

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

House Bill 1424
 Appropriations

(Delegate J. Lewis, *et al.*)

Budget and Taxation

Support and Protections for Individuals Affected by Federal Actions (Protect Our Federal Workers Act)

This emergency bill expands the purposes of the Catastrophic Event Account and the Federal Government Shutdown Employee Assistance Loan Fund (renamed as the Federal Government Employee Assistance Loan Fund or FGEALF) so that funds may be used to provide financial assistance to former federal employees. Among other things, the bill alters eligibility requirements for loans from FGEALF, authorizes loan forgiveness, and authorizes transfer of \$5.0 million from the Revenue Stabilization Account (Rainy Day Fund) to FGEALF in fiscal 2025. The bill expands the Attorney General’s powers under the Maryland Defense Act and increases a mandated appropriation to the Office of the Attorney General (OAG) to at least \$2.5 million, with \$1.5 million authorized to be transferred to OAG from the Rainy Day Fund in fiscal 2025. The bill also temporarily establishes the Expedited Hiring Program in the Department of Budget and Management (DBM) specifically to hire eligible applicants (who left federal service) for vacant skilled and professional service positions in the State Personnel Management System (SPMS).

Fiscal Summary

State Effect: Rainy Day Fund expenditures increase by \$6.5 million in FY 2025; special fund revenues (FGEALF and OAG) increase commensurately, with expenditures made the following year. Dedicated Purpose Account (DPA) expenditures increase by \$500,000 in FY 2025 and \$1.5 million in FY 2026 to staff expedited hiring (\$2.0 million is budgeted in DPA for this purpose). Catastrophic Event Account expenditures increase by \$10.0 million in FY 2026, with corresponding increases in FGEALF revenues and expenditures for loans. General fund expenditures increase by \$1.7 million in FY 2026 and \$1.5 million annually thereafter. **This bill increases a mandated appropriation beginning in FY 2027.**

| (\$ in millions) | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|------------------|---------|----------|---------|---------|---------|
| SF Revenue | \$6.5 | \$10.0 | \$0 | \$0 | \$0 |
| GF Expenditure | \$0 | \$1.7 | \$1.5 | \$1.5 | \$1.5 |
| SF Expenditure | \$7.0 | \$28.0 | \$0 | \$0 | \$0 |
| Net Effect | (\$0.5) | (\$19.7) | (\$1.5) | (\$1.5) | (\$1.5) |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill is not anticipated to materially affect local government operations or finances, but county governments may benefit from the Expedited Hiring Program exploring opportunities to support hiring by interested county governments.

Small Business Effect: None.

Analysis

Bill Summary: Consistent with its broader purposes under the bill, the Federal Government Shutdown Employee Assistance Loan Fund is renamed as FGEALF. Funds in the Catastrophic Event Account and FGEALF may be used to provide financial assistance to former federal employees facing financial hardship from the closure, relocation, or mass layoff of a unit of the federal government, or other similar circumstances. Accordingly, funds in the Catastrophic Event Account may be used to assist a unit of State or local government in connection with a closure, relocation, or mass layoff of a unit of the federal government.

FGEALF must only be used to provide no-interest loans to *State residents* (as opposed to federal employees who are required to work at a work site in the State under current law) who *either*:

- are federal employees, required to report to work, and not being paid because of a full or partial federal government shutdown due to a lapse in appropriations after January 1, 2025; *or*
- are experiencing financial hardship (as determined by the Maryland Department of Labor (MD Labor)) and, in the immediately preceding six months (and on or after January 1, 2025), were terminated from employment by the federal government due to the closure, relocation, or mass layoff of a unit of the federal government, or other similar circumstances beyond the employees' control.

The purpose and eligibility criteria of the fund are modified to reflect these changes. MD Labor may establish other criteria to best assist federal employees facing financial hardship. MD Labor may forgive a loan, and MD Labor must establish repayment procedures if repayment is required. MD Labor may disclose information to third-party vendors to verify federal employment as specified, subject to privacy considerations.

