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BILL ANALYSIS

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House Bill 4394 (Substitute H-1 as passed by the House)
Sponsor: Representative Joe Haveman
House Committee: Commerce
Senate Committee: Economic Development

Date Completed: 9-20-11

CONTENT

The bill would amend the Michigan Employment Security Act to allow a continuing employer to request a redetermination of the weekly benefit amount and number of weeks that benefits were payable, if the base period of a claim included multiple employers.

The bill would take effect on January 1, 2012.

Under the bill, if the base period of an unemployment insurance benefits claim included multiple employers, an employer that continued to employ the claimant after a claim had been filed could file a request for redetermination with the Unemployment Insurance Agency (UIA). The request would have to be filed within 30 calendar days after the date the initial notice of the monetary determination was mailed. The request would have to include the continuing employer's affirmation of all of the following:

- That the employer had continued to employ the claimant since the end of the base period.
- That each week in the benefit year, except for reductions due to employee-requested unpaid leave days, the employer would pay the employee an amount equal to or greater than the average weekly wage the employer paid the claimant for all of the weeks that the employer employed the claimant in the base period.
- That the employer would notify the UIA within 10 calendar days after the end of a claimed week in which the employer no longer met one or both of the requirements described above during the claimant's benefit year.

Within 15 calendar days after receiving a request for redetermination that complied with the bill's requirements, the UIA would have to redetermine the weekly benefit amount and number of weeks that benefits were payable and send the employer written notice of the redetermination. All of the following would apply to the redetermination, regardless of conflicting requirements in other provisions of the Act:

- The wages paid by the continuing employer during the base period would have to be excluded.
- The wages used to determine qualification for benefits in the original monetary determination would have to continue to be used for benefit qualification purposes.
- The limitation on weekly benefits would have to be calculated excluding wages paid by an employer that was not chargeable for benefits because of the redetermination.

If an employer that obtained a redetermination did not meet the bill's continuing employment and wage-payment requirements, for a claimed week under that redetermination, the UIA would have to reinstate the original monetary determination as to weekly benefit amount, number of weeks payable, and allocation of charges for all subsequent weeks in the benefit year.

Proposed MCL 421.27c

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would change which employers in the base period are charged for a UI claimant's benefits. These changes, however, would not have a substantial effect on the Unemployment Insurance Agency's financial obligations.

Current law reduces UI benefits by 50 cents for each dollar earned by a claimant up to 150% of the weekly benefit amount. After this level has been reached, further earnings reduce UI benefits by \$1 for each dollar earned. The bill would remove these benefit phase-outs for income paid by a claimant's employer that was not chargeable for benefits under a redetermination made under the bill. It is not known how many claimants this would affect, nor is it known how much this would cost. However, it is likely that removing these benefit phase-outs after redeterminations under the bill would result in additional costs to the UIA.

Fiscal Analyst: Josh Sefton

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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.