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Senate Bill 501 (as enacted)  
Sponsor: Senator Ken Horn  
Senate Committee: Economic and Small Business Development  
House Committee: Workforce, Trades, and Talent

**PUBLIC ACT 66 of 2021**

Date Completed: 12-15-21

**RATIONALE**

The Michigan Employment Security Act requires an individual applying for unemployment benefits without a specified date to return to work to register for work to be eligible to receive benefits. To fulfill this requirement, the Unemployment Insurance Agency (UIA) previously required by administrative rule that these individuals register in-person for work with Michigan Works!, a workforce development association in the State. In 2019, the UIA discontinued its requirement to register with Michigan Works! and specified that an individual's application for benefits satisfies the Act's requirement. Some believe that the requirement to register with Michigan Works! was beneficial for individuals applying for benefits. Accordingly, it was suggested that the requirement to register for work with Michigan Works! be reinstated by statute.

**CONTENT**

**The bill amended the Michigan Employment Security Act to do the following:**

- **Specify that an individual must register for work by registering with a Michigan Works agency after the individual applied for benefits and within the time period prescribed by the UIA to be eligible to receive the benefits.**
- **Allow the UIA to extend a waiver of certain requirements for an employee facing a temporary layoff for not more than 90 additional days, if, before the end of the specified waiver period, the employer notifies the UIA that the layoff is an extended layoff and is the result of the retooling of the employer's equipment, a part's shortage, or a temporary production volume adjustment.**
- **Modify the requirements for a waiver from May 31, 2021, to July 16, 2021.**

The bill took effect July 19, 2021.

Under the Act, an unemployed individual is eligible to receive benefits with respect to any week only if the UIA finds that the individual meets certain requirements. Previously, among other requirements, the UIA had to find that the individual had registered for work. Under the bill, the UIA must find that the individual registered for work by registering with a Michigan Works agency after the individual applied for benefits and within the time period prescribed by the UIA.

The Act allowed the UIA to waive requirements that the individual report, register for work, and be available to perform suitable full-time work if the individual was laid-off and the employer who laid off the individual notified the unemployment agency that the layoff is temporary and that work was expected to be available for the individual within a declared number of days, not to exceed 45 calendar days following the last day the individual worked. Under the bill, the UIA may extend a waiver described above beyond 45 calendar days, but not for more than an additional 90 days, if, before the end of the specified period of the waiver, the employer notifies the UIA in writing or by

computerized data exchange that the layoff is an extended layoff and is the result of the retooling of the employer's equipment, a part's shortage, or a temporary production volume adjustment.

The Act specifies that the waiver is not effective unless the UIA receives the notification from the employer before the individual has completed his or her first compensable week following layoff. The bill specifies that if an individual is laid off because of an extended layoff that existed on May 31, 2021, the requirements that the individual must report, must register for work, must be available to perform suitable full-time work, and must seek work may be waived by the UIA if, before July 16, 2021, the individual's employer notifies the UIA that the individual was laid off because of an extended layoff as described above. The specified period of this waiver begins on May 31, 2021.

MCL 421.28

## **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**

Between 1997 and 2019, individuals applying for unemployment benefits had to register in-person with Michigan Works! to fulfill the work registration requirement prescribed by the Act. More than just a requirement, the in-person registration benefited individuals who had recently lost their jobs and employers seeking out new employees. Michigan Works! is a workforce development association with 16 agencies operating 99 locations across all 83 counties in the State. The Association provides workforce development services to Michigan residents such as resume development, career training, and assistance in finding jobs. The Association also provides business services such as assisting employers with the creation of apprenticeship programs and connecting employers with potential employees in the Michigan Works! network.

The coronavirus disease 2019 (COVID-19) pandemic significantly affected the State's labor market. Michigan businesses continue to report that they cannot find employees to fill positions that opened up following the COVID-19 pandemic. Concurrently, Michigan's unemployment rate continues to decrease, which means that people are returning to the labor market. Reinstating the requirement to register in-person with Michigan Works! to be eligible for unemployment benefits will assist individuals in their return to work and will assist businesses in locating prospective employees.

### **Supporting Argument**

The UIA received approximately 3.8 million unemployment claims from March 15, 2020, to October 23, 2020. This unprecedented number of unemployment claims exceeded the number of claims from the previous six years combined and produced concerns of unemployment fraud. According to a report that focused on the potential for unemployment fraud in UIA policies and procedures released by Deloitte, a company that provides audit and consulting services, the UIA estimated in May 2020 that \$1.5 billion of certain claims potentially had been paid before running them through the UIA's Fraud Manager system. Among other assessments in the report, Deloitte specified that more stringent applicant identity verification requirements assist in fraud prevention. In addition to Michigan Works!'s benefits to employees and employers, the in-person work registration requirement provides added protection against fraud. When an individual registers with the Michigan Works! network, the individual must present photo identification. Requiring individuals to register in-person with Michigan Works! again provides another layer of fraud protection in the unemployment benefit process.

### **Opposing Argument**

According to testimony before the Senate Committee on Economic and Small Business Development, the UIA must initiate the payment of unemployment benefits to 80% of applicants within 21 days of their applications to meet first payment timeliness requirements. The United States Department of Labor (USDOL) evaluated the UIA's timeliness of first unemployment benefit

payments, specified that the UIA did not meet the timeliness requirements, and established a corrective action plan in 2012 to remedy the underperformance. The UIA remains on the corrective action plan. In the evaluation, the USDL specified that the problem with the UIA's timeliness metric is additional workload associated with work registration issues. From late 2018 to late 2019 the work registration requirement resulted in 67,000 individuals losing their unemployment benefits, and these instances of benefits loss often are appealed by recipients, creating a significant adjudication workload. Reinstating an in-person work registration requirement could continue to hinder the UIA's ability to remedy its first payment timeliness problem.

### **Opposing Argument**

The work registration requirement is important because it quickly connects individuals seeking employment with employers in many areas of work. While Michigan Works! provides quality reemployment services in the State, competition among workforce development associations can encourage many associations to innovate and create the best reemployment services possible. However, establishing in statute a requirement to register for work with Michigan Works! specifically could deter this competition. The bill should have established a work registration requirement with a workforce development association in general, instead of specifying the use of one private association.

Legislative Analyst: Tyler VanHuyse

### **FISCAL IMPACT**

The bill will have no fiscal impact on State or local government. As of May 31, 2021, the UIA reinstated a requirement that UIA claimants engage in seeking work through Michigan Works!.

Fiscal Analyst: Cory Savino

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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.