

MAINE STATE LEGISLATURE

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Legislative Document

No. 1884

H.P. 1317

House of Representatives, May 1, 2007

An Act To Create the Competitiveness Training Fund and Improve Maine Employment Security Programs

Reference to the Committee on Labor suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative CAMPBELL of Newfield. (GOVERNOR'S BILL)
Cosponsored by Senator STRIMLING of Cumberland and
Representatives: DUPREY of Hampden, HAMPER of Oxford, PINGREE of North Haven,
TUTTLE of Sanford, Senators: DOW of Lincoln, President EDMONDS of Cumberland,
ROSEN of Hancock, SULLIVAN of York.

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

2 **PART A**

3 **Sec. A-1. 26 MRSA §1166** is enacted to read:

4 **§1166. Competitiveness Training Fund**

5 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
6 following terms have the following meanings.

7 A. "Competitiveness Training Fund contributions" means the money payments
8 required by this section to be made into the Competitiveness Training Fund by an
9 employer as a percentage of the employer's taxable payroll based on the
10 Competitiveness Training Fund predetermined yield in effect for that
11 Competitiveness Training Fund rate year.

12 B. "Competitiveness Training Fund planned yield" means the percentage of wages,
13 as defined in section 1043, subsection 19, equal to .02% of the contributions of each
14 contributing employer subject to this chapter.

15 C. "Competitiveness Training Fund predetermined yield" means the amount
16 determined by multiplying the ratio of total wages to taxable wages, as defined by
17 section 1221, subsection 6, paragraph L, by the Competitiveness Training Fund
18 planned yield. The Competitiveness Training Fund predetermined yield is rounded to
19 the nearest .01%.

20 D. "Competitiveness Training Fund rate year" has the same meaning as "rate year"
21 under section 1221, subsection 6, paragraph F.

22 **2. Established.** The Competitiveness Training Fund, referred to in this section as
23 "the fund," is established. All receipts, including interest, fines and penalties collected
24 from Competitiveness Training Fund contributions, must be paid into the fund. Income
25 from investment of the fund must be deposited to the credit of the fund. All money in the
26 fund must be deposited, administered and disbursed in the same manner and under the
27 same conditions and requirements as are provided by law for other special funds.

28 The money in the fund must be administered by the commissioner exclusively for the
29 purposes of chapter 25, subchapter 5 and for the costs of administering the fund.

30 **3. Employers liable for Competitiveness Training Fund contribution.** Each
31 employer, other than an employer liable for a payment in lieu of a contribution, shall pay
32 a Competitiveness Training Fund contribution.

33 Beginning January 1, 2008, Competitiveness Training Fund contributions are payable in
34 the same manner as described under section 1221, subsection 1 and in accordance with
35 section 1221, subsection 4-A.

36 **4. Receipts.** All receipts collected from Competitiveness Training Fund
37 contributions, including interest, fines and penalties on contributions not paid when due,
38 must be paid into the fund.

1 **5. Experience rating records.** Competitiveness Training Fund contributions may
2 not be credited to an employer's experience rating record as described in section 1221,
3 subsection 3.

4 **6. Relationship to unemployment insurance contributions.** Competitiveness
5 Training Fund contributions may not be considered as part of the employer's
6 unemployment insurance contribution rate pursuant to section 1221. Unemployment
7 insurance contributions for all employers subject to the contribution provisions of this
8 chapter must be reduced by a percentage equal to the total Competitiveness Training
9 Fund contribution assessment as in section 1221, subsection 4-A. Exceptions pertaining
10 to new employer rates and contribution rate category 20 are described in section 1221,
11 subsection 4-A, paragraphs A and B:

12 **7. Other provisions of this chapter.** All provisions of this chapter and rules
13 adopted under this chapter regarding payments, time limits, dates of payment, reports,
14 interest and penalties on amounts not paid by employers when due, fines, liens and
15 warrants that apply to the collection of contributions also apply to the collection of
16 Competitiveness Training Fund contributions.

17 **Sec. A-2. 26 MRSA §1221, sub-§4-A,** as amended by PL 1999, c. 740, §2, is
18 further amended to read:

19 **4-A. Employer's experience classifications after January 1, 2000.** For rate years
20 commencing on or after January 1, 2000, the commissioner shall compute annually
21 contribution rates for each employer based on the employer's own experience rating
22 record and shall designate a schedule and planned yield.

