



Peter Franchot
Comptroller

July 6, 2021

The Honorable Larry Hogan
Office of the Governor
State House
Annapolis, Maryland 21401-1991

Dear Governor Hogan:

Once again, I urge you to reconsider your decision to terminate the federal unemployment programs that have served as critical lifelines for hundreds of thousands of Marylanders throughout this unprecedented economic and public health emergency.

As the Circuit Court ruled this weekend, whose decision was reaffirmed by the Court of Special Appeals and the Court of Appeals, your premature and highly unnecessary decision to end Maryland's participation in the federal unemployment programs demonstrates a threat of "immediate, substantial, and irreparable harm." I was disappointed to learn that Secretary Robinson notified the U.S. Department of Labor of your Administration's intention to once again withdraw from the federal unemployment programs, this time effective July 14, in response to the temporary restraining order issued by the courts.

According to the *Baltimore Sun*, which obtained data from the Maryland Department of Labor, of the more than 200,000 Marylanders currently receiving unemployment, 78% of them are recipients of federal unemployment programs – either Pandemic Unemployment Assistance ("PUA") or Pandemic Emergency Unemployment Compensation ("PEUC").

The Biden Administration has constructed an economic bridge to carry Marylanders to the end of the pandemic. While we are close to that end point, the journey is not over. Deconstructing this economic bridge, which costs the State of Maryland nothing to maintain, will have significant consequences not only for unemployed or underemployed Marylanders, but also for our state's economic well-being. My economists estimate the aggregate impact of your decision to cut these funds will reduce statewide economic activity by more than \$1.1 billion during the next two months.

The argument you have put forth for denying Marylanders this assistance is that it will spur sidelined laborers to return to work. This opinion has not only been disproven time and again, but simply does not factor in our current economic reality.

First, many Marylanders cannot return to their pre-pandemic jobs even if you suspend their federal assistance. Compelling a worker who plans to return to their pre-pandemic role to forego re-entering that career and take a new, perhaps lesser paying job is not a productive outcome for our state's or the individual's long-term economic health. Those trained laborers should be encouraged to rejoin their jobs as their employers reopen in the coming weeks.

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Second, many Marylanders cannot yet return to work because they still are unable to afford or access childcare. Low-income working families, particularly single mothers, have disproportionately borne the brunt of the pandemic's economic consequences. Ignoring this reality, which hundreds of thousands of Marylanders face every day, further widens the already significant economic divide that has deepened during this crisis. Your decision to end Maryland's participation in federal programs will only hurt the most vulnerable among us, just as our nation and our state are finally recovering from the devastation over the past 16 months.

Lastly, thousands of businesses have yet to fully reopen, as certain COVID-related restrictions are just being lifted, with some jurisdictions doing so as recently as last week. Small businesses cannot restart operations with the mere flick of a switch. Once public policy is set that allows them to reopen, they must then begin the planning and implementation to do so. It is rarely an overnight matter. In the coming weeks, leading up to the September expiration date for federal programs, more businesses will be able to operate without COVID restrictions and bring back staff they need to generate economic activity.

I once again encourage you to consider other solutions. For example, providing state return-to-work incentives, such as Colorado's JumpStart program, have proven to be effective at solving temporary labor shortages while continuing the necessary and crucial financial bridge that hundreds of thousands of struggling families need.

Maryland's economic story during the COVID-19 pandemic has been a tale of two Marylands. Our wealthy families and white-collar workers, for the most part, have fared well, whereas our low-wage earners and the poorest among us were absolutely devastated. This isn't my opinion; this narrative has been affirmed through data collected by the Bureau of Revenue Estimates. As we gradually recover and rebuild from the devastation over the past 16 months, it is my hope that the State of Maryland – the wealthiest state in the wealthiest country in the history of the world – will demonstrate compassion and generosity towards our residents and communities that have suffered the most.

Sincerely,

A handwritten signature in black ink that reads "Peter Franchot". The signature is written in a cursive, flowing style with a long, sweeping tail on the final letter.

Peter Franchot
Comptroller