The Comptroller may disclose tax information to MD Labor to the extent necessary to administer FGEALF or to detect and prevent fraudulent FGEALF claims.

MD Labor must conduct research and analysis on foreclosure activity in the State, particularly as it relates to federal workers and, to the extent practicable, federal contractors

impacted by layoffs since January 1, 2025, and report to the General Assembly by December 31, 2025, as specified.

Office of the Attorney General

In addition to the Attorney General's powers specified under current law, the bill authorizes the Attorney General to investigate, commence, and prosecute or defend any civil or criminal suit or action that is based on the federal government's action or inaction that threatens the public interest and welfare of the residents of the State with respect to protecting State residents who:

- are federal government employees who are not being paid because of a full or partial federal government shutdown due to a lapse in appropriations;
- were federal employees who, on or after January 1, 2025, *either* were terminated from federal employment due to the closure, relocation, or mass layoff of a unit of the federal government, or other similar circumstances beyond the employees' control *or* separated from employment by the federal government as a result of a voluntary separation incentive payment;
- are inappropriately denied federal benefits that they have earned, including Social Security benefits, Medicare, and Veterans Affairs benefits; or
- are inappropriately denied federal entitlements, including Medicaid.

The Governor must include an appropriation of at least \$2.5 million (instead of \$1.0 million) in the annual budget for OAG's authorized activities and for OAG to employ attorneys (instead of five attorneys as specified under current law).

Rainy Day Fund

After providing the Legislative Policy Committee with at least seven days to review and comment, the Governor may transfer from the Rainy Day Fund up to \$5.0 million to FGEALF and \$1.5 million to the expenditure accounts of the Attorney General. These provisions terminate on June 30, 2025.

Expedited Hiring Program

The Secretary of Budget and Management may contract with another entity to assist with the implementation of the program, subject to available funding. An appointing authority may recruit for a vacant skilled and professional service position in accordance with the bill and must aim to complete the recruitment for the position within 40 days. An eligible applicant is an individual applying for a vacant position in State government who (1) self-certifies (and provides documentation on request) having served in the federal government, as specified, and left federal service after January 15, 2025, and (2) has

relevant federal expertise or experience to meet the requirements, based on the position description, for the vacant State position. The Expedited Hiring Program terminates on April 30, 2026.

The Expedited Hiring Program must:

- develop guidance for appointing authorities on aligning job titles and position descriptions with the federal equivalent positions without requiring substantive changes to the descriptions or classifications of the positions;
- conduct marketing and recruitment activities to recruit eligible applicants for vacant positions;
- rate the qualifications of each applicant while a vacant position is open;
- communicate with applicants throughout the hiring process to maintain the applicants' interest in the position;
- develop a process to refer applicants to other vacant positions in State government; and
- explore opportunities to expand the program to support hiring by interested county governments.

The Secretary of Budget and Management must implement the program in phases, as specified, and establish reasonable timelines for each phase of implementation. The Secretary of Budget and Management must adopt regulations to implement the program and revise the eligibility conditions to include reviewing applications from former federal contractors.

Current Law:

Catastrophic Event Account

The Catastrophic Event Account, which is within the State Reserve Fund and administered by DBM, enables the State or a local government to respond quickly to a natural disaster or catastrophe that could not be addressed within existing State appropriations. It may also be used for federal employee financial hardship in the event of a full or partial federal government shutdown due to a lapse in federal appropriations.

Funds appropriated to the Catastrophic Event Account (1) may not be used to offset operating deficiencies in regular programs of State government but (2) as noted above, may be expended to assist a unit of State or local government in funding costs in connection with a natural disaster, a catastrophic situation, or a full or partial federal government shutdown due to a lapse in appropriations.

The Catastrophic Event Account consists of direct appropriations in the budget bill. Investment earnings are credited to the Rainy Day Fund. The fiscal 2026 budget as passed by the General Assembly projects a closing fund balance of \$10.0 million for fiscal 2026, which has been maintained for several years.

