



MARYLAND STATE & D.C. AFL-CIO

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HB 205 - Unemployment Insurance Modernization Act of 2024 **House Economic Matters Committee** **February 14, 2024**

SUPPORT

Donna S. Edwards
President

Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of HB 205. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

HB 205 adopts best practices and recommendations presented in the Upjohn Institute report to the Maryland Department of Labor in 2022. We are in a period of historically low unemployment, around 1.9% in December 2023, making this an ideal time for reforms without major disruptions. HB 205 expands maximum and minimum unemployment insurance weekly benefit amounts to indexes that will change with economic conditions over time. This removes the need for the General Assembly to modify benefit amounts directly, which last occurred in 2010. This approach is shared by 26 other states.

HB 205 increases funding for the Unemployment Insurance Trust Fund by raising the taxable wage base to 25% of the average annual wage in Maryland, further eliminating the need for General Assembly updating. Unemployment insurance provides a safety net for workers to prevent them from total financial ruin if they lose their job. Modernization proposals like HB 205 stabilize Maryland's unemployment system to be available for workers when they need it most and safeguard its future against excessively low benefit amounts or funding shortfalls.

The stability of our unemployment insurance program depends on having enough revenue to fund and sustain benefits during economic downturns. Maryland's unemployment insurance system is currently funded only on worker and employer contributions on the first \$8500 of annual income. This amount has been fixed since 1992. The bill expands and indexes this to 25% of the average annual wage in Maryland. This change brings in enough new revenue to maintain an "average high cost multiple" (AHCM) of 1.0, which was the stated goal of the Upjohn report. This AHCM ratio allows the state to borrow interest free from the federal government. Even with these changes there would be more than 20 states that still had larger taxable wage bases than Maryland.

The bill creates an income disregard, ending unemployment insurance rules that penalized workers with two jobs. Under the current system, if you lose one of your jobs and you file for unemployment insurance on that position, the income from your second or third job decreases your weekly benefit amounts. Additionally HB 205 creates a dependent allowance, updating the amount for the first time in 36 years.

HB 205 strengthens the unemployment system for employers by changing the number of years used for calculating employer experience ratings to five years. This prevents temporary economic downturns from penalizing employers with worse ratings by spreading it out over 5 years instead of 3 years. HB 205 also cushions employers from recessions by limiting the number of downgrades from table to table that they can withstand in one year to two changes. Additional changes are rolled out over subsequent years. This helps insulate employers from challenging business years with high turnover or layoffs.

We strongly support strengthening benefits and funding for Maryland's unemployment system, but will never support any efforts to require workers to pay into the Unemployment Insurance Trust Fund. After the Great Depression, a social contract was reached that recognized the need for employers and states to contribute and manage unemployment insurance systems. Penalizing employers for discarding at-will workers and rehiring cheap labor helped stabilize employment overall. Workers need expanded benefits and the UI system needs a larger tax base, but we will not renegotiate that social contract that has served this country for nearly a century.

We urge the committee to issue a favorable report to HB 205 as written.

Appendix 1 - 2024 SUI Taxable Wage Bases Prepared by Ernst & Young

Final As of January 16, 2024

Published by Ernst & Young LLP, Andrea Ben-Yosef, Legal Editor.

EY - SUI taxable wage bases as of January 16, 2024			
Rank	State	2024	2024 Employee Contribution Rates
1	<u>Washington</u>	\$68,500	
2	<u>Hawaii</u>	\$59,100	
3	<u>Idaho</u>	\$53,500	
4	<u>Oregon</u>	\$52,800	
5	<u>Alaska</u>	\$49,700	For 2024, employee SUI withholding rate is 0.50% (down from 0.51% in 2023 and 0.56% in 2022) on wages up to \$49,700
6	<u>Utah</u>	\$47,000	
7	<u>North Dakota</u>	\$43,800	
8	<u>Montana</u>	\$43,000	
9	<u>New Jersey**</u>	\$42,300	Employee SUI withholding rate is 0.425% on wages up to \$42,300
10	<u>Minnesota</u>	\$42,000	
11	<u>Nevada</u>	\$40,600	
12	<u>Iowa</u>	\$38,200	
13	<u>New Mexico</u>	\$31,500	
14	<u>North Carolina</u>	\$31,400 (per rate notice)	
15	<u>Virgin Islands</u>	\$31,000	
16	<u>Wyoming</u>	\$30,900	
17	<u>Rhode Island**</u>	\$29,200/30,700	
18	<u>Oklahoma</u>	\$27,000	
19	<u>Connecticut**</u>	\$25,000	
20	<u>Colorado**</u>	\$23,800	
21	<u>South Dakota</u>	\$15,000	
22	<u>Massachusetts</u>	\$15,000*	
23	<u>Vermont</u>	\$14,300	
24	<u>Kansas</u>	\$14,000*	
25	<u>Mississippi</u>	\$14,000*	
26	<u>New Hampshire</u>	\$14,000*	
27	<u>Wisconsin</u>	\$14,000*	

