

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 27 (Chairman, Finance Committee)
(Departmental - Labor, Licensing, and Regulation)

Finance

**Unemployment Insurance - Self-Employment Assistance Program - Extension of
Termination Date**

This departmental bill extends the termination date of the Self-Employment Assistance Program from June 1, 1999 until June 1, 2000. Moreover, the bill requires the Unemployment Insurance Office to report to the Senate Finance Committee and the House Economic Matters Committee before December 1, 1999 on a proposal to use available alternative sources of funds for the program in the event that the federal government no longer funds the program.

Fiscal Summary

State Effect: None.

Local Effect: None.

Unemployment Insurance Trust Fund: Minimal. The Self-Employment Assistance Program has an insignificant effect on the Maryland Unemployment Insurance Trust Fund balance due primarily to the small number of participants. Training assistance is federally funded through the Job Training Partnership Act (JTPA).

Small Business Effect: The Department of Labor, Licensing, and Regulation has determined that this bill has minimal or no impact on small business (attached). Legislative Services agrees with this assessment, and notes that while the program does not significantly affect employer payouts to the trust fund, it has assisted numerous entrepreneurs establish 63 new businesses ranging from telecommunications to pet day care. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

State Effect: The Self-Employment Assistance Program allows individuals to receive an allowance payable from the Unemployment Insurance Trust Fund while participating in self-employment assistance activities such as entrepreneurial training, business counseling, and technical assistance.

This program has an insignificant impact on the trust fund for three reasons. First, the group of claimants eligible to participate in the program is profiled as most likely to exhaust their unemployment insurance payments. Second, the training program is federally funded through the JTPA. Third, there are a small number of program participants. The statute currently limits the number of individuals receiving benefits through the program to 5% of all individuals receiving regular unemployment insurance benefits. Currently, the program includes approximately 140 participants per year; on the other hand, 104,127 claimants in Maryland received at least one unemployment insurance payout in fiscal 1998. Although the statute permits 5%, the Office of Unemployment Insurance does not expect the total number of participants to exceed 300 in future years because many eligible individuals are not interested in starting their own businesses, and furthermore the participants are selected by a contract vendor that is paid on a performance basis.

Information Source: Department of Labor, Licensing, and Regulation

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