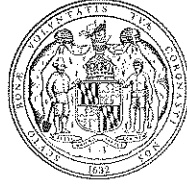


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Subsequent Injury Fund Testimony

House Bill 876

**Uninsured Employers' Fund and Subsequent Injury Fund – Amount of
Assessment on Awards and Settlements – Sunset Extension**

House Economic Matters Committee

Virtual Hearing

Tuesday, February 16, 2021

The Subsequent Injury Fund recognizes the critical role of the Uninsured Employers' Fund in the Maryland Workers' Compensation system. The SIF supports the continued progress of the UEF management team in their service to injured and disabled Maryland workers.

The Subsequent Injury Fund does not object to extending the 1% reduced SIF assessment invoice rate (from 6.5%) sunset provision for one more year.

The one-year sunset provision extension agreement was reached during an October 2020 conference call between the respective Directors of the Subsequent Injury Fund and the Uninsured Employers' Fund and representatives from the Executive Branch Legislative Office. Participants to the October 2020 conference call agreed not to support future action to extend the sunset provision beyond the HB 876 revised June 30, 2022 expiration date.

Injured Maryland workers rely on the fiscal stability of both the Subsequent Injury Fund and the Uninsured Employers' Fund.

It is important to recognize the 15.4% statistical equivalent of reducing the 6.5% Subsequent Injury Fund assessment rate by 1%. The Legislative Budget Office acknowledges that for FY 2021, the one percentage point assessment reduction will result in \$3,600,000.00 decreased SIF assessment revenue. The SIF anticipates an equivalent FY 2022 revenue reduction.

The trend of reduced assessment revenue and reduced fiscal reserves is not sustainable.