28	<u>South Carolina</u>	\$14,000	
29	<u>Illinois</u>	\$13,590	
30	<u>New York**</u>	\$12,500	
31	<u>Maine</u>	\$12,000*	
32	<u>Kentucky**</u>	\$11,400	
33	<u>Delaware**</u>	\$10,500	
34	<u>Missouri</u>	\$10,000	
35	<u>Pennsylvania</u>	\$10,000*	Employee SUI withholding is 0.07% on total wages, an increase from 0.06% in prior years
36	<u>West Virginia**</u>	\$9,521	
37	<u>Georgia</u>	9,500*	
38	<u>Indiana</u>	9,500*	
39	<u>Michigan**</u>	\$9,500	
40	<u>Nebraska**</u>	\$9,000/24,000*	
41	<u>District of Columbia</u>	\$9,000*	
42	<u>Ohio**</u>	\$9,000*	
43	<u>Texas</u>	\$9,000*	
44	<u>Maryland</u>	\$8,500*	
45	<u>Alabama</u>	\$8,000*	
46	<u>Arizona**</u>	\$8,000*	
47	<u>Virginia</u>	\$8,000*	
48	<u>Louisiana**</u>	\$7,700	
49	<u>Arkansas**</u>	\$7,000	
50	<u>Puerto Rico**</u>	\$7,000	
51	<u>Tennessee**</u>	\$7,000	
52	<u>California</u>	\$7,000*	
53	<u>Florida</u>	\$7,000*	
NA	FUTA	\$7,000*	

Appendix 2 - Equifax Report on Benefits & Wage Base



WORKFORCE SOLUTIONS

2024 Unemployment Weekly Benefit Amount and Taxable Wage Base Information

January 29, 2024

State	Min. WBA	Max WBA	Wage Base	Min. Rate	Max. Rate
AK	56-128	370-442	49,700	1.0000	5.4000
AL	45	275	8,000	0.2000	5.4000
AR	81	451	7,000	TBD	TBD
AZ	60	320	8,000	0.0500	14.0300
CA	40	450	7,000	1.6000	6.2000
CO	25	781	23,800	0.8100	12.3400
CT	15-30	721-796	25,000	1.1000	7.8000
DC	50	444	9,000	2.1000	7.6000
DE	20	450	10,500	TBD	TBD
FL	32	275	7,000	0.1000	5.4000
GA	55	365	9,500	0.0400	8.1000
HI	5	796	59,100	TBD	TBD
IA	86-105	582-714	38,200	0.0000	7.0000
ID	72	568	53,500	0.3520	5.4000
IL	51-77	593-808	13,590	0.8500	8.6500
IN	50	390	9,500	0.5000	7.4000
KS	147	589	14,000	0.1600	6.0000
KY	39	665	11,400	0.3000	9.0000
LA	35	275	7,700	0.0900	6.2000
MA	37-55	1033	15,000	1.0790	15.6550
MD	50	430	8,500	0.3000	7.5000
ME	94-164	538-941	12,000	0.2800	6.0300
MI	81-111	362	9,500	0.0600	10.3000
MN	33	890	42,000	0.2000	9.1000
MO	48	320	10,000	0.0000	6.7500
MS	30	235	14,000	TBD	TBD
MT	169	698	43,000	0.1300	6.3000

State	Min. WBA	Max WBA	Wage Base	Min. Rate	Max. Rate
NC	46	350	31,400	0.0600	5.7600
ND	43	748	43,800	0.0800	9.6800
NE ¹	70	546	24,000	0.0000	5.4000
NH	32	427	14,000	0.1000	7.5000
NJ	100-115	854	42,300	1.2000	7.0000
NM	107	577	31,700	0.3300	6.4000
NV	16	585	40,600	0.3000	5.4000
NY	104	504	12,500	TBD	TBD
OH	140	583-787	9,000	0.9000	10.6000
OK	16	519	27,000	0.3000	9.2000
OR	190	813	52,800	0.9000	5.4000
PA	68	605-613	10,000	1.1419	10.3734
PR	33	190	7,000	3.5000	5.4000
RI ¹	62	705-881	30,700	1.1000	9.7000
SC	42	326	14,000	0.0600	5.4600
SD	28	514	15,000	0.0000	9.3500
TN	30	275	7,000	0.0100	10.0000
TX	73	577	9,000	0.2500	6.2500
UT	44	746	47,000	0.3000	7.3000
VA	60	378	8,000	0.1000	6.2000
VI	33	645	31,000	TBD	TBD
VT	80	705	14,300	0.4000	5.4000
WA	323	1019	68,500	0.2700	6.0300
WI	54	370	14,000	0.0000	12.0000
WV	24	662	9,521	1.5000	8.5000
WY	43	595	30,900	0.0000	8.5000
FUTA	NA	NA	7,000	NA	NA

¹ The higher taxable wage base only applies to maximum rated employers

Yellow highlighted items indicate recent update