



FEBRUARY 11, 2026

# Improving Maryland's Unemployment Insurance System Will Strengthen our Economy

## Position Statement in Support of Senate Bill 3

*Given before the Finance Committee*

Unemployment insurance is an essential lifeline to ensure that workers who lose their job through no fault of their own can keep up with basic expenses like food and rent. It is also among the fastest, most effective tools to support the economy during a downturn. However, our current unemployment insurance system does too little to support jobless workers. **The Maryland Center on Economic Policy supports Senate Bill 3** because it would better enable unemployed workers to afford necessities and put the Unemployment Insurance Trust Fund on a stronger footing.

More than 130,000 Marylanders were out of work as of December 2025.<sup>i</sup> Our unemployment insurance system is failing them:

- Unemployment benefits for Maryland workers averaged only \$397 per week during summer 2025,<sup>ii</sup> equivalent to less than \$21,000 per year. Maryland's benefits were 14% below the national average and far below the amount needed to maintain a basic living standard anywhere in the state.
- Unemployment benefits next door in Pennsylvania averaged \$460 per week during the same period – \$30 higher even than Maryland's statutory cap.
- 21% of unemployed Marylanders were not always able to put enough food on the table in 2024, compared to only 8% of employed Marylanders.<sup>iii</sup>

Senate Bill 3 would strengthen Maryland's unemployment insurance system through three core reforms. Once fully phased in, the bill would:

**1. Increase the minimum weekly benefit from a flat \$50 to 15% of the state's average weekly wage.**

- If Senate Bill 3 were fully phased in today, this would equal \$231 per week, equivalent to about \$12,000 per year.<sup>iv</sup>
- Maryland's minimum weekly benefit was last updated 16 years ago.<sup>v</sup>

**2. Increase the maximum weekly benefit from a flat \$430 to 40% of the average weekly wage.**

- If Senate Bill 3 were fully phased in today, this would equal \$615 per week, equivalent to about \$32,000 per year.
- Maryland's maximum weekly benefit was last updated 16 years ago. Prices have since increased by 50%.<sup>vi</sup>

**3. Increase the wage base subject to payroll contributions to support the Unemployment Insurance Trust Fund from a flat \$8,500 per year to 16% of the average annual wage.**

- If Senate Bill 3 were fully phased in today, this would equal about \$12,800 per year.
- Maryland’s taxable wage base has not been updated in 34 years. Wages in Maryland have since increased by 187%.<sup>vii</sup>
- A higher wage base will protect the Unemployment Insurance Trust Fund’s solvency. That does not necessarily mean that employers’ required contributions will increase on a one-for-one basis. A broader base means the trust fund will remain solvent with lower and less volatile contribution rates.

<b>Illustrative Weekly Benefits and Taxable Wage Base: Current Law and Senate Bill 3</b>			
		<b>Current Law</b>	<b>Senate Bill 3</b>
<b>Minimum Weekly Benefit</b> Last updated: 2010	% of Average Weekly Wage	3%	15%
	\$	\$50	\$231
	Annual Equivalent (\$)	\$2,600	\$12,012
<b>Maximum Weekly Benefit</b> Last updated: 2010	% of Average Weekly Wage	28%	40%
	\$	\$430	\$615
	Annual Equivalent (\$)	\$22,360	\$31,980
<b>Taxable Wage Base</b> Last updated: 1992	% of Average Annual Wage	11%	16%
	\$	\$8,500	\$12,788
<b>Note:</b> Based on the Maryland Workers’ Compensation Commission 2026 average weekly wage of \$1,537, with Senate Bill 3 fully phased in. Average annual wage is 52 times the average weekly wage. Numbers in this table are for illustrative purposes only.			

