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

BILL ANALYSIS

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

Senate Bill 1008 (as introduced 5-31-16)
Sponsor: Senator Dave Hildenbrand
Committee: Committee of the Whole

CONTENT

The bill would amend the Michigan Employment Security Act to transfer $10.0 million from the Contingent Fund to the General Fund, for fiscal year 2016-17.

The Contingent Fund receives interest on contributions, penalties, and damages collected under the Act. Money in the Fund may be used for administration of the Talent Investment Agency, including the development and implementation of workforce training programs. (The Talent Investment Agency, in the Department of Talent and Economic Development, includes the Unemployment Insurance Agency.)

(The Fund also is authorized to receive the Solvency Tax, which is collected from employers with negative unemployment insurance experience account balances when the State has outstanding Federal unemployment insurance advances under Title XII of the Social Security Act. Solvency tax revenue may be used only to repay those advances. The Solvency Tax has not been collected since Michigan's most recent Title XII loans were repaid in 2012.)

MCL 421.10   Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would result in an increase of $10.0 million to the State General Fund. The Contingent Fund would be decreased by $10.0 million. It is estimated that the Fund balance at the end of fiscal year 2015-16 will be $135.0 million. This represents a one-time higher-than-normal balance that will begin to fall as Federal funds begin to decline due to a lower unemployment average and the Fund is used to compensate for part of that decline. The decline also will result from fewer penalties being incurred, which generally correlates to decreases in unemployment payments. In addition, in the next fiscal year, there are scheduled increases in the skilled trades training program that is supported by the Contingent Fund.

The bill would have no fiscal impact on local government.

Date Completed: 6-1-16   Fiscal Analyst: Cory Savino