

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 554

H. P. 437

House of Representatives, February 14, 1979

Referred to the Committee on Labor. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Leonard of Woolwich.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

**AN ACT to Relate the Qualifying Wage Levels for Unemployment Compensation
to the Average Weekly Wage.**

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 26 MRSA § 1043, sub-§ 24, as repealed and replaced by PL 1975, c. 710, § 1, is repealed and the following enacted in its place:

24. Insured worker. An "insured worker" is an individual who has earned wages equal to or exceeding 2 times the annual average weekly wage for insured work in each of 2 different quarters in his base period and has earned total wages equal to or exceeding 7 times the annual average weekly wage in his base period for insured work. The annual average weekly wage amount to be used for purposes of this subsection shall be that which is applicable at the time the individual files a request for determination of his insured status.

Sec. 2. 26 MRSA § 1192, sub-§ 5, first sentence, as last repealed and replaced by PL 1975, c. 568, § 3, is repealed and the following enacted in its place:

For each eligible individual establishing a benefit year on or after January 1, 1980, he has been paid wages equal to or exceeding 2 times the annual average weekly wage for insured work in each of 2 different quarters in his base period and has been paid total wages equal to or exceeding 7 times the annual average weekly wage in his base period for insured work. The annual average weekly wage

amount to be used for purposes of this subsection shall be that which is applicable at the time the individual files a request for determination of his insured status.

STATEMENT OF FACT

Under present law, an individual need only earn a flat \$900 during his base period in order to qualify for unemployment benefits. At the time the \$900 amount became effective in 1976, the minimum wage was only \$2.30 per hour. To qualify, therefore, an individual would have been required to work approximately 10 weeks. With the present minimum wage at \$2.90, an individual would only work 8 weeks in order to qualify. With future increases expected in the minimum wage and with the overall increase in wages due to inflation, it will become even easier for individuals to qualify for benefits. In addition, benefit levels increase automatically with inflationary wage increases. The maximum benefit amount under the statute is 52% of the average weekly wage in the State, which is presently approximately \$180. This combination is certain to substantially increase the steady drain on fund reserves.

The purpose of this bill, therefore, is to preclude an inordinate drain on fund reserves by providing for automatic adjustment of the qualifying wage amounts to reflect inflationary increases.