The 128th Legislature of the State of Maine
State House
Augusta, ME

Dear Honorable Members of the 128th Legislature:

Under the authority vested in me by Article IV, Part Third, Section 2 of the Constitution of the State of Maine, I am hereby vetoing LD 700, “An Act to Give Flexibility to Employees and Employers for Temporary Layoffs.”

LD 700 creates an exemption from the eligibility requirements for Unemployment Insurance benefits for a period of six weeks. It would exempt a person from the core social contract and federal law underpinning unemployment: that a person collecting benefits actively look for work.

Unemployment Insurance is an insurance program for workers, not an entitlement, with employers paying into the Trust Fund, not employees. The intent of Unemployment Insurance is to protect workers, not employers, yet this bill seeks to protect employers, not workers.

When employees separate from their employment due to no fault of their own, they are eligible to apply for Unemployment Insurance benefits. Unemployment eligibility is complex, but there are three minimum requirements that must be met each week in order to collect unemployment insurance benefits: an individual must be able to work, available for work if a job is offered—including a temporary job, and be actively seeking work.

The goal of unemployment insurance is not simply to provide a temporary wage supplement—its second and equal goal is to keep workers actively connected to the labor market so that they are more easily and quickly re-employed. Therefore, workers under Maine and federal law are required to submit proof that they have actively searched for at least one comparable job per week for each week they apply for unemployment benefits. This is not a burdensome requirement.

Furthermore, these benefits are not a one-to-one wage replacement. Maine statute includes a formula by which benefits are calculated based upon a percentage of a person’s earned wages. The average weekly benefit in May 2018 was $331 per week. This is a wage supplement.

To encourage workers collecting unemployment to take temporary, part-time jobs in our tight labor market, last year my administration increased the amount of benefits workers can retain on top of what they have earned from the part-time job from $25 to $100 per week. This now allows a worker to bring home more money per week than either a part-time job or unemployment benefits alone. This is the type of policy the Legislature should be proposing, one that benefits both the worker and the employer.

Workers who look for work and take temporary bridge jobs while collecting unemployment are better off financially and provide tremendous help to our employers in this era of record-low unemployment. Waiving the work-search requirement does not further either of these positive outcomes.

Some employers have complained to the Legislature that they are “losing” workers when their business must temporarily lay off workers. These employers see the exemption from work search as a way to protect their workforce. This is not helpful to workers for two major reasons.
First, there is no guarantee that the “temporary” layoff will not turn permanent. Employers frequently lay off workers while the business waits for a new contract. If the contract fails to come through, those workers are permanently let go or let go for a longer period. It is a disservice to allow workers to collect benefits for several weeks and not be looking for work and then suddenly tell them that they have been permanently laid off. Those workers could already have a new job or at least be supplementing their unemployment with a temporary or part-time job to keep their household on more stable financial footing.

Furthermore, the search for work is actually a net benefit to employees. When employers have to compete to retain and attract workers, wages rise and workers have more choices for better benefits, better hours, better commutes and better work-life balance. When individuals look for work while collecting unemployment, they are exposed to new opportunities that will benefit their career and their family’s finances and quality of life.

Shielding workers from the work search obligation is akin to allowing wage collusion among employers to keep wages low. I am not in favor of government-mandated wage increases in Maine’s current minimum wage statute, but I am all-in for Mainers earning higher wages and better benefits by finding a new job or getting a raise from their current employer because of open and fair competition.

By passing LD 700, the Legislature is telling Mainers to settle for what they have now instead of doing one work search a week for a job—one that could change their entire future—in exchange for unemployment insurance benefits. No Mainer should be satisfied with settling, and government should not discourage them from seeking greater prosperity. For these reasons, I return LD 700 unsigned and vetoed. I strongly urge the Legislature to sustain it.

Sincerely,

Paul R. LePage
Governor