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# Maine Equal Justice

## People Policy Solutions

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Testimony of **Catherine Buxton, Maine Equal Justice**  
**In opposition to LD 797, An Act to Amend the Laws Regarding Work Search Efforts for  
Unemployment Benefits and to Eliminate Benefits for Temporary Unemployment**

Wednesday, March 19, 2025

Good morning Chairs Tipping and Roeder, and honorable members of the Labor committee,

My name is Catherine Buxton and I am a policy advocate with Maine Equal Justice. I am testifying in opposition to LD 797 today. My comments are shaped by MEJ's experience supporting hundreds of laid-off Mainers through the Peer Workforce Navigator Project.

### **Why Maine Equal Justice Opposes LD 797**

Maine Law currently provides unemployment benefits to workers who are temporarily unemployed for 6 weeks or less and provides the Department of Labor jurisdiction in determining appropriate work search for unemployed workers. LD 797 instead cuts benefits for eligible workers experiencing a temporary layoff and imposes inflexible work search standards. Maine Equal Justice opposes the elimination of temporary unemployment benefits as the elimination of this important clause harms both employees and employers. Maine Equal Justice opposes the imposition of inflexible work search requirements because there is little evidence such standards increase job attainment and they inhibit MDOL's ability to design a program that is responsive to current and future job markets. These standards create administrative burdens for unemployed Mainers and employers, lead to unnecessary government inefficiency and undermine the unemployment insurance program's ability to achieve its stated goals.

I first want to remind the Committee of the purpose of the Unemployment Insurance program. As Maine Title 26 §1042 clearly states: "Economic insecurity due to unemployment is a serious menace to the health, morals and welfare of the people of this State. Unemployment...requires appropriate action by the Legislature to prevent its spread and to lighten its burden on the unemployed worker, the unemployed worker's family and the entire community." **LDL 797 instead**

**increases burdens on worker and their families as well the Department of Labor and local businesses.**

I also want to remind the Committee that Unemployment Insurance has vital economic benefits. We all recall friends and neighbors kept afloat by the program during the pandemic. According to the US Census Bureau, in 2020 unemployment insurance prevented 4.7 million Americans from falling into poverty.<sup>1</sup> People receiving unemployment were less likely to experience food insecurity, fall behind on bills, or miss rent or mortgage payments. They even reported feeling less depressed compared to unemployed workers who did not.<sup>2</sup> Unemployment benefits were also a lifeline to American businesses and the economy. By September 2020, the Congressional Budget Office estimated that income replacement from UI was set to increase GDP by 1.1%.<sup>3</sup> The economic advantage of unemployment insurance is not unique to the pandemic, it serves as an important economic stabilizer during good times and bad. A 2015 study from the Harvard Business School found that for every unemployment dollar paid to eligible workers, \$1.90 is put back into the economy.<sup>4</sup> **Any effort to cut access to Unemployment is bad for Maine's economic health.**

We all remember how difficult and scary it was for Mainers who couldn't access unemployment benefits during the pandemic. LD 797 hurts Maine workers and Maine families today by increasing unnecessary work search requirements and making it harder for people to get the benefits they have rightfully earned. LD 797 also hurts Maine businesses by wasting valuable government and business resources on unnecessary audits and work search verifications.

I urge you to vote ought not to pass as LD 7979 makes the following deleterious changes to the state's UI program.

- **LD 797 pulls the rug out from working families by eliminating benefits for temporarily laid-off workers.** Eliminating temporary unemployment benefits serves no one: neither workers nor their employers. This bill cuts benefits for workers who have a return-to-work date in under 6 weeks. Unemployment helps tide workers over during a time of unexpected financial hardship. These workers are not able, and should not have to, find short-term employment during a brief gap in employment. Eliminating temporary unemployment also hurts businesses, who should not have to pay to rehire or retrain employees if their

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<sup>1</sup> US Census Bureau, Expanded Unemployment Insurance Benefits During Pandemic Lowered Poverty Rates Across All Racial Groups (September 2021, Accessed March 2025)

