

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 978

S.P. 326

In Senate, March 22, 1993

**An Act to Preserve the Solvency of the Unemployment Compensation
Fund.**

(EMERGENCY)

Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator CARPENTER of York. (GOVERNOR'S BILL).
Cosponsored by Senator: HANDY of Androscoggin, Representative: RUHLIN of Brewer.

2 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4 Whereas, the Unemployment Compensation Fund will soon be
6 depleted necessitating the borrowing of funds to continue the
payment of unemployment benefits; and

8 Whereas, such borrowing would incur interest costs payable
10 by employers; and

12 Whereas, such borrowing would also complicate solving the
long-term solvency problem of the fund; and

14 Whereas, in the judgment of the Legislature, these facts
16 create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
18 necessary for the preservation of the public peace, health and
safety; now, therefore,

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

22 **Sec. 1. 26 MRSA §1043, sub-§3-A, as enacted by PL 1991, c.**
24 **870, §1, is amended to read:**

26 **3-A. Alternate base period.** For benefit years effective on
or after September 27, 1992 and prior to ~~December 31, 1994~~ March
28 26, 1995, for any individual who fails to meet the eligibility
requirements of section 1192, subsection 5, in the base period as
30 defined in subsection 3, the Department of Labor shall make a
redetermination of eligibility based on a base period that
32 consists of the last 4 completed calendar quarters immediately
preceding the first day of the individual's benefit year. This
34 base period is known as the "alternate base period." If wage
information for the most recent quarter of the alternate base
36 period is not available to the department from regular quarterly
reports of wage information that is systematically accessible,
38 the department shall gather the necessary data in accordance with
rules established for this purpose.

40 If the department receives information from the employer that
42 causes a revised monetary determination under this subsection,
benefits received prior to that revision may not constitute an
44 overpayment of benefits provided the claimant did not knowingly
misrepresent information requested by the department.

46 Wages that fall within the base period of claims established
48 under this subsection are not available for reuse in qualifying
for any subsequent benefit years under section 1192.

50

2 In the case of a combined-wage claim pursuant to the arrangement
3 approved by the United States Secretary of Labor in accordance
4 with section 1082, subsection 12, the base period is that base
5 period applicable under the unemployment compensation law of the
6 paying state.

7 **Sec. 2. 26 MRSA §1191, sub-§2,** as amended by PL 1991, c. 870,
8 §2, is further amended to read:

9 **2. Weekly benefit amount for total unemployment.** Each
10 eligible individual establishing a benefit year on and after
11 October 1, 1983, who is totally unemployed in any week shall must
12 be paid with respect to that week, benefits equal to 1/22 of the
13 wages, rounded to the nearest lower full dollar amount, paid to
14 him that individual in the high quarter of his the base period,
15 but not less than \$12. The maximum weekly benefit amount for
16 claimants requesting insured status determination beginning
17 October 1, 1983, and thereafter from June 1st of a calendar year
18 to May 31st of the next calendar year shall may not exceed 52% of
19 the annual average weekly wage, rounded to the nearest lower full
20 dollar amount, paid in the calendar year preceding June 1st of
21 that calendar year. No increase in the maximum weekly benefit
22 amount may occur for the period from June 1, 1992 to May 31, 1993
23 1995. The maximum weekly benefit amount in effect from June 1,
24 1993 to May 31, 1994 shall be 52% of the annual average weekly
25 wage paid in calendar year 1992, rounded to the nearest lower
26 full dollar amount, minus half of the increase that, but for the
27 preceding sentence, would have occurred on June 1, 1992. For
28 claimants requesting insured status determination on or after
29 April 1, 1993 and before January 1, 1995, the weekly benefit
30 amount must be the amount determined by this subsection minus \$6.

