

Department of Legislative Services  
 Maryland General Assembly  
 1999 Session

FISCAL NOTE

House Bill 1124 (Delegate Dobson. *et al.*)

Economic Matters

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Unemployment Insurance - Eligibility for Benefits

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This bill expands the eligibility for unemployment benefits to an individual: (1) who is otherwise eligible for benefits; (2) voluntarily leaves employment immediately following the birth or adoption of a child of the individual; (3) is the primary provider of care for the child; and (4) is not receiving or entitled to wages or salary from the individual's employer. These claimants are entitled to receive a total amount of benefits equal to 12 times the claimant's weekly benefit amount and allowances for dependents.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** None.

**Unemployment Insurance Trust Fund:** Unemployment Insurance Trust Fund expenditures could increase by approximately \$4.8 million annually. Revenues could increase by \$10.5 million in FY 2002 and by \$6.6 million in FY 2003 due to an increased surtax.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
UITF Revenues	\$0	\$0	\$10.5	\$6.6	\$0
UITF Expenditures	\$3.2	\$4.8	\$4.9	\$4.9	\$5.0
Net Effect	(\$3.2)	(\$4.8)	\$5.6	\$1.7	(\$5.0)

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Small Business Effect:** Minimal.

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Fiscal Analysis

**Unemployment Insurance Trust Fund Effect:** There are four primary effects on the trust

fund: (1) Maryland would be held out of conformity with federal law; (2) there would be approximately 1,000 new individuals claiming benefits; (3) the Office of Unemployment Insurance would have to reprogram its unemployment insurance automated system; and (4) the surtax would increase in fiscal 2002 and fiscal 2003.

*Conformity with Federal Law:* The U.S. Department of Labor and the Maryland Office of Unemployment Insurance advise that the bill would place Maryland out of conformity with federal law, because claimants would be considered “able and available for work.” Since 1937 the U.S. Department of Labor has required that the “able and available” requirements under State law conform with federal law. If Maryland were held out of conformity with federal law, Maryland could lose approximately \$44 million in unemployment insurance administrative funds and approximately \$709 million in employers’ federal unemployment tax credits.

*1,000 New Claimants:* It is difficult to predict the bill’s effect on the Unemployment Trust Fund balance because the bill would allow an entirely new category of individuals to file for and receive benefits who have not previously been a part of the system. However, it is estimated that benefits would be paid to about 1,000 individuals totaling approximately \$4.8 million each year. This estimate assumes:

- more adoptive parents would take advantage of the bill because of pressure from the adoptive agency;
- twice as many individuals would take advantage of benefits; and
- individuals would receive benefits for the full 12 weeks.

*Reprogramming Costs:* The Office of Unemployment Insurance advises that it would have to comprehensively reprogram its unemployment insurance automated system because every module is related to the payment of a potential 26 weeks of benefits. The Office of Information Technology estimates that it would cost \$280,000 to reprogram the system. The State would not receive any additional federal administrative funds to cover these reprogramming costs.

*Surtax:* The Office of Unemployment Insurance expects the bill to trigger an increase in the surtax in fiscal 2002 and 2003. As a result, Unemployment Insurance Trust Fund revenues would increase by approximately \$10.5 million and \$6.6 million respectively.

**Additional Comments:** The bill provides for individuals who voluntarily leave employment *immediately following* the birth or adoption of a child. If the bill were amended to permit individuals who voluntary quit work *due to* the birth or adoption of a child, trust fund payouts

would increase by approximately \$14.6 million each year.

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**Information Source:** Department of Labor, Licensing, and Regulation (Office of Unemployment Insurance)

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