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BILL ANALYSIS

Senate Fiscal Agency

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Senate Bill 418

Sponsor: Senator Frederick Dillingham

Committee: Human Resources and Senior Citizens

Date Completed: 10-24-89

SUMMARY OF SENATE BILL 418 as introduced 5-3-89:

The bill would amend the Michigan Employment Security Act to require the Michigan Employment Security Commission to establish an employment search program by use of video-based programs that assisted individuals with respect to job searches. The program would be mandatory for any individual who had received benefits under the Act for 10 weeks or more, although any person receiving benefits could use the program. The program would have to be available at each local office by October 1, 1990.

The program would have to consist of at least 12 hours of instructions and include at least the following areas:

- Communication skills.
- Resume writing.
- Methods of contacting prospective employers.
- General performance standards to aid in retaining employment.
- Work attitude as it affects job performance.
- Other areas considered appropriate for retaining employment and improving job performance.

In preparing the program, the Commission would be required to use professionally produced training materials. The program would have to include a workbook with practice materials. Instructors would have to be available at each training site.

Proposed MCL 421.12b

Legislative Analyst: S. Margules

FISCAL IMPACT

This bill would cost Michigan as little as \$2,235,000 or as much as \$44,700,000 depending on the type of program administered.

Based on the experience of the State of Texas, which has instituted an employment search program like the one described in this bill, the bill would cost Michigan as little as \$2,235,000. Based on the Texas experience, three staff positions would be required to manage the program. In addition, tapes would have to be distributed to each branch office and workbooks provided to employment search

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program participants.

Using information currently available, the cost to the State of Michigan of a self-guided employment program would require some adjustments in the Employment Service program.

3 Staff Positions	\$ 135,000
Right to duplicate video tapes	100,000
Purchase copy	200,000
right for workbooks	
Workbooks (600,000 at \$3 each)	<u>1,800,000</u>
Total	\$2,235,400

The Federal Employment Service grant level is not expected to be increased in the 1989-90 fiscal year. Trade-offs could be necessary to implement this program.

If the Employment Services Bureau were to establish a classroom program for new applicants, the cost could be considerably more than the estimate based on the Texas experience. The MESC ran a special pilot project between July 1987 and June 1988 for 1,000 applicants to enhance their job search skills. The total cost of this program was \$100,000, or \$100 per person. Current MESC estimates predict 447,000 new applicants in the 1988-89 fiscal year. The annual cost of a mandatory employment search program could be as high as \$44,700,000 assuming that Michigan's unemployment remains relatively stable. Since no increase is anticipated in the State's Employment Service grant level, the staff requirements (\$30,000,000) would be diverted from other MESC programs (700 employees). Other costs would be covered from other Employment Service programs, but it is not possible at this time to determine the probable impact this might have.

Balanced against this relatively high administrative expense would be the probable savings in unemployment insurance benefits realized through the earlier return to work of beneficiaries.

Fiscal Analyst: K. Lindquist

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