31 **Sec. 3. 26 MRSA §1195, sub-§3-A,** as amended by PL 1983, c.
32 491, is further amended to read:

33 **3-A. Failure to accept or seek work as grounds for**
34 **ineligibility.** Notwithstanding subsection 3, an individual shall
35 be is ineligible for payment of extended benefits for any week of
36 unemployment in his that individual's eligibility period if the
37 deputy finds that during such period:

38 A. He The individual failed to accept an offer of suitable
39 work, as defined under subsection 3-C, or failed to apply
40 for any suitable work to which he the individual was
41 referred by the employment service; or

42 B. He The individual failed to actively engage in seeking
43 work as prescribed under subsection 3-E, unless that
44 individual is not actively engaged in seeking work because
45 that individual is:

2 (1) Before any court of the United States or any state
4 pursuant to a lawfully issued summons to appear for
jury duty; or

6 (2) Hospitalized for treatment of an emergency or a
8 life-threatening condition.

10 This subsection is not in effect for the weeks beginning after
March 6, 1993 and before January 1, 1995.

12 This subsection is not in effect if inconsistent with the
14 Federal-State Extended Compensation Act of 1970, as amended.

16 **Sec. 4. 26 MRSA §1196, sub-§3**, as amended by PL 1991, c. 472,
§1, is further amended to read:

18 **3. Repeal.** This section; section 1043, subsection 5,
20 paragraph B; and section 1191, subsection 4, paragraph A are
repealed on ~~February 1, 1994~~ March 31, 1995.

22 Any person who has qualified to receive benefits under section
24 1043, subsection 5, paragraph B or section 1191, subsection 4,
paragraph A at the time of repeal under this subsection or when
26 the sections were determined to be not in effect due to the
reserve multiple under subsection 4 continues to be governed by
the provision repealed or not in effect.

28 **Sec. 5. 26 MRSA §1196, sub-§4**, as amended by PL 1993, c. 3, §1
30 and affected by §2, is further amended to read:

32 **4. Suspension of provisions due to the reserve multiple.**
34 This section; section 1043, subsection 5, paragraph B; and
section 1191, subsection 4, paragraph A are not in effect if the
36 reserve multiple determined under section 1221, subsection 4,
paragraph C is .245 or below, and remain ineffective until the
38 reserve multiple is determined to be above .245. This subsection
is not in effect from January 1, 1993 to ~~June 26, 1993~~ March 31,
1995.

40 **Sec. 6. 26 MRSA §1221, sub-§2, ¶C** is enacted to read:

42 C. Each employer subject to this chapter, other than those
44 liable for payments in lieu of contributions, shall pay, in
46 addition to the contribution rate as prescribed in
48 subsection 4, 7/10 of 1% of the wages paid by the employer
with respect to employment during the calendar year 1993 and
8/10 of 1% of the wages paid by the employer with respect to
employment during the calendar year 1994.

