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## Maine Equal Justice

**People Policy Solutions**

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**Testimony on Behalf of Maine Equal Justice *in opposition to* 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**

January 16, 2024

Good afternoon Senator Baldacci, Representative Meyer, and members of the Health and Human Services Committee. My name is Ann Danforth and I use she/her pronouns. I'm a Policy Advocate at Maine Equal Justice, a nonprofit legal aid provider working to increase economic security, opportunity, and equity for people in Maine.

Thank you for the opportunity to testify today against LD 1995.

**LD 1995 makes deep cuts to our state's Unemployment Insurance (UI) program**

Unemployment Insurance is a vital safety net that benefits both workers and local economies. UI is often the difference between a family losing everything – their home, their car, their health – and a family having enough to put food on the table and keep the lights on, so a parent can get back out to search for work and gain reemployment. This bill makes alarming changes to the Unemployment Insurance program – changes that will actively harm the very same people this Committee works so hard every day to support, and many of the same people the bill purports to help in Section 1's expansion of the Whole Family Services program.

The Legislature rejected this UI measure last year when identical language appeared in LD 1272. I urge you to reaffirm that action once again by rejecting the UI measures in this bill as well. The measure threatens unemployed workers' ability to meet basic needs and disproportionately harms rural workers, low-wage workers, and workers with less education.

**LD 1995 makes alarming changes to the Unemployment program that functionally slash worker benefits in half.** It allows workers no more than 12 weeks of payments if the state-wide unemployment rate is at or below 5.5% – a state-wide rate Maine has been below over the years even at times of extreme economic distress. While Maine's maximum benefit is 26 weeks, the average Maine worker only

collects unemployment for 14 weeks<sup>1</sup>, but this still leaves most unemployed workers high and dry during the average and reasonable amount of time it takes to secure a new job.

What's more, because this measure indexes benefits using *statewide* data, it causes deepest harm to **rural workers**; namely in Piscataquis, Aroostook and Washington Counties, where unemployment is significantly higher and populations are more rural, older, have higher poverty rates, and lower educational attainment rates; all factors that impact job prospects.<sup>2</sup>

**The proposed change also draws on the flawed logic that cutting unemployment benefits helps people more quickly secure work. It does not.** Recent studies have shown this again<sup>3</sup> and again<sup>4</sup> and again.<sup>5</sup>

**We urge you to reject the Unemployment section of the bill as it jeopardizes the financial stability of rural and vulnerable workers.** We can look to very recent history and see the clear evidence that UI is a vital anti-poverty and economic recovery program – not one that should be slashed as this bill proposes. And notably for this Committee, unemployment helps laid off workers meet their basic needs so they can re-enter the workforce and avoid adding additional strain to our social safety net programs like SNAP or TANF.

#### **TANF Whole Families Services Program is an important multi-generational approach**

We also wanted to speak briefly to another aspect of this bill, which increases funding to the Community Action Agencies for the TANF-funded Whole Families Services program. This program takes an important multigenerational approach to support families receiving TANF working towards stability. We have and continue to support the Whole Family Approach as an effective way to support people in meeting their goals. At the same time, we know there are limited TANF block grant funds, and we have heard from parents who have relied on TANF/ASPIRE that they feel strongly that a top priority right now should be increasing the TANF benefit amount, which is woefully inadequate, leaving families with children well below the poverty level. Parents we are working with have shared that this would make the most

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<sup>1</sup> See chart titled "Selected Regular Unemployment Indicators" <https://www.maine.gov/labor/cwri/ui.html>

<sup>2</sup> This chart shows that from 2002-2022 people w/ high school diploma only in ME had higher rates of unemployment than people w/ bachelors degrees or associate's degrees.  
[https://www.maine.gov/labor/cwri/data/cps/Excel/Employment\\_and\\_Unemployment\\_by\\_Educational\\_Attainment.xls](https://www.maine.gov/labor/cwri/data/cps/Excel/Employment_and_Unemployment_by_Educational_Attainment.xls)

<sup>3</sup> Economic Policy Institute, August 24, 2021:  
<https://www.epi.org/blog/cutting-unemployment-insurance-benefits-did-not-boost-job-growth-july-state-jobs-data-show-a-widespread-recovery/>

<sup>4</sup> Arin Dube, PhD, Economics, University of Massachusetts Amherst, July 17, 2021  
<https://arindube.com/2021/07/18/early-impacts-of-the-expiration-of-pandemic-unemployment-insurance-programs/>

<sup>5</sup> The Century Foundation, August 25, 2021  
<https://tcf.org/content/report/7-5-million-workers-face-devastating-unemployment-benefits-cliff-labor-day/>

difference in their day to day lives. Research<sup>6</sup> and people's lived experience show that when cash is available to families who need it, children have improved outcomes across a number of measures of health, educational attainment, and overall well-being. Our commitment is therefore to prioritize TANF block grant funding for direct assistance to people receiving TANF at this time.

### **Conclusion**

Thank you for the opportunity to testify in opposition to LD 1995. I am happy to answer any questions you might have.

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<sup>6</sup> Center on Budget and Policy Priorities, February 25, 2021

<https://www.cbpp.org/research/poverty-and-inequality/bolstering-family-income-is-essential-to-helping-children-merge>