



125th MAINE LEGISLATURE

LD 1725

LR 2554(02)

An Act To Strengthen the Unemployment Insurance Laws and Reduce Unemployment Fraud

Fiscal Note for Bill as Amended by Committee Amendment " "
Committee: Labor, Commerce, Research and Economic Development
Fiscal Note Required: Yes

Fiscal Note

Potential current biennium savings - Unemployment Compensation Trust Fund
Potential future biennium revenue decrease - Unemployment Compensation Trust Fund

Fiscal Detail and Notes

Including vacation pay as a deductible income when calculating a claimant's unemployment compensation benefit amount will decrease costs to the Unemployment Compensation Trust Fund beginning in fiscal year 2012-13 due to a decrease in benefit payments. An analysis performed by the Department of Labor's Center for Workforce Research and Information estimates the reduction in benefit costs to be between 0.7% and 0.8% of total regular benefits. According to the Department of Labor, the estimated amount of decreased benefits depends on the condition of the economy. If this provision had been in place in a non-recessional period such as 2007, the estimated decrease in benefit costs would have been between \$800,000 and \$850,000 based on total regular benefit costs of \$113.96 million. However, if this provision had been in place during 2011, the estimated decrease would have been between \$1.4 million and \$1.5 million, based on total regular benefit costs of \$191.0 million.

This reduction of benefits may potentially affect the contribution rate schedule in future biennia. The impact to all employers and the timing of the impact can not be determined at this time and will depend on the level of benefits paid, contributions received and the balance of the trust fund when the contribution schedule is calculated.

This bill will reduce unemployment costs for executive branch departments and agencies that are in direct reimbursement status. However, because appropriations/allocations to fund the costs of the provision were not provided to executive branch departments and agencies when the legislation that eliminated the vacation pay benefit offset was enacted during the 1st Regular Session of the 124th Legislature, no offsetting deappropriations/deallocations are being recommended for this bill. The estimated savings to the General Fund and Highway Fund are provided below.

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
Net Cost (Savings)				
General Fund	\$0	(\$35,486)	(\$35,486)	(\$35,486)
Highway Fund	\$0	(\$19,347)	(\$19,347)	(\$19,347)