



## MARYLAND STATE & D.C. AFL-CIO

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### **SB 3 - Unemployment Modernization Act of 2026**

#### **Senate Finance Committee**

**February 11, 2026**

**SUPPORT**

**Donna S. Edwards**

**President**

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of SB 3. On behalf of our 700 affiliated unions, I offer the following comments.

Unemployment Insurance is one of the most important tools we have to prevent working people from falling into financial crisis when they lose their job. It stabilizes families, keeps communities thriving, and supports the broader economy. SB 3 strengthens this system at a moment when Maryland's workforce urgently needs it.

This bill updates both sides of the UI system: how benefits are calculated for workers, and how employers contribute to the UI Trust Fund. Today, employers pay UI taxes only on the first \$8,500 of each worker's wages, where it has been frozen since 1992. SB 3 modernizes the structure with a new wage-indexed system. The Department of Labor (DOL) will calculate the State Average Annual Wage each year, and the taxable wage base will rise with it. By 2029, employers will pay UI taxes on 16% of the State Average Annual Wage, ensuring that the UI Trust Fund grows in step.

SB 3 also recognizes that Maryland's existing benefit formula needs to reflect wages in Maryland. The minimum weekly benefit must be at least 15% of the state average weekly wage, and the maximum will gradually increase until it reaches 40% in 2027. This increases the maximum benefit over time and ensures that UI payments reflect real wages and living costs. 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.

Unemployment insurance benefits are quickly spent on necessities, uplifting local economies. Every \$1.00 in benefits generates approximately \$1.50 in economic activity. Strengthening our UI system is not optional; it is absolutely necessary. Workers need



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adequate benefits to survive, and local economies need the stability. The state needs a resilient, well-funded UI Trust Fund to weather economic downturns. SB 3 strikes a balance by addressing these issues.

For these reasons, we urge a favorable vote on SB 3.