

**TESTIMONY IN SUPPORT OF SB 270:
Unemployment Insurance – Eligibility - Part-Time Work**

TO: Hon. Thomas Middleton, Chair, and members of the Senate Finance Committee
FROM: Jason Perkins-Cohen, Executive Director
DATE: February 17, 2009

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates policies and programs to increase the skills, job opportunities, and incomes of low-skill, low-wage workers and job seekers in Maryland. We support SB 270 as a way to strengthen the state's unemployment insurance system—a critical safety net for workers forced to leave their jobs involuntarily. If enacted, this legislation will help part-time workers and their families meet basic needs as they transition into new jobs.

Under current law, Maryland requires all workers to seek full-time employment in order to receive unemployment insurance benefits. Many hardworking Marylanders are excluded from the unemployment insurance system because they are only available to work part-time. This restriction is outdated, and was established in a time when many families relied on one full-time breadwinner.

Today, part-time workers make up an essential segment of the state's labor force. As of 2004, 358,000 Marylanders — about 13 percent of the workforce — were working part-time for non-economic reasons. Local businesses rely on these workers to meet their workforce needs.

Maryland's unemployment insurance system has not adapted to this economic reality. The program is funded through a tax on wages, which applies to almost all workers regardless of whether they are full or part-time. Under Maryland's part-time restriction, a worker could spend their entire career contributing to the system, and still be denied benefits.

Expanding unemployment insurance to part-time workers will provide a significant benefit to the state's economy at a minimal cost. A recent report on unemployment insurance in Maryland found that for each dollar paid in unemployment insurance benefits, an estimated \$2.15 worth of economic activity was generated.

The 2008 fiscal note projected that coverage of part-time workers could lead to an \$18.4 million increase in trust fund expenditures in 2010; however, national groups project the cost to be much less. The National Employment Law Project estimated that covering part-time workers would benefit almost 6,000 Marylanders per year and increase total UI payments by less than 2%.

The fiscal cost to provide coverage to part-time workers will not affect the State's general fund. Maryland has a dedicated unemployment insurance trust fund into which all unemployment insurance payroll taxes are credited and from which all benefits are paid. The trust fund is healthy, with a balance as of January 2009 of \$680 million.

If the legislature enacts HB 310, Maryland will join 30 other states in providing benefits to part-time workers. Providing benefits for part-time workers will increase the economic security of Maryland families. It will help ensure that hardworking families can meet their basic needs, such as housing, transportation, food, and healthcare, when dealing with the sudden hardship of job loss. We respectfully urge a favorable report of SB 270.