An effective unemployment insurance system benefits all workers, the businesses where they spend their money, and the communities they live in:

- During an economic downturn, unemployment insurance benefits enable families to afford necessities and ultimately limit job loss. Each \$1 in unemployment benefits generates about \$1.93 in economic activity during a recession, according to a 2021 International Monetary Fund working paper analyzing emergency federal unemployment insurance expansions over a 22-year period.<sup>viii</sup>
- Maryland’s Board of Revenue Estimates cited pandemic-era federal unemployment expansions as one important contributor to the state’s resilient revenue performance in FY 2020 and unprecedented 29% general fund revenue growth from FY 2020 to 2022 (equivalent to nearly 14% per year).<sup>ix</sup>

Unemployment insurance is especially important for workers who face structural barriers built through centuries of racist policy choices:

- During summer 2025, Black workers in Maryland were three times as likely to be unemployed – actively looking for work but unable to find any – as white workers. This was the highest Black-white unemployment ratio nationwide.<sup>x</sup>

- During the same period, Latinx workers in Maryland were more than twice as likely to be unemployed as white workers, also among the highest disparities nationwide.
- Asian and Pacific Islander workers were 1.6 times as likely to be unemployed as white workers, well above the nationwide disparity. Estimates for other racial and ethnic groups are not available due to small sample size.

<b>Maryland Unemployment Rate by Race and Ethnicity: July–September 2025</b>		
	<b>Unemployment Rate</b>	<b>Ratio to White Rate</b>
Total	3.6%	
White	2.0%	
Black	6.1%	3.1
Latinx	4.3%	2.2
Asian/Pacific Islander	3.2%	1.6
Source: Economic Policy Institute, 2025. Estimates for other racial and ethnic groups are not available due to small sample size.		

Strengthening Maryland’s unemployment insurance system is particularly important as the state faces economic uncertainty due to mercurial, vindictive federal policy:

- Maryland lost nearly 25,000 federal jobs to President Trump and Elon Musk’s staff-slashing agenda in 2025, more than any other state.<sup>xi</sup> This does not include classified national security jobs, Maryland residents who lost federal jobs located outside the state, or the private-sector jobs these workers’ spending supported.
- The Trump administration is pursuing politically motivated cuts in state aid, which threatens to take further funds out of Maryland’s economy.<sup>xii</sup>
- Cuts and restrictions to Medicaid and SNAP under H.R. 1 will heighten the hardship of unemployment, reducing access to some of the only supports available to jobless workers and their families.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee make a favorable report on Senate Bill 3.**

### **Equity Impact Analysis: Senate Bill 3**

#### *Bill summary*

Senate Bill 3 updates three parameters of Maryland’s unemployment insurance system:

- Increases the minimum weekly benefit from a flat \$50 to 15% of the state average weekly wage once fully phased in.
- Increases the maximum weekly benefit from a flat \$430 to 40% of the state average weekly wage once fully phased in.
- Increases the wage base subject to payroll contributions to support the Unemployment Insurance Trust Fund from a flat \$8,500 per year to 16% of the average annual wage once fully phased in.

## Background

**Unemployment in Maryland:** Maryland had a seasonally adjusted unemployment rate of 4.2% in December 2025, with about 136,000 workers unable to find a job. Maryland’s unemployment rate peaked at 9.0% during spring 2020.

### Maryland’s unemployment insurance system:

- Maryland’s minimum and maximum weekly benefit amounts (\$50 and \$430, respectively) were last updated in 2010.
- Maryland’s taxable wage base to support the Unemployment Insurance Trust Fund (\$8,500 per year) was last updated in 1992.
- Maryland’s average weekly unemployment benefit amount was \$396.56 during summer 2025 (equivalent to \$20,621 per year), 14% below the national average.
- Maryland’s average weekly wage for 2026 is \$1,537, as determined by the state’s Workers’ Compensation Commission.
- Each \$1 in unemployment benefits generates about \$1.93 in economic activity in a recessionary context, according to a 2021 International Monetary Fund working paper.

