



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB 1143 - Unemployment Insurance – Work Sharing (Work Share Expansion Act of 2021)**

SPONSOR TESTIMONY

Cross-file: **SB 771**

House Economic Matters Committee, February 23, 2021

Chairman Davis, Vice Chair Dumais and Members of the Committee,

**HB 1143** will expand the existing Department of Labor’s Work Share program, and create more visibility and understanding of its value for employers.

The current Work Sharing program is a voluntary program that provides an alternative to layoffs for employers faced with a temporary, non-cyclical decline in business due to lower economic activity. The program is designed to avoid layoffs by preserving jobs for current employees and to assist businesses that have already undertaken layoffs to reopen and resume operations gradually. Employers who participate in Work Sharing can retain employees by temporarily reducing the hours of work, within a range of 20% to 50%. The employees with reduced work hours receive partial unemployment insurance benefits to supplement lost wages.

**House Bill 1143** will expand the flexibility of the program, allowing it to be used as a rehiring tool for businesses as they reopen and recover from the COVID-19 pandemic. Unlike regular UI, the work share program is 100% reimbursed by the Federal Government due to the provisions of the CARES Act.

Specifically, this bill does the following:

- Expands the allowable reduction in hours eligible under the workshare program from 20%-50% to the maximum Federally allowable 10%-60%.
- Expands the eligibility of the program to
  - Paid interns and apprentices
  - Individuals rehired following a temporary closure or layoff due to COVID-19 pandemic
- Sets a goal of achieving 4% of work sharing claims as a percentage of total unemployment claims by June 1st.
- Requires the department to ensure sufficient staffing and resources to process work sharing applications within 10 days.

One of the major reasons we believe this program has gone underutilized is lack of awareness. This bill seeks to address those problems by:

- Requiring the Department to send notice to employers paying UI taxes, informing of their eligibility to participate in work sharing and how to contact the Department to participate.
- Contract for marketing services to enroll business in the program.

After COVID-19, when the provisions of the CARES Act requiring the federal government to provide 100% reimbursement for workshare claims expires, this legislation will still make the workshare program a more effective alternative to layoffs, with negligible impact on the Trust Fund.

**For this reason, I strongly urge a favorable report for HB 1143.**