



130th MAINE LEGISLATURE

LD 1260

LR 1318(02)

An Act To Promote the Sustainability of Unemployment Insurance by Linking the Duration of Benefits to the State's Average Unemployment Rate

Fiscal Note for Bill as Amended by Committee Amendment " "
Committee: Labor and Housing
Fiscal Note Required: Yes

Fiscal Note

Potential current biennium savings - Unemployment Compensation Trust Fund
Current biennium savings - All funds

Table with 5 columns: Appropriations/Allocations, FY 2021-22, FY 2022-23, Projections FY 2023-24, Projections FY 2024-25. Row: Federal Expenditures Fund, \$263,600, \$0, \$0, \$0

Fiscal Detail and Notes

This bill includes a one-time Federal Expenditures Fund allocation of \$263,600 in fiscal year 2021-22 to the Employment Security Services program within the Department of Labor for the costs of making programming changes to establish maximum unemployment benefits at 18 weeks if the state's average unemployment rate is 5% or below and an additional week for every 0.5% the rate is above 5% to a maximum of 26 weeks of benefits. According to the Department of Labor, this estimate assumes that the intent of this legislation is that the number of weeks of allowable benefits would be set once a year based on the most recent quarter's unemployment rate. If the intent of is for the benefit week duration to be continually changed throughout the year, the cost to administer this requirement will be significantly higher.

Reducing the maximum amount of unemployment benefits that may be received from 26 weeks to between 18 weeks and 26 weeks, depending on the state's average unemployment rate, may lower the amount of unemployment benefits paid from the Unemployment Compensation Trust Fund. The Department of Labor estimates the reduction in benefit costs to be between \$24.0 million during a period of low unemployment and \$116.8 million during a period of high unemployment.

The State, with a few exceptions, is a direct reimbursement employer and would experience a reduction in unemployment compensation costs as a result of this legislation. The impact will depend on actual experience.