



MAINE AFL-CIO

A Union of Unions Standing for Maine Workers

21 Gabriel Drive, Augusta, Maine 04330

(207) 622-9675
Visit our website: www.maineaflcio.org



President
Cynthia Phinney

Vice President
Pat Carleton

Secretary Treasurer
Doug Born

Testimony of Maine AFL-CIO Legislative & Political Director, Adam Goode, in Opposition to L.D. ~~1032~~1995, "An Act to Bolster Maine's Workforce and Economy by Increasing Assistance for Parents Pursuing Education and Employment and by Indexing Unemployment Benefits to the Unemployment Rate" An Act To Promote the Sustainability of the State's Unemployment Insurance System by Linking the Duration of Benefits to the State's Average Unemployment Rate" and L.D. 1260, "An Act To Promote the Sustainability of Unemployment Insurance by Linking the Duration of Benefits to the State's Average Unemployment Rate"

Senator ~~Hiekman~~Baldacci, Representative ~~Sylvester~~Meyer and members of the Joint Standing Committee on ~~Labor & Housing~~Health and Human Services, my name is Adam Goode. I'm the Legislative and Political Director of the Maine AFL-CIO. We represent 40,000 working people in the state of Maine. We work to improve the lives and working conditions of our members and all working people. We testify in opposition ~~to both LD 1032 and LD 1260~~to LD 1995.

~~These~~This bills rename the Employment Security Law the Reemployment Assistance Program. ~~Both bills and~~ cut the current maximum number of weeks of unemployment insurance from 26 to just 12 weeks if the state average unemployment rate is 5.5% or below. ~~Both bills~~The bill would allow for a maximum of 20 weeks of benefits, which ~~can~~would only be received if Maine's average unemployment rate is over 9%. This would result in a 6 to 14 week cut in the number of weeks an unemployed worker can receive unemployment benefits.

It is important to have a basic understanding of who ~~these bills~~is most impacted by a cut to the number of weeks an unemployed workers can receive unemployment insurance. ~~impact, as these bills would make life harder for working people who have played by the rules and lost their job through no fault of their own.~~ To qualify for unemployment insurance, a worker must have lost their job through no fault of their own, must "be able to work, available to work, and actively seeking work", and have earned a certain amount of money prior to becoming unemployed. Unemployment does not cover people who leave a job voluntarily. Passing this bill would make life harder for working people who have played by the rules and lost their job through no fault of their own.

While benefits are funded by taxes employers pay to our federal and state government, the funding is generally regarding as falling on workers based on the theory that the dollars employer pay in taxes would otherwise go to workers' paychecks. Efforts to make it harder to access these funds, which typically only replace about half of a worker's previous wages, essentially prevent people from receiving wealth they have created that was set aside for their potential unemployment scenario.^{1,6}

¹Chad Stone and William Chen, "Introduction to Unemployment Insurance," Center On Budget and Policy Priorities, July 30, 2014, <https://www.cbpp.org/research/introduction-to-unemployment-insurance>

²United States Department of Labor; Unemployment Insurance Chartbook; Reciprocity Rate by ~~State,~~ <https://www.maine.gov/labor/cwri/ui.html> ~~State,~~ <https://www.maine.gov/labor/cwri/ui.html>

³<https://oui.doleta.gov/unemploy/pdf/uilawcompar/2020/monetary.pdf> (see table 3-12)

⁴"Policy Basics: How Many Weeks of Unemployment Compensation Are Available?" Center on Budget and Policy Priorities, April 27, 2021, <https://www.cbpp.org/research/economy/how-many-weeks-of-unemployment-compensation-are-available>

⁵Josh Mitchell, "Who Are the Long-Term Unemployed," Urban Institute, July 2013,

<https://www.urban.org/sites/default/files/publication/23911/412885-Who-Are-the-Long-Term-Unemployed-.PDF>

⁶Kevin J. Murphy, "The impact of unemployment insurance taxes on wages," *Labour Economics* 14 (3) (2007): 457-484, available at <https://www.sciencedirect.com/science/article/abs/pii/S0927537106000078>.

~~In 2019, only~~The Joint Standing Committee on Labor and Housing has consistently heard testimony in the 131st legislature on Maine's abysmal reciprocity rate. ~~Currently only~~ one out of every four unemployed workers ~~received~~ receive unemployment insurance in Maine.² Cutting 14 weeks of benefits would make that number worse. These bills would make Maine an outlier, as only 6 states vary weeks of unemployment based on unemployment rates.³ Just 7 states provide less than 26 weeks of unemployment.⁴

Tying access to unemployment insurance to the rate of unemployment unfairly harms unemployed workers because it ignores that experience with job loss doesn't vary solely based on the rate. Other factors play a big role in how long a person remains unemployed, including education levels, race, disability, and others.⁵ To only use the overall unemployment rate for all people ignores the special circumstances of large numbers of people who may be unemployed for longer periods.

Working people who have suffered job loss will not magically find work just because they lose benefits at 12 weeks, regardless of the unemployment rate. —An unemployed person already must meet requirements regarding their availability and ability to work and be actively seeking work. Should the committee go forward with this bill, they will effectively ignore all of the other factors impacting someone's ability to find work outside of the unemployment rate. Black workers make up 22.6 percent of the long-term unemployed and 15.0 percent of newly unemployed workers. Single parents represent 13.3 percent of the long-term unemployed but only 7.6 percent of the employed. These are two of the many factors the committee would be ignoring if you went forward with this bill and narrowly tied duration of benefits to the unemployment rate.

~~Given our recent struggle with COVID-19, we would ask that the committee consider how this might have impacted working people who lost employment in 2020 at the height of the pandemic. Our understanding is this policy would determine the number of weeks one is eligible for based on the prior year, which could easily result in the weeks one is eligible for during a pandemic being inconsistent with what working people and society at large is dealing with at the time.~~

We urge you to vote against LD ~~1032 and LD 1260~~1995.