

Unemployment Insurance Law.

May 15, 1975.

Honorable John Hanson Briscoe
Speaker of the House of Delegates
State House
Annapolis, Maryland

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 578.

This bill provides unemployment insurance for all persons whose employer contributions to one of the State retirement systems are paid by the State, with the exception of elected and certain appointed officials. This somewhat awkward language has the effect of including some 22,000 State employees and 52,000 teachers and educators under the unemployment compensation law, at a cost to the State of \$232,800 in fiscal year 1976 (for which no provision has been made in the budget) and over \$1,200,000 in fiscal year 1977. With respect to the teachers, the bill requires that the State pay the expense of reimbursing the Unemployment Insurance Fund, even though they are local employees, hired, paid, and dismissed by the local governments.

My principal objection to the bill concerns the effect of its provision that, although employment service rendered after March 31, 1975, is covered, the benefits may not be paid until "after December 31, 1975, or upon termination of the Emergency and Unemployment Assistance Act of 1974, providing for special unemployment assistance, whichever shall be later..."

We have received a telegram from the United States Department of Labor indicating that this provision, delaying benefits for covered employment until the expiration of the Federal program, is inconsistent with the Federal law authorizing that program (P.L. 93-567) and with the Special Unemployment Assistance Agreement entered into between the Department of Labor and the State. According to the Employment Security Administration, the effect of the bill may be to cause the Department of Labor to refuse to reimburse the State for the supplemental unemployment benefits paid under that program. Between January 1, 1975, and April 30, 1975, nearly \$1,000,000 in such benefits were paid to over 5,000 claimants. The cost to the State, on an annualized basis, if it received no Federal reimbursement, could approximate \$3,000,000 -- a cost it cannot afford.