

STATEWIDE IN ALASKA

The Unemployment Insurance Program was created by Federal law on August 14, 1935, and enacted by Alaska law on April 2, 1937. Traditionally, the Federal Government has set up the basic framework of the program but has left the responsibility for making improvements to the administering State in recognition of their special needs.

PROGRAM PURPOSE

The primary purpose of the program is to alleviate the economic hardships which accompany an unemployed worker's loss of wages *through no fault of his own*. As a matter of earned right, a worker is provided adequate wage loss replacement while seeking work. By sustaining personal income, unemployment insurance is considered the Nation's first line of defense to counter the deflationary effects of unemployment caused by declines in purchasing power. Unemployment insurance is also considered an important fringe benefit which acts to attract prospective workers by guaranteeing an adequate income during periods of unemployment and thereby maintaining the skill levels of the community. Unemployment insurance is not welfare or relief, benefits are paid to jobless workers meeting certain eligibility restrictions and the weekly payment is determined by the amount of past earnings.

PRESIDENTIAL CONCERN

President Nixon, in a message to Congress in 1969, stressed that additional program improvements should be enacted at the state level to avert Federal intervention with respect to (1) extending coverage to state and local government workers; (2) providing adequate benefit amounts; and (3) improving responsiveness of the program to economic conditions. The President further added that the maximum benefits should be set at two-thirds of the average weekly wage in order to provide the majority with weekly benefits equal to 50% of the average weekly wage.

ALASKA UNEMPLOYMENT INSURANCE

Federal laws stipulate what services are covered under the unemployment program. In Alaska, employers as

well as employees are required to contribute to the program by paying a tax on wages. These contributions are placed in a trust fund and all monies and their earned interest are maintained solely for operating the program. In Alaska all services are "covered" except certain services performed by city, state, agricultural, the self-employed, and domestic workers. Military service and Federal employment are also insured, but contributions are not required by the Federal government or its employees. Special programs for military service (UCX) and Federal employees (UCFE) are maintained on a reimbursable basis with the Federal government reimbursing the State's outlay of program funds.

ALASKA'S NEW LEGISLATION

The Eighth Alaska Legislature recently approved a substitute of Governor Egan's legislation to improve the Alaska program. Some of the provisions of the new law were similar to those recommended by the President and are of significant importance to the covered employee. Under the old law, an individual with no dependents having annual earnings in excess of \$5,500 was limited to a maximum weekly benefit of \$60. Effective July 1, 1973, an individual with no dependents earning at least \$5,600 will receive \$61; those having at least \$5,700 will receive \$62; etc. The new maximum weekly benefit will be \$90 for individuals having no dependents and annual earnings of at least \$8,500. Under Governor Egan's original measure the maximum benefit would have been set, on July 1, 1973, at 40% of the Statewide average weekly wage, rising to 45% on July 1, 1974, and 50% July 1, 1975. These flexible amounts would have assured that the rising cost of living would not have eroded the benefit dollar.

In addition to the weekly benefit amount, the newly enacted bill provides a \$10 weekly allowance per dependent up to three dependents. The limits of the old law were \$5 per dependent up to five dependents. Thus, the new law will double the allowance for individuals having three dependents or less, in addition to providing significant increases to those having four or more dependents.

The new benefit amounts are justified by a study

conducted in 1972 by the Research and Analysis Section of the Alaska Department of Labor. The study concluded that the increase in benefits provided under the new law were necessary to meet recurring costs and to maintain the Alaska unemployed worker's standard of living. It is essential to note that persons who have established a benefit year before July 1, 1973, will still be under the old benefit provisions until their benefit year ends. The new benefit amounts will be partially financed by raising the tax base (taxable yearly income) from \$7,200 to \$10,000 on January 1, 1974.

ALASKA'S ECONOMY IN FEBRUARY

Total Employment — Unemployment: Estimated total employment moved upward in February by 300 positions. The over-the-year figure is up significantly, as 6,500 more persons were employed in February 1973 than in February 1972. The estimated number of unemployed persons in February was up slightly

over January estimates. Over-the-year estimated unemployment has decreased substantially with a decline of 1,500 persons, mostly due to a mild winter.

Mining: The low levels of employment that have typified the mining industry this winter continued in February. The lack of activity in the oil and gas exploration sector is primarily responsible for this year's employment figures totaling 500 less than last year.

Manufacturing: Activity in the lumber, wood products industry began to pick up during February as reflected by an increase of 300 persons. There was little or no changes in the rest of the manufacturing industry. Over-the-year manufacturing has increased significantly, primarily due to a mild winter and a sufficient amount of water for processing seafoods in Kodiak.

