
House Bill 251

Date: March 26, 2024
Committee: Senate Finance
Bill Title: Unemployment Insurance - Covered Employment - Employees of Governmental Entities or Charitable, Educational, or Religious Organizations
Re: **Letter of Support**

Many workers are not employed consistently through entire calendar years, including individuals who work in educational institutions and settings that do not work between successive academic years (summer breaks). The Maryland Department of Labor is prohibited by law from paying UI benefits to employees of certain governmental entities and educational institutions who have contracts or other forms of “reasonable assurance” of returning to employment at a specific time, such as at the conclusion of a summer break. Examples of Marylanders most often affected by this prohibition include teachers, cafeteria workers, and bus drivers who are employed by schools but have a summer break.

House Bill 251 (hereinafter “HB 251” or “the Bill”) provides that Title 8 of the Labor and Employment Article, Section 8-909 does not apply to covered employment for a for-profit employing unit, even if the service is provided exclusively for a governmental entity or a charitable, educational, religious, or other organization. The Department’s Division of Unemployment Insurance has always interpreted § 8-909 of the Labor & Employment Article to provide that individuals engaged in covered employment for for-profit organizations, even if those entities provide services exclusively for educational institutions, do not have reasonable assurances of returning to work and are therefore eligible for benefits during periods of unemployment. Bus drivers and cafeteria workers who work for for-profit companies that contract with governmental entities and educational institutions often do not have the same assurance of returning to work, as their employers may reassign them or terminate a contract.

The proposed legislation would clarify that “reasonable assurances” under § 8-909 do not apply to covered employment for for-profit entities and codify the Division’s interpretation of the statute.

The Department does not anticipate any impact on expenditures or revenues as a result of the Bill and asks for a Favorable report from the Committee on HB 251.