23 A. The standard rate of contributions is 5.4%. A contributing employer's rate may
24 not be varied from the standard rate unless the employer's experience rating record
25 has been chargeable with benefits throughout the period of 24 consecutive calendar
26 months ending on the computation date applicable to such a year. A contributing
27 employer newly subject to this chapter shall pay contributions at a rate equal to the
28 greater of the predetermined yield or 1.0% until the employer's experience rating
29 record has been chargeable with benefits throughout the period of 24 consecutive
30 calendar months ending on the computation date applicable to such a year. For rate
31 years thereafter, the employer's contribution rate is determined in accordance with
32 this subsection and subsection 3.

33 Effective January 1, 2008, the contribution rate must be reduced by the
34 Competitiveness Training Fund predetermined yield as defined in section 1166,
35 subsection 1, paragraph C, except that a contribution rate under this paragraph may
36 not be reduced below 1%.

37 B. Subject to paragraph A, an employer's contribution rate for the 12-month period
38 commencing January 1st of each year is based upon the employer's experience rating
39 record and determined from the employer's reserve ratio. The employer's reserve
40 ratio is the percent obtained by dividing the amount, if any, by which the employer's
41 contributions, credited from the time the employer first or most recently became an
42 employer, whichever date is later, up to and including June 30th of the preceding
43 year, including any part of the employer's contributions due for that year paid on or

1 before July 31st of that year, exceed the employer's benefits charged during the same
 2 period, by the employer's average annual payroll for the period of 36 consecutive
 3 months ending June 30th of the preceding year. The employer's contribution rate is
 4 determined under subparagraphs (1) to ~~(7)~~ (8).

5 (1) The commissioner shall prepare a schedule listing all employers for whom a
 6 reserve ratio has been computed pursuant to this paragraph, in the order of their
 7 reserve ratios, beginning with the highest ratio. For each employer, the schedule
 8 must show:

9 (a) The amount of the employer's reserve ratio;

10 (b) The amount of the employer's annual taxable payroll; and

11 (c) A cumulative total consisting of the amount of the employer's annual
 12 taxable payroll plus the amount of the annual taxable payrolls of all other
 13 employers preceding the employer on the list.

14 (2) The commissioner shall segregate employers into contribution categories in
 15 accordance with the cumulative totals under subparagraph (1), division (c). The
 16 contribution category is determined by the cumulative payroll percentage limits
 17 in column B. Each contribution category is identified by the contribution
 18 category number in column A that is opposite the figures in column B, which
 19 represent the percentage limits of each contribution category. If an employer's
 20 taxable payroll falls in more than one contribution category, the employer must
 21 be assigned to the lower-numbered contribution category, except that an
 22 employer may not be assigned to a higher contribution category than is assigned
 23 any other employer with the same reserve ratio.

24	A	B		C	D		E	
25	Contribution	% of Taxable	Payrolls	Experience	Phase-in		Phase-in	
26	Category	From	To	Factors	Experience		Experience	
27					Factors		Factors	
28					2002	and	2000	and
29					2003		2001	
30	1	00.00	05.00	.30	.38750		.4750	
31	2	05.01	10.00	.35	.43125		.5125	
32	3	10.01	15.00	.40	.47500		.5500	
33	4	15.01	20.00	.45	.51875		.5875	
34	5	20.01	25.00	.50	.56250		.6250	
35	6	25.01	30.00	.55	.60625		.6625	
36	7	30.01	35.00	.60	.65000		.7000	
37	8	35.01	40.00	.65	.69375		.7375	
38	9	40.01	45.00	.70	.73750		.7750	
39	10	45.01	50.00	.75	.78125		.8125	
40	11	50.01	55.00	.80	.82500		.8500	
41	12	55.01	60.00	.90	.91250		.9250	
42	13	60.01	65.00	1.00	1.00000		1.0000	
43	14	65.01	70.00	1.10	1.08750		1.0750	

1	15	70.01	75.00	1.25	1.21875	1.1875
2	16	75.01	80.00	1.40	1.35000	1.3000
3	17	80.01	85.00	1.60	1.52500	1.4500
4	18	85.01	90.00	1.90	1.78750	1.6750
5	19	90.01	95.00	2.20	2.05000	1.9000
6	20	95.01	100.00	2.60	2.40000	2.2000

