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Senate Bill 445 (as enacted)
Sponsor: Senator Jeff Irwin
Senate Committee: Economic and Small Business Development
House Committee: Workforce, Trades, and Talent

PUBLIC ACT 18 of 2022

Date Completed: 8-15-22

RATIONALE

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. Among other things, the CARES Act established the Federal Pandemic Unemployment Assistance (PUA) program, which expands states' capacities to provide unemployment insurance during the coronavirus disease 2019 (COVID-19) pandemic. Individuals who previously were not eligible for unemployment insurance, such as part-time employees, became eligible under PUA so long as the individual otherwise was able to work and available for work within the meaning of applicable State law, except if the individual was unable or unavailable to work because of certain circumstances related to COVID-19. However, Michigan law requires an individual to be able and available to work on a full-time basis, which can inhibit part-time employees from obtaining unemployment insurance under the PUA. Accordingly, it was suggested that Michigan law be changed to require an individual to be able and available to work on a full- or part-time basis for all unemployment insurance claims established under the PUA.

CONTENT

The bill amended the Michigan Unemployment Security Act to specify that, for all claims filed after March 1, 2020, and established under the Federal PUA program, an individual must be able and available to perform suitable full- or part-time work with respect to the able and available requirements prescribed by the Act.

The bill took effect February 28, 2022.

Under the Act, an unemployed individual is eligible to receive benefits with respect to any week only if the Unemployment Insurance Agency (UIA) finds, among other things, that the individual is able and available to appear at a location of the UIA's choosing for evaluation of eligibility for benefits, if required, and to perform suitable full-time work of a character that the individual is qualified to perform by past experience or training, which is of a character generally similar to work for which the individual is available, full-time, either at a locality at which the individual earned wages for insured work during his or her base period or at a locality where it is found by the UIA that such work is available.

Under the bill, notwithstanding any other provision of the Act, for all claims filed after March 1, 2020 and established under the Federal PUA program, with respect to the able and available requirements, an individual must be able and available to perform suitable full- or part-time work.

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

To receive unemployment benefits through the UIA, an individual must complete a weekly questionnaire that asks the individual if he or she is able and available for full-time employment, a requirement under Michigan law. An individual who worked part-time and became eligible for unemployment insurance as a part-time employee under the PUA who answered 'no' to that question cannot qualify for unemployment insurance because he or she is not in compliance with State law. This oversight inhibits individuals eligible for and in need of unemployment insurance from obtaining that assistance.

According to testimony before the Senate Committee on Economic and Small Business Development, the UIA has begun to send overpayment letters to some individuals described above who answered 'no' to the question because it considers these individuals ineligible under State law and their previous information as misrepresentations of fact. These overpayment letters sent to part-time employees who are eligible for unemployment insurance under the PUA have led some to seek legal representation or face wage garnishment, both of which are unaffordable for many individuals affected by economic difficulties caused by the COVID-19 pandemic. In addition, the UIA's efforts to collect overpayment from these eligible part-time individuals is wasteful and detracts from its efforts to expose actual misrepresentation and fraudulent unemployment insurance activity. Changing the law to make part-time employees eligible for unemployment insurance until the expiration of PUA benefits in September 2021 will allow otherwise eligible individuals to obtain unemployment benefits and will allow the UIA to enforce unemployment insurance laws more effectively.

Legislative Analyst: Tyler VanHuysse

FISCAL IMPACT

The bill will have no fiscal impact on State or local government. The bill maintains the status for UIA claimants who become eligible for benefits from Federal expansions.

Fiscal Analyst: Cory Savino, PhD.

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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.