



HB 724 - Unemployment Insurance Modernization Act of 2023

House Economic Matters Committee

February 21st, 2023

SUPPORT

Chairman Wilson, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 724. This bill will ensure that Maryland's Unemployment Insurance System (UI) will be adequate to support unemployed Marylanders until they are reconnected to the workforce.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

UI is a basic and essential safety net for workers who are temporarily unemployed through no fault of their own. It can be difficult for people to reconnect to the workforce once disconnected. UI is a critical safety net for unemployed people because it helps to combat some of the barriers to finding employment. These barriers include affording food, housing, and transportation. Having a robust safety net protects workers from excessive debt or falling behind in paying their debts. This ensures that once they find employment, they will not be as financially strained.

HB 724 will strengthen Maryland's UI system by increasing the Weekly Benefit Amount (WBA). Maryland's Average Weekly Wage (AWW) in 2021 was \$1,338. Currently, the WBA in Maryland ranges from a minimum of \$50 to a maximum of \$430. If a claimant is making the AWW then they would be receiving only 1/3 (33%) of their previous income. This is not sufficient to supplement a claimant's income until they can find work. HB 724 will set the maximum weekly benefit to 2/3 (66%) of the AWW and the minimum weekly benefit to 15% of the AWW. This means that UI will consistently provide adequate benefits even as the AWW changes in the future.

The bill also accounts for the increased cost of the program by adjusting the tax structure and increasing the taxable wage base. These changes ensure that the cost of the program is spread fairly between employers and employees and it ensures that the program will be able to fund the increase of WBA.

Thus, we encourage you to return a favorable report for HB 724.

Creating Assets, Savings and Hope