Federal Government Shutdown Employee Assistance Loan Fund

The Federal Government Shutdown Employee Assistance Loan Fund, administered by MD Labor, must only be used to provide no-interest loans to federal employees who are (1) required to report to work at a work site located in the State and (2) not being paid because of a full or partial federal government shutdown due to a lapse in appropriations.

MD Labor must establish procedures and eligibility criteria for loans from the fund, as specified, such as repayment timelines. In addition to funds appropriated in the State budget and other sources, the fund consists of (1) money transferred from the Catastrophic Event Account and (2) repayments on loans made from the fund.

Unemployment Compensation for Federal Employees

The Unemployment Compensation for Federal Employees (UCFE) program provides unemployment compensation for federal employees who lost their employment through no fault of their own. The same terms and conditions that apply to individuals eligible for regular unemployment insurance apply to UCFE claimants. For additional general information about the State Unemployment Insurance (UI) program, see the **Appendix – Unemployment Insurance**.

Maryland Defense Act

Under Chapter 26 of 2017 (the Maryland Defense Act), the Attorney General may investigate, commence, and prosecute or defend any civil or criminal suit or action that is based on the federal government's action or inaction that threatens the public interest and welfare of the residents of the State with respect to (1) protecting the health of the residents of the State and ensuring the availability of affordable health care; (2) safeguarding public safety and security; (3) protecting civil liberties; (4) preserving and enhancing the economic security of workers and retirees; (5) protecting financial security of the residents of the State, as specified; (6) protecting the residents of the State against fraud and other deceptive and predatory practices; (7) protecting the natural resources and environment of the State; (8) protecting the residents of the State against illegal and unconstitutional federal immigration and travel restrictions; or (9) otherwise protecting as *parens patriae*, the State's interest in the general health and well-being of its residents.

Before commencing a suit or action, the Attorney General must provide the Governor with written notice and an opportunity for review and comment, unless the Attorney General determines that emergency circumstances require immediate action. If the Governor objects to the intended suit or action, then the Governor must provide in writing to the Attorney General the reasons for the objection within 10 days after receiving the notice. Unless there are emergency circumstances that require the immediate commencement of the suit or action, the Attorney General must consider the Governor's objection before proceeding. If the Attorney General determines that emergency circumstances require the immediate commencement of a suit or action to protect the public interest and welfare of the residents of the State, as specified, the Attorney General must provide the Governor notice of the suit or action as soon as reasonably practicable. The Governor must include an appropriation of at least \$1.0 million in the annual budget for the authorized activities and to employ five attorneys.

Under Chapter 26, the General Assembly finds (1) the federal government's action or failure to take action may pose a threat to the health and welfare of the residents of the State and (2) the State should investigate and obtain relief from any arbitrary, unlawful, or unconstitutional federal action or inaction and prevent such action or inaction from harming the residents of the State.

State Employees within the State Personnel Management System

SPMS has four major employment categories designated in statute:

- executive service, which consists of chief administrators of principal units or comparable positions, including deputy secretaries or assistant secretaries;
- management service, which consists of positions that involve direct responsibility for the oversight and management of personnel and financial resources and that require the exercise of discretion and independent judgment;
- professional service, which consists of positions that require advanced knowledge in a field of science or learning and that normally require a professional license, advanced degree, or both; and
- skilled service, which consists of all other positions.

Skilled and Professional Service Positions within the State Personnel Management System

DBM must review and audit recruitment and hiring practices of all appointing authorities at least once every three years. When a skilled service or professional service position is to be filled, the appointing authority must complete a position selection plan that includes specified information. Each unit within SPMS must fill vacant skilled service and professional service positions in accordance with a position selection plan. DBM must

assist units in developing application forms, position selection plans, selection tests, and announcement forms.

