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BILL



ANALYSIS

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Senate Bill 399 (as enacted)  
House Bills 4668 and 4669 (as enacted)  
Sponsor: Senator Jason E. Allen (S.B. 399)  
Representative Steven Lindberg (H.B. 4668)  
Representative Lesia Liss (H.B. 4669)  
Senate Committee: Commerce and Tourism  
House Committee: Labor

**PUBLIC ACT 19 of 2009**  
**PUBLIC ACTS 18 & 20 of 2009**

Date Completed: 7-15-10

**CONTENT**

**Senate Bill 399 amended the Michigan Employment Security Act to provide for extended unemployment insurance benefits under certain circumstances until the end of the week in which extended benefits no longer were funded under Section 2005 of the American Recovery and Reinvestment Act (ARRA).**

**House Bills 4668 and 4669 amended the Michigan Employment Security Act to delete provisions under which the share of extended benefits otherwise charged to the account of a contributing employer was charged to the nonchargeable benefits account.**

(Section 2005 of the ARRA provided for full Federal funding of extended unemployment compensation for weeks of unemployment beginning after the date of ARRA's enactment (February 17, 2009) and before January 1, 2010.

The bills took effect on April 13, 2009.

**Senate Bill 399**

**Extended Benefit Account Amounts**

The Act requires the Unemployment Insurance Agency (UIA) to establish, for each eligible individual who files an

application, an extended benefit account with respect to that individual's benefit year. The amount established in the account must be 50% of the total amount of regular benefits payable to the individual under the Act during the benefit year, or 13 times his or her weekly extended benefit rate, whichever is smaller.

Under the bill, with respect to a week beginning in a period in which the average rate of total unemployment equaled or exceeded 8%, but not later than the end of the week in which extended benefits ceased to be funded under Section 2005 of ARRA, the amount established in the extended benefit account had to be 80% of the total amount of regular benefits payable to the individual during the benefit year, or 20 times his or her weekly extended benefit rate, whichever was smaller.

**Extended Benefit Period**

Under the Act, an extended benefit period begins with the third week after whichever of the following weeks occurs first:

- A week for which there is a national "on" indicator.
- A week for which there is a Michigan "on" indicator.

The extended benefit period ends with the third week after the first week for which there is both a national "off" indicator and a Michigan "off" indicator. A national "on" indicator and a national "off" indicator are determined by the U.S. Secretary of Labor. There is a Michigan "on" indicator if the rate of *insured* unemployment under the Act for the period consisting of that week and the immediately preceding 12 weeks equaled or exceeded 120% of the average of the insured unemployment rates for the corresponding 13-week period ending in each of the preceding two calendar years, and equaled or exceeded 5%.

Under the bill, for weeks beginning after the week in which the bill took effect, and ending at the end of the week in which extended benefits ceased to be funded under Section 2005 of ARRA, there was a Michigan "on" indicator for a week in which the average rate of *total* unemployment in Michigan, seasonally adjusted, as determined by the U.S. Secretary of Labor, for the period consisting of the most recent three months for which data for all states were published before the close of the week equaled or exceeded both 6.5% and 110% of the average rate of total unemployment in Michigan, seasonally adjusted, for the period consisting of the corresponding three-month period in either or both of the preceding two calendar years.

An "on" indicator under this provision applied to claimants who qualified for benefits payable during that time period.

### **House Bills 4668 & 4669**

Under the Act, extended benefits paid and based on service with a contributing employer, to the extent they are not reimbursable by the Federal government, must be charged to that employer's experience account.

Previously, this was required except as provided in Section 17(3)(m). House Bill 4669 deleted that exception and House Bill 4668 deleted Section 17(3)(m).

Under that section, during a period when extended benefits were paid based on the average rate of total unemployment, the nonchargeable benefits account had to be charged with the share of extended

benefits otherwise charged to the account of a contributing employer.

(The Act requires the UIA to maintain in the Unemployment Compensation Fund a nonchargeable benefits account for each employer. "Experience account" means an account in the Fund showing an employer's experience with respect to contribution payments and benefit charges under the Act. The nonchargeable benefits account must be credited with and charged with certain items specified in Section 17.)

MCL 421.64 (S.B. 399)  
421.17 (H.B. 4668)  
421.20 (H.B. 4669)

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

These bills changed the trigger for extended benefits from the Insured Unemployment Rate (IUR) to the Total Unemployment Rate (TUR) for a temporary time period. Under the statute, extended benefits typically cannot be provided to claimants unless the State meets an IUR of 5%. The IUR includes only those individuals who are collecting benefits, not the unemployed who are no longer receiving regular benefits. Michigan met this trigger in January 2009; however, under the structure of the extended benefit program, Michigan contributing employers would have been required to pay 50% of the cost of providing these benefits.

With the passage of ARRA, the Federal government paid for 100% of these extended benefits and provided an additional seven weeks of extended benefits, bringing the total number of weeks of extended benefits available to claimants from 13 to 20. These bills changed the trigger to meet the eligibility requirements for this funding, which was a TUR of 8%. Michigan's TUR in January 2009 was 11.6%.

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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.