



MAINE AFL-CIO

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Testimony of Adam Goode, Maine AFL-CIO Legislative & Political Director, 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"

Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor, my name is Adam Goode. I am the Legislative & 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 LD 797.

We acknowledge that searching for suitable employment is an important component of the Unemployment Compensation program. We have also been through a recent global pandemic that serves as a reminder of the challenge claimants face with unnecessary administrative burdens when trying to access unemployment insurance. During the COVID-19 pandemic, we all witnessed the important role that Unemployment Compensation plays for Mainers who find themselves out of work for no fault of their own. At the same time, we also saw how access to these critical payments can be delayed or wrongly denied due to administrative burdens. I know many legislators fielded calls from constituents and helped them navigate the rules and reporting requirements for the program.

While benefits are funded by taxes employers pay to our federal and state government, the funding is generally regarded as falling on workers based on the theory that the dollars employers 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.^{1,3}

We are concerned that LD 797 would only add additional unnecessary paperwork for out-of-work Mainers to complete, and result in wrongly denying benefits to people who need them. It is a fact that the number of weekly claimants is currently at a very low level. During the pandemic we had a massive employment upheaval and we have since transitioned people back to work. What we did learn from the pandemic was that the process for applying for unemployment is often confusing and intimidating for workers.

Currently only one out of every four unemployed workers received unemployment insurance in Maine.² Creating unnecessary bureaucratic hurdles can lead to benefit denials without necessarily improving job prospects for an unemployed worker.

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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>

³Kevin 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>.

This bill cuts the amount of time an individual has to report their efforts to look for work by setting a deadline of 5PM on Friday evening of the week in which the activities were completed. The deadline to file an unemployment claim is Saturday at midnight. It makes sense to keep current law that allows the filing deadlines to both happen at the same time. Overwhelmingly, people file their weekly claim and submit their work search requirements at the same time. Making the two deadlines fall at different times is an administrative disruption that would cause more confusion in an already complicated system.

We are baffled by the bill's repeal of the law that allows people to receive unemployment when they are temporarily unemployed. In many workplaces, especially in the building trades, it is common for workers to go without work for a short period of time. In situations where an employer has given a worker a definite recall date and the worker remains in contact and able and available to work for that employer there should be clear access to unemployment so that worker and their employer are maintaining their consistent relationship and people are ready to go back to work when the employer scales back up.

The clear example here would be a union electrician who is temporarily between jobs. These workers are hard for employers to find, and employers would certainly want a union electrician back on the job after a brief period of unemployment. If you are a decades long union electrician you should be able to get back to work in your own field, and we certainly shouldn't be making a policy change that steers union electricians away from the trade at a time when we need people to work in the building trades.

Working people who have suffered job loss will not magically find work due to the changes in this bill. There are already too many reasons why unemployed workers fail to access unemployment benefits and this bill adds needless administrative burdens on the Department of Labor and both employees and employers across the state.