



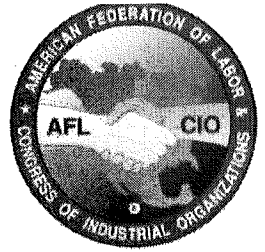
MAINE AFL-CIO

A Union of Unions Standing for Maine Workers

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Testimony of Adam Goode, Maine AFL-CIO Legislative & Political Director, In Opposition to LD 1538, "An Act to Index Unemployment Benefits to the Unemployment Rate"

Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor, my name is Adam Goode. I'm the Legislative and 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 1538.

These bills rename the Employment Security Law the Reemployment Assistance Program and cut the current maximum number of weeks of unemployment insurance from 26 to just 14 weeks if the state average unemployment rate is 5.5% or below. The bill would only allow for the current maximum of 26 weeks of benefits if Maine's average unemployment rate is over 11%. Based on the current unemployment rate, this would result in a 14 week cut in the number of weeks an unemployed worker can receive unemployment benefits.

It is important to have a basic understanding of who is most impacted by a cut to the number of weeks an unemployed worker can receive unemployment insurance. To qualify for unemployment insurance, a worker must have lost their job through no fault of their own, must "be able to work, available to work, and actively seeking work", and have earned a certain amount of money prior to becoming unemployed. Unemployment does not cover people who leave a job voluntarily. Passing this bill would make life harder for working people who have played by the rules and lost their job through no fault of their own.

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.^{1,6}

You have already heard our testimony this session on Maine's abysmal reciprocity rate. Currently only one out of every four unemployed workers received unemployment insurance in Maine.² Cutting 14 weeks of benefits would make that number worse. Bills like this would make Maine an outlier, as only

6 states vary weeks of unemployment based on unemployment rates.³ Just 7 states provide less than 26 weeks of unemployment.⁴

Tying access to unemployment insurance to the rate of unemployment unfairly harms unemployed workers because it ignores that experience with job loss doesn't vary solely based on the rate. Other factors play a big role in how long a person remains unemployed, including education levels, race, disability, and others.⁵ To only use the overall unemployment rate for all people ignores the special circumstances of large numbers of people who may be unemployed for longer periods.

Working people who have suffered job loss will not magically find work just because they lose benefits at 14 weeks, regardless of the unemployment rate. An unemployed person already must meet requirements regarding their availability and ability to work and be actively seeking work. Should the committee go forward with this bill, they will effectively ignore all of the other factors impacting someone's ability to find work outside of the unemployment rate. Black workers make up 23.5 percent of the long-term unemployed.⁷ Single parents represent 13.3 percent of the long-term unemployed but only 7.6 percent of the employed.³ These are two of the many factors the committee would be ignoring if you went forward with this bill and narrowly tied duration of benefits to the unemployment rate.

We urge you to vote against LD 1538.

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>

²Century Foundation's Unemployment Data Dashboard. Comparing total unemployed to total continuing claims over 12 month period. <https://tcf-ui-data.shinyapps.io/ui-data-explorer/>

³<https://oui.doleta.gov/unemploy/pdf/uilawcompar/2020/monetary.pdf> (see table 3-12)

⁴"Policy Basics: How Many Weeks of Unemployment Compensation Are Available?" Center on Budget and Policy Priorities, April 27, 2021, <https://www.cbpp.org/research/economy/how-many-weeks-of-unemployment-compensation-are-available>

⁵Josh Mitchell, "Who Are the Long-Term Unemployed," Urban Institute, July 2013, <https://www.urban.org/sites/default/files/publication/23911/412885-Who-Are-the-Long-Term-Unemployed-.PDF>

⁶Kevin 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>.

⁷"US long-term unemployment rate 2023, by race and ethnicity," Statista Research Department, September 17, 2024, <https://www.statista.com/statistics/218655/long-term-unemployment-rate-in-the-us-by-race-and-ethnicity/>