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**Testimony In Opposition to LD 1538: An Act to Index Unemployment Benefits to the
Unemployment Rate**
Wednesday, April 16, 2025

Good morning Senator Tipping and Representative 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 1538 today. This policy does *not* connect more Mainers to jobs, which I know is a big concern for this committee and which Maine Equal Justice, as a member of the Peer Workforce Navigator Project, cares deeply about too.

UI Indexing cuts benefits for out-of-work Mainers already facing hardship.

LD 1538 ties the number of weeks a worker is eligible for unemployment to the state unemployment rate – it effectively cuts benefits by reducing the number of weeks someone is eligible from 26 weeks to 14 if the state unemployment rate falls below 5.5%. In the last ten years, only during the four quarters of 2020 did Maine have an unemployment rate above 5.5%.¹ If this policy had been in place – even during various COVID surges in 2021 and 2022 – laid off workers would have received just over half the benefits they get now. We cannot support any policy that cuts benefits for Mainers just trying to feed their families while they look for a new job.

As you may recall, the Legislature rejected this policy twice last session: Once when it appeared before this committee², and again when similar language was included in a bill before the Health & Human Services committee³. Even that committee, who were much less familiar with the unemployment program, rejected this policy because they could tell it did not bolster the economy. While this new iteration has some slightly changed numbers, the fundamental issue – the indexing mechanism – remains.

¹ Bureau of Labor Statistics, Local Area Unemployment Statistics, updated April 2025.

https://data.bls.gov/timeseries/LASST2300000000000004?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true

² 131st Legislature, LD 1772. <https://legislature.maine.gov/LawMakerWeb/dockets.asp?ID=280087876>

³ 131st Legislature, LD 1995, <https://legislature.maine.gov/LawMakerWeb/summary.asp?ID=280089713>

UI Indexing does not help workers find jobs faster.

There is very little correlation between a state's unemployment rate and the number of benefit weeks they offer. Nearly 80% of states offer 26 weeks, including Maine.⁴ And, the top three states with the lowest unemployment rates – South Dakota, North Dakota, and Vermont – all offer 26 weeks. Montana has the fourth lowest rate, and they offer 28 weeks.⁵

This bill aptly renames the unemployment program, the ReEmployment Assistance Program. However, LD 1538 does little to assist workers to get re-employed. If a person cannot pay their bills or keep a roof over their head their ability to find and *keep* a job is vastly diminished. Supporters claim that these indexing policies help individuals “roll off unemployment twice as fast,”⁶ but that is simply because these policies cut benefit weeks **in half**. People roll off the program because they run out of weeks in half as much time, not because they necessarily get jobs.

In fact, reducing benefits does not help people find jobs. The Pandemic, while a time none of us wish to revisit, provided a helpful test case: When some states chose to cut pandemic benefits and others did not, researchers could compare and found that cutting benefits did not move people into jobs any quicker.⁷ Numerous studies show that limiting benefits generosity does not decrease unemployment rates, nor do enhanced benefits contribute to labor shortages.⁸ A 2021 study interviewed individuals 2 to 3 weeks after they had their UI benefits cut: Most had not found jobs, but nearly all reflected they experienced hardship and were unable to pay for regular expenses.⁹ Another study found that expanded benefits actually *helped* people perform more meaningful job searches and connected more people to more suitable jobs with higher wages.¹⁰ Clearly, there are much better ways to get people back to work, like investing in workforce navigation or education or wrap-around services for low-income Mainers.

