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House Bill 4452 (Substitute H-2 as passed by the House)
Sponsor: Representative Ken Yonker
House Committee: Commerce
Senate Committee: Economic Development

Date Completed: 9-6-11

CONTENT

The bill would amend the Michigan Employment Security Act to extend to educational contractor employees a prohibition against the payment of unemployment benefits to employees of educational institutions for weeks of unemployment between academic years or terms, if there is a reasonable assurance of employment in the next year or term.

Under the Act, with respect to service performed for an institution of higher education, or for an educational institution other than an institution of higher education, benefits may not be paid to an individual based on that service for any week of unemployment that begins during the period between two successive academic years or during a similar period between two regular terms (or during a period of paid sabbatical leave, with respect to service performed in an instructional, research, or principal administrative capacity), if the individual performs the service in the first of the academic years or terms and if there is a contract or a reasonable assurance that he or she will perform service in an instructional, research, or principal administrative capacity for an institution of higher education or another educational institution in the second academic year or term.

Under the bill, these provisions also would apply to services performed by employees of a private contributing employer under the employer's contract with an educational institution or an educational service agency.

MCL 421.27

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State or local units of government. By disallowing certain contractual employees working at public schools from receiving unemployment benefits during the summer as long as there was a reasonable assurance of employment during the next school year, the bill would likely save the State an unknown amount of money that would have been paid out as unemployment benefits. The bill also would reduce the amount of taxes collected under the State Unemployment Tax Act (SUTA) as SUTA taxes are paid by employers based on the amount of unemployment benefits paid to their former workers. It is unknown whether the amount saved by excluding employees in these situations from collecting benefits would be greater than the amount of SUTA taxes no longer paid by their employers.

Fiscal Analyst: Josh Sefton

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