7 (3) ~~The~~ Until January 1, 2008, the commissioner shall compute a reserve
8 multiple to determine the schedule and planned yield in effect for a rate year.
9 The reserve multiple is determined by dividing the fund reserve ratio by the
10 average benefit cost rate. The determination date is October 31st of each
11 calendar year. The schedule and planned yield that apply for the 12-month
12 period commencing every January 1st are shown on the line of the following
13 table that corresponds with the applicable reserve multiple in column A, except
14 that a planned yield of 1.1% must be in effect for the 12-month period
15 commencing January 1, 2000. This subparagraph is repealed January 1, 2008.

16	A	B	C
17	Reserve	Schedule	Planned
18	Multiple		Yield
19	Over 1.83	A	0.6%
20	1.75 - 1.83	B	0.7%
21	1.68 - 1.74	C	0.8%
22	1.58 - 1.67	D	0.9%
23	1.50 - 1.57	E	1.0%
24	.50 - 1.49	F	1.1%
25	.25 - .49	G	1.2%
26	Under .25	H	1.3%

27 (3-A) Beginning January 1, 2008, the commissioner shall compute a reserve
28 multiple to determine the schedule and planned yield in effect for a rate year. The
29 reserve multiple is determined by dividing the fund reserve ratio by the average
30 benefit cost rate. The determination date is October 31st of each calendar year.
31 The schedule and planned yield that apply for the 12-month period commencing
32 on January 1, 2008 and every January 1st thereafter are shown on the line of the
33 following table that corresponds with the applicable reserve multiple in column
34 A.

35	<u>A</u>	<u>B</u>	<u>C</u>
36	<u>Reserve</u>	<u>Schedule</u>	<u>Planned</u>
37	<u>Multiple</u>		<u>Yield</u>
38	<u>Over 1.58</u>	<u>A</u>	<u>0.6%</u>
39	<u>1.50 - 1.57</u>	<u>B</u>	<u>0.7%</u>
40	<u>1.42 - 1.49</u>	<u>C</u>	<u>0.8%</u>
41	<u>1.33 - 1.41</u>	<u>D</u>	<u>0.9%</u>

1	<u>1.25 - 1.32</u>	<u>E</u>	<u>1.0%</u>
2	<u>.50 - 1.24</u>	<u>F</u>	<u>1.1%</u>
3	<u>.25 - .49</u>	<u>G</u>	<u>1.2%</u>
4	<u>Under .25</u>	<u>H</u>	<u>1.3%</u>

5 (4) The commissioner shall compute the predetermined yield by multiplying the
6 ratio of total wages to taxable wages for the preceding calendar year by the
7 planned yield.

8 (5) The commissioner shall determine the contribution rates effective for a rate
9 year by multiplying the predetermined yield by the experience factors for each
10 contribution category. Contribution category 20 in the table in subparagraph (2)
11 must be assigned a contribution rate of at least 5.4%. The employer's experience
12 factor is the percentage shown in column C in the table in subparagraph (2) that
13 corresponds with the employer's contribution category in column A, except that
14 the experience factors in column E must be used to determine the contribution
15 rates for rate years 2000 and 2001 and those in column D must be used for rate
16 years 2002 and 2003.

17 (6) If, subsequent to the assignment of contribution rates for a rate year, the
18 reserve ratio of an employer is recomputed and changed, the employer must be
19 placed in the position on the schedule prepared pursuant to subparagraph (1) that
20 the employer would have occupied had the corrected reserve ratio been shown on
21 the schedule. The altered position on the schedule does not affect the position of
22 any other employer.

23 (7) In computing the contribution rates, only the wages reported by employers
24 liable for payment of contributions into the fund and net benefits paid that are
25 charged to an employer's experience rating record or to the fund are considered in
26 the computation of the average benefit cost rate and the ratio of total wages to
27 taxable wages.

28 (8) Beginning January 1, 2008, all contribution rates must be reduced by the
29 Competitiveness Training Fund predetermined yield as defined in section 1166,
30 subsection 1, paragraph C, except that contribution category 20 under this
31 paragraph may not be reduced below 5.4%.