<sup>2</sup> US DOL Bureau of Labor Standards, Monthly Labor Review, "Applying for and Receiving Unemployment Benefits During the Coronavirus Pandemic" (September 2021, Accessed: March 2025) <https://www.bls.gov/>

<sup>3</sup> Congressional Budget Office, Report: "The Effects of Pandemic-Related Legislation on Output" (September 2020, Accessed March 2025) - <https://www.cbo.gov/publication/56597/>

<sup>4</sup> DiMaggio & Kermani, Harvard Business School, "Unemployment Insurance as an Automatic Stabilizer: The Financial Channel" (March 2015, accessed March 2025)

furloughed workers are forced to find new jobs.

- **LD 797 sets arbitrary work search requirements that inhibit MDOL's ability to design a program responsive to current and future job markets.**

The Department of Labor should be able to maintain their authority to determine rules for work search, rather than prescribing a specific number in statute. States have reasonable discretion to set their definition for work search, and are not required by the federal government to establish this in statute.<sup>5</sup> The Departments' current rules are responsive to the current job market and factors specific to each individual worker. This means that a highly qualified neurosurgeon does not have to waste their time applying for a list of jobs beneath their pay grade or outside of their field just to meet an arbitrary quota, when there are simply fewer comparable openings available to them. Likewise, rural economies or areas with higher unemployment may have fewer available jobs, and these populations are best served by a flexible standard. In fact, states like Michigan waive work search reporting when unemployment rates are high (above 8.5%), acknowledging the need to shift policy to match economic reality.<sup>6</sup>

Stringent work search requirements do not increase the likelihood that someone will roll off unemployment, it only restricts access to benefits and exposes workers to economic harm. A 2017 report found that in states that added more work search requirements following the Great Recession 15 of every 100 workers were denied benefits, up from 4 in every 100, due to work search issues<sup>7</sup>. Strict work search requirements also do not correlate with someone readily finding an appropriate job. While adding more job searches has been shown to decrease the number of weeks that someone is on UI<sup>8</sup>, that does not mean these workers have found a job. In fact, we have strong evidence, especially from the pandemic, that cutting unemployment benefits does not at all improve people's job prospects nor help them find work faster.<sup>9</sup> Research instead shows that job search assistance like those provided

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<sup>5</sup> US DOL Unemployment Insurance Program Letter No. 5-13 (2013), [https://www.dol.gov/sites/dolgov/files/ETA/advisories/UIPL/2013/UIPL\\_No\\_5\\_13.pdf](https://www.dol.gov/sites/dolgov/files/ETA/advisories/UIPL/2013/UIPL_No_5_13.pdf)

<sup>6</sup> Mich. Admin Code R. 421.216 (2) - <https://www.law.cornell.edu/regulations/michigan/Mich-Admin-Code-R-421-216>

<sup>7</sup> Wentworth, G. *National Employment Law Project*, Closing the Door on the Unemployed, (December 2019), <https://www.nelp.org/insights-research/closing-doors-on-the-unemployed/>

<sup>8</sup> Kleppinger D., Johnson, T. and Joesch J., , "The Effects of Unemployment Insurance Work Search Requirements: The Maryland Experiment" (2002, Accessed March 2025) - <http://pinguet.free.fr/kleppinger2002.pdf>

<sup>9</sup> Hickey and Cooper, *Economic Policy Institute*, "[Cutting Unemployment Benefits Did Not Boost Job Growth](#)" (August 2021, Accessed March 2025)

through MDOL's Bureau of Employment Services<sup>10</sup> or community-based workforce navigators<sup>11</sup> yield much more positive results.

- **LD 797 creates government inefficiency by adding unnecessary auditing responsibilities.**

Requiring such audits will bring Maine out of line with the majority of nationwide UI programs, waste valuable state resources, and run afoul of timeliness standards. 35 states only require random work search audits in addition to those performed by the federal government. This bill would bring Maine out of line with the majority of states by forcing MDOL to audit 10% of work search reports, *every week*. According to MDOL staff, the Department currently audits about 3% of weekly claims<sup>12</sup>. This bill means MDOL would go from inspecting about 14,000 to nearly 50,000 claims per year, and especially in this budget environment the Department does not have the capacity or staff resources to more than triple these efforts. They need to be spending their dollars on proven programs that get people back to work.

