

131st Legislature
***Senate of
Maine***
Senate District 2

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LD 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"

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Joint Standing Committee on Health and Human Services

Senator Baldacci, Representative Meyer and Distinguished Members of the Joint Standing Committee on Health and Human Services:

I am Trey Stewart; and I represent Senate District 2, which includes several communities in Aroostook and Penobscot Counties. I am here today to present LD 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.*"

The increased funding proposed in this bill for Temporary Assistance For Needy Families (TANF) block grant funds is more than just adding another program to the many programs we have for people and families in poverty. The Whole Family, or Two-Generation, Approach pairs families with coaches that work with the families to find out where they are, what they want, what they dream to be, and help them chart that course. It works with the adults in the family to aspire to higher education, skills building, or going for a promotion. Coaches work with people to sign up for classes, their GED, or an apprenticeship, while making sure they have access to all the programs available to them: heating assistance, nutrition, electricity, WIC. Coaches are there to make sure families receive help when and where needed.

Children are enrolled in quality early education that also meets the parents' needs. Young children learn who they are and how to behave before we even know it. Being a part of a quality, stable preschool environment teaches children how to learn, play and relate to others so they are better students as they get older and move onto elementary school and beyond. Furthermore, statistically, more students then go to college or other post-secondary programs.

This is not a "maybe," or a "we hope." This is the result of a whole family approach to families living in, or near, poverty.

This is about generational change – helping families move out of generational poverty to build family skills and establish careers, connections, relationships, networks and systems to dream.

Part two, so to speak, of my proposal specifically deals with indexing unemployment benefits to the unemployment rate – the Reemployment Assistance Program. Unemployment insurance (UI) started as a state program offering temporary support to unemployed workers while they transitioned to a new job. Codifying this safety net for employment preserved the flexibility of states to design their programs in a way that fosters immediate support for the needy and re-employment as soon as possible.

Emphasizing that the program exists to support the transition to the next job is a great step in defining the program's purpose for a new generation of workers. Indexing unemployment benefit duration to the unemployment rate is a proven method of tackling workforce shortages while also protecting program flexibility to provide longer benefit duration when negative economic conditions re-emerge. The concept of indexing is simple: When the state's average unemployment rate is low and there are many jobs available, unemployment benefits are available for a shorter period of time. Conversely, when unemployment rates are high, benefits are available for a longer period to support the length of time it takes to find a new job. States that have adopted this model have found that workers return to work nearly twice as fast as in states that have long, fixed-duration programs with benefits that last up to 26 weeks.

Take for example Florida, the first state to adopt UI indexing back in 2011. Over the last several years in Florida, unemployed workers have returned to work almost twice as fast as the national average for workers who need to use unemployment benefits. North Carolina, Georgia, and Alabama also observed similar results.

Under LD 1995, when the Maine unemployment rate is below 5.5%, unemployment benefits are available for up to 12 weeks. This period is long enough to cover Maine's seasonal unemployment cycle, but it is not so long that it establishes a longer benefit period than necessary to find re-employment. Should the economy suffer from a recession, the proposal increases the number of weeks claimants can receive unemployment benefits as the state's unemployment rate grows, ensuring the safety net works the most when needed the most.

A final benefit of adopting the indexing model is lower taxes for Maine employers. States that have adopted UI indexing typically see UI taxes decrease by between one-third and one-half. Inflation has eaten away at the savings of Maine residents and the operating margins of Maine businesses. Delivering tax relief to these job creators is a commonsense idea. The longer main street businesses stay open, the longer their employees have a job. I trust we can all agree that's good news for Maine.

Thank you for your time and consideration.