

RECOVERY OF IMPROPERLY PAID UNEMPLOYMENT BENEFITS

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House Bill 5265 (proposed substitute H-3)

Sponsor: Rep. John N. Damoose

Committee: Oversight

Complete to 9-29-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5265 would amend section 62 of the Michigan Employment Security Act, which addresses the actions to be taken when the Unemployment Insurance Agency (UIA) determines that a person has obtained benefits he or she is not entitled to or when the agency or an appellate authority reverses a prior qualification for benefits.

The act currently allows the UIA to recover the amount of the benefits that the individual was not eligible to receive, plus interest. However, except in the case of an intentional false statement, misrepresentation, or concealment of material information, the UIA is required to waive recovery of an improperly paid benefit, as well as any interest, if repayment would be *contrary to equity and good conscience*.

Contrary to equity and good conscience now means any of three scenarios, including one in which the *improper payments* resulted from an administrative or clerical error by the UIA. The bill would replace *improper payments* in this provision with *improperly paid benefit*.

The bill also would add a fourth scenario to the definition of *contrary to equity and good conscience*, providing that repayment must be waived if all of the following apply to the improperly paid benefit:

- The improperly paid benefit was made after February 7, 2020, but before September 5, 2021.
- The improperly paid benefit was made under one of the following federal laws:
 - The Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136.
 - The Continued Assistance for Unemployed Workers Act of 2020 (Division N, Title II, Subtitle A of the Consolidated Appropriations Act, 2021), Public Law 116-260.
 - The American Rescue Plan Act of 2021, Public Law 117-2.
- The individual received the improperly paid benefit solely because he or she met one or more of the four additional, unsupported reasons described in Compliance Finding 7 of the U.S. Department of Labor, Employment and Training Administration, Region 5, Enhanced Desk Monitoring Review of Unemployment Insurance State Administration Grant UI-34722-20-55-A-26, dated February 10, 2021.

MCL 421.62

FISCAL IMPACT:

House Bill 5265 would have an indeterminate fiscal impact on the Department of Labor and Economic Opportunity, which houses the UIA. By adding beneficiaries of the federal unemployment benefit programs meeting other criteria to the definition of “contrary to equity and good conscience,” the bill would prevent the UIA from pursuing and obtaining repayment of remitted benefits and interest in those cases. The number of cases that this change would theoretically impact would likely number in the hundreds of thousands. The practical impact of this change is difficult to quantify, as existing UIA policy with respect to concerns regarding the federal benefit would be codified by this bill.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.