

HB 554
Unemployment Insurance Modernization Act of 2025
In the Economic Matters Committee
Hearing on February 26, 2025
Position: Favorable

Maryland Legal Aid (MLA) submits its written and oral testimony supporting the changes proposed in HB 554, at the invitation of Delegate Charkoudian.

Maryland Legal Aid (MLA) asks that the Committee report **favorably and pass HB 554**, which would increase the maximum and minimum weekly benefit amount payable to an unemployment insurance claimant. MLA has represented thousands of individuals who were employed, became unemployed, and filed for unemployment insurance. We believe that this bill is a crucial step in helping individuals maintain their purchasing power, ensuring they can cover essential expenses, such as food, housing, and healthcare, during periods of unemployment.

This bill would repeal the current methodology used to calculate the weekly benefit amount for a claimant, which the State of Maryland last updated and has been the law since 2010. Currently, the maximum weekly benefit amount is \$430, and the minimum weekly benefit amount is \$50. Those numbers are not connected to inflation and have remained the same since 2010. In this bill, the Department of Labor would set the maximum weekly benefit amount to 50% of the average weekly wage in the State of Maryland and set the minimum weekly benefit amount to 15% of the average weekly wage in the State of Maryland on July 1st each year.

In addition, this bill would increase the dependent allowance from \$8 per child to \$25 per child and require the Secretary of Labor and Employment to adjust that amount each year for inflation. The dependent allowance was last updated in 1988, and the allowance is not indexed to inflation and has remained the same.

This increase in the weekly benefit amount payable to an unemployment insurance claimant is necessary due to increase in the cost of living in the State of Maryland year after year. The increased support this bill provides can reduce financial strain and mental health challenges, such as stress and anxiety, associated with job loss. Moreover, individuals receiving higher unemployment insurance benefits are more likely to spend money on goods and services, especially in local economies. This can help sustain businesses and demand for goods and services, while reducing the risk of an economic slowdown or recession.

Increasing the weekly benefit amount payable to an unemployment insurance claimant provides more income, reducing poverty and improving living standards. If unemployment insurance benefits are low, individuals may have to seek and apply for other public benefits, such as housing, temporary cash assistance, SNAP, etc., to keep their families, including their children out of poverty. Increased unemployment insurance benefits may reduce other public support benefits an individual seeks and applies for, and as a result reduces dependency on public

assistance programs. The increase in the weekly benefit payable to an unemployment insurance claimant can directly benefit children in households experiencing unemployment, improving their nutrition, access to healthcare, and educational outcomes.

Sufficient unemployment insurance can put food on the table, pay the rent, and keep a family from falling into poverty during periods of joblessness. Increasing the weekly benefit amount payable to an unemployment insurance claimant can benefit the wider economy by stimulating demand and ensuring better economic stability. We have successfully represented thousands of clients in Unemployment Cases, where the difference made saves their home and makes it possible to appear for job interviews and effectively obtain new employment. The premiums and dependent child benefit seriously need updating so that the system remains viable.

MLA urges a favorable report on and passage of HB 554. Please contact Shawn W. Conley at (410) 951-7807 or sconley@mdlab.org if you need additional information or have any questions.