



SB 136- Unemployment Insurance - Recovery of Benefits - Limitation and Methods
Senate Finance Committee
February 21st, 2023
SUPPORT

Chairwoman Griffith, Vice-Chair, and members of the committee thank you for the opportunity to submit testimony in support of Senate Bill 136. This bill will limit the amount of deductions from an unemployment recipient to recover overpayments for non-fraud cases.

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.**

Maryland has an unemployment rate of about 4% which is approximately 128,000 Marylanders, with about 24,000 unemployment claims. Currently, the maximum amount awarded is \$430 per week, which is \$20,000 annually- a little more than 100% FPL for a 2-person household. The purpose of UI is to protect families by supplementing their income when they are unemployed due to no fault of their own. It can be difficult for people to reconnect to the workforce once disconnected, and UI helps to combat some of those barriers like 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.

Presently, Maryland law allows for 100% of a UI claimant's benefit check to be garnished in order to recover wages that were overpaid to the claimant. This negates the positive effects of UI and places undue burden on the claimant. This bill very clearly outlines what circumstances would warrant a full garnishment of wages, and if none of those situations exist, SB 136 would allow a deduction of 50% of the benefit, and 25% if the benefit is less than \$100. The bill also allows for other reasonable means of collection outlined in Maryland State law for debts owed to the state.

This bill only applies to non-fraud situations and is aligned with state and federal guidelines of 50% or less for federal UI programs, and ensures that unemployed Marylanders are not facing multi-week gaps in benefits. This will ensure that claimants will still receive the benefits of having their income supplemented until they are reconnected to the workforce.

For these reasons, we encourage you to return a favorable report for SB 136.

Creating Assets, Savings and Hope