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UC Reciprocity Rate Report Maine

Maine Department of Labor

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STATE OF MAINE
DEPARTMENT OF LABOR
54 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0054

JANET T. MILLS
GOVERNOR

LAURA A. FORTMAN
COMMISSIONER

March 17, 2021

Al Stewart
Acting Secretary of Labor
United States Department of Labor
200 Constitution Avenue NW
Washington, D.C. 20210

Dear Acting Secretary Stewart:

The Maine Department of Labor's report on Unemployment Compensation Reciprocity Rate is enclosed. This report is submitted as required by Section 4102(a) of the Families First Coronavirus Response Act of 2020.

This report must also be submitted to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate. I am requesting that the U.S. Department of Labor forward Maine's report to the Committees on our behalf.

If you have any questions about the report, please contact Laura Boyett, Director of Unemployment Compensation. She may be reached by email at laura.boyett@maine.gov.

Sincerely,

A handwritten signature in black ink that reads "Laura A. Fortman".

Laura A. Fortman



Report on Unemployment Compensation Reciprocity Rate for the State of Maine

Submitted to the Secretary of Labor, the Committee on Ways and Means of the
House of Representatives, and the Committee on Finance of the Senate

In accordance with the
Emergency Unemployment Insurance Stabilization Access Act of 2020

March 17, 2021

Background

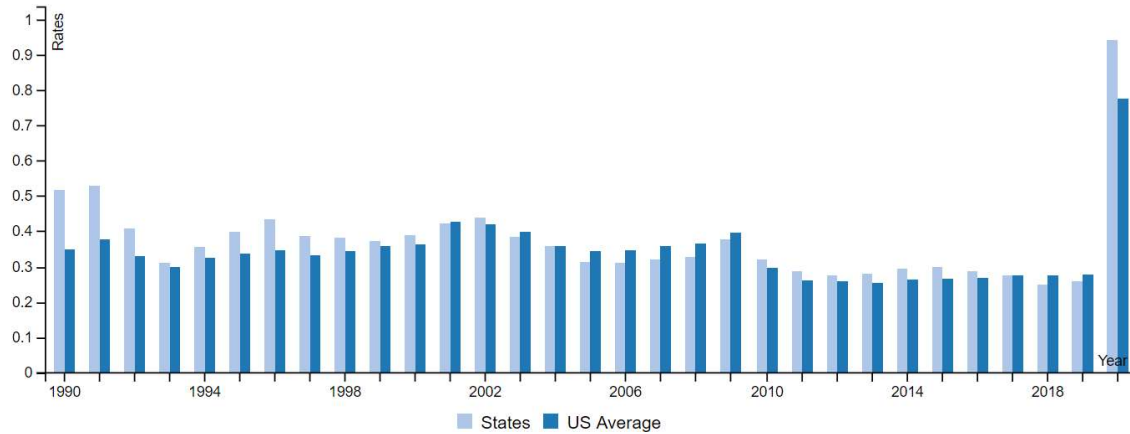
The reciprocity rate of unemployment compensation quantifies the extent to which benefits are provided to those who are covered by the program.

The reciprocity rate is calculated on a quarterly basis by dividing the number of people receiving unemployment benefits by the number of total unemployed individuals. The number of people receiving benefits is tracked through Maine's unemployment system, ReEmployME. The number of total unemployed individuals is derived from the Local Area Unemployment Statistics, produced by Maine's Center for Workforce Research and Information in collaboration with the U.S. Bureau of Labor Statistics.

