

MAINE STATE LEGISLATURE

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**Maine Department of Labor
Bureau of Unemployment Compensation**

Dislocated Worker Benefits Program

Annual Report for 2013 to the

**Joint Standing Committee on
Labor, Commerce, Research and Economic Development**

March 1, 2014

Authorized by the 26 MRSA §1196, sub-§2

Dislocated Worker Benefits Program

The Dislocated Worker Benefits Program is a state unemployment benefit for individuals who have been separated from their employment through no fault of their own and are expected to be out of work for an extended period. The individuals must also be in an “approved training program” deemed so by the Unemployment Insurance Commission or in a pre-approved training program under 26 MRSA §1192 §6, §6-A, §6-C, §6-D, or §6-E. In addition, individuals cannot be eligible for unemployment benefits under any other program.

The program was established in March 20, 1986. It provides up to 26 additional weeks of unemployment benefits for eligible individuals after exhausting regular State Unemployment Insurance (UI) benefits. The individual must meet one of the following categories:

- A. Has been laid off as a result of a reduction of operations at the individual’s place of employment or has received a notice of termination or layoff from employment.
- B. Has been terminated or who has received a notice of termination of employment as a result of any permanent closure of a plant or facility.
- C. Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which he/she resides, including any older individual who may have substantial barriers to employment because of his/her age.

The unemployment benefits paid for this program come from the Maine Unemployment Compensation Trust Fund and are not charged to any individual employer account.

DISLOCATED WORKER BENEFITS PROGRAM

**ANNUAL REPORT FOR 2013 TO THE JOINT STANDING COMMITTEE ON LABOR, COMMERCE,
RESEARCH AND ECONOMIC DEVELOPMENT OF THE 126TH MAINE LEGISLATURE**

In accordance with 26 MRSA §1196, sub-§2, there is respectfully submitted herewith an annual report of activities under the dislocated worker benefits (DWB) program for 2013.

A. The number of persons who receive benefits under those provisions: 863

B. The average length of time in training for persons who receive benefits under those provisions: 17.7 weeks

C. The average weekly benefit and average total amount of benefits paid to persons under those provisions:

Average Weekly Benefit.....	<u>\$291.93</u>
Average Total Benefits Paid to Each Person.....	<u>\$5,160.79</u>

D. The success rate in placing trainees who receive benefits under those provisions for 1988–2013:

[Data available only for trainees enrolled in Job Training System (JTS) programs.]

	1988–1994	1995–2013	Total
Total Eligible for DWB Program	5,748	11,772	17,520
Referred to Other Programs	1,487*	4,685	6,172
Total Referred to Jobs Training System (JTS) Programs	4,261	7,087	11,348
Unenrolled Applicants.....	261	808	1,069
Total Enrolled Applicants.....	4,000	6,279	10,279
Active Enrollees.....	721	282	1,003
Total Inactive Entrants to JTS.....	3,279	5,997	9,276
Project or Program Exiters	171	382	553
Exited due to Global Exclusions**.....	0	312	312
Total Completions or Self-Exiters.....	3,108	5,303	8,411
Positive Completions:			
Full/Part-Time Unsubsidized Employment.....	2,263	4,240	6,503
Self-Employment.....	58	22	80
Called Back/Remained with Layoff Employer.....	0	38	38
Entered Other Training.....	0	9	9
Completed Major Level Training	0	10	10
Competency Certificate	4	8	12
Completed Individual Service Strategy	27	10	37
Retirement.....	0	9	9
Total Positive Completions	2,352	4,346	6,698
Total Positive Completions as a Percent of			
Total Completions or Self-Exiters	<u>76%</u>	<u>82%</u>	<u>80%</u>

*Includes Mountain Valley Training Dislocated Worker Program funded through General Revenue funds in 1988.

**Global exclusions include issues, which are expected to last more than 90 days of institutionalization, health/medical, family care, deceased, reservists called to active duty, and youth relocated to mandated residential programs.

