

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 1069

6
7 H.P. 831

House of Representatives, March 4, 1983

8 On Motion of Representative Beaulieu of Portland, referred to the
9 Committee on Labor. Sent up for concurrence and ordered printed.

10 EDWIN H. PERT, Clerk

11 Presented by Representative Nadeau of Lewiston.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT To Establish a Voluntary System
18 of Shared-work Unemployment Compensation.
19

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

22 Sec. 1. 26 MRSA §1196 is enacted to read:

23 §1196. Shared-work unemployment compensation bene-
24 fit; weekly amount; report; duration of
25 section.

26 Notwithstanding section 1043, subsection 17 or
27 any other provision of this chapter, for the purposes
28 of this section an individual is unemployed in any
29 week if the individual works less than his normal
30 hours or number of days in a week for the
31 individual's regular employer, and the director finds
32 that the regular employer has reduced or restricted
33 the individual's hours or days of work, or has

1 required an individual previously laid off and reduced
2 that individual's hours or days of work from those
3 previously worked, as the result of a plan by the
4 regular employer to reduce employment and stabilize
5 the work force by a program of sharing the work
6 remaining after a reduction in total hours of work
7 and a corresponding reduction in wages, among not
8 less than 10% of the employer's regular permanent
9 work force involved in the affected work unit or
10 units.

11 Except as otherwise provided in this section,
12 each individual eligible under this subchapter who is
13 unemployed in any week shall be paid with respect to
14 that week a weekly shared work unemployment compensa-
15 tion benefit amount equal to the percentage of the
16 reduction of the individual's wages resulting from
17 reduced hours or days of work, rounded to the nearest
18 percent, multiplied by the individual's weekly bene-
19 fit amount, except that this provision shall apply
20 only if the percentage of reduction is 10% or more.
21 Any eligible individual receiving this work-shared
22 benefit shall also receive a dependent benefit in the
23 amount established in section 1191, subsection 6.

24 No individual may be paid any benefits under this
25 section in excess of 26 weeks of benefits during a
26 period of 52 consecutive weeks beginning with the
27 first week of benefits paid under this section. No
28 individual who receives any benefits under this
29 section during any benefit year may receive any bene-
30 fits pursuant to section 1043, subsection 17, para-
31 graph B, as a partially unemployed individual with
32 respect to any week during that benefit year while in
33 employment status with the regular employer who ini-
34 tiated the program of sharing work under this
35 section. No benefits under this section may be pay-
36 able during any individual's extended duration period
37 or extended benefit period.

38 Any amount payable under this section shall be
39 reduced by the amount of any and all compensation
40 payable for personal services whether performed as an
41 employee or an independent contractor or as a juror
42 or as a witness, except compensation payable by the
43 regular employer not in excess of compensation pay-
44 able for reduced hours of work assigned an individual
45 by the regular employer under a shared-work plan.

1 The benefit payment under this section if not a
2 multiple of \$1 shall be increased to the next higher
3 multiple of \$1.

4 Section 1191, subsection 3 does not apply to any
5 individual eligible for any payment under this
6 section.

7 Except as otherwise provided by or inconsistent
8 with this section, all provisions of this chapter and
9 authorized regulations apply to benefits under this
10 section. Authorized regulations may, to the extent
11 permitted by federal law, make such distinctions and
12 requirements as may be necessary in the procedures
13 and provisions applicable to unemployed individuals
14 to carry out the purposes of this section.

15 Employees are not eligible to receive any bene-
16 fits under this section unless their employer agrees,
17 in writing, and their bargaining agent pursuant to
18 any applicable collective bargaining agreement
19 agrees, in writing, to voluntarily participate in the
20 shared-work unemployment insurance benefit program
21 created by this section.

22 This section is repealed on December 31, 1985.
23 The joint standing committee of the Legislature hav-
24 ing jurisdiction over audit and program review shall
25 issue an interim report to the Legislature on or
26 before January 1, 1984, on the use and operation of
27 this program; including the number and types of
28 employers utilizing this program, the tax rates, if
29 any, of the employers and the number of employees
30 affected. The committee shall issue a final report
31 to the Legislature on or before January 1, 1985, on
32 the use and the operation of this program which shall
33 include any recommendation concerning the extension
34 of this section beyond December 31, 1985.

35 Sec. 2. 26 MRSA §1221, sub-§4, ¶B, sub-¶(1) is
36 enacted to read:

37 (1) Any employer who has elected under
38 section 1196 to participate in the
39 shared-work unemployment insurance benefit
40 program, who has a negative reserve account
41 balance on any December 31st, and whose

1 reserve account has been charged for bene-
 2 fits paid under this section during the
 3 12-month period ending upon that December
 4 31st, shall pay into the Unemployment Fund,
 5 in addition to all other contributions re-
 6 quired by this chapter, contributions for
 7 the calendar year next succeeding that
 8 December 31st at the rate prescribed by this
 9 section based upon the ratio of the employ-
 10 er's net balance of reserve to the employ-
 11 er's average base payroll. If, as of any
 12 December 31st, an employer's net balance of
 13 reserve equals or exceeds that percentage of
 14 his average base payroll which appears on
 15 any line in column 1 of the following table
 16 but is less than that percentage which
 17 appears on the same line in column 2 of that
 18 table, his rate shall be the figure appear-
 19 ing on that same line in column 3.

20 Additional
 21 Contribution

	<u>Reserve Balance</u>		<u>Rate</u>
<u>Line</u>	<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
23 <u>1.....</u>	<u>100.0%</u>	<u>no limitation</u>	<u>3.0%</u>
24 <u>2.....</u>	<u>80.0%</u>	<u>100.0%</u>	<u>2.5%</u>
25 <u>3.....</u>	<u>60.0%</u>	<u>80.0%</u>	<u>2.0%</u>
26 <u>4.....</u>	<u>40.0%</u>	<u>60.0%</u>	<u>1.5%</u>
27 <u>5.....</u>	<u>20.0%</u>	<u>40.0%</u>	<u>1.0%</u>
28 <u>6.....More than</u>	<u>0.0%</u>	<u>20.0%</u>	<u>0.5%</u>

30 Contributions paid pursuant to this section
 31 shall be included as employer contributions
 32 under subsection 1 and for all other pur-
 33 poses under this chapter.

34 This section is repealed on December 31,
 35 1989.

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STATEMENT OF FACT

This bill establishes a voluntary system of shared-work unemployment compensation. If elected by an employer, the system would prevent the outright layoff of employees by providing the alternative of a reduction in wages of the total work force, either on a plant-wide or a division-wide basis. Each worker would receive the reduced wages paid by his employer with a percentage of the balance being picked up by unemployment compensation.

If an employer determines that he needs to reduce salary expenses by 20%, instead of laying off 20% of the work force, he may elect this program whereby all employees would remain on the job, but the entire work force would take a 20% pay cut. The workers would then receive 20% of their maximum unemployment compensation benefit in addition to this reduced base salary.

The program is designed to keep people working through periods of reduced business activity.

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