



HB 4- Unemployment Insurance – Recovery of Benefits – Refund of Payments

Senate Finance Committee

March 23, 2022

SUPPORT

Chair Kelley, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 4. This bill will require the Secretary of Labor to investigate claims that the Secretary recovered unemployment insurance benefits in excess and provide a refund to the claimant.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

For three-years, the COVID-19 pandemic has put a huge financial burden on many Marylanders. Social safety nets such as Unemployment Insurance (UI) are put in place to provide individuals with the ability to survive. Unfortunately, Maryland's UI program has failed in its core mission of providing a critical but temporary safety net for people out of work.

Maryland's Department of Labor (DOL) is recovering benefits in excess and is not allowing a claimant to appeal the redetermination. DOL is issuing overpayment notices and collecting an incorrect amount from the claimant. This is causing them to lose their crucial benefits. BEACON being the designated forum for appeals, has proven to be inadequate due to the lack of instruction on how to go about the appeal process. Claimants who receive overpayment notices must appeal through BEACON; however, the portal does not allow for this. Also, notices do not contain the reason why the claimant owes an overpayment or clear language on how to appeal.

Individuals have shared stories of owing thousands of dollars or not receiving payments at all. When people are living paycheck to paycheck, they do not have the ability to pay thousands of dollars whenever requested or miss out on anticipated payments.

UI is a basic and essential safety net for workers who are temporarily unemployed through no fault of their own. It must function properly, particularly during a pandemic. Unfortunately, Maryland's system has not. Improper communication avenues create additional setbacks like owing money that does not exist or not receiving money, which in turn can cause barriers in other aspects of life, such as housing and nutrition. These aspects are essential for surviving not just day to day life, but life in a pandemic.

HB 4 addresses these concerns by requiring the DOL to investigate claims that the incorrect amount was recovered and refund the claimant the difference.

Thus, we encourage a favorable report on HB 4.

Creating Assets, Savings and Hope