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Economic Matters Committee

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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 907 - Unemployment Insurance – Study on System Reforms

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Cross-file: **SB 817**

House Economic Matters Committee, February 23, 2021

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

House Bill 907 requires the Maryland Department of Labor, in consultation with the Department of Legislative Services, to study and make recommendations on how to improve Maryland's Unemployment Insurance Program. In addition to monthly status updates, an interim report is due July 1 and a final report is due December 1.

As we are all aware, the COVID-19 pandemic revealed weaknesses in our current UI program. We have received complaints from all over the State on the effectiveness of the program. While separate legislation – House Bill 1138 – addresses the Department's programmatic delays by requiring a disaster plan, other issues still need to be examined, such as the amount of benefits that claimants receive and claimant eligibility.

House Bill 907 requires the Department to study various aspects of the UI program, and report back to the General Assembly on the costs and benefits of these reforms. In particular, this bill asks the Department to look at the following:

- expanded eligibility for various types of workers, including self-employed workers;
- the costs and benefits of raising the weekly benefit amount, including indexing this amount to inflation;
- the costs and benefits of increasing the dependent allowance;
- the costs and benefits of increasing the income disregard; and
- alternative approaches to the experience rating process.

It is important to recognize that the UI program is very complex, with one change potentially having an impact on the entire system. Each of these study topics will ensure that we find the right balance of providing appropriate relief to claimants and stability for employers. We must be good fiscal stewards of the Trust Fund, and we have to ensure that the Fund remains solvent without putting undue burden on the businesses through unemployment taxes.

This study will go a long way in ensuring that we have the best information available to make crucial changes in the future.

For these reasons, I urge a favorable report on House Bill 907.