

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1164 (as enrolled)
Sponsor: Senator Mat J. Dunaskiss
Committee: Human Resources, Labor, Senior Citizens and Veterans Affairs

Date Completed: 4-4-00

RATIONALE

Public Act 162 of 1994 amended the Michigan Employment Security Act to provide for the conversion from a "wage request system" to a "wage record system". Under the wage request system, the Michigan Employment Security Agency (formerly the Michigan Employment Security Commission) requests wage and separation information from employers each time an employee files an unemployment claim. Employers also are required, however, to give the Agency wage record information on each employee; this information then is used to identify public assistance recipients who are employed. Many people consider this dual system of reporting to be costly and inefficient. Several years ago, it was decided that Michigan would convert to a wage record system. Public Act 162 of 1994 specified a January 1, 1997, date for the conversion, which Public Act 25 of 1995 then extended to July 1, 1997.

Although the Michigan Employment Security Agency (MESA) made the changes in procedures and forms needed to convert to a wage record system, the necessary computer programming was not accomplished by the revised deadline. This put Michigan in a position of noncompliance with its own statute, and resulted in warnings from the U.S. Department of Labor that Federal funding for administrative costs could be in jeopardy. To protect this funding and give the MESA the time it needed to convert to a wage record system, Public Act 90 of 1997 extended the date of conversion to December 31, 2001. Since the MESA has stated that the conversion is nearly completed, it has been recommended that the conversion date be set for October 1 this year.

CONTENT

The bill would amend the Michigan Employment Security Act to change the date of conversion to a wage record system from December 31, 2001, to October 1, 2000.

MCL 421.75

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Public Act 90 of 1997 extended the date of conversion to a wage record system to December 31, 2001; however, since the MESA is ready to complete the conversion, the full extension of time will not be needed. Conversion to the wage record system will improve efficiency in the recording and reporting of information employers are required to submit regarding employee wages.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: M. Tyszkiewicz

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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.