



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

HB 188 - UNEMPLOYMENT INSURANCE MODERNIZATION ACT OF 2026

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN  
FEBRUARY 11, 2026

Chair Valderrama and Members of the Economic Matters Committee,

Unemployment Insurance (UI) is crucial both for individuals experiencing unemployment and for the health of the economy and businesses. On an individual level, sufficient unemployment insurance can put food on the table, pay the rent, and keep a family from falling into poverty during periods of joblessness. On the level of the broader economy, UI serves as a countercyclical injection of funds to stave off recessions during economic downturns.<sup>1</sup> At a community level, this keeps small businesses open and supports the local economy through a challenging period because community members have money to circulate in the economy. Sufficient UI benefits also support the functioning of the labor market and improve job matching efficiency.<sup>2</sup>

**This bill will:**

✓ Establish sufficient benefits to provide an individual economic security during their work search period and to balance work search incentives to ensure ideal job matching for both employers and employees by:

- **Increasing Maximum & Minimum Weekly Benefits**

The maximum weekly benefit will be increased gradually until 2029 when it will be set to 40% of the average weekly wage and the minimum weekly benefit to 15% of the average weekly wage. Twenty-six other states index their maximum to the average weekly wage. Maryland last updated the maximum and minimum benefits in 2010, but did not index them to inflation. The current maximum remains a flat \$430 and the current minimum is \$50.

✓ Establish sufficient financing to ensure the continued solvency of Maryland's UI trust fund by:

- **Indexing the Taxable Wage Base**

The taxable wage base will be increased gradually until 2029 when it will be indexed to 16% of the average annual wage. Maryland's taxable wage base was set at \$8,500 in 1992 and has not been updated since.

As the table below demonstrates, with no legislative action, the trust funds health is significantly compromised.

<sup>1</sup> Marco Di Maggio and Amir Kermani, "The Importance of Unemployment Insurance as an Automatic Stabilizer," National Bureau of Economic Research, 2016, <https://www.nber.org/papers/w22625>

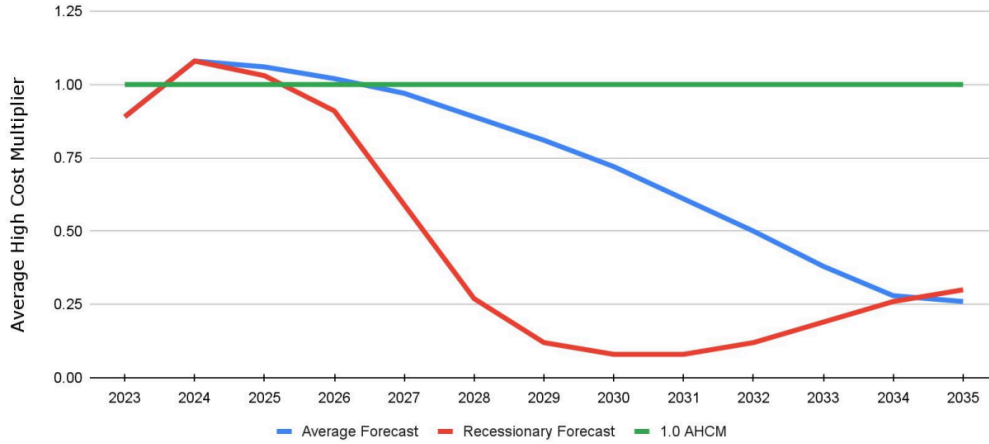
<sup>2</sup> Ammar Farooq, Adriana D. Kugler, and Umberto Muratori, "Do Unemployment Insurance Benefits Improve Match Quality? Evidence From Recent U.S. Recessions," National Bureau of Economic Research, July 2020, [https://www.nber.org/system/files/working\\_papers/w27574/revisions/w27574.rev0.pdf](https://www.nber.org/system/files/working_papers/w27574/revisions/w27574.rev0.pdf).

**With no legislative action:**

**Current Program: Trust fund solvency will take a downward turn soon if no action is taken**



*Preliminary modeling suggests the AHCM will remain above 1.0 until 2026 – 2027 before falling.*



Source: Maryland Dept of Labor, 7.8.25 UI Oversight Committee Meeting

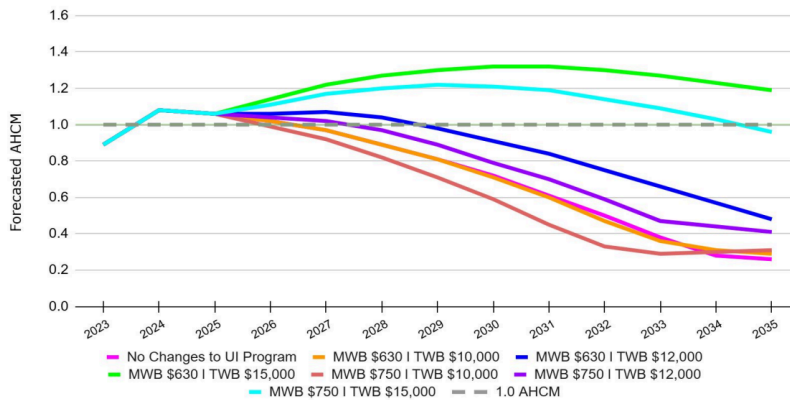
Indexing the taxable wage base is crucial to allow the trust fund to maintain an average high-cost multiple (AHCM) of at least 1.0. The AHCM measures the ability of a trust fund to pay a year of recession level benefits. An AHCM of 1.0 is a measure of the overall health of the trust fund and allows the state to borrow from the federal government at zero interest.

**Model of different scenarios:**

**Historic Average: Solvency under different tax and benefit scenarios**



*The Average High Cost Multiple forecasts for the Unemployment Insurance Trust Fund when modeled with an unemployment rate trend that gradually rises to the average historic level*



The taxable wage base requires an increase from its current 1992 level of \$8,500 to give the Maryland UI TF a better outlook on solvency, but for every taxable wage base level the AHCM for the \$630 option is projected higher than the \$750 option.

Source: Maryland Dept of Labor, 7.8.25 UI Oversight Committee Meeting

I respectfully request a favorable report on HB188.