Maine's Reciprocity Rate

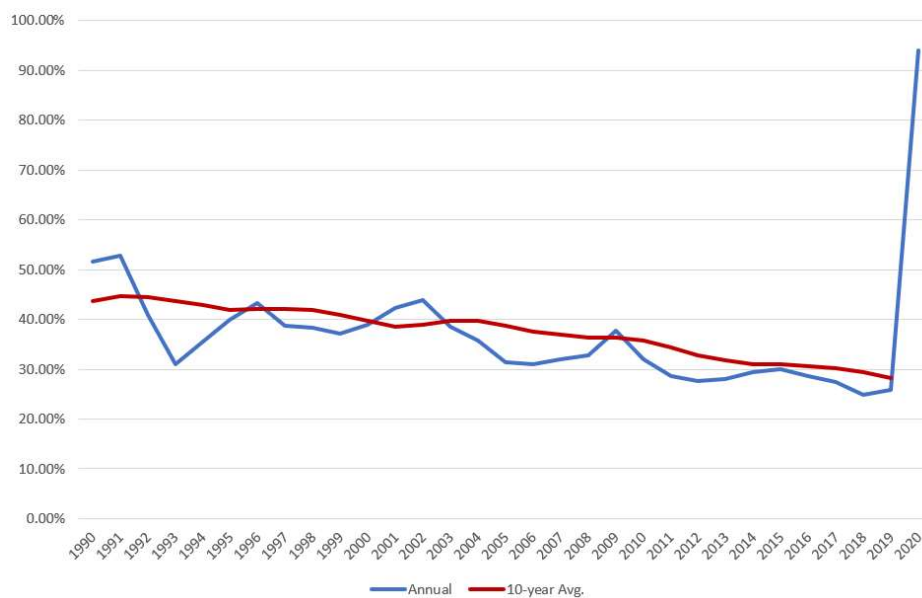
The graph in Figure 1 shows the Maine and national reciprocity rates from 1990 to 2020. Data is available only through the third quarter of 2020, so the entire year is not reflected. Maine's rate largely follows the national trend. Most, but not all, years are slightly higher than the national average. In 20 of the years, Maine's rate was higher than the national average, while nine were lower. In 2004, Maine's reciprocity rate was equal to the national average. Overall, Maine's reciprocity is reflective of the national average. For 2019, Maine had the 25th highest reciprocity rate.

Figure 1. Maine and U.S. reciprocity rate, 1990-2020



The graph in Figure 2 shows Maine's reciprocity rate in each year. The annual rate increases and decreases with changes in the economy. It has ranged from about 28% in recent years to a high of 52% during the recession of the early 90s. The graph also includes a rolling ten-year average, which removes the annual fluctuations. The ten-year average shows that Maine's reciprocity rate has declined slowly over the last 20 years.

Figure 2. Maine reciprocity rates averaged, 1990-2020



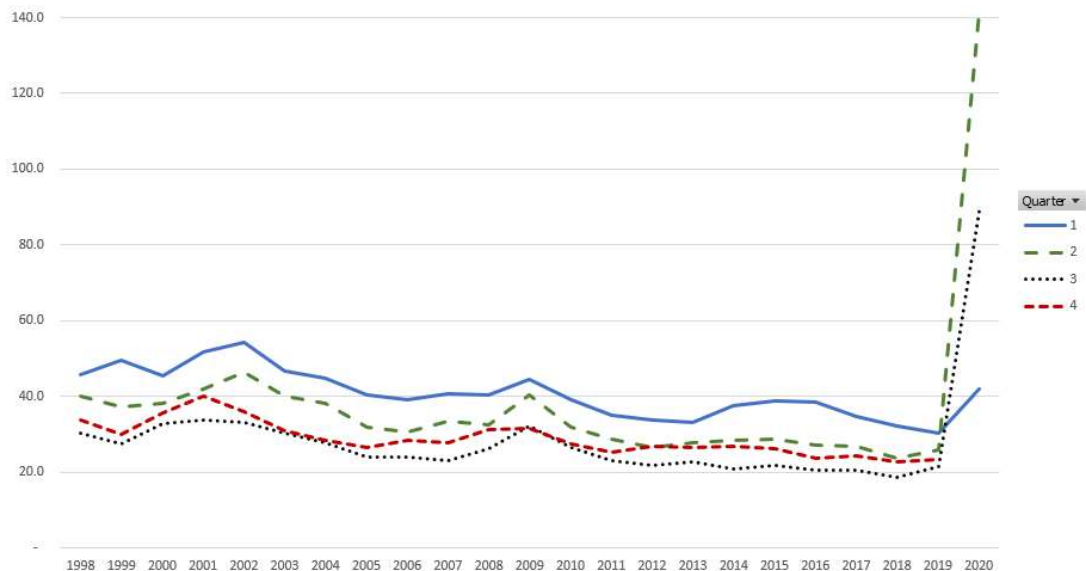
The decline in Maine's reciprocity rate is due in part by changes to the structure of Maine's labor market. Since 1990, employment growth has been concentrated in the service providing sectors including health care and social assistance, educational services, leisure and hospitality and professional and technical services. Over the same period, employment has decreased in the goods producing sectors of the labor market including manufacturing. In the goods producing

sectors, unions have tended to play a more prominent role in providing education and awareness about unemployment insurance. Continuing this education and awareness across sectors will be an important piece in increasing reciprocity rates.