32 C. The commissioner shall:

33 (1) Promptly notify each employer of the employer's rate of contributions as
34 determined for the 12-month period commencing January 1st of each year. The
35 determination is conclusive and binding upon the employer unless within 30 days
36 after notice of the determination is mailed to the employer's last known address
37 or, in the absence of mailing, within 30 days after the delivery of the notice, the
38 employer files an application for review and redetermination, setting forth the
39 employer's reasons. If the commission grants the review, the employer must be
40 promptly notified and must be granted an opportunity for a hearing. An
41 employer does not have standing in any proceedings involving the employer's
42 rate of contributions or contribution liability to contest the chargeability to the
43 employer's experience rating record of any benefits paid in accordance with a

1 determination, redetermination or decision pursuant to section 1194, except upon
2 the ground that the services for which benefits were found to be chargeable did
3 not constitute services performed in employment for the employer and only when
4 the employer was not a party to the determination, redetermination or decision or
5 to any other proceedings under this chapter in which the character of the services
6 was determined. The employer must be promptly notified of the commission's
7 denial of the employer's application or the commission's redetermination, both of
8 which are subject to appeal pursuant to Title 5, chapter 375, subchapter ~~VH~~ 7;
9 and

10 (2) Provide each employer at least monthly with a notification of benefits paid
11 and chargeable to the employer's experience rating record. In the absence of an
12 application for redetermination filed in the manner and within the period
13 prescribed by the commission, a notification is conclusive and binding upon the
14 employer for all purposes. A redetermination made after notice and opportunity
15 for hearing and the commission's findings of fact may be introduced in
16 subsequent administrative or judicial proceedings involving the determination of
17 the rate of contributions of an employer for the 12-month period commencing
18 January 1st of any year and has the same finality as provided in this section with
19 respect to the findings of fact made by the commission in proceedings to
20 redetermine the contribution rates of an employer.

21 D. Notwithstanding the provisions of this subsection, contributions may not be
22 reduced by the Competitiveness Training Fund predetermined yield as defined in
23 section 1166, subsection 1, paragraph C for any rate year in which contribution rate
24 schedule H under paragraph B is to be in effect.

25 **Sec. A-3. 26 MRSA c. 25, sub-c. 5** is enacted to read:

26 **SUBCHAPTER 5**

27 **COMPETITIVENESS TRAINING PROGRAM**

28 **§2033. Competitiveness Training Program**

29 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
30 following terms have the following meanings.

31 A. "Department" means the Department of Labor.

32 B. "Fund" means the Competitiveness Training Fund established in accordance with
33 section 1166. Money in the fund may be used to pay for the operation, services and
34 assistance provided through the Competitiveness Training Program as well as certain
35 costs associated with the administration of the program.

36 C. "Participant" means an eligible individual enrolled in the program.

37 D. "Plan" means the individual career plan that must be provided to each eligible
38 participant in accordance with subsection 8.

1 E. "Program" means the Competitiveness Training Program established in subsection
2 2.

3 **2. Program established.** The department shall establish and administer an
4 employment training program known as the Competitiveness Training Program. The
5 purpose of the program is to provide individuals with access to education, training and
6 support leading to skilled, well-compensated jobs with anticipated high employment
7 demand, to improve the economic well-being of the participants in the program and to
8 provide employers with a skilled labor force in accordance with the provisions of this
9 section.

10 The commissioner may expend funds through the department's career centers from the
11 fund for the costs of education, training and support in accordance with subsection 6, for
12 career counseling and for the administration of the program. Career counseling must
13 include developing a plan and assisting a participant in accessing the support necessary
14 for the participant to participate in the plan. The commissioner shall establish a limit on
15 or a formula that limits the proportion of program funds that are expended on career
16 counseling and for administration.

17 **3. Notice.** The department shall provide notice, including individual written notice,
18 signs and other effective outreach methods, to inform people of the program and the
19 education, training and support available from or through the program to individuals
20 seeking work, education or training in the department's career centers.

21 **4. Criteria for education and training approved under the program.** Education
22 or training for a participant must meet the criteria set out in this subsection.

23 **A.** The education or training provided through the program must be for employment
24 in industries with significant demand for skilled labor that have been:

- 25 (1) Identified by the Division of Labor Market Information Services as providing
26 opportunity for employment in jobs with high compensation;
- 27 (2) Recommended by the Maine Jobs Council; and
- 28 (3) Approved by the Governor or the Governor's designee.

