



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 553 (Substitute S-1 as enrolled)
Sponsor: Senator Jason E. Allen
Committee: Commerce and Labor

Date Completed: 6-28-05

RATIONALE

The United States Census Bureau has developed a program that compiles information about local labor market conditions, using existing data collected by states. The Local Employment Dynamics (LED) program is a partnership between the Census Bureau and state governments that is designed to improve the quality, timeliness, and usefulness of labor market information. The LED program provides economic data and workforce indicators by using state wage record information regarding the wage employment histories of workers and the industry sectors in which they are employed. Combined with the Census Bureau's demographic information, the LED program generates data on employment patterns for specific demographic groups and particular industries at a local geographic level. Presently, 32 states participate in the LED program, but Michigan law does not authorize this State's Unemployment Insurance Agency (UIA) to share wage record data with the Census Bureau. Some believe that the UIA should be statutorily authorized to share the data so Michigan can participate in the LED program.

CONTENT

The bill would amend the Michigan Employment Security Act to allow confidential information in the possession of the Unemployment Insurance Agency to be made available to the U.S. Census Bureau.

Currently, with specific exceptions, information obtained from any employing unit or individual pursuant to the administration of the Act, and determinations as to the benefit rights of

any individual are confidential and may not be disclosed or open to public inspection other than to public employees in the performance of their official duties under the Act. Subject to restrictions prescribed by rule, information in the UIA's possession may be made available to any of the following:

- A State or Federal agency, or an agency of another state, that is charged with the administration of an unemployment compensation law or the maintenance of a system of public employment offices.
- The Bureau of Internal Revenue in the U.S. Department of Treasury.
- The Social Security Administration in the U.S. Department of Health and Human Services.

The bill would add the Bureau of the Census in the U.S. Department of Commerce Economics and Statistics Administration to the list of entities to which the UIA may make information available.

MCL 421.11

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

By allowing the UIA to share wage record data with the U.S. Census Bureau, the bill would enable Michigan to reap the benefits of participation in the Bureau's LED program. Michigan currently is at a competitive disadvantage to the 32 other states that can use the program to provide

detailed labor force information to businesses interested in locating in their area. Participation in the LED program would give employers, governmental units, educational institutions, and individuals new tools for economic and workforce development. The LED program can help to identify local industries that are expanding their employment rolls; earning potential for newly hired workers by detailed industry sector; industries that are likely to be affected by an aging workforce; the level of jobs created by industry in a region or county; and labor turnover in key industries, for specific demographic groups. The program also provides for sophisticated mapping of labor availability and demand, which helps employers to gauge quickly where in the region their potential workforce resides. Participation in the LED program could increase the potential for retaining businesses in Michigan and attracting new employers to the State.

Response: While participation in the LED program could prove useful, it would not be a panacea. The program's information does not reflect today's workforce, but apparently has about a nine-month lag because of its use of wage record data reporting. It also does not provide data that are specific to occupations, but rather provides industry-based information.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

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

Fiscal Analyst: Maria 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.