

## **O'Malley wants to use federal dollars for unemployment fund**

By Julie Bykowicz | [julie.bykowicz@baltsun.com](mailto:julie.bykowicz@baltsun.com)

December 18, 2009

Gov. Martin O'Malley said Thursday that he wants to bring Maryland's unemployment eligibility calculations into line with a national standard, a move that would enable the state to tap \$126.8 million in federal money but would also cost employers more.

Businesses have been bracing for a huge tax increase to replenish a nearly depleted state unemployment insurance fund, which has been drained by the state's worst unemployment rate in 26 years. Most employers have been expecting a nearly fourfold increase next year, which would mean they would pay \$136 to \$383 more per worker than they do now.

The federal money will help lower that amount, O'Malley officials said. But some employers would still pay three times what they are spending now, even with the governor's proposal, which requires legislative approval.

Fund-related tax hikes are automatic under a state law that took effect in 2005.

To access the federal money, state officials must expand the period that they examine when determining whether someone is eligible for unemployment benefits. That change will bring the state into line with the federal government's standards, which 36 other states have already adopted.

Business leaders strongly opposed the plan, saying it would result in permanent tax payment increases that are not worth the temporary help.

Increasing the number of people eligible for unemployment while improving those benefits - both of which cost employers more money - is "not a recipe that's sustainable," said Ronald Adler, a Potomac management consultant and the Maryland Chamber of Commerce's representative on an unemployment insurance task force.

Lawmakers who listened to the governor's proposal and employers' objections urged compromise.

O'Malley is also recommending letting employers spread out their payments and reducing interest rates for late payments.