

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5383

**RECEIVED****SEP 06 1989**

Mich. State Law Library

Senate Bill 285 (Substitute S-2 as passed by the Senate)  
Sponsor: Senator Christopher D. Dingell  
Committee: Human Resources and Senior Citizens

Date Completed: 7-25-89

**RATIONALE**

For purposes of determining whether a person is eligible for unemployment benefits, the Michigan Employment Security Act specifies that "employment does not apply to service performed by an inmate of a custodial or penal institution". Because the act does not specifically define "custodial or penal institution", it apparently has been presumed that persons residing in corrections facilities other than jails and prisons--such as halfway houses or community corrections centers--are eligible for unemployment benefits if they have been laid off from jobs they obtained while they were residing in the facility. (In order to live in a halfway house, an inmate is required to obtain private sector employment.) Some people believe that allowing inmates to collect unemployment benefits is an abuse of the unemployment insurance system. They argue that the system is designed to help temporarily those persons who were once productive, contributing members of society and who are out of work, through no fault of their own. It is not meant, they say, to provide financial support to persons who have committed crimes against society and who have been laid off from work they were performing to demonstrate their willingness and ability to become productive members of society. It has been suggested, therefore, that there be a statutory prohibition against allowing inmates of halfway houses and corrections centers to collect unemployment benefits.

**CONTENT**

The bill would amend the Michigan Employment Security Act to specify that an unemployed person could not be eligible to receive unemployment insurance benefits if he or she resided in a community corrections center, resident home, halfway house, or similar facility that housed inmate populations under the Department of Corrections' jurisdiction.

MCL 421.28

**FISCAL IMPACT**

If parolees or halfway house inmates were exempt from the benefit provisions of the Michigan Employment Security Act, employers of these individuals would not be required to pay unemployment insurance taxes on that portion of their payroll. There would be some cost savings for those government agencies that employ these individuals, but the amount of possible savings cannot be estimated at this time. An employer pays a payroll tax of 6.2% on the first \$7,000 of wages paid to each employee.

**ARGUMENTS****Supporting Argument**

Prohibiting inmates of halfway houses from receiving unemployment benefits would restore a measure of integrity to the unemployment insurance system, whose purpose is to provide some financial assistance to law-abiding persons who are temporarily unemployed. Inmates of correctional facilities should pay their debt to

S.B. 285 (7-25-89)

society before expecting society, and the unemployment insurance system, to be "indebted" to them and provide them with unemployment benefits.

Legislative Analyst: L. Burghardt  
Fiscal Analyst: K. Lindquist

A8990\S285A

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.