E. The total cost of benefits paid under those provisions and the effect on the Unemployment Trust Fund:

Total Cost of DWB for 2013.....	<u>\$4,453,760</u>
As a Percent of Total Benefits Paid for 2013.....	2.9%
As a Percent of Dec. 31, 2013, Trust Fund Balance	1.5%
Total Benefit Costs (Reg State UI & DWB) for 2013 from Trust Fund	\$153,822,356
Unemployment Trust Fund Balance as of Dec. 31, 2013.....	298,620,896
Estimated 2013 State Reserve Multiple:	
With DWB Program.....	1.33
Without DWB Program.....	1.34

F. The number of persons participating in training while receiving dislocated worker unemployment benefits under 26 MRSA §1196 during 2013 who had previously completed a training program while receiving dislocated worker unemployment benefits during a prior benefit year, including the length of time between those enrollments:

(Data since 1995)

Total Number of Previously Completed Training.....	16	Average Length of Time between Enrollment	4.7 years
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Unenrolled Applicants – Individuals who applied for Job Training System (JTS) services but were not enrolled.

Total Inactive Entrants to JTS – Individuals who were enrolled and subsequently exited from a JTS program.

Project or Program Exiters – Participants who were terminated due to the ending of the JTS project or program.

Total Completions or Self-Exiters – Individuals who were served by and completed or left a JTS program.

Full/Part-Time Unsubsidized Employment – Participants who entered full/part-time employment not subsidized by federal or state funds.

Self-Employment – A gainfully occupied participant who works for himself/herself as opposed to salaried or commissioned workers who are the employees of others.

Competency Certificate – Participants who have completed a Private Industry Council (PIC) approved competency area.

Completed Employment Development Plan (EDP) – Individuals who have completed the goals listed on their EDPs but who did not have a job at termination.

Reserve Multiple – Trust funds are usually analyzed in terms of their ability to meet future benefit costs.

The reserve multiple provides a means of statistically gauging this ability by comparing a trust fund's capacity to meet its future benefit costs against some measure of past liabilities.

In making this comparison, the reserve multiple utilizes two measures: (1) the reserve ratio and (2) the average benefit cost rate for a prior period.

The reserve ratio is determined by dividing the year-end Unemployment Compensation Trust Fund reserves by total wages of contributing employers for that year.

The average benefit cost rate for a prior period is defined by averaging the 3 highest cost rates (regular, dislocated worker benefits and state share of extended benefits, excluding direct reimbursable) for the last 20 completed calendar years as defined in 26 MRSA §1221, sub-§6, ¶J.

Expressed mathematically, the reserve multiple takes the following form:

$$\text{Reserve Multiple} = \frac{\text{Reserve Ratio}}{\text{Average Benefit Cost Rate}}$$

A severe spell of unemployment usually is not confined to a single 12-month period but typically extends 18 months or more. Therefore, Unemployment Compensation Trust Fund reserves, expressed as a percentage of total wages, are considered inadequate generally if they are less than 1.0 times the average benefit cost rate experienced over the last 20 years. The Federal definition of the average high cost multiple looks at the 3 highest benefit cost rates over last 20 years or the last 3 recessions whichever is longer.

$$\text{2013 State Reserve Multiple} = \frac{(\text{December 31, 2013 Trust Fund})/(\text{Total Wages for 2013})}{(\text{Average Benefit Cost Rate})^*} =$$

With DWB	$\frac{(\$298,620,896)}{(\$16,087,344,000)**} = 1.86$	= 1.33	Federal definition	$\frac{1.86}{1.90} = 0.98$
	1.4	1.4		1.90

Without DWB	$\frac{(\$303,074,656)}{(\$16,087,344,000)**} = 1.88$	= 1.34	Federal definition	$\frac{1.88}{1.90} = 0.99$
	1.4	1.4		1.90

*(State - 3 Highest Benefit Cost Rate for last 20 years [2009 - 1.69, 2010 - 1.35, 1994 - 1.24], regular, dislocated worker benefits and state share of extended benefits, excluding direct reimbursable)

(Federal - 20 years or last 3 recessions [1991 - 2.34, 1992 - 1.70, 2009 - 1.67], regular only)

**Total Wages for 2013 are estimated.

Report burden: The total number of hours to produce this report is 8 hours costing a total of \$480.

February 28, 2014