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**SFA****BILL ANALYSIS**

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Senate Bill 1520 (as introduced 11-14-02)  
Sponsor: Senator Loren Bennett  
Committee: Appropriations

Date Completed: 12-4-02

### **CONTENT**

**The bill would amend the Michigan Employment Security Act to provide for the withdrawal of \$30 million from the Contingent Fund in \$10 million intervals for the fiscal years 2001-02, 2002-03, and 2003-04, and the deposit of these funds into the General Fund.**

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 make identical withdrawals from the Contingent Fund for deposit into the General Fund.

MCL 421.10

### **FISCAL IMPACT**

The bill would allow for the withdrawal of \$30 million from the Contingent Fund, in \$10 million intervals over three fiscal years, FY 2001-02, 2002-03, and 2003-04. This funding then would be deposited into the General Fund. There appear to be sufficient funds to effect this transfer in FY 2001-02. In FY 2002-03, the estimated Contingent Fund balance is expected to be \$18.8 million. From this balance, \$12.8 million has been appropriated in both the Consumer and Industry Services and the Department of Career Development budgets. Added to the \$10 million withdrawal, these appropriations total \$22.8 million, which is \$4 million greater than the estimated balance in the Fund.

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