Maryland
DEPARTMENT OF LABOR

LEGISLATIVE OFFICE
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House Bill 253

Date: February 8, 2022
Committee: Economic Matters
Bill Title: Unemployment Insurance - Federal Extended Benefits for Long-Term Unemployment
Re: Letter of Information

There are two rates that can be used to determine whether a state has triggered onto an extended benefit (EB) period: a state's Insured Unemployment Rate (IUR), which is the share of people receiving UI relative to the number of workers covered by the UI system; or, the state's Total Unemployment Rate (TUR), which is the share of a state's labor force that is unemployed. States may not unilaterally provide EB to claimants. The U.S. Department of Labor (USDOL) determines if a state has met these requirements.

In the case of a TUR trigger, a state would trigger onto EB when its three-month TUR exceeds 6.5 percent and is 10 percent higher than the same time period in either of the previous two years. The TUR trigger has historically been an easier threshold to meet than the IUR trigger. The American Recovery and Reinvestment Act of 2009 (ARRA), like the CARES Act, increased federal funding of EB to 100% after the Great Recession and gave states an incentive to use the TUR trigger. Many states like Maryland passed temporary, ARRA-specific TUR triggers. Currently, Maryland does not have the optional TUR trigger in its UI law.

House Bill 253 (H.B. 253) proposes amending Labor and Employment Article, § 8-1103, Annotated Code of Maryland, to add this TUR trigger: an EB period would begin upon triggering for weeks of unemployment after June 1, 2022, for which 100% federal sharing is available and for which waiver of the "waiting period" requirement is authorized under federal law. H.B. 253 also adds a new "off" trigger for this new "on" trigger. It is important to note that the new optional TUR "on" trigger of HB0253 would only start an EB period for weeks of unemployment after June 1, 2022, and for which 100% federal sharing is available.

H.B. 253 would also provide an extra trigger for EB benefits during a "high unemployment period," defined in the bill as any period during which the new TUR trigger is "on" and, in addition, the state's TUR is above 8 percent for the most recent three months for which data is published. In other words, when a high unemployment period overlaps with the new "on" trigger described in the bill, the total amount of EB payable to an eligible individual for the applicable benefit year may not be less than the lesser of: 80% of the total amount of regular benefits (including allowances for dependents) payable to the individual during the benefit year, 20 times the average weekly benefit amount of the individual (including allowances for dependents), or 46

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times the average weekly extended benefit amount reduced by the regular benefits (not including dependents' allowances) paid or deemed paid to the individual during that benefit year.

H.B. 253 would also allow the Secretary of Labor to suspend the payment of EB during the high unemployment period if needed to ensure that otherwise eligible individuals are not denied emergency UI benefits and to ensure that the State receives the maximum reimbursement from the federal government for the payment of the emergency benefits, as long as doing so is authorized by federal law.

Because H.B. 253 might trigger EB during a time in which current law would not, it might require the Maryland Department of Labor to invest an estimated $50,000 to ensure that the BEACON 2.0 system would be programmed to implement EB when the conditions of the new "on" trigger are met.

The Department respectfully asks the Committee to consider this information.