If current employees or contractual employees may be eligible for a vacant position, then a job announcement must be posted for at least two weeks before the deadline for submitting applications. The position vacancy must be advertised for at least two weeks before the application deadline by making available a job announcement to all appropriate State agencies and using any other method to ensure a sufficient pool of applicants, including printed advertisements in newspapers and journals, paper and electronic bulletin board postings, and special notices.

The appointing authority must review the applications received to determine the qualified applicants, prepare a register of qualified applicants in random order, and send a notice to unqualified applicants that they failed to meet the minimum qualifications for the position. After the close of a position announcement, the appointing authority must also send notice of a competitive examination at least 10 days before the test administration date if such an examination is required. If at least 2 but fewer than 10 applicants meet the minimum requirements for a position, the appointing authority may readvertise the position vacancy or make a selection from the register without the need for further selection testing.

An appointing authority may forego the SPMS position selection plan and recruit for a skilled or professional service position if the appointing authority decides to recruit for the position, the position is difficult to fill, the recruitment must occur in a timely manner, and DBM is notified.

State Fiscal Effect: MD Labor advises that forgiven loans are not considered wages for UCFE and UI purposes. Thus, the bill has no effect on UCFE or UI benefits, although loans from FGEALF supplement benefits from UCFE that are available to federal employees who are laid off.

There are approximately 160,000 civilian federal jobs in Maryland. Virginia and the District of Columbia each have around 190,000 federal jobs, and many Marylanders commute to those jurisdictions. (These employment counts do not include classified agencies like the National Security Agency in Maryland and the Central Intelligence Agency in Virginia.) An analysis of tax year 2021 data by the Comptroller's Office found about 256,000 Marylanders received a federal W-2, representing about 8% of taxpayers. Thus, a significant number of State residents are federal employees who may become eligible for loans under the FGEALF Program if they are terminated due to the closure, relocation, or mass layoff of a unit of the federal government, or other similar circumstances beyond the employees' control and are facing financial hardship. MD Labor estimates that more than 10,000 former federal employees may apply for loans.

Maryland Department of Labor Administrative Costs

FGEALF may only be used to provide no-interest loans, so general funds are needed to administer the program. Accordingly, general fund expenditures for MD Labor’s Office of the Secretary increase by \$1.7 million in fiscal 2026, which assumes a start-up delay until July 1, 2025. This estimate reflects the cost of hiring 10 contractual claims processors to process loans. It includes salaries, fringe benefits, one-time start-up costs, and other operating expenses. It also includes \$950,000 for MD Labor to contract with an information technology (IT) vendor to maintain a cloud-based application platform as well as provide project management services, data analytics, and customer support.

| | |
|--|--------------------|
| Contractual Positions | 10 |
| Salaries and Fringe Benefits | \$682,891 |
| IT Vendor Expenses | 950,000 |
| Other Operating Expenses | <u>76,450</u> |
| Total FY 2026 General Fund Expenditures | \$1,709,341 |

This analysis assumes contractual employees are only needed in fiscal 2026 as MD Labor expects the majority of federal layoffs to occur within the first year. MD Labor also anticipates using 10 existing full-time employees from its divisions to assist with application submissions and provide in-person support, similar to how MD Labor operated the Port of Baltimore Worker Support Program. To the extent that these employees work in federally funded programs, general fund expenditures increase further to reimburse federally funded programs for their time. To the extent loans are needed beyond fiscal 2026, existing MD Labor employees can likely continue the program if needed.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

Additionally, existing MD Labor employees can conduct research and analysis on foreclosure activity and meet the bill’s reporting requirement.

Special Funds for Loans

Under current law, the Federal Government Shutdown Employee Assistance Loan Fund Program has not been launched and written policy guidance has not been issued. However, MD Labor advises that, under the current program, eligible federal employees would be able to receive a \$700 no-interest loan. If a federal shutdown were prolonged and funding remained, a second loan could be offered. Loans would be due to be repaid to the State once the shutdown had ended and after they had received back pay for the shutdown period.

The bill does not specify the terms of the loans under the FGEALF Program, but they are likely similar to those under the current program.