29 **B.** Education or training approved under this section must result in a postsecondary
30 certificate, degree or similar credential that is universally recognized and accepted by
31 the trade or industry in which the participant intends to seek employment and that is
32 likely to provide opportunity for employment in jobs that will provide substantial
33 improvement in the participant's earnings and benefits.

34 **5. Eligibility criteria.** Within the limits of available program resources, enrollment
35 in the program must be granted if the individual applying for enrollment:

- 36 A. Is at least 18 years old;
- 37 B. Does not have a marketable postsecondary degree;
- 38 C. Has income less than 200% of the federal poverty level for the family size
39 involved;

1 D. Is applying for education or training for a job in an industry approved under
2 subsection 4; and

3 E. Has the aptitude to undertake and complete education or training as determined by
4 the institution providing the education or training.

5 **6. Provision of education, training and support.** Payment for education, training
6 and support included in a participant's plan must be furnished promptly to, or on behalf
7 of, a participant.

8 A. The program must provide to a participant, in accordance with rules adopted by
9 the department, when those supplies and services are not reasonably available from
10 another recognized program and are necessary to carry out that participant's plan:

11 (1) Books, supplies, tools and equipment required by the participant's plan;

12 (2) Child care, transportation and other necessary support as determined by the
13 department; and

14 (3) Assistance needed to obtain remedial or prerequisite education necessary for
15 the participant to participate successfully in the program.

16 Money for mandatory fees or tuition may not be provided unless the participant is not
17 eligible for necessary funds from other public grants or scholarships reasonably
18 available to the participant for this purpose.

19 B. The department shall establish by rule a maximum limit on the amount of
20 assistance available to participants. This limit may be waived by the commissioner if
21 the commissioner determines it is necessary, prudent and consistent with the goals of
22 the program under the circumstances.

23 **7. Application; decision; appeal.** An individual must be given the opportunity to
24 make a written application for education, training and support available from the program
25 and be given a prompt written decision from the department specifically indicating the
26 type and amount of services approved or denied. Any decision related to eligibility for,
27 or the provision of, services under this section must provide notice that the decision may
28 be appealed by the individual through a request for a hearing within 30 days of receipt of
29 the decision in accordance with rules adopted by the department and consistent with Title
30 5, chapter 375, subchapter 4. The 30-day appeal period may be extended up to 15
31 additional days if the claimant can show good cause for failing to appeal within the initial
32 30-day period.

33 **8. Individual career plan.** This subsection governs the development of a plan for a
34 participant.

35 A. When an individual's application for the program is approved, the individual must
36 receive an individual career plan that must be consistent with the provisions of this
37 section and reflect, to the maximum extent feasible, the preferences of the participant.
38 A plan may be modified when necessary to assist a participant to participate
39 successfully in the program. The plan must include the education or training program
40 approved, the degree or credential expected at program completion and the services
41 to be provided under the plan.

- 1 **B. Prior to the establishment of a plan, a participant must be given:**
- 2 **(1) A complete list of all education, training and support available from the**
- 3 **program, including nontraditional employment opportunities, so that the**
- 4 **participant may identify a suitable employment goal and the services needed to**
- 5 **participate in the program;**
- 6 **(2) The opportunity to learn about and examine relevant labor market**
- 7 **information related to identified industries and the participant's employment**
- 8 **preference;**
- 9 **(3) If the participant's employment goal is an occupation for which an**
- 10 **apprenticeship may be available, information about the department's**
- 11 **apprenticeship program under chapter 33; and**
- 12 **(4) Information about and assistance in applying for other services that will**
- 13 **assist the participant in succeeding in the plan and prevent any unnecessary**
- 14 **expenditure of resources by the program, including federal financial aid provided**
- 15 **under the federal Higher Education Act of 1965, 20 United States Code, Chapter**
- 16 **28; the state and federal earned income tax credit; health care resources;**
- 17 **unemployment compensation; dislocated worker benefits; trade adjustment**
- 18 **assistance; and other services available from other departments of State**
- 19 **Government including the Department of Health and Human Services.**

20 **9. Rules.** The commissioner shall adopt rules to implement the program in a manner

21 **that maximizes successful education and training opportunities for participants and to**

22 **provide for its fair and efficient administration in accordance with this section. Rules**

23 **adopted under this subsection are routine technical rules and must be adopted in**

