MABE
MARYLAND ASSOCIATION OF BOARDS OF EDUCATION

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BILL: **House Bill 205**
TITLE: **Unemployment Insurance Modernization Act of 2024**
DATE: **February 14, 2024**
POSITION: **OPPOSE**
COMMITTEE: **Economic Matters**
CONTACT: **John R. Woolums, Esq.**

The Maryland Association of Boards of Education (MABE) opposes House Bill 205, which would impose an enormous increase in unemployment insurance costs for local school systems.

This bill would significantly increase employee benefits and employer taxes/reimbursements under the State Unemployment Insurance program. Taxable wages would increase beginning January 1, 2025. Employee benefits would begin increasing July 1, 2026. MABE opposes this legislation because these changes would result in dramatically increased costs for school systems as employers.

School systems, without independent taxing authority, are fiscally dependent on not only State funding but also local government funding. Therefore, MABE is also deeply concerned about the fiscal impact of House Bill 205 on the 24 local funding authorities on which school systems rely for much, if not most, of their annual budgets. The combined effects on school system and local government budgets would jeopardize the ability the State and local governments to fulfill their considerable education funding obligations. MABE is especially concerned about the unintended consequence of this legislation to erode the abilities of local governments to sustain and increase their contributions to school system budgets to ensure the success of the programs being launched and expanded through the Blueprint for Maryland's Future.

MABE recognizes that systemic reforms and actions to address fiscal soundness of the State's Unemployment Insurance program may be necessary. However, House Bill 205 would impose such dramatic cost increases for local school systems and local governments, on such a short timeline, that MABE must strongly oppose the approach taken in House Bill 205. The enormous increases in employer costs for school systems to support the proposed increases in unemployment benefits would be mandated to take effect in FY 2027. This implementation date is particularly troubling to school systems because it coincides with the budget forecast of enormous gaps in revenues and mandated funding in FY 2027 to support the continued implementation of the Blueprint.

Again, MABE recognizes that the policy underpinnings of this bill are not intended to directly impact school system budgets or the Blueprint. However, MABE believes the collateral impacts on school system budgets would be dire, and threaten the abilities of Maryland's 24 local school systems to implement the Blueprint for Maryland's Future with fidelity.

For these reasons, MABE urges an unfavorable report on House Bill 205.