Transfers for Capitalization of FGEALF: The Governor may transfer up to \$5.0 million from the Rainy Day Fund to FGEALF in fiscal 2025. The Catastrophic Event Account has a projected fund balance of \$10.0 million for fiscal 2026; assuming 10,000 loan recipients and \$700 loan amounts, the program initially requires \$7.0 million. However, if the number of loan applicants exceeds that estimate, or if MD Labor allows for multiple rounds of loan applications or offers more generous loans, the program could use the full \$10.0 million in the Catastrophic Event Account, along with the \$5.0 million transfer from the Rainy Day Fund. This analysis, therefore, assumes that the Governor transfers \$5.0 million in fiscal 2025 from the Rainy Day Fund and \$10.0 million in fiscal 2026 from the Catastrophic Event Account for the program, so special fund expenditures from those accounts increase by \$5.0 million in fiscal 2025 and by \$10.0 million in fiscal 2026, respectively. Special fund revenues increase correspondingly to reflect the transfers from the Rainy Day Fund and the Catastrophic Event Account to FGEALF.

No-interest Loans under the Program: Special fund expenditures for FGEALF increase to provide no-interest loans to former federal employees, beginning as early as fiscal 2025 but more likely in fiscal 2026, and special fund revenues increase as those loans are repaid (if not forgiven), likely in fiscal 2026 and 2027. However, it is unknown to what extent loans will be forgiven or will require repayment. The actual amounts and exact timing cannot be predicted. Any expenditures in fiscal 2025 would have to be made with existing staff; accordingly, this analysis assumes that loans are not made until fiscal 2026 – which is when contractual employees and an IT vendor are expected to be hired. Thus, the funds transferred in fiscal 2025 are assumed to be held as fund balance (and encumbered for expenditure in fiscal 2026). Accordingly, special fund expenditures from FGEALF increase by as much as \$15.0 million in fiscal 2026 for no-interest loans to former federal employees.

To the extent State residents are terminated from employment by the federal government due to the closure, relocation, or mass layoff of a unit of the federal government, or other similar circumstances beyond the employees' control and are facing financial hardship beyond fiscal 2026, special fund revenues and expenditures increase in the out-years (with more transfers from the Catastrophic Event Account) to provide additional loans; as such out-year actions are uncertain, related costs are not reflected in this analysis.

Other Effects: As discussed above, the bill is likely to deplete the \$10.0 million fund balance of the Catastrophic Event Account in fiscal 2026. To the extent that loan repayments (if not forgiven) do not fully replenish the fund, general fund expenditures may increase, up to \$10.0 million in fiscal 2027, to replenish the Catastrophic Event Account. However, any such funding is discretionary and not included in this analysis.

Additionally, under current law, any interest generated by the Catastrophic Event Account is credited to the Rainy Day Fund. Accordingly, special fund revenues to the Rainy Day Fund decrease minimally in fiscal 2026 as a result of funding being transferred from the Catastrophic Event Account.

Office of the Attorney General

The Governor may transfer \$1.5 million from the Rainy Day Fund to the expenditure accounts of the Attorney General. This analysis assumes that transfer is made; accordingly, special fund expenditures for the Rainy Day Fund increase by \$1.5 million in fiscal 2025, with the monies treated as special fund revenues by OAG. This analysis assumes those monies are encumbered for expenditure in fiscal 2026. Additionally, the bill increases a mandated appropriation to OAG from at least \$1.0 million to at least \$2.5 million; thus, general fund expenditures for OAG also increase by \$1.5 million annually beginning in fiscal 2027.

Any additional general fund expenditures are discretionary (and presumed to not be needed) for fiscal 2026. Instead, this analysis assumes a start-up delay to July 1, 2025, to hire the additional OAG attorneys. Accordingly, the \$1.5 million transfer from the Rainy Day Fund is assumed to be expended by OAG as special funds in fiscal 2026.

