

Testimony in Support of LD 1564, “An Act to Amend the Laws Governing Unemployment Compensation,” and LD “An Act to Strengthen the Unemployment Insurance System To Better Serve Maine Workers”

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James Myall

Good morning Senator Hickman, Representative Sylvester, and members of the Joint Standing Committee on Labor and Housing.

My name is James Myall, and I am a policy analyst at the Maine Center for Economic Policy. I’m here to testify in support of LD 1564, “An Act to Amend the Laws Governing Unemployment Compensation,” and LD “An Act to Strengthen the Unemployment Insurance System To Better Serve Maine Workers,”

The economic downturn of 2020 caused by the COVID-19 pandemic is the worst in modern history. Tens of thousands of Mainers were laid off through no fault of their own — a side effect of public health and safety measures necessary to reduce the spread of the coronavirus.

This situation strained our unemployment insurance system like never before. The pandemic and associated recession showed just how valuable it is to have an effective safety net for out-of-work Mainers. At the same time, the experience of Mainers who had tremendous difficulty trying to access benefits revealed real flaws in our outdated system.

I know every member of this committee is aware of the challenges faced by the Department of Labor in trying to process the unprecedented volume of claims which came to them over the past year. Those challenges caused enormous frustrations for everyday Mainers who just needed their payments so they could make ends meet and didn’t want to have to call the Department dozens of times a day, hoping to get through, or to wade through hard-to-understand rules and regulations online to find an answer to their question.

LDs 1564 and 1571 both take steps to improve Maine’s current UI system, and would make the application process easier, deliver payments sooner, and update antiquated provisions of the current law.

Both LD 1564 and 1571 would improve our UI system by extending benefits to workers who can find only part-time employment and by reducing the “benefit cliff,” which sees some laid-off workers see a major drop in income *after* they gain employment. The bills achieve these goals by increasing the amount of earnings a claimant can receive before losing unemployment benefits.

Both LD 1564 and 1571 both increase the payment unemployed Mainers receive through UI to provide for children and other dependents. The payment is \$10 per dependent per week, a woefully inadequate amount that has not been updated since xxx. Increasing the benefit to \$25 per week would reflect

increased costs of living since then. We would suggest the committee consider automatically indexing this amount to inflation, so that it continues to keep pace with the cost of living.

Both LD 1564 and 1571 would expand the ability of Mainers to collect Unemployment Compensation if they have “good cause” for leaving their job. This is a common-sense provision that would ensure that Mainers are not left high and dry if they are prevented from working due to issues such as childcare, or lack of transportation. I know that many of us have a new appreciation for the challenges of balancing work and childcare as a result of the pandemic, yet current unemployment compensation rules in Maine do not recognize childcare as a barrier to getting new employment.

LD 1564 would add an alternative “trigger” for extending the length of unemployment benefits and increase the length of the extended period. It’s important that the Department has this additional flexibility for when the labor market in Maine is especially poor. Research has shown that extending unemployment benefits during recessions results in workers being able to find more suitable work at higher wages.ⁱ That’s better for these workers, for our wider economy, and better for businesses who can find more qualified employees.

LD 1571 also contains several important provisions to improve the administration of the Unemployment Compensation program, making benefits easier to access, establishing a navigator program, and removing penalties for Mainers who received overpayments. It would enhance funding for the DOL to increase staffing and technology capacity; require employers to notify employees about the UI process in the event of mass layoffs; and fund a system of navigators at nonprofit organizations which could mediate between Mainers and the DOL.

The work of outside navigators has been occurring informally throughout the past year. I know folks at organizations including Maine Equal Justice and the Maine AFL-CIO who have fielded calls and Facebook messages from desperate Mainers looking for help with their unemployment claims. I know many of you as legislators have done similar good work to help your own constituents. LD 1571 would build on the experience of the past year, and create a more formal, funded, program to provide similar services.

To summarize: The past year has tested Maine’s unemployment compensation system like never before. It has shown both how necessary it is as a safety net and demonstrated many areas in which it can be improved. LDs 1564 and 1571 propose several such improvements, and I would urge you to support both bills.

Thank you. I’ll be happy to answer any questions.

ⁱ Alix Gould-Werth, “The long-run implications of extending unemployment benefits in the United States for workers, firms, and the economy,” *The Washington Center for Equitable Growth*. Dec 3, 2020. <https://equitablegrowth.org/the-long-run-implications-of-extending-unemployment-benefits-in-the-united-states-for-workers-firms-and-the-economy/>

James Myall
Maine Center for Economic Policy

Please find attached testimony in support of LDs 1564 and 1571 on behalf of the
Maine Center for Economic Policy.