highest numbers have been fairly consistent since 2008. Construction, food manufacturing, retail trade, public administration, and private health care and social assistance accounted for 55 percent to 58 percent of claims annually.

## Industry mix of claims was steady except for oil during the 2015-2018 state recession



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

## About Alaska unemployment insurance

Alaska's unemployment insurance replaces a portion of wages for temporarily unemployed workers with payments from the Unemployment Insurance Trust Fund. Its main source of revenue is employer and employee state taxes.

The Alaska Employment Security Act requires a biennial study of the program's financing and claimant population, which we publish each December. For the most recent report, see: [live.laborstats.alaska.gov/uiprog/](http://live.laborstats.alaska.gov/uiprog/).

Oil and gas' share of the total rose during the recession, as its number of claims jumped 49 percent in 2016. After 2016, the industry quickly fell from 8 percent of total claims to 2 percent by 2018, which was below its pre-recession levels.

Seafood processing, which makes up the majority of manufacturing in Alaska, increased its share of total claims by 2 percent over the decade. The industry has steadily lost jobs since 2014, with its total employment dropping from 11,000 annualized jobs to 9,400 in 2018.

## Percent filing from out of state has risen

Due in part to the high seasonality of Alaska's economy, the state has a relatively large percentage of claimants who file from out of state, and that share has risen modestly since 2008.

Claimants must earn their qualifying wages in Alaska, but they can apply for benefits even after leaving the

state. Over the 10-year period, an average of 20 percent of claimants filed from outside Alaska. The yearly share rose from 17 percent in 2008 to 21 percent in 2018.

Of the interstate claimants in 2018, 42 percent worked in seafood processing. Seafood processing is not only seasonal, but it has the highest percentage of nonresident workers among Alaska industries, at 74.4 percent in 2018.

### Claims declined in most areas over the decade

Other than the modest increase in the percentage of interstate claims, the regional composition of claims didn't change much over the period. Unemployed workers remain concentrated in urban areas: Anchorage (26 percent), Mat-Su (13 percent), Fairbanks (9 percent), Juneau (3 percent), and Kodiak (2 percent).

The Matanuska-Susitna Borough's claims increased 1 percent over the decade, but its population grew by about 26 percent over the decade. Aside from Mat-Su, claims in the rest of Alaska fell by 5 percent.

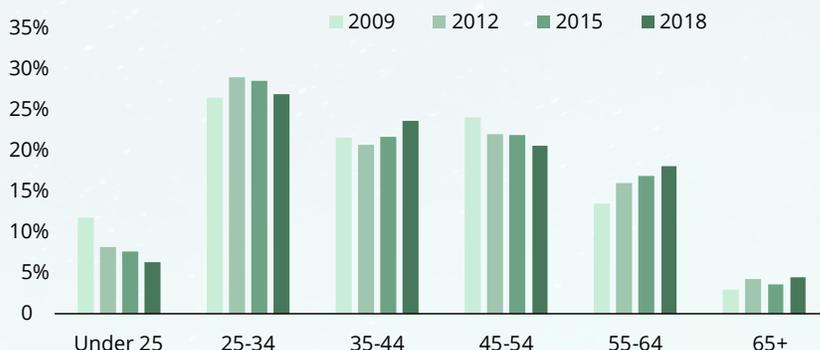
### Gender composition shifted briefly during the statewide recession

The gender composition of claimants has been mostly steady, with more men applying than women, largely because of the industries in which they work. The 10-year average for claimants was 62 percent men and 38 percent women.

That ratio shifted moderately in the middle of the recession when oil and gas claims spiked, as nine out of 10 oil and gas workers are men. This led to the highest total proportion of male claimants since 2000 (65 percent). By 2018, the ratio had returned to its previous average.

The majority of 2018 claimants were white or Alaska Native, although both shares have declined slightly since 2008 while the proportions of Asian, Pacific Islander, and black claimants have increased by a combined 3 percent. This reflects the shift in

## Older workers represent a larger share of claims, in line with population shift



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

the state's workforce over that time, as Alaska has become more ethnically diverse. Pacific Islanders and Native Hawaiians are one of the state's fastest growing minorities.

### Patterns differed by age group

The 25-to-34 age group has consistently produced the largest number of claimants each year, although its share of the total has decreased somewhat since 2008 as older groups' claims have increased.

In 2009, when Alaska briefly lost jobs due to the national recession, claims increased for all age groups and continued to climb in 2010. By 2011, claims had fallen for everyone except those 55 and older. That group's claims continued to increase through 2012.

During the recent state recession, claims increased briefly for all age groups and then began to fall in 2017 for all except the oldest group (65-plus).

The percentage of Alaska claimants who are senior citizens has increased since 2018, in line with older people becoming a larger percentage of the workforce as more baby boomers reach 65. The percentage of claimants who were between 55 and 64 grew 5 percent over the decade, and the percentage who were 65-plus increased 2 percent.

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