



MAINE AFL-CIO

A Union of Unions Standing for Maine Workers

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Testimony of Maine AFL-CIO Legislative & Political Director, Adam Goode, in Support of L.D. 1464, “An Act to Remove the Waiting Period for Benefits Under Maine's Unemployment Insurance System”

Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor & Housing, 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 support of LD 1464.

Maine is one of a number of states that has a “waiting week” that requires claimants to wait for a period of time before receiving their first payment upon qualifying for unemployment insurance (UI). This legislation would eliminate Maine’s waiting week, removing an arbitrary and now obsolete barrier to accessing important funds for working class people. For the large number of unemployed workers who do not exhaust their 26 weeks of unemployment benefits, the existence of a waiting week effectively denies one week of benefits.

Unemployment Insurance is our nation and state’s first line of defense to maintain economic security for laid off workers, to stabilize our economy and to assist workers to get back into other jobs. It’s fundamentally designed to keep milk and bread on the table, to provide support when people lose work through no fault of their own and to act as an automatic stabilizer so that consumer purchasing – the largest driver of our economy – does not plummet when layoffs occur.

The historic reason for the existence of a waiting week is no longer relevant. Initially, waiting weeks were created because states manually determined wages needed to calculate a benefit rate. We now have wage information available electronically and it is absolutely administratively feasible to process claims in a way that allows for timely payment of benefits in the first week of unemployment.

In any labor market, the majority of UI benefit recipients will find work prior to exhausting benefits. The existence of a waiting week is tantamount to reducing these claimant’s benefits by one week as someone who is unemployed for 6 weeks will only receive 5 weeks of benefits. This effective denial of one week of benefits is a penalty that has disproportionate impacts on low wage workers, women and workers of color.

A cursory look at recent stories provides examples of the type of workers that will benefit from a repeal of the waiting week. Close to 1,000 workers who assembled rapid COVID tests at an Abbot plant in

¹<https://www.bangordailynews.com/2023/02/09/news/portland/abbott-westbrook-layoffs/>

²<https://www.wabi.tv/2023/03/29/old-town-mill-temporarily-shutting-down/>

³<https://www.bangordailynews.com/2023/03/02/business/puritan-pittsfield-furloughs/>

⁴<https://www.maine.gov/governor/mills/news/mills-administration-announces-237-million-unemployment-tax-cut-maine-businesses-2022-11-17>

Westbrook were recently laid off.¹ The Nine Dragons paper mill in Old Town just announced a shutdown and in March 250 workers in Pittsfield who made swabs were laid off.^{2,3} The vast majority of these workers will be eligible for unemployment and based on the tight labor market, it can safely be assumed that few will exhaust the 26 weeks of benefits. This means these workers will miss out on one week's worth of a modest replacement of a part their wages.

People who work for a living do not have sufficient savings to pay for day-to-day goods and services upon losing their job. The purpose of UI is to stabilize the economy and help get laid off workers back into the right job. A waiting week does the opposite, driving a recently unemployed worker into financial crises and starting their experience of unemployment with further deteriorated family incomes.

The only remaining argument to keep a waiting period is to reduce costs to the UI program. We do not deny that the elimination of the waiting week comes at a cost. Immediate access to unemployment benefits for those who have recently lost their job is the exact point of eliminating the waiting week. We have reached out to the Department of Labor to express our willingness to make changes to the legislation that minimize the impact on the Unemployment Trust Fund without compromising the intent of the bill.

In the 1960s there were no states with a waiting week. Even by 1980, when Congress passed legislation that states with no waiting weeks were to be responsible for 100 percent of their payment of the first week of benefits, a majority of states did not have waiting weeks. That change resulted in 16 states adopting waiting weeks in the subsequent year. While 8 states currently have no waiting week, we learned during the pandemic that a system without a waiting week is possible, as it was waived at that time. The pandemic-era changes to unemployment insurance, including a \$23.7 million unemployment tax cut for Maine businesses⁴ resulting from \$328 million in COVID relief funds being put into Maine's unemployment trust fund, taught us that there are alternate ways to approach our unemployment insurance program to make improvements for workers and businesses. We think a permanent removal of the waiting week would return unemployment to its traditional role and allow it to better serve all working people.