24 **accordance with Title 5, chapter 375, subchapter 2-A.**

25 **10. Monitoring, evaluation and annual report.** The department shall implement a

26 **comprehensive evaluation strategy that evaluates the fund, using both quantitative and**

27 **qualitative data and including an analysis of the return on investment in the fund. The**

28 **evaluation must consider, at a minimum, the following factors: the value of total**

29 **compensation, including, but not limited to, health insurance and other benefits to those**

30 **participating in training; the impact of the program on the Unemployment Compensation**

31 **Fund; the impact on productivity and performance for employers; and the impact on**

32 **meeting the demand for skilled workers in industries in this State. The evaluation must**

33 **measure the impact of the program over time, including a longitudinal analysis that**

34 **captures productivity and other outcomes related to the program. The department must**

35 **submit a report to the joint standing committee of the Legislature having jurisdiction over**

36 **labor matters by February 1st of each year on the status of the program and on the**

37 **evaluation data collected and analyzed.**

PART B

39 **Sec. B-1. 26 MRSA §1193, sub-§9,** as enacted by PL 1981, c. 149, §4, is

40 **repealed.**

41 **Sec. B-2. 26 MRSA §1193, sub-§10** is enacted to read:

1 **10. Receiving pension.** Except as provided in this subsection, for any week with
2 respect to which the individual is receiving a governmental or other pension, retirement
3 or retired pay, annuity or any other similar periodic payment under a plan maintained or
4 contributed to by a base period or chargeable employer.

5 A. The individual receives benefits with no reduction under this subsection if:

6 (1) The individual is receiving a pension paid under the United States Social
7 Security Act or any other pension or plan to which the individual made at least
8 50% of the contributions;

9 (2) All contributions to the plan were made by the individual and an employer or
10 any other person or organization who is not a base period or chargeable
11 employer; or

12 (3) The services performed for the employer by the individual during the base
13 period, or remuneration received for these services, did not affect the individual's
14 eligibility for, or increase the amount of, that pension, retirement or retired pay,
15 annuity or similar payment.

16 B. If the individual contributed to the plan, but not at least 50% of the contributions,
17 the individual receives a benefit reduced by the prorated weekly amount of the
18 pension after deduction of that portion of the pension that is directly attributable to
19 the percentage of the contributions made to the plan by that individual. The benefit
20 may not be reduced below zero.

21 **PART C**

22 **Sec. C-1. 26 MRSA §1192, sub-§3, ¶A,** as amended by PL 2005, c. 454, §1, is
23 further amended to read:

24 A. Notwithstanding this subsection, beginning January 1, 2004, an individual who
25 is not available for full-time work as required in this subsection is not disqualified
26 from receiving benefits if:

27 (1) The individual worked less than full time for a majority of the weeks during
28 that individual's base period and the individual is able and available for and
29 actively seeking part-time work for at least the number of hours in a week
30 comparable to those customarily worked in part-time employment during that
31 individual's base period; or

32 (2) The individual worked full time for a majority of the weeks during that
33 individual's base period, but is able and available for and actively seeking only
34 part-time work because of the illness or disability of an immediate family
35 member or because of limitations necessary for the safety or protection of the
36 individual or individual's immediate family member.

37 ~~This paragraph does not apply to a person who applies for benefits after September~~
38 ~~30, 2008. This paragraph continues to apply to a person who applies for benefits on~~
39 ~~or before September 30, 2008 until that person has exhausted benefits payable under~~
40 ~~that application.~~

1

PART D

2 **Sec. D-1. Money credited to State of Maine account in Unemployment**
3 **Trust Fund under Section 903(d) of federal Social Security Act.** Money
4 credited to the account of the State of Maine in the federal Unemployment Trust Fund by
5 the United States Secretary of the Treasury on March 13, 2002 pursuant to Section 903(d)
6 of the federal Social Security Act may not be requisitioned from the State's account or
7 used except for the payment of benefits and for the payment of expenses incurred for the
8 administration of the State's unemployment compensation law and public employment
9 offices. Money used for the payment of benefits is requisitioned as defined in the Maine
10 Revised Statutes, Title 26, section 1162. Money requisitioned and used for the payment
11 of expenses incurred for the administration of the State's unemployment compensation
12 law and public employment offices requires a specific appropriation by the Legislature as
13 provided in section 2 of this Part. That use is permissible only if the expenses are
14 incurred and the money is requisitioned after the effective date of a law making an
15 appropriation that specifies the purposes for which the money is appropriated and the
16 amounts appropriated for those purposes. Any amount that may be obligated under such
17 an appropriation is limited to an amount that does not exceed the amount by which the
18 aggregate of the amounts transferred to the account of the State of Maine pursuant to
19 Section 903(d) of the federal Social Security Act exceeds the aggregate of the amounts
20 used by the State pursuant to this Part and charged against the amounts transferred to the
21 account of the State of Maine.

