Governor Mills Dedicates $25 Million More to Unemployment Trust Fund to Support Maine Businesses & Workers During Pandemic

October 2, 2020

Amid record nationwide unemployment caused by the COVID-19 pandemic, Governor Janet Mills announced today that her Administration has dedicated an additional $25 million in CARES Act Coronavirus Relief Funds (CRF) to Maine's unemployment insurance trust fund. The investment, which builds on the Mills Administration's previous allocation of $269 million, is expected to significantly reduce an anticipated employer tax increase for 2021 while ensuring benefits are available for those who need them.

> *"Maine businesses and workers are already confronting unprecedented economic hardships caused by the pandemic," said Governor Janet Mills. "While Congress has not provided enough direct aid to states to prevent an increase in unemployment taxes next year, we will put every available resource we can towards protecting Maine people from feeling its effects."*

State unemployment insurance is paid to eligible Maine people through the state unemployment trust fund, which is funded through employer taxes. Employers pay unemployment taxes on up to $12,000 in wages for each of their employees during the calendar year. The amount of tax employers pay is determined by a rate based in large part on what the trust fund balance is on September 30 and its ratio to previous years. This second infusion of CRF funds brings the trust fund's balance closer to parity with previous years, thereby minimizing the impact on employer's unemployment insurance taxes. Without the infusion of nearly $300 million dollars from the Mills Administration, which is approximately 25 percent of Maine's CRF funds, the Maine Department of Labor estimates that employer unemployment taxes in 2021 likely would have more than doubled. There are approximately 45,000 employers in Maine that pay into the trust fund.

> *"This action by Governor Mills will maintain the solvency of our crucial unemployment insurance program without overburdening employers," said Laura Fortman, Commissioner of the Maine Department of Labor. "The challenges of COVID-19 have made it more obvious than ever before that we must ensure benefits are available for workers in times of need."*

The Maine Department of Labor (MDOL) has paid out more than $1.55 billion in benefits between March 15 and September 19, including more than $433 million in State funds with the rest coming from federal programs. MDOL has also paid out more than $78 million through the FEMA Lost Wage Assistance program. The official tax rate will be calculated by late October and announced at that time. Each individual employer's tax rate will be calculated in December. As of September 28, 19 other states have had to borrow $33.4 billion from the federal government to pay benefits since the start of the pandemic.

> *"This Administration's timely fiscal management not only mitigates an unemployment insurance tax rate increase for 2021, but also maintains fiscal solvency within the trust at a time when many states across the country grapple with much more dire unemployment funding scenarios," said Kirsten Figueroa, Commissioner of the Department of Administrative and Financial Services.*

In addition to the nearly $300 million in CRF monies, Governor Mills earlier this year signed into law emergency legislation that waived fault and froze rate increases for any employer forced to lay off or furlough an employee as a result of COVID-19 while also expanding eligibility for unemployment insurance to individuals whose employment has been impacted by COVID-19.

The balance of the trust fund is updated once a month at https://www.maine.gov/labor/cwri/ui.html.

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