



129th MAINE LEGISLATURE

LD 2167

LR 3296(02)

An Act To Implement Provisions Necessary to the Health, Welfare and Safety of the Citizens of Maine in Response to the COVID-19 Public Health Emergency

Fiscal Note for Bill as Engrossed with:

No Amendments

Committee: Not Referred

Fiscal Note

Potential current biennium cost increase - Unemployment Compensation Trust Fund

Potential current biennium cost increase - All Funds

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$500,000	\$0	\$0	\$0
Appropriations/Allocations				
Other Special Revenue Funds	\$500,000	\$500,000	\$0	\$0
Transfers				
General Fund	(\$500,000)	\$0	\$0	\$0
Other Special Revenue Funds	\$500,000	\$0	\$0	\$0

Fiscal Detail and Notes

Part A of this bill allows the Governor, in consultation with the Commissioner of Education, to implement a plan to continue to provide lunches to students who are currently receiving free or reduced-priced meals at a school that is closed due to the COVID-19 virus. According to the Department of Education, schools that experience an unanticipated closure are allowed to serve students meals through the summer food service program if they meet certain requirements. Eligible schools that participate in the summer food service program will be federally reimbursed for the meals served.

Part B of this legislation may result in more benefits being distributed from the Unemployment Compensation Trust Fund (Fund) as a result of more individuals being eligible for the benefit in a time of a public health emergency. The cost to the Fund will depend on the number of individuals who experience a work disruption during this time.

Under Part B of the bill, benefits paid to individuals who are dislocated or temporarily laid off as a result of a public health emergency are not to be charged against the experience rating record of any employer. This means that the future contribution rate of employers will not be increased for unemployment benefits attributable to a public health emergency. The Department of Labor has estimated that if the unemployment rate were to increase from the approximately 3% rate (as of December 2019) to 4% from April 1, 2020 to May 30, 2020, the impact to the Fund would be approximately \$8.4 million. If the unemployment rate were to increase to 5% over the same time period, the impact to the Fund would be approximately \$16.2 million. The additional cost will depend on actual experience. Direct reimbursement employers would continue to be charged for benefits to their employees.

Legislation in Part B of this bill also waives the one week waiting period that must be served before an individual who is dislocated or temporarily laid off as a result of a public health emergency can begin collecting unemployment benefits. The cost to the State as a direct reimbursement employer will depend on such factors as the number of employees affected, the length of the work stoppage and the amount of leave employees have available to use during the time they are out.

Additional costs to the Department of Public Safety, Emergency Medical Services, associated with Part C can be absorbed within existing budgeted resources.

Part I of this bill establishes the Loan Guarantee Program Fund (Fund) within the Office of Treasurer of State with a one-time transfer of \$500,000 from the General Fund in fiscal year 2019-20. It also includes an Other Special Revenue Funds allocation to the Office of the Treasurer of State of \$500,000 in fiscal years 2019-20 and 2020-21 to expend the funds. If this amount is not sufficient to cover the State's liability, additional funding will be required. The Fund will be used to guarantee the repayment of the amount of loans made by eligible financial institutions to Maine residents who have experienced a reduction in income since January 1, 2020 until December 31, 2020 due to COVID-19. The bill allows loans up to a maximum of the lesser of \$5,000 or an individual's most recent monthly after-tax pay reduced by any unemployment compensation benefits. Individuals are eligible to apply for up to 3 loans under the program. Administrative costs incurred by the Office of Treasurer of State can be absorbed within existing budgeted resources. Part I also includes a provision that allows the Finance Authority of Maine (FAME) to retain a portion of the money it recovers from loans in default to pay for its costs to administer the loan guarantee program. FAME will not require a General Fund appropriation. However, this provision will reduce the amount of funds returned to the Loan Guarantee Program Fund from the recovery of defaulted loans.

Additional costs to the Department of Health and Human Services associated with Part K can be absorbed within existing budgeted resources.

Depending upon the actions the Governor takes, additional election costs to the Department of Secretary of State may be incurred. No estimate can be made until any such actions are determined. Additional costs to the Office of the Governor associated with Part L can be absorbed within existing budgeted resources.