

## **Testimony of Jenna Gerry**

National Employment Law Project

# **In Support of Maryland SB 655: Unemployment Insurance – Federal Extended Benefits for Long- Term Unemployment**

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## **Hearing before the Maryland Senate**

Senate Finance Committee

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Chair Kelley and Members of the Committee:

Thank you for this opportunity to submit written testimony in support of Senate Bill 655 – Unemployment Insurance – Federal Extended Benefits for Long-Term Unemployment. My name is Jenna Gerry, and I am a Senior Staff Attorney for the National Employment Law Project (NELP). As explained below, SB 655 is common sense way for Maryland to leverage federal funds to support workers and their families, particularly workers of color, while also providing an economic boost for Maryland businesses.

NELP is a non-profit research, policy, and capacity building organization that for more than 50 years has sought to strengthen protections and build power for workers in the U.S., including people who are unemployed. For decades, NELP has researched and advocated for policies that create good jobs, expand access to work, and strengthen protections and support for underpaid and jobless workers both in the workplace and when they are displaced from work. Our primary goals are to build worker power, dismantle structural racism, and ensure economic security for all.

Adopted in 1970, Extended Benefits (EB) were created to replace temporary unemployment insurance extensions that Congress had used during economic recessions beginning in the late 1950s. Generally, EB benefits are split 50/50 with half of the costs being covered by the federal government and half through the state unemployment insurance trust fund.<sup>1</sup> The purpose of the program is to automatically provide for additional weeks of benefits (13 or 20 weeks) during times of high unemployment, as defined by certain “triggers.” There is an automatic trigger that applies to all states and an optional trigger states may adopt. Under the automatic trigger, if the state’s Insured Unemployment Rate (IUR) exceeds 5.0%, EB benefits will trigger on and provide for an additional 13 weeks of benefits. The IUR is the number of workers receiving state unemployment benefits in the past 13 weeks divided by the total number of employed workers. The optional trigger, on the other hand, utilizes the Total Unemployment Rate (TUR), which is the standard unemployment rate published by the Bureau of Labor Statistics every month. Under the optional trigger, if the state’s TUR exceeds 6.5%, EB benefits will trigger on and provide for an additional 13 weeks (20 weeks if TUR exceeds 8%).

It is far more difficult for a state to trigger on EB benefits under the IUR rule than the TUR because the IUR requires a large percentage of unemployed workers to actually be collecting benefits, which is not the case in many states. Indeed, going into the pandemic, Maryland’s reciprocity rate (the share of unemployed workers receiving UI benefits) was only 24.4%<sup>2</sup> with the national average only slightly higher at 28%.<sup>3</sup> Given the state’s low reciprocity rate, relying on the IUR as an effective trigger is insufficient.

SB 655 remedies this inefficiency by adopting the optional trigger allowing EB to turn on in the state based on the TUR. By adopting this TUR trigger, Maryland will be able to

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<sup>1</sup> It is common during national recessions for the federal government to cover 100% of the costs, including during the most recent pandemic-induced recession.

<sup>2</sup> [https://oui.doleta.gov/unemploy/data\\_summary/DataSummTable.asp](https://oui.doleta.gov/unemploy/data_summary/DataSummTable.asp)

<sup>3</sup> <https://oui.doleta.gov/unemploy/Chartbook/a12.asp>

automatically provide for additional weeks when necessary. 24 states have already adopted this trigger and reaped its benefits.<sup>4</sup> It's time for Maryland to join them.

Ensuring workers have automatic access to additional weeks of benefits during times of high unemployment is particularly important for Black workers who, due to systemic racism, tend to experience longer durations of unemployment.<sup>5</sup> Similarly, benefit cliffs—the abrupt reduction or loss of a public benefit—lead to higher rates of food and housing insecurity, disproportionately affecting families of color than most. Thus, it is imperative Maryland take advantage of every opportunity to provide for additional weeks of UI benefits for workers, particularly during times of high unemployment.

Ensuring EB triggers on during times of high employment also supports Maryland's local economy. That is, by partially replacing unemployed workers' earnings, UI benefits help alleviate the inherent reduction in consumption and economic activity that results when there is a drastic increase in unemployment. Economists maintain that UI benefits produce at least \$1.61 of economic stimulus for every dollar of benefits paid.<sup>6</sup> Indeed, one economist found that during the Great Recession, every dollar of UI benefits produced about two dollars of economic impact.<sup>7</sup> Thus, having EB trigger on during times of high unemployment is a win win for employees and employers.

For all these reasons, I urge your support for SB 655.

Sincerely,



Jenna Gerry  
Senior Staff Attorney

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<sup>4</sup> <https://oui.doleta.gov/unemploy/pdf/uilawcompar/2021/complete.pdf>

<sup>5</sup> See Last Hired, First Fired: Black, Latinx Workers and the Fight for Jobs (New America), <https://www.newamerica.org/pit/reports/unpacking-inequities-unemployment-insurance/last-hired-first-fired-black-latinx-workers-and-the-fight-for-jobs/>

<sup>6</sup> Mark Zandi, *The Economic Impact of the American Recovery and Reinvestment Act* (January 21, 2009), available at [http://billbessette.com/Economic\\_Stimulus\\_House\\_Plan\\_012109.pdf](http://billbessette.com/Economic_Stimulus_House_Plan_012109.pdf).

<sup>7</sup> Wayne Vroman, *Role of Unemployment Insurances an Automatic Stabilizer During a Recession* (July 2010), available at [https://wdr.doleta.gov/research/FullText\\_Documents/ETAOP2010-10.pdf](https://wdr.doleta.gov/research/FullText_Documents/ETAOP2010-10.pdf).