



MARYLAND STATE & D.C. AFL-CIO

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HB 554 - Unemployment Insurance Modernization Act of 2025 House Economic Matters Committee February 26, 2025

SUPPORT

**Donna S. Edwards
President**

Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of HB 554. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

Unemployment Insurance provides a critical safety net for workers to prevent them from total financial ruin if they lose their job and plays a crucial role in maintaining economic stability. Sufficient UI benefits support the functioning of the labor market by allowing economic stability for individuals as they search for reemployment, improving job-matching efficiency.

HB 554 adopts best practices by expanding maximum and minimum UI weekly benefit amounts to indexes that will change with economic conditions over time, while ensuring long-term stability of the UI Trust Fund. This approach aligns Maryland with 26 other states by removing the need for the General Assembly to modify benefit amounts directly which has not happened since 2010.

This legislation enacts a number of reforms that strengthen the UI system while also maintaining continued solvency of Maryland's UI Trust Fund. First, the bill increases funding for the Unemployment Insurance Trust Fund by raising the taxable wage base to 20% of the average annual wage in Maryland, further eliminating the need for General Assembly updating. Second, it increases the maximum weekly benefit to 50% of the average weekly wage while setting the minimum weekly benefit to 15% of the average weekly wage. Third, it increases the dependent allowance to \$25 which has not been updated since 1988 when it was set to \$8.

Unemployment Insurance is designed to prevent financial devastation for workers who lose their jobs while also stabilizing Maryland's economy. Modernization proposals like HB 554 protect the future of Maryland's unemployment system to be available for workers when they need it most and safeguard its future against excessively low benefit amounts or funding shortfalls.

For these reasons, we urge a favorable vote on HB 554.