22 For purposes of this section, the amounts obligated under an appropriation for
23 administrative purposes must be charged against transferred amounts at the exact time the
24 obligation is entered into. The appropriation, obligation and expenditure or other
25 disposition of money appropriated under this section must be accounted for in accordance
26 with standards established by the United States Secretary of Labor. Money appropriated
27 as provided in this Part for the payment of administration must be requisitioned as needed
28 for the payment of obligations incurred under the appropriation and, upon requisition,
29 must be deposited in the Employment Security Administration Fund from which
30 payments are made. Money so deposited must, until expended, remain a part of the
31 unemployment fund and, if it will not be immediately expended, must be returned
32 promptly to the account of the State of Maine in the federal Unemployment Trust Fund.

33 **Sec. D-2. Allocation maintaining state unemployment compensation and**
34 **public employment system.** There is allocated out of funds made available to the
35 State under Section 903(d) of the federal Social Security Act, as amended, the sum of
36 \$5,200,000 in accordance with section 1, to be used under the direction of the Maine
37 Department of Labor, for the purpose of maintaining and operating the State's
38 unemployment compensation and public employment system. The uses include making
39 needed technological improvements and upgrades to the unemployment insurance,
40 employment services and labor market information services computer systems as they
41 pertain to the analysis of unemployment information. It also includes administrative
42 funding to help unemployment benefit recipients return to work more quickly.

43 The amount obligated pursuant to this Part may not exceed at any time the amount by
44 which the aggregate of the amounts transferred to the account of the State of Maine

1 pursuant to Section 903(d) of the federal Social Security Act exceeds the aggregate of the
2 amounts obligated for administration and paid out for benefits and required by law to be
3 charged against the amounts transferred to the State of Maine account.

4 **SUMMARY**

5 Part A establishes the Competitiveness Training Program to provide access to
6 education, training and supports to customers of the Department of Labor's career centers
7 to prepare them for high-wage jobs in industries with significant demand for skilled labor
8 designated by the department. Part A also establishes the Competitiveness Training Fund.
9 This fund receives payments from employers that are paid simultaneously with their
10 unemployment insurance contributions. These payments are offset by a reduction in their
11 unemployment insurance contributions. The net effect on employers of the fund payments
12 and the reduction in unemployment compensation contributions is zero.

13 Part A also reduces the benefit reserve cap on the Unemployment Trust Fund from 21
14 months to 18 months, giving employers a reduction in unemployment taxes for the first 2
15 years following implementation.

16 Part B eliminates the pension offset against unemployment benefits for persons who
17 receive social security or any other pension or plan to which the individual made at least
18 50% of the contributions. If the person contributed some amount to the pension, but less
19 than 50%, the offset is made after deduction of that portion of the pension that is directly
20 attributable to the percentage of the contributions made to the pension by that person.

21 Part C provides for the continuation of the unemployment compensation provision
22 that permits certain people who are able and available for part-time work to receive
23 unemployment benefits.

24 Part D provides for the distribution to the Department of Labor federal funds under
25 the Reed Act. In 2002, Maine received \$32,486,816 in Reed Act funds. Under federal
26 law, these funds may be used only to maintain the State's unemployment and public
27 employment system or to pay regular unemployment benefits. Part D authorizes the use
28 of \$5,200,000 of Reed Act funds to make technological upgrades and improvements to
29 the unemployment insurance and employment services computer systems as well as
30 improvements to the labor market information services computer systems as they pertain
31 to the analysis of unemployment and employment data. Additionally, a portion of these
32 funds will be used to pay the administrative costs associated with helping unemployment
33 benefit recipients return to work more quickly and to reduce the benefit costs of the
34 unemployment insurance program.