INDUSTRY	(Thousands)			Changes From:	
	2-73	1-73	2-72	1-73	2-72
CIVILIAN WORKFORCE.....	125,400	124,400	120,500	1,000	4,900
INVOLVED IN WORK STOPPAGES.....	0	0	100	0	- 100
TOTAL UNEMPLOYMENT.....	14,800	14,100	16,300	700	-1,500
Percent of Workforce.....	11.8	11.3	13.5	-	-
TOTAL EMPLOYMENT 2/.....	110,600	110,300	104,100	300	6,500
Nonagricultural Wage & Salary 3/.....	98,700	98,500	92,100	200	6,600
Mining.....	1,700	1,800	2,200	- 100	- 500
Construction.....	5,600	5,400	4,900	200	700
Manufacturing.....	6,200	6,100	4,800	100	1,400
Durable Goods.....	2,200	2,000	1,300	200	900
Lumber, Wood Products.....	1,700	1,400	900	300	800
Other Durable Goods.....	500	600	400	- 100	100
Non Durable Goods.....	4,000	4,100	3,500	- 100	500
Food Processing.....	2,100	2,200	1,700	- 100	400
Other Non Durable Goods.....	1,900	1,900	1,800	0	100
Transp.-Comm. & Utilities.....	9,500	9,700	9,200	- 200	300
Trucking & Warehousing.....	1,300	1,400	1,300	- 100	-
Water Transportation.....	500	500	700	0	- 200
Air Transportation.....	2,800	2,800	2,600	0	200
Other Transp.-Comm. & Utilities..	4,900	5,000	4,600	- 100	300
Trade.....	17,300	17,200	15,600	100	1,700
Wholesale Trade.....	3,200	3,300	3,100	- 100	100
Retail Trade.....	14,100	13,900	12,500	200	1,600
General Merchandise & Appar....	3,500	3,600	3,300	- 100	200
Food Stores.....	2,300	2,100	1,800	200	500
Eating & Drinking Places.....	3,100	3,100	2,800	0	300
Other Retail Trade.....	5,200	5,100	4,600	100	600
Finance-Insurance & Real Estate... 3,700	3,600	3,300	100	400	
Service & Miscellaneous.....	13,700	13,900	13,000	- 200	700
Government 4/.....	41,000	40,800	39,100	200	1,900
Federal.....	17,000	16,900	16,900	100	100
State.....	13,500	13,400	12,400	100	1,100
Local.....	10,500	10,500	9,800	0	700

^{1/} Estimated in accordance with techniques recommended by U. S. Bureau of Labor Statistics.

^{2/} Includes domestics, nonagricultural self employed and unpaid family workers, and agricultural workers.

^{3/} Prepared in cooperation with the U. S. Bureau of Labor Statistics.

^{4/} Includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

INDICATOR	Most Recent Month	Previous Month	Year Ago
	2-73	1-73	2-72
Selected Economic Activity Measures			
Total Unemployment Rate a/.....	9.3	9.3	10.7
Insured Unemployment (weekly average) a/ b/.....	4,954	5,084	5,277
New Employers (unadjusted) c/.....	287	128	232
Nonagricultural Wage Payments (millions \$, unadjusted)....	93	93	86
Wage Payments in Mining, Manufacturing & Construction..	18	17	16
Employment (1967=100) a/			
Nonagricultural Wage & Salary.....	142.3	142.4	132.8
Mining.....	94.6	98.8	122.4
Construction.....	156.3	153.5	136.7
Manufacturing.....	141.0	138.8	109.2
Transportation-Communications & Utilities.....	139.2	142.3	134.8
Trade.....	158.6	156.5	143.0
Finance-Insurance & Real Estate.....	166.6	161.2	148.6
Services.....	161.1	164.2	152.9
Government.....	132.1	131.7	125.9
Alaska State Employment Service Activities			
Nonagricultural Placements (unadjusted).....	2,093	1,234	715
Nonagricultural Placements (daily average) a/.....	191	115	63
Banking Activities (millions \$, unadjusted) g/			
Loans & Investments.....	515	535	463
Demand Deposits.....	241	235	211
Time Deposits.....	303	318	294
Personal Income (millions \$ Annual Rate) d/.....			
Public Construction Contracts Awarded (\$000, annual rate, unadj.) e/.....	1,667.2	1,649.3	1,557.1
Federally Owned.....	95,560	101,017	61,785
State Owned Highways.....	36,677	41,540	33,086
State Owned Highways.....	58,883	59,477	28,699
Crude Petroleum Production (000 bbls., unadj.) g/.....			
	1-73	12-72	1-72
	6,040	6,142	6,093

* All data seasonally adjusted unless otherwise noted. Current month preliminary.

a/ Seasonally adjusted by the 1966 U.S. Bureau of Labor Statistics seasonal adjustment method.

b/ Unemployment in Alaska insured by State law.

c/ Employers newly subject to the Alaska Employment Security Act.

d/ Source: Business Week Magazine, seasonally adjusted by the Alaska Employment Security Division.

e/ Source: Federal Reserve Bank of San Francisco. Members banks only.

f/ Source: U.S. Department of Commerce, Bureau of Census, Construction Statistics Division; series is total of Federally-owned awards, and State-owned highway awards only.

g/ Source: Alaska Department of Natural Resources, Division of Mines and Minerals.