

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1520 (as reported with amendment)
Sponsor: Senator Loren Bennett
Committee: Appropriations

CONTENT

The bill would amend the Michigan Employment Security Act to provide for the withdrawal of \$16 million from the Contingent Fund for deposit into the General Fund as follows: \$10 million for fiscal year (FY) 2001-02 and \$6 million for FY 2002-03..

As one measure to balance the budget for Fiscal Year (FY) 2001-02 and FY 2002-03, one-time Federal Reed Act funding has been used to replace Contingent Fund dollars in the Department of Consumer and Industry Services budget. This one-time funding was made available under Federal legislation called the Temporary Extended Unemployment Compensation Act of 2002, Public Law No. 107 -147, Section 209. This law redistributed funds that are collected at the Federal level in the Unemployment Trust Fund when the amount in this Fund exceeds the statutory cap. The final amount that was distributed nationally totaled \$8 billion, with Michigan's share totaling \$292 million. The State's entire amount was appropriated in the FY 2001-02 supplemental and set aside into various work project accounts that will carry forward in the next two fiscal years (FY 2002-03 and FY 2003-04). Of this amount, \$75 million was appropriated in the Department of Consumer and Industry Services budget.

Of this \$75 million, \$45 million in one-time funding will be used to speed up the implementation of the Remote Initial Claims System (RICS). The remaining \$30 million will replace restricted Contingent Fund dollars that were used to support the Unemployment Agency operations. These funds also have accompanying boilerplate that will set them aside into a work project account for distribution over three fiscal years, FY 2001-02 through FY 2003-04, in \$10 million increments. This bill would only make \$16 million in withdrawals from the Contingent Fund for deposit into the General Fund with a \$10 million deposit in FY 2001-02 and a \$6 million deposit in FY 2002-03. There is no provision for a withdrawal in FY 2003-04.
MCL 421.10

FISCAL IMPACT

The bill would allow for the withdrawal of \$16 million from the Contingent Fund, with \$10 million withdrawal for FY 2001-02 and \$6 million for FY 2002-03. This funding then would be deposited into the General Fund. There appear to be sufficient funds to effect this transfer in FY 2001-02 and FY 2002-03. There is no provision to make a withdrawal in FY 2003-04.

Date Completed: 12-5-02

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