



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

HB 205- UNEMPLOYMENT INSURANCE MODERNIZATION ACT OF 2024  
TESTIMONY OF DELEGATE LORIG CHARKOUDIAN

FEBRUARY 14, 2024

Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee,

Unemployment Insurance (UI) is crucial for individuals experiencing unemployment and for the overall health of the economy and businesses. This legislation modernizes Maryland's Unemployment Insurance regulations by ensuring sufficient benefits to allow for economic security during the work search period, balancing incentives for work search to ensure job matching is ideal for employers and employees, and establishing financing of the UI fund sufficient to maintain an average high-cost multiple (AHCM) of at least 1.0. The AHCM represents the fund's ability to pay a year of recession level benefits; it is a measure of the health of the fund. This legislation makes six updates:

1. This legislation sets the maximum weekly benefit to 2/3 times the average weekly wage and the minimum weekly benefit to 15% of the average weekly wage. The maximum benefit is phased in between now and 2027, when it reaches 2/3. Twenty-six other states index their maximum to the average weekly wage. Maryland last updated the maximum and minimum benefits in 2010, but did not index them to inflation. The current maximum is \$430. The current minimum is \$50.
2. This legislation sets the income disregard to \$250 and indexes it to inflation. The income disregard was changed in 2010 to go from \$100 to \$50. The income disregard is the amount of income from another job that is considered when determining the weekly benefit amount. Maryland's currently low income disregard means that someone who depends on two jobs and loses one, will be left with almost no wage replacement for the lost job. This change will reduce the current economic disincentive for part-time work.
3. This legislation sets the dependent allowance to \$25 and indexes it to inflation. It was last updated in 1988 when it was set to \$8.
4. This legislation indexes the taxable wage base to 25% of the average annual wage. This taxable wage base is phased in between now and 2027. Maryland's taxable wage base was set at \$8500 in 1992 and has not been updated since. This is crucial to support the trust fund to maintain an AHCM above 1.0.
5. This legislation changes the number of years in the benefit ratio for employer experience rating from 3 to 5. By extending the number of years for a business to pay the benefits charges, there is less of an impact in the years immediately following an economic downturn, as the costs are spread over a longer period.
6. To cushion the blow of a recession, this legislation prohibits moving more than two tables "down" in any one year. (That is, if the tables would have jumped from A to D in one year, instead they go from A to C in the first year and then down to D in the next year.)

I respectfully request a favorable report on HB 205.