This funding is anticipated to support the salaries and fringe benefits for additional attorneys and related costs – specifically, one principal counsel, four assistant Attorneys General, one administrative officer, one-time start-up costs, and ongoing operating expenses. The actual cost to comply with the bill’s provisions may be less than the additional mandated appropriation of \$1.5 million each year. For example, the estimated cost for salaries, fringe benefits, and associated operating requirements for these six positions at the grades specified by OAG is \$861,519 in fiscal 2025, increasing to \$901,486 in fiscal 2030. However, OAG notes the office may need additional positions at some point in the future based on workload.

Also, as the bill only authorizes the Attorney General to initiate an action or defend against an action, as specified, and does not *require* the Attorney General to take a specific action, there may be years in which no legal actions occur. Because the mandated appropriation may only be used for the functions specified in the bill and under current law, any unused funds revert to the general fund at the end of each fiscal year, as required by State law, although this impact has not been accounted for in this analysis. Furthermore, staffing costs must be covered in perpetuity.

Department of Budget and Management

DBM notes that the current average time to hire from posting a job opening is approximately 100 days for most skilled and professional service positions. Thus, it will face challenges to meet the bill's 40-day goal for completing the recruitment process with existing resources. Therefore, DBM needs additional contractual employees and/or vendor support throughout calendar 2025 to assist with this goal, among other responsibilities, including improving candidate identification and evaluation and back-end processing capacity. It is unknown how many contractual employees are needed at this time.

The fiscal 2026 budget as passed by the General Assembly appropriates \$2.0 million to DPA in fiscal 2025, specifically for the expedited hiring of former federal employees. DBM intends to use those monies to hire the contractual employees and/or obtain the vendor services necessary to implement the bill. Thus, special fund expenditures from DPA increase by as much as \$2.0 million in total – drawn down over two fiscal years. This analysis assumes \$500,000 is expended in fiscal 2025 and the remainder – \$1.5 million – is expended in fiscal 2026 (although more spending could occur in fiscal 2025, if needed, with less spending in fiscal 2026). The program terminates April 30, 2026, so ongoing contractual support is not needed in the out-years.

Comptroller

The Comptroller's Office can disclose tax information to MD Labor with existing resources.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 683 (Senator Charles, *et al.*) - Budget and Taxation.

Information Source(s): Maryland State Treasurer's Office; Department of Budget and Management; Office of the Comptroller; Maryland Department of Labor; Office of the Attorney General; U.S. Department of Labor; Department of Legislative Services

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Appendix – Unemployment Insurance

Program Overview

Unemployment Insurance (UI) provides temporary, partial wage replacement benefits of up to \$430 per week to individuals who are unemployed through no fault of their own and who are willing to work, able to work, and actively seeking employment. Both the federal and state governments have responsibilities for UI programs. Generally, funding for the program is provided by employers through UI taxes paid to both the federal government for administrative and other expenses and to the states for deposit in their UI trust funds. Using federal tax revenues, the UI program is administered pursuant to state law by state employees. The Maryland Department of Labor's (MD Labor) Division of Unemployment Insurance administers the State's UI program.

Each state law prescribes the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

Employer Contributions

Most Maryland employers pay State UI taxes, although State and local governments and some nonprofit organizations reimburse the Unemployment Insurance Trust Fund (UITF) for claims paid in lieu of paying taxes. Therefore, for most Maryland employers, the State UI tax rate is a function of:

- the employer's specific unemployment claims history; and
- the applicable tax table, which is based on the State's UITF balance and applies to most taxable employers.

Exhibit 1 shows the range of State UI taxes a typical employer owes based on the tax table in effect; there are other rates for new employers and in other limited circumstances. State UI taxes and reimbursements are typically due quarterly. As UI taxes are applied to the *first* \$8,500 earned by each employee, each calendar year, the first two quarterly tax payments are typically the largest.