This change might be proposed as an anti-fraud measure, but it is not grounded in the reality that most UI fraud is caused by cybercriminals and international organized crime.<sup>13</sup> Such a change could require the Department to forgo other important modernization and anti-fraud measures, which they have spent significant time improving since 2020.

Additionally, there is no correlation between increasing work search requirements and the integrity or solvency of a state's trust fund. In fact, four out of the top five states with the strictest work search standards<sup>14</sup> have insolvent or unstable UI funds. Meanwhile, Maine, like many other states, has an unspecified and flexible work search requirement *and* one of the most solvent trust funds in the nation.<sup>15</sup>

The bill further places an undue burden on employers as thousands of companies will be

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<sup>10</sup>Benus, Michaelides, Poe-Yamagata, Tirumalasetti, *ImpacQ International/US DOL Education & Training Administration*, "Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada" (January 2012)

<sup>11</sup> Evermore, Hertel-Fernandez & Madland, *Center for American Progress*, "Community Navigators Can Increase Access to Unemployment Benefits and New Jobs While Building Worker Power" (October 2024, Accessed March 2025)

<sup>12</sup> Reported by Maine Department of Labor by email Mar 18, 2025

<sup>13</sup> Podkul, Cezary. ProPublica, "How Unemployment Fraud Exploded During the Pandemic" <https://www.propublica.org/article/how-unemployment-insurance-fraud-exploded-during-the-pandemic> (July 2021, accessed March 2025)

<sup>14</sup> Office of Unemployment Insurance - US Department of Labor Education & Training Administration, "Comparison of UI State Laws, Ch. 5 Nonmonetary Decisions (2023- Accessed March 2025)

<sup>15</sup>Office of Unemployment Insurance - US Department of Labor Education & Training Administration, "Trust Fund Solvency Report" (March 2024 - Accessed March 2025)

required to verify contact with potential employees, wasting valuable business hours with record keeping and responding to MDOL audits for people who are not even their employees.

Additionally, many online job listings on sites like Indeed, LinkedIn, ZipRecruiter and others do not provide contact information for a hiring manager. The Department cannot deliver timely benefits if they cannot contact a potential employer to verify proof of application.

This bill requires that before a claimant is paid their work search report must be verified by the Department, which raises timeliness and due process concerns for us. State and federal law are clear that individuals must be able, available, and searching for work in order to be eligible. However, state and federal law are also clear that benefits cannot be withheld from an individual without due process. The language in this bill is contrary to existing statute that says individuals who are receiving benefits cannot be denied payment before a Deputy issues a decision based on the facts, a process that requires adequate notice and fact finding hearings.<sup>16</sup> LD 797 would drastically slow down an individuals' receipt of benefits and create strain for the Bureau.

- **LD 797 creates administrative burdens for unemployed Mainers and is out of touch with the reality of the present day workforce.**

The way people apply for work evolves with technology and the job market, and prescriptive standards are more appropriate for rule or Department guidance. The filing system in Maine needs to be updated, not held back by details in statute.

This bill needlessly requires claimants to report all work searches by 5PM each Friday in order to get benefits. This change is out of step with our current 24/7 economy. Currently, an individual may use MDOL's ReEmployME website to submit the details of their work search efforts throughout the weekend. Many critical gaps in the workforce are in retail, service, manufacturing, and construction, industries that do not follow a typical Monday to Friday schedule. Job seekers need flexibility to report interactions with potential employers that occur on a weekend.

**LD 797 makes changes to the state's employment security law that burden people across the workforce system, from workers to the State and employers too. I urge you to vote against LD 797.**

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<sup>16</sup> 26 MRS§ 1194 (2)