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Position: FAV



**Testimony in Support of Senate Bill 818 (Senator Klausmeier)
Unemployment Insurance – Maryland Department of labor – Accountability and Oversight
FAVORABLE**

March 2, 2021

To Chair Davis and Members of the Finance Committee:

On behalf of Strong Future Maryland, we write in strong support of Senate Bill 818. Strong Future Maryland works to advance bold, progressive policy changes to address systemic inequality and promote a sustainable, just and prosperous economic future for all Marylanders.

Although a number of states have struggled to cope with the large increase in unemployment insurance claims since the onset of the pandemic, a [study](#) conducted by the Pew Research Center, found that **Maryland ranks third to last in terms of timeliness in processing unemployment benefit claims.** For reference, in neighboring states such as Virginia and West Virginia, between 60 and 86 percent of those applying for unemployment insurance received benefits within three weeks of their initial application. By contrast, only 27.9 percent of those applying for unemployment insurance benefits in Maryland were able to receive financial assistance. These untimely payments are unacceptable, especially during a pandemic, which is why reforms are needed to address this issue.

Currently, due to staffing shortages and other difficulties such as procedural barriers, many claims are left in limbo and as a result have negatively affected thousands of families who are struggling to make ends meet and have to endure the difficult situation of having to cope for extended periods of time with limited income and without any financial assistance. HB 1138 will address this issue by increasing accountability in the unemployment insurance system and, in the event of a disaster, will require the Maryland Department of Labor to submit regular reports to the Assistant Secretary for the Division of Unemployment Insurance as well as to the Senate Finance Committee and the House Economic Matters Committee. These reports will serve a supervisory purpose and will help to increase accountability and ensure that unemployment benefits are processed and made available to families in a timely manner.

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Due to the regularity with which these reports are required to be submitted to the General Assembly under this bill, problems will be able to be addressed in real time, which means that any issues that arise can be resolved quickly and effectively. Once this bill becomes law, it will help to facilitate faster response times and ensure that everyone eligible receives unemployment benefits in a timely manner, even in the event of a significant increase in claims such as during a disaster. This is a problem that cannot wait and the passage of SB818 will help to reduce the amount of time it takes to process unemployment claims, increase accountability and oversight of the system, and ensure that families are able to receive these benefits when they need them the most.

We respectfully urge a favorable report.

On behalf of Strong Future Maryland,

John B. King

Founder & Board Chair

Alice Wilkerson

Executive Director

David Zheng

Policy Intern

SB0818-823125-01.pdf

Uploaded by: Klausmeier, Katherine

Position: FWA



SB0818/823125/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

18 FEB 21
14:53:42

BY: Senator Klausmeier
(To be offered in the Finance Committee)

AMENDMENTS TO SENATE BILL 818
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 6, after “month;” insert “establishing when a disaster exists for the purposes of certain provisions of this Act;”; in line 9, after “requirements;” insert “requiring that the disaster plan remain in effect until the Department is able to process at least a certain percentage of certain payments within a certain time period in accordance with certain guidelines;”; in line 10, strike “a” and substitute “the”; in the same line, after “disaster” insert “plan is”; in line 11, strike “exists” and substitute “in effect”; in line 16, strike “defining a certain term;”; in line 25, strike “8-101(m-2),”; and in the same line, strike the second comma.

AMENDMENT NO. 2

On page 2, strike in their entirety lines 12 through 14, inclusive.

On page 3, in line 19, after “(A)” insert “**FOR THE PURPOSES OF THIS SECTION, A DISASTER EXISTS IF, FOR THE WEEK IN WHICH THE DETERMINATION IS BEING MADE AND THE 4 IMMEDIATELY PRECEDING WEEKS, THE RATE OF INSURED UNEMPLOYMENT, NOT SEASONALLY ADJUSTED, IS AT LEAST 6%.**”

(B)”;

in line 26, strike “(B)” and substitute “**(C)**”; in line 27, after “(3)” insert “**(I) THE DISASTER PLAN SHALL REMAIN IN EFFECT UNTIL THE DEPARTMENT IS PAYING AT LEAST 87% OF FIRST PAYMENTS WITHIN 21 DAYS AFTER THE WEEK ENDING DATE OF THE FIRST COMPENSABLE WEEK IN THE BENEFIT YEAR, IN ACCORDANCE WITH GUIDELINES PUBLISHED BY THE U.S. DEPARTMENT OF LABOR.**”

(Over)

(II)”;

in the same line, strike “A” and substitute “THE”; in the same line, after “DISASTER” insert “PLAN IS”; strike beginning with “EXISTS” in line 27 down through “TITLE” in line 28 and substitute “IN EFFECT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH”; and in line 31, strike “(B)” and substitute “(C)”.

On page 4, in lines 1, 18, and 24, strike “(B)”, “(C)”, and “(D)”, respectively, and substitute “(C)”, “(D)”, and “(E)”, respectively.

SB818_INF_MRA.pdf

Uploaded by: Price, Sarah

Position: INFO

MARYLAND RETAILERS ASSOCIATION

The Voice of Retailing in Maryland



SB771, SB790, SB811, SB814, SB816, SB817, SB818

Finance Committee

March 2, 2021

Position: Informational (SB818)

Background: A variety of bills have been filed to address the structure and solvency of the state's Unemployment Insurance Trust Fund (UITF). The Maryland Retailers Association (MRA) serves on the State's Joint Committee on Unemployment Insurance that meets to review and discuss bills to try to find consensus on changes to the law. Unfortunately, the Committee has not been able to meet yet this year due to the unusual nature of the 2021 Session. Stakeholder involvement is critical to be sensitive to many concerns.

Comments: Due to the business closures and economic burdens caused by the COVID-19 pandemic, the UTIF balance is currently shrinking at the fastest rate that we have experienced in the last century. According to the Issue Papers developed by the Department of Legislative Services, claimants received \$1.4 billion in benefits from the UTIF between March and September 2020.

Employers in Maryland are responsible for paying into the State UTIF, and their unemployment insurance tax rates are based in part on the solvency of the UTIF. As this Committee is considering a variety of bills that have been proposed regarding this issue, MRA has concerns that some proposals, including those to increase the income disregard amount for weekly benefits, could have an adverse effect on small businesses by drastically increasing the unemployment insurance tax rates for businesses. We urge the committee to be sensitive to the financial challenges that are not resolved for many businesses who could be crushed by such a massive, immediate increase.

MRA would respectfully recommend that this body move measures such as those proposed in SB811, which was modeled after legislation passed in New Jersey. This proposal would create a phase-in system for employers so they do not go from table F to table A overnight. Mitigating these increases would more appropriately balance providing for the solvency of UTIF with protecting small businesses from high tax rates.

MRA also supports proposals like those included in SB814 and SB816, which would help to ease the burdens on small businesses that are still recovering from the shut-downs imposed due to the pandemic. Additionally, MRA supports efforts to study the current UTIF system, like those proposed in SB817. MRA would be happy to review and work with proponents on SB771, SB790, and SB818.

Thank you for your consideration. We look forward to working with the Committee on this important issue.