



**Testimony to the House Economic Matters Committee  
HB724: Unemployment Insurance Modernization Act of 2023  
Position: Favorable**

February 21, 2023

The Honorable C.T. Wilson, Chair  
House Economic Matters Committee  
Room 231, House Office Building  
Annapolis, Maryland 21401  
cc: Members, House Economic Matters

Honorable Chair Wilson and members of the committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in support of HB724.

Maryland's Division of Unemployment Insurance helps many people who have lost their jobs by temporarily replacing part of their wages while they look for work. This is a form of social insurance that provides working people with income support if they lose their jobs and helps sustain consumer demand during economic downturns by providing a continuing stream of dollars for families to spend.

The recession induced by the COVID-19 Pandemic resulted in steep job loss, pushing the unemployment rate to a high of 14.7% in 2020.<sup>1</sup> This average was even higher for workers of color with highs above 16% for Black employees.<sup>2</sup> These high rates of unemployment underlined the significance and need for Unemployment Insurance. Under the CARES Act, passed in March 2020, millions of individuals became eligible to receive some form of unemployment insurance. However, the level of need for unemployment insurance crowded the underfunded and outdated state UI delivery systems. The exhaustive use of this safety net revealed administrative failures that slowed implementation of program expansions and kept many individuals waiting to receive their checks.<sup>3</sup>

HB724 offers much needed modernization for UI. This legislation establishes sufficient benefits to allow for economic security during the work search period and sets a maximum and minimum weekly benefit to bring Maryland's UI system up-to-date and inline with the majority of states. HB724 also adjusts the tax structure and tax wage base indexing the taxable wage base to 25% of the average annual wage. This would be the first update to the wage base since 1992. While expanding the taxable wage base, the bill also extends the number of years for a business to pay the benefits charges of a benefit ratio rating. This

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<sup>1</sup> <https://www.bls.gov/>

<sup>2</sup> <https://www.bls.gov/opub/mlr/2022/article/us-labor-market-shows-improvement-in-2021-but-the-covid-19-pandemic-continues-to-weigh-on-the-economy.htm#:~:text=The%20recession%20induced%20by%20the,to%20leave%20the%20labor%20force.>

<sup>3</sup> <https://bipartisanpolicy.org/blog/administrative-failures-plague-state-unemployment-insurance-programs/>



spreads the costs over a longer period of time, therefore lessening the impact in the years immediately following an economic downturn.

Economic Action Maryland provides direct services to ensure every Marylander has access to safe, affordable housing, free from discrimination, harassment, and code violations and remove barriers to economic well being that disproportionately affect low-income older adults, individuals and communities of color. Through our direct service programs, Securing Older Adult Resources (SOAR) and the Fair Housing Action Center (FHAC), we work with low-income individuals and families who often support themselves on more than one job. Under the current UI system, someone who depends on two jobs and loses one is left with almost no wage replacement for the lost job. A significant expansion of the UI system offered by HB724 is the adjustment of income disregard. Setting the income disregard to 50% of an individual's entitled weekly benefit amount will ensure that someone who depends on two jobs will still be eligible for wage replacement for the loss of one job. This change will reduce the current economic disincentive for part-time work.

For these reasons we support HB724 and urge a favorable report.

Respectfully,

Isadora Stern  
Policy Manager