Exhibit 1
Tax Tables and Applicable Employer Tax Rates

| Tax Table | As of Sept. 30, if the Trust Fund Balance, As a Percentage of Taxable Wages | | Trust Fund Balance (\$ in Millions) | | Then Next Year's Tax Rates Range from | | | Annual Tax Per Employee (Rate x \$8,500) | | |
|-----------|---|-------|-------------------------------------|-----------|---------------------------------------|--------------|--------|--|--------------|----------|
| | Exceeds | Up to | Exceeds | Up to | No Claims | Single Claim | Up to | No Claims | Single Claim | Up to |
| | A | 5.00% | n/a | \$1,067.8 | n/a | 0.30% | 0.60% | 7.50% | \$25.50 | \$51.00 |
| B | 4.50% | 5.00% | 961.0 | \$1,067.8 | 0.60% | 0.90% | 9.00% | 51.00 | 76.50 | 765.00 |
| C | 4.00% | 4.50% | 854.2 | 961.0 | 1.00% | 1.50% | 10.50% | 85.00 | 127.50 | 892.50 |
| D | 3.50% | 4.00% | 747.5 | 854.2 | 1.40% | 2.10% | 11.80% | 119.00 | 178.50 | 1,003.00 |
| E | 3.00% | 3.50% | 640.7 | 747.5 | 1.80% | 2.60% | 12.90% | 153.00 | 221.00 | 1,096.50 |
| F | 0.00% | 3.00% | 0.0 | 640.7 | 2.20% | 3.10% | 13.50% | 187.00 | 263.50 | 1,147.50 |

Notes: Fund balance threshold dollar amounts are based on the 2023 taxable wage base and are subject to modest changes each year. State law also generally requires a federal solvency goal to be met prior to moving to a tax table with lower rates (*i.e.*, from Table F to Table A). The federal solvency goal, which is designed to ensure the State's ability to pay claims during periods of high unemployment, is approximately \$1.7 billion and varies with the total wages paid in the State and benefits paid during recent recessions.

A "single claim" represents the tax rate applicable to the lowest possible rate associated with nonzero (.0001 to .0027) benefit ratios. Taxes are applied to the first \$8,500 earned by each employee, each year; compensation less than that amount reduces taxes owed accordingly.

Table F was in effect in 2021 due to the COVID-19 pandemic; prior to that, Table A had been in effect since 2016. Table C was in effect in 2022 and 2023 pursuant to Chapter 73 of 2021, which also resulted in an \$830 million infusion of federal funds into the trust fund in 2021. Table A was in effect in 2024 and is once again in effect in 2025.

As of January 1, 2025, the trust fund balance was \$1.9 billion.

Source: Department of Legislative Services

Benefit Payments

Generally, the weekly benefit amount a claimant is eligible for is based on the quarterly wages that the claimant was paid for covered employment in the calendar quarter of the claimant's base period in which those wages were highest. The base period is the first four of the last five completed calendar quarters immediately preceding the start of the benefit year, or, if the individual does not qualify under that definition, the four most recently completed calendar quarters immediately preceding the start of the benefit year.

Weekly benefit amounts range from \$50 to \$430 per week, based on earnings in the base period. There is also a dependent allowance of \$8 per dependent, for up to five dependents, although the allowance cannot raise the weekly benefit amount above \$430. The first \$50 of any wages earned by an individual receiving UI benefits in a given week is disregarded for purposes of calculating the weekly benefit amount, after which the benefit payment is reduced dollar for dollar. These amounts do not adjust for inflation. Generally, during a benefit year, a claimant is entitled to 26 times the claimant's weekly benefit amount. During periods of high unemployment, extended benefits may also be available.

2021 Legislation Enhanced and Required Evaluation of the State Unemployment Insurance System

The unprecedented volume of claims and benefit payments due to COVID-19 strained the State UI system to its limit, which raised numerous concerns about the system's ability to effectively meet the needs of claimants and employers. Consequently, during the 2021 legislative session, the General Assembly required several system reforms, including an [MD Labor-led study](#) regarding various longer-term reforms.