⁴ See Table 1. Center for Budget and Policy, “How Many Weeks of Unemployment Benefits Are Available?” (April 2025) <https://www.cbpp.org/research/economy/how-many-weeks-of-unemployment-compensation-are-available>

⁵ Bureau of Labor Statistics, March 2025 State Unemployment Rates:

<https://www.bls.gov/web/laus/laumstrk.htm#laumstrk.f.p>

⁶ DuBois & Ingraham, FGA, “How North Carolina Has Led the Nation with UI Indexing” (Feb 2022. Accessed April 2025). <https://thefga.org/research/north-carolina-led-the-nation-with-unemployment-indexing/>

⁷ Hickey, Sebastian and Cooper, David, *Economic Policy Institute*, (August 2021, accessed April 5, 2025) <https://www.epi.org/blog/cutting-unemployment-insurance-benefits-did-not-boost-job-growth-july-state-jobs-data-show-a-widespread-recovery/>

⁸ Valletto and Petrosky-Nadeau, Federal Reserve Bank of San Francisco, “Unemployment Insurance Withdrawal” Economic Letter, April 2022, accessed April 2025

<https://www.frbsf.org/research-and-insights/publications/economic-letter/2022/04/unemployment-insurance-withdrawal/>

⁹ Arin Dube, PhD, University of Massachusetts Amherst, “Early Impacts of the Expiration of Pandemic Unemployment Insurance Program” (July 17, 2021, Accessed April 2025)

<https://arindube.com/2021/07/18/early-impacts-of-the-expiration-of-pandemic-unemployment-insurance-programs/>

¹⁰

<https://cepr.org/voxeu/columns/impacts-unemployment-benefits-job-match-quality-and-labour-market-functioning#:~:text=Our%20evidence%20shows%20that%20by%20providing%20more%20time,earn%20higher%20wages%20and%20have%20greater%20job%20satisfaction>

UI Indexing hurts rural Mainers most

Now is not the time to reduce the effectiveness of Maine's unemployment program, especially as we stare down the barrel of a potential recession. We know economic uncertainty will hit the least resourced communities – Maine's rural communities – the hardest. Because LD 1538 indexes benefits using *statewide* data, it causes deepest harm to rural workers. Right now, while most counties in Southern Maine have an unemployment rate of around 3%, Aroostok's is just over 5.6%, unemployment is 6.8% in Piscataquis and 7% in Washington.¹¹ Statewide the rate is only 4%. So, if this policy existed right now, hardest hit workers in rural counties would only get half the weeks they are currently entitled to, all while trying to find work in a much more challenging economic context. Rural workers tend to be older, have higher poverty rates, and lower educational attainment rates; all factors that impact job prospects.¹² We want to give laid off workers in rural areas more time, not less, to get back on their feet.

While the bill purports to “save” UI trust fund dollars, it does not achieve such savings. With fewer benefit weeks available to them, laid off workers, especially in rural areas where work is harder to come by, will need to draw down other public benefit programs paid for by taxpayer dollars, like General Assistance, SNAP, and TANF. These are vital programs, but unemployment benefits exist to reduce reliance on such resources and help move people back to work.

UI Indexing hurts business too.

By reducing the number of weeks an individual may receive benefits, this bill *also* reduces the number of weeks a business may use economic recovery programs like WorkShare. WorkShare is a program that helps companies who have hit financial hurdles and need to reduce production or employee hours to cut costs. WorkShare gives these companies the option to keep workers employed part-time instead of letting them go. Employees work a percentage of their schedule and are paid the remaining portion of their salary through UI benefits. This program is an effective layoff prevention measure, keeps trained employees connected to the workforce, and saves businesses costs as they weather uncertainty. Should LD 1538 pass, it would cut the number of weeks a business could use this resource, giving struggling local businesses far less time to recover, increasing the likelihood of permanent layoffs, and potentially increasing experience ratings and tax burdens.

LD 1538 is a bad deal for Maine workers and their families, for rural economies, and even business. We urge you to vote ought not to pass.

¹¹ Maine Department of Labor, Unemployment & Labor Force Estimates, April 2025, <https://www.maine.gov/labor/cwri/dashboards/unemployment-and-labor-force-estimates>

¹² This chart from MDOL's Center for Workforce Research and Innovation shows that from 2002-2022 people with only high school diplomas only in ME had higher rates of unemployment than those with Bachelor's degrees. https://www.maine.gov/labor/cwri/data/cps/Excel/Employment_and_Unemployment_by_Educational_Attainment.xls