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## HB 554: Unemployment Insurance Modernization Act of 2025

Hearing of the House Economic Matters Committee, February 26, 2025

### Position: Favorable

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project supports workers' rights to fair compensation and dignity in the workplace. The PJC **supports HB 554**, which would modernize and strengthen Maryland's unemployment insurance ("UI") system by shoring up the system's long-term solvency and updating benefit amounts to account for inflation.

**HB 554 would update the taxable wage base:** Maryland's UI system is currently funded based on employer and worker contributions on the first \$8,500 of annual income, a fixed amount that was set in 1992. This bill would amend the taxable wage base to be 20% of the average annual wage by 2028, strengthening the financial integrity of the trust fund over the long term.

**HB 554 would update the dependent allowance:** Households with children are much more likely to face food and housing insecurity when someone in the household loses a job. In Maryland, the dependent allowance has been only \$8 per dependent, up to a maximum of 5 dependents, since 1988. HB 554 would increase the dependent allowance to \$25 per dependent and index the amount to inflation.

**HB 554 would update the maximum and minimum benefit amounts:** Based on data for January 2024, Maryland's average weekly UI benefit is \$387, representing a wage replacement rate of just 33%<sup>1</sup> and making it extremely difficult for unemployed Marylanders to pay for food, rent, and other essentials. Maryland's UI statute currently sets the minimum weekly benefit amount as \$50 and the maximum weekly benefit amount as \$430. These amounts were last updated in 2010 and were not indexed to inflation. HB 554 would index UI weekly benefit amounts to be, at a minimum, 15% of the average weekly wage, and at a maximum, 50% of the average weekly wage by 2028—better ensuring that the benefits meet unemployed Marylanders' basic needs.

For the foregoing reasons, the PJC **SUPPORTS HB 554** and urges a **FAVORABLE** report. Should you have any questions, please call Amy Gellatly at (410) 400-6943.

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<sup>1</sup> *Unemployment Insurance Dashboard*, The Century Foundation, <https://tcf.org/content/data/unemployment-insurance-data-dashboard/>.