## Equity Implications

Structural barriers in our labor market, which were built through centuries of racist policy choices, put Black workers and other workers of color at greater risk of being unemployed – actively seeking a job but unable to find one. For this reason, ineffective or overly restrictive unemployment insurance policies disproportionately harm workers of color:

- During summer 2025, Black workers in Maryland were three times as likely to be unemployed as white workers. This was the highest Black-white unemployment ratio nationwide.
- During the same period, Latinx workers in Maryland were more than twice as likely to be unemployed as white workers, also among the highest disparities nationwide.
- Asian and Pacific Islander workers were 1.6 times as likely to be unemployed as white workers, well above the nationwide disparity.

## Impact

Senate Bill 3 would likely **improve racial and economic equity** in Maryland.

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<sup>i</sup> Bureau of Labor Statistics, Local Area Unemployment Statistics

<sup>ii</sup> U.S. Department of Labor Unemployment Insurance Benefits Paid data for 2025 Q3, [https://oui.doleta.gov/unemploy/data\\_summary/DataSum.asp](https://oui.doleta.gov/unemploy/data_summary/DataSum.asp)

<sup>iii</sup> MDCEP analysis of U.S. Census Bureau Household Pulse Survey 2024 Cycles 1 to 9, covering 1/9/24 to 9/16/24 (most recent data available), <https://www.census.gov/data/tables/2024/demo/hhp/cycle01.html>  
“Unemployed” here refers to adults 18+ who reported that they were not employed because they were laid off or furloughed, or their employer closed temporarily or went out of business. Not all employed Marylanders receive unemployment benefits.

<sup>iv</sup> Based on the 2026 average weekly wage of \$1,537 published by the Maryland Workers’ Compensation Commission, [https://www.wcc.state.md.us/adjud\\_claims/Comp\\_Rates.html](https://www.wcc.state.md.us/adjud_claims/Comp_Rates.html)

<sup>v</sup> Maryland Department of Labor informational testimony on House Bill 554 of 2025, [https://mgaleg.maryland.gov/cmte\\_testimony/2025/ecm/1CBBLKMxM\\_KB8XAcBk5MvLPZ4wT7640.pdf](https://mgaleg.maryland.gov/cmte_testimony/2025/ecm/1CBBLKMxM_KB8XAcBk5MvLPZ4wT7640.pdf)

<sup>vi</sup> CPI-U inflation from January 2010 to December 2025

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- vii Increase in Maryland median nominal hourly wage from 1992 to 2025. Economic Policy Institute Data Library, <https://data.epi.org/>
- viii Klaus-Peter Hellwig, “Supply and Demand Effects of Unemployment Insurance Benefit Extensions: Evidence from U.S. Counties,” IMF Working Paper WP/21/70, 2021, <https://www.imf.org/-/media/files/publications/wp/2021/english/wpiea2021070-print-pdf.pdf>  
Hellwig found a fiscal multiplier for unemployment insurance benefits of 1.925. The macroeconomic benefits of unemployment insurance are greatest during a recession. During an economic expansion, the applicable multiplier is likely smaller.
- ix See Board of Revenue Estimates December 2020 and December 2021 reports, [https://dlslibrary.state.md.us/publications/COM/SF6-106\(b\)\\_2020\(12\).pdf](https://dlslibrary.state.md.us/publications/COM/SF6-106(b)_2020(12).pdf)  
[https://dlslibrary.state.md.us/publications/COM/SF6-106\(b\)\\_2021\(12\).pdf](https://dlslibrary.state.md.us/publications/COM/SF6-106(b)_2021(12).pdf)
- x Kyle Moore, “State Unemployment by Race and Ethnicity: 2025 Q3,” Economic Policy Institute, 2025, <https://www.epi.org/indicators/state-unemployment-by-race-and-ethnicity/>
- xi Bryan Sears, “Maryland Lost 25,000 Federal Jobs in 2025, Latest Data Show,” *Maryland Matters*, 2025, <https://marylandmatters.org/2026/01/07/maryland-lost-25000-federal-jobs-in-2025-latest-data-show/>
- xii Rachel Frazin, “Trump Administration Directs Rescission of \$1.5B from Blue States on Health, Transportation,” *The Hill*, 2026, <https://thehill.com/policy/energy-environment/5725217-trump-blue-states-funding-minnesota-colorado-evs-hiv/>