50

	11.0%	12.0%	1.3%	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%
2	10.0%	11.0%	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%
	9.0%	10.0%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%
4	8.0%	9.0%	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%
	7.0%	8.0%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%	2.4%
6	6.0%	7.0%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%
	5.0%	6.0%	1.9%	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%
8	4.0%	5.0%	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%
	3.0%	4.0%	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%	2.8%	2.9%
10	2.0%	3.0%	2.4%	2.5%	2.6%	2.7%	2.8%	2.9%	3.0%	3.1%
	1.0%	2.0%	2.6%	2.7%	2.8%	2.9%	3.0%	3.1%	3.2%	3.3%
12	.0%	1.0%	2.8%	2.9%	3.0%	3.1%	3.2%	3.3%	3.4%	3.5%
	-1.0%	.0%	3.0%	3.1%	3.2%	3.3%	3.4%	3.5%	3.6%	3.7%
14	-2.0%	-1.0%	3.1%	3.2%	3.3%	3.4%	3.5%	3.6%	3.7%	3.8%
	-3.0%	-2.0%	3.2%	3.3%	3.4%	3.5%	3.6%	3.7%	3.8%	3.9%
16	-4.0%	-3.0%	3.3%	3.4%	3.5%	3.6%	3.7%	3.8%	3.9%	4.0%
	-5.0%	-4.0%	3.4%	3.5%	3.6%	3.7%	3.8%	3.9%	4.0%	4.1%
18	-6.0%	-5.0%	3.5%	3.6%	3.7%	3.8%	3.9%	4.0%	4.1%	4.2%
	-7.0%	-6.0%	3.6%	3.7%	3.8%	3.9%	4.0%	4.1%	4.2%	4.3%
20	-8.0%	-7.0%	3.7%	3.8%	3.9%	4.0%	4.1%	4.2%	4.3%	4.4%
	-9.0%	-8.0%	3.8%	3.9%	4.0%	4.1%	4.2%	4.3%	4.4%	4.5%
22	-10.0%	-9.0%	4.0%	4.1%	4.2%	4.3%	4.4%	4.5%	4.6%	4.7%
	-11.0%	-10.0%	4.2%	4.3%	4.4%	4.5%	4.6%	4.7%	4.8%	4.9%
24	-12.0%	-11.0%	4.4%	4.5%	4.6%	4.7%	4.8%	4.9%	5.0%	5.1%
	<u>under</u>	<u>-12.0%</u>	<u>5.4%</u>	<u>5.4%</u>	<u>5.4%</u>	<u>5.4%</u>	<u>5.4%</u>	<u>5.4%</u>	<u>5.4%</u>	<u>5.4%</u>
26	<u>under</u>	<u>-12.0%</u>	<u>6.4%</u>	<u>6.4%</u>	<u>6.4%</u>	<u>6.4%</u>	<u>6.4%</u>	<u>6.4%</u>	<u>6.4%</u>	<u>6.4%</u>

EMPLOYER'S CONTRIBUTION RATE IN PERCENT OF WAGES

30

32 Employer

Reserve Ratio

When Reserve Multiple is:

34	Equal	Less	1.39-	1.25-	1.11-	.97-	.83-	.68-	.45-	under
	to or	than	1.52	1.38	1.24	1.10	.96	.82	.67	.45
36	more									
	than									

38

Schedules

	Column A	I	J	K	L	M	N	O	P
40	19.0% and over	1.3%	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.4%
	18.0%	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.5%
42	17.0%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.6%
	16.0%	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.7%
44	15.0%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%	2.8%
	14.0%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%	2.4%	2.9%
46	13.0%	1.9%	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	3.0%
	12.0%	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%	3.1%
48	11.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%	3.2%
	10.0%	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%	2.8%	3.3%
50	9.0%	2.3%	2.4%	2.5%	2.6%	2.7%	2.8%	2.9%	3.4%