The decline in reciprocity rate is in direct contrast to Maine's relatively progressive unemployment law. Maine has expanded coverage to allow more people to access benefits. State law provides coverage to people who choose to leave their job with good cause. This can be because of illness or disability that cannot be accommodated by their current employer; to join their spouse who is required to move; or, to leave a domestic violence situation (involving the claimant or an immediate family member). Maine also has an alternate base period, provides coverage for part-time workers and has a relatively low monetary eligibility requirement. Additionally, Maine law includes a dislocated worker benefit program that allows individuals in declining industries to collect additional unemployment benefits beyond the regular state program, when in approved training to reskill for new occupations.

Also, reciprocity rates in Maine fluctuate with the seasonal changes in jobs. The winter months have the highest rate of unemployment as the weather prohibits work in many outdoor occupations and as the holiday season ends. Construction, tourism and retail industries have regularly occurring reductions during the winter months. The individuals laid off from jobs in these industries are more apt to be familiar with the unemployment program because of layoffs in previous years or to hear about the benefits from coworkers. Because of this, the January to March quarter typically has a higher reciprocity rate than the rest of the year. Conversely, the 3rd quarter covering July to September typically has the lowest level of unemployment. People who lose their job during this time period are more apt to be people who have less familiarity with the unemployment program. The graph in Figure 3 shows this quarterly trend holding true each year. The only exception is calendar year 2020, in which the COVID-19 pandemic resulted in a dramatic increase in claims and reciprocity in the 2nd quarter covering the April to June quarter.

Figure 3. Maine reciprocity rates by year and quarter



Improving Reciprocity

Although the reciprocity rate is in keeping with the national average, the Department is taking steps to increase the program usage amongst eligible individuals. Actions are a combination of education, outreach and simplification.

The Department has implemented changes to its website to make information easier to understand and to ReEmployME to simplify filing a claim. The unemployment website (www.maine.gov/unemployment) has been updated with a more modern presentation and to be more mobile-friendly. Information is organized with a more natural flow and short videos have been added on key topics. The ReEmployME system is being updated using a human-centered design approach. Claimants were invited to view prototypes of new claims screens and to provide feedback on the layout and function of the screens. Changes to the weekly claims screens were implemented in February 2021 and additional updates are planned.

The Department believes that awareness is the greatest barrier between the program and eligible individuals. A [report](#) by the U.S. Bureau of Labor Statistics stated that 74% of people who lost their job in 2018 had not applied for unemployment insurance benefits since their last job. Of the unemployed who had not applied, 3 out of 5 did not apply because they did not believe they were eligible to receive benefits. Eligibility issues include: their work was not covered by unemployment insurance, they quit their job, they were terminated for misconduct, they had insufficient past work, or they had previously exhausted their benefits. However, Maine law does not necessarily preclude people in these situations from receiving unemployment benefits.

Education and outreach will raise awareness and reciprocity along with it. The Department's layoff Rapid Response Team has been instrumental in helping inform people of their eligibility for

unemployment benefits. During the pandemic, rapid response sessions were held online, and a greater emphasis was placed on video recordings and honing one-page flyers. The videos and flyers can be used to help disseminate information even beyond the pandemic. In addition, the Department will partner with advocacy agencies across the state to help raise awareness and eliminate the stigma of filing for benefits.

Maine employers can also help raise reciprocity. Maine law already requires that employers provide information about unemployment to people who are leaving work. However, the Department believes that this information is not usually provided. Education to employers on the requirement has begun, starting with a reminder in the unemployment tax rate notices that were mailed in December 2020. Information on the requirement will be included in future communications as well. The simplest way to comply with this requirement is to provide the separating worker with the Department's Employment Security Act Poster, which can be printed on letter-sized paper. The poster can be found at www.maine.gov/labor/posters.

The federal COVID-related unemployment programs have increased awareness and familiarity with the program overall. The ensuing coverage by national and local media has generated reach to people who might not otherwise think about the unemployment program as a support. Over the course of the last year, the Department's CareerCenter staff stepped up to help people navigate the program. Helping thousands of people with their unemployment claims has created a much deeper understanding of the program, and that knowledge can be used to steer people to the program in the future.

In the end, more information is needed on the reasons why individuals who are unemployed do not ultimately receive unemployment benefits.

Note: Data for this report was obtained from the following U.S. Department of Labor sites:

https://oui.doleta.gov/unemploy/data_summary/DataSum.asp

<https://oui.doleta.gov/unemploy/chartbook.asp>

<https://www.bls.gov/opub/ted/2019/most-unemployed-people-in-2018-did-not-apply-for-unemployment-insurance-benefits.htm>

Maine's Center for Workforce Research and Information provides data on unemployment at the following site:

<https://www.maine.gov/labor/cwri/laus.html>