



Lucy Zhou, Attorney  
Public Justice Center  
201 North Charles Street, Suite 1200  
Baltimore, Maryland 21201  
410-625-9409, ext. 245  
zhoul@publicjustice.org

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## HB 205: Unemployment Insurance Modernization Act of 2024

Hearing of the House Economic Matters Committee, February 14, 2024

### Position: Favorable

The Public Justice Center (“PJC”) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project works to expand and enforce the right of low-wage workers to receive an honest day’s pay for an honest day’s work. The PJC **supports HB 205**, which would modernize and strengthen Maryland’s unemployment insurance (“UI”) system by updating benefit amounts and shoring up the system’s finances.

**HB 205 would update the maximum and minimum benefit amounts:** When workers lose their jobs through no fault of their own, it can have a devastating impact on them and their families. Maryland’s average weekly UI benefit is just \$358, representing a wage replacement rate of just 37%<sup>1</sup> and making it extremely difficult for unemployed Marylanders to pay for food, rent, and other essentials. HB 205 would expand the minimum and maximum weekly benefit amounts to be, at a minimum, 15% of the average weekly wage, and at a maximum, 2/3 (66.6%) of the average weekly wage—better ensuring that the benefits meet unemployed Marylanders’ basic needs.

**HB 205 would update the dependent allowance:** The dependent allowance has been only \$8 per dependent, up to a maximum of 5 dependents, since 1988. Households with children are much more likely to face food and housing insecurity when someone in the household loses a job. HB 205 would increase the dependent allowance to \$25 per dependent and index the amount to inflation.

**HB 205 would index the taxable wage base:** Maryland’s UI system is currently funded based on employer and worker contributions on the first \$8,500 of annual income, a fixed amount that was set in 1992. This bill would amend the taxable wage base to be 25% of the average annual wage, strengthening the financial integrity of the trust fund over the long term.

For the foregoing reasons, the PJC **SUPPORTS HB 205** and urges a **FAVORABLE** report. Should you have any questions, please call Lucy Zhou at 410-625-9409 ext. 245.

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<sup>1</sup> *Unemployment Insurance Dashboard*, The Century Foundation, <https://tcf.org/content/data/unemployment-insurance-data-dashboard/>.