2	8.0%	9.0%	2.4%	2.5%	2.6%	2.7%	2.8%	2.9%	3.0%	3.5%
	7.0%	8.0%	2.5%	2.6%	2.7%	2.8%	2.9%	3.0%	3.1%	3.6%
	6.0%	7.0%	2.6%	2.7%	2.8%	2.9%	3.0%	3.1%	3.2%	3.7%
4	5.0%	6.0%	2.7%	2.8%	2.9%	3.0%	3.1%	3.2%	3.3%	3.8%
	4.0%	5.0%	2.8%	2.9%	3.0%	3.1%	3.2%	3.3%	3.4%	3.9%
6	3.0%	4.0%	3.0%	3.1%	3.2%	3.3%	3.4%	3.5%	3.6%	4.1%
	2.0%	3.0%	3.2%	3.3%	3.4%	3.5%	3.6%	3.7%	3.8%	4.3%
8	1.0%	2.0%	3.4%	3.5%	3.6%	3.7%	3.8%	3.9%	4.0%	4.5%
	.0%	1.0%	3.6%	3.7%	3.8%	3.9%	4.0%	4.1%	4.2%	4.7%
10	-1.0%	.0%	3.8%	3.9%	4.0%	4.1%	4.2%	4.3%	4.4%	4.9%
	-2.0%	-1.0%	3.9%	4.0%	4.1%	4.2%	4.3%	4.4%	4.5%	5.0%
12	-3.0%	-2.0%	4.0%	4.1%	4.2%	4.3%	4.4%	4.5%	4.6%	5.1%
	-4.0%	-3.0%	4.1%	4.2%	4.3%	4.4%	4.5%	4.6%	4.7%	5.2%
14	-5.0%	-4.0%	4.2%	4.3%	4.4%	4.5%	4.6%	4.7%	4.8%	5.3%
	-6.0%	-5.0%	4.3%	4.4%	4.5%	4.6%	4.7%	4.8%	4.9%	5.4%
16	-7.0%	-6.0%	4.4%	4.5%	4.6%	4.7%	4.8%	4.9%	5.0%	5.5%
	-8.0%	-7.0%	4.5%	4.6%	4.7%	4.8%	4.9%	5.0%	5.1%	5.6%
18	-9.0%	-8.0%	4.6%	4.7%	4.8%	4.9%	5.0%	5.1%	5.2%	5.7%
	-10.0%	-9.0%	4.8%	4.9%	5.0%	5.1%	5.2%	5.3%	5.4%	5.9%
20	-11.0%	-10.0%	5.0%	5.1%	5.2%	5.3%	5.4%	5.5%	5.6%	6.1%
	-12.0%	-11.0%	5.2%	5.3%	5.4%	5.5%	5.6%	5.7%	5.8%	6.3%
22	<u>under</u>	<u>-12.0%</u>	<u>5.4%</u>	<u>5.5%</u>	<u>5.6%</u>	<u>5.7%</u>	<u>5.8%</u>	<u>5.9%</u>	<u>6.0%</u>	<u>6.5%</u>
	<u>under</u>	<u>-12.0%</u>	<u>6.4%</u>	<u>6.5%</u>	<u>6.6%</u>	<u>6.7%</u>	<u>6.8%</u>	<u>6.9%</u>	<u>7.0%</u>	<u>7.5%</u>
24										

Sec. 8. Retroactivity. Sections 6 and 7 of this Act apply retroactively to January 1, 1993.

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved.

STATEMENT OF FACT

The Unemployment Compensation Fund is projected to have deficits each year beginning in 1993 that would require the State to borrow funds in order to continue the payment of employment benefits. In response to this issue, the Commissioner of Labor's state advisory council has met frequently during the past 2 years to discuss possible solutions to this problem. This bill is based on the recommendations of the state advisory council for calendar years 1993 and 1994.

The deficit in the Unemployment Compensation Fund is projected at \$14,400,000 for 1993 and \$4,600,000 for 1994, which is based on insured unemployment rates of 4.8% and 4.6%, respectively, for these years. This bill proposes to increase employer contributions and limits unemployment benefits to eliminate the deficit for 1993 and 1994 thereby avoiding the need for interest-bearing loans for this period.

2 Benefits are reduced by freezing the maximum weekly benefit
amount until June 1, 1995 and by reducing the weekly benefit
4 amount by \$6 for all new claims filed from April 1, 1993 to
December 31, 1994.

6 A flat surtax is imposed on employers which is .7% of
covered wages for 1993 and .8% for 1994. In addition, the
8 contribution rate for employers who have the maximum rate is
increased by 1.0%.

10 This bill extends the sunset dates for the alternate base
12 period and the dislocated worker benefits program, or DWB,
through March 31, 1995 and allows that program to continue to
14 exist through that date despite the low Unemployment Compensation
Fund reserves.

16 There is one change to the extended benefit program. The
18 bill eliminates the special work search and suitable work
requirements for the extended benefit program from March 6, 1993
20 to January 1, 1995. This is a change required by federal law and
represents a conformity issue if not effective by March 6, 1993.
22 These special eligibility requirements would also be eliminated
if subsequent changes in federal law required such action.