

Legislative Analysis



UNEMPLOYMENT WORK SEARCH REQUIREMENTS

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House Bills 5179 (H-4) and 5180 as passed by House
Sponsor: Rep. Greg VanWoerkom
Committee: Workforce, Trades, and Talent
Complete to 10-15-22

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

BRIEF SUMMARY: Taken together, House Bills 5179 and 5180 would, among other things, add a 14-day deadline for a person seeking unemployment benefits to register with the Michigan Works! agency; require a person to take certain work search or training steps at least three times a week, and report them weekly to the Michigan Works! agency, to be considered actively seeking work; and require a person receiving benefits for 10 or more consecutive weeks to participate in certain reemployment services. Employers would have to report job openings to the Unemployment Insurance Agency (UIA) and report if a claimant turns down a job offer. Job openings would have to be provided to Michigan Works! registrants by local workforce development boards. The UIA would have to report quarterly to the legislature on work search compliance.

FISCAL IMPACT: House Bills 5179 and 5180 could result in minor cost increases for the UIA, housed in the Department of Labor and Economic Opportunity (LEO). Minor administrative costs may be incurred under the bills, but the costs would likely not be significant.

THE APPARENT PROBLEM:

According to sponsor testimony, the bills would ensure that individuals who are collecting unemployment benefits are actively seeking new employment, either by applying for jobs or applying for admission to certain educational or job training programs. A long-time criticism of unemployment benefit programs is that individuals who receive unemployment benefits are not as motivated to find a new job after becoming unemployed.

Unemployed individuals are currently required to register with Michigan Works! and be actively engaged in seeking work as part of the eligibility criteria to receive unemployment benefits. The bill would require registration within 14 days after an individual applies for benefits and would prescribe how often an individual must engage in certain actions to be considered actively seeking work for purposes of continued eligibility to receive benefits. Bill sponsors believe that this change will mean that unemployed persons are more likely to find a new job or job training program and reenter the active workforce more quickly.

THE CONTENT OF THE BILLS:

House Bill 5179 would amend sections 28 and 29 of the Michigan Employment Security Act to add requirements for eligibility to receive unemployment benefits, and on other topics, as described below. The bill would prohibit the UIA from waiving any requirements of sections 28 and 29, except as provided elsewhere in each respective section. (This would apply to existing requirements of those sections, and not just those added by the bill.) The bill also would add a new section to the act to require the UIA to submit a quarterly report to the legislature detailing compliance with the bill's provisions.

Public Act 83 of 2020 amended the requirements for an individual to be considered actively engaged in seeking work from monthly reporting to reporting at least once every two weeks.¹ Under House Bill 5179, beginning September 1, 2022, to be considered actively engaged in seeking work, an individual would have to search for work by doing any of the following at least three times in each week the individual was claiming benefits (or, for the last option listed below, as often as required) and report to the Michigan Works! agency the details of the work search at least once a week:

- Applying for a job.
- Interviewing for a job.
- Enrolling or participating in a workforce development program.
- Enrolling or participating in a program that assists the individual in obtaining a high school diploma or high school equivalency certificate.
- Obtaining professional assistance to create or update the individual's resume.
- Registering for suitable work through the individual's union hiring hall and maintaining the registration in accordance with the hiring hall's procedures.

In each report submitted to the Michigan Works! agency, the individual would have to include all of the following:

- The name and contact information of the relevant employer.
- The date the individual submitted the job application.
- A copy of the application.
- The date of the job interview.
- If applicable, the contact information of a person providing professional assistance as described above and the date the assistance was provided.
- If applicable, verification of required participation from a program or hiring hall described above.

To be eligible for unemployment benefits, an individual would have to register for work with a Michigan Works! agency within 14 days after applying for benefits. In addition, an individual receiving benefits for 10 or more consecutive weeks would have to participate in reemployment services, such as job search assistance services.

The bill would require the UIA to notify eligible recipients of work search assistance entities, including Michigan Works! agencies.

The bill also would allow an employer to notify the UIA that a claimant refused suitable work with the employer or of a job opening with the employer. The UIA would have to forward any job openings received from employers to Michigan Works! agencies on a weekly basis.

Finally, the UIA would have to submit a quarterly report to the House and Senate that includes all of the following:

- The total number of claimants the UIA determined to have not complied with benefit eligibility requirements, including work search and reporting requirements proposed by the bill.

¹ <http://www.legislature.mi.gov/documents/2019-2020/billanalysis/House/pdf/2019-HLA-0812-8CD82DEB.pdf>

- The total amount of benefits paid to, and the total amount of benefits recovered from, claimants whom the UIA determined to have failed to comply with those requirements or who committed a violation punishable under the “catch-all” provision of the act.
- The total number of claimants that the UIA determined were ineligible for benefits because of failure to comply with those requirements.
- The average duration of regular and extended benefits drawn by claimants.
- The total number of employers that notified the UIA of a job opening.
- The number of claimants that enrolled in a workforce development program.

MCL 421.28 and 421.29 and proposed MCL 421.67c

House Bill 5180 would amend the Michigan Works One-Stop Service Center System Act to provide that, in addition to the activities local workforce development boards now are required to perform in cooperation with the chief elected officials in the area, the boards must ensure that every individual registered to work with the Michigan Works! agency is notified of all job openings the agency receives from the UIA under HB 5179.

The bill would not take effect unless HB 5179 were also enacted.

MCL 408.123

ARGUMENTS:

For:

Supporters of the bills say that requiring unemployed persons to register through Michigan Works! will provide an additional level of service to those seeking work while receiving unemployment benefits, as the mission of Michigan Works! is to assist employers with finding employees and assist individuals with finding new jobs or identifying a job-training program that will allow them to pursue the career they wish.

Proponents add that other benefits of the bills would include increased assurance that individuals receiving unemployment benefits are moving quickly to locate another job, as employers continue to report difficulty meeting their staffing needs.

Against:

Opponents of the bills say that they are not needed, as individuals receiving unemployment benefits already must demonstrate that they are pursuing career opportunities while receiving those benefits, and that these changes would make it more time-consuming for individuals to prove that they are looking for work.

Additional concerns were raised by the UIA, which noted the differing missions of the UIA and Michigan Works! The UIA (a public agency) is charged with determining whether individuals who have become unemployed are eligible to receive unemployment benefits, while Michigan Works! (a private entity) provides employment services to both employers and job-seekers. A representative of the UIA testified that the bills are believed to blur the respective mandates of the organizations and expressed a desire to keep UIA focused on eligibility requirements, while Michigan Works! remains focused on employment and workforce assistance.

POSITIONS:

A representative of the Michigan Laborers Union testified in support of the bills. (6-9-22)

The following entities indicated support for the bills:

- Michigan Manufacturers (12-2-21)
- Michigan Chamber of Commerce (12-2-21)
- Americans for Prosperity (6-9-22)

A representative of the Unemployment Insurance Agency testified in opposition to the bills. (6-9-22)

The following entities indicated opposition to the bills:

- Michigan Association for Justice (6-9-22)
- IBEW Michigan State Conference (6-9-22)
- Michigan Regional Council of Carpenters (6-9-22)
- Michigan Poverty Law Program (6-9-22)
- Michigan League for Public Policy (12-2-21)

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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.