MAINE MUNICIPAL ASSOCIATION
RISK MANAGEMENT SERVICES

THE UNEMPLOYMENT COMPENSATION FUND

The Maine Municipal Association Unemployment Compensation Fund (UC Fund) is comprised of individual municipalities and public entities that are individually self-insured but administered as a group to meet their Employment Security Act obligations.

BENEFITS TO PROGRAM PARTICIPANTS

- Budgetary stability and moderation of cash flow forliabilities that are unpredictable
- Retention of your entity's funds
- Simplification of reporting to Maine Department of Labor
- Dividend distributions
- Return of excess balances

The Maine Department of Labor (MDOL) classifies MMA UC Fund members as Direct Reimbursement Employers. Therefore, the UC Fund reports wages, assists in fact findings, hearings, and reimburses the MDOL on a member's behalf when a member has unemployment claims, regardless of the members account balance.

In contrast, Taxpaying Employers pay a percentage of their reported taxable wages each quarter to the State's Unemployment Compensation Trust that is used to pay claims statewide. As a result, rates and charges are unpredictable and you do not see a return on your charges regardless of your claims history.

Mission Statement

MMA's Unemployment Compensation Program was created in 1978 at the request of MMA Member municipalities, service districts and related nonprofit organizations to assist in meeting their obligations under the Employment Security Act in an efficient and cost-effective manner.

Members Enjoy:

- Financial stability of the Fund
- Dividend and interest returns
- Uniform wage reporting
- Actuarially recommended rates
- Advice on Fact Findings and Hearings

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MODERATION OF CASH FLOW

Each December members of the UC Fund are notified of their contribution obligation for the next calendar year. The amount of the contribution is fixed for the year and additional payments are not required in the event a larger sum is paid out in claims.

SIMPLIFICATION

Communications and reporting to the Department of Labor are simplified. All mail for the UC Fund members from the Maine MDOL is directed to MMA. In most cases the Fund Coordinator can resolve the issues raised. Members' UC wage reports also come to MMA for uniform reporting each quarter. The UC Fund Coordinator is available to answer unemployment compensation questions.

NEGATIVE BALANCE

Occasionally a member will have layoffs or resignations or even a part-time employee losing a primary job, that lead to larger claims payments than anticipated. When claims exceed the balance of the member's account, the UC Fund continues to pay the member's claims with no regard for the negative balance. Repayment of a negative balance is spread out over a period of years to avoid a financial hardship to the member.

DIVIDENDS, INTEREST AND EXCESS BALANCES

Dividends, interest, and excess balances are returned to members based on the determination of MMA's conservative, consulting actuary that there is a sufficient balance in each member's account to pay claims for the next year.

TECHNICAL GUIDANCE

Technical Guidance is available from MMA staff in preparing for fact findings and appeal hearings, wage reports, Requests for Separation Information, wage audits and other unemployment issues that may arise.

How to Participate

The following information is needed to generate a quotation for participation in the MMA UC Fund.

1. MMA Membership or Associate Membership
2. Four years of UC quarterly wage reports
3. Four years of UC claims

If you want more information about the MMA UC Fund, please call Rachel Risinger at:

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