



Senate Fiscal Agency  
P.O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bill 962 (Substitute S-3 as passed by the Senate)  
Senate Bill 975 (Substitute S-1 as passed by the Senate)  
Senate Bills 976 and 981 (Substitute S-2 as passed by the Senate)  
Sponsor: Senator John Cherry (S.B. 962 & S.B. 976)  
Senator Sam Singh (S.B. 975)  
Senator Mary Cavanagh (S.B. 981)  
Committee: Labor

Date Completed: 1-27-25

### **CONTENT**

**Senate Bill 962 (S-3)** would amend the Michigan Employment Security Act to do the following:

- Allow an interested party filing an appeal for a hearing on a redetermination of the claimant's unemployment benefits to request that all related matters be consolidated into one hearing in front of an administrative law judge.
- Allow an individual who was a victim of domestic violence to still be considered qualified for unemployment benefits after leaving work voluntarily if the individual left work because of that domestic violence.
- Modify the number of hardship waiver applications the Unemployment Insurance Agency (UIA) could consider when determining whether to waive recovery of improperly paid benefits.
- Require an individual to conduct a sustained search for work by doing certain activities at least three times in each week the individual was claiming benefits.
- Prohibit the UIA from initiating recovery of improperly paid benefits until the UIA had reviewed the claim for all possible waivers to which the claimant could be entitled and issued a notice to the claimant containing additional information.
- Require a reduction in employees' work hours under an approved shared-work plan to be between 10% and 60%, instead of between 15% and 45%.

**Senate Bill 975 (S-1)** would amend the Michigan Employment Security Act to allow an individual who was a victim of domestic violence to still be considered qualified for unemployment benefits after leaving work voluntarily if the individual left work because of that domestic violence. In addition, the bill would specify that an individual who reduced the individual's own working status to less than full-time employment would be rebuttably presumed to have voluntarily left work without good cause attributable to the employer.

**Senate Bill 976 (S-2)** would amend the Michigan Employment Security Act to do the following:

- Require the UIA to comply with information disclosure requirements under Federal law.
- Require information in the UIA's possession that could affect an individual's claim for worker's disability compensation to be available to a claimant or the claimant's employer.
- Require a claimant or employer to pay reasonable costs for an information request and to protect the confidentiality of the information received.

- **Require the UIA to calculate its costs to process and handle requests for disclosure of information in its possession.**
- **Require any information in the UIA's possession to be made available in response to a court order or to an official with subpoena authority.**
- **Exempt from the Freedom of Information Act (FOIA) any records of the methods used by the UIA to identify and investigate fraudulent claims.**
- **Repeal Section 12a of the Act, which requires that any individual receiving payment to engage in a community work or training program or work experience program be entitled to benefits provided by the Workers Disability Compensation Act.**

**Senate Bill 981 (S-2) would amend the Michigan Employment Security Act to do the following:**

- **Require writings of the UIA in the performance of an official function to be subject to FOIA and to be available for retention for preservation and archival by the State.**
- **Delete a provision allowing the UIA to destroy original documents that were copied and preserved.**
- **Repeal several sections of the Act whose provisions no longer apply.**

The bills are tie-barred to Senate Bill 40, which would increase the maximum number of weeks that an individual was eligible to receive unemployment benefits from 20 weeks to 26 weeks.

### **Senate Bill 962 (S-3)**

#### Reinstated Eligibility for Domestic Violence Victims

Generally, the Act provides for the disbursement of unemployment benefits. To receive unemployment benefits, an individual must prove that the individual left work involuntarily or for good cause that was attributable to the employer or employing unit. If an individual leaves work voluntarily *without* good cause attributable to the employer or employing unit, that individual is ineligible for unemployment benefits; however, the Act exempts certain individuals from this disqualification.

Previously, an individual who left work voluntarily without good cause was still considered qualified for benefits if the individual was a victim of domestic violence and demonstrated to the UIA that the individual needed to discontinue employment or relocate to avoid further domestic violence or recover.<sup>1</sup> This exemption from disqualification sunset on March 31, 2021. The bill would reinstate this exemption from disqualification.

#### Modified Recovery of Improperly Paid Benefits

If the UIA determines that an individual improperly obtained benefits, or a subsequent determination by the UIA or a decision of an appellate authority reverses a prior qualification for benefits, the UIA may recover a sum equal to the amount received plus interest; however, if repayment is contrary to equity and good conscience, the UIA must waive the collection of restitution and interest. This waiver is prospective and does not apply to restitution and interest payments already made by the individual. The bill would delete the latter provision.

Currently, "contrary to equity and good conscience" means any of the following:

---

<sup>1</sup> See MCL 421.29a for more information concerning the exception for domestic violence.

- The claimant provided incorrect wage information without the intent to misrepresent, and the employer provided either no wage information upon request or provided inaccurate wage information that resulted in the overpayment.
- The claimant's average net household income and household cash assets, exclusive of social welfare benefits, were, during the six months immediately preceding the date of the application for waiver, at or below 150% of the annual update of the poverty guidelines most recently published in the Federal Register by the United States Department of Health and Human Services, and the claimant has applied for a waiver.
- The improper payments resulting from an administrative or clerical error by the UIA.

Under the definition, the UIA may not consider a new application for a waiver from a claimant within six months after receiving an application for a waiver from the claimant. A waiver applies from the date the application is filed. If the waiver is granted, the UIA must promptly refund any restitution or interest payments made by the individual after the date of the application for waiver. Under the bill, the UIA could not consider more than five additional hardship waiver applications from a claimant in a calendar year after receiving an application for a waiver from the claimant. Additionally, the UIA could not deny or refuse to consider an application for a waiver submitted by a claimant solely because the claimant had a pending appeal of one or more matters that generated the overpayment under consideration to be waived. Finally, a waiver granted would apply from the date the administrative or clerical error occurred. If the date the error occurred could not be determined, the waiver would apply from the first day of the first week that the improper payments for which the waiver was being sought began.

Currently, "cash assets" means cash on hand and funds in a checking or savings account. Under the bill, "cash assets" would mean cash *in excess of \$100,000* in a checking or savings account, *not including wages reported during that period*.

Additionally, the bill would prohibit the UIA from initiating recovery of improperly paid benefits until the UIA had reviewed the claim for eligibility to receive a waiver to which the claimant could be entitled and issued a notice to the claimant that included all the following information:

- A determination of eligibility for each waiver for which eligibility was considered or, if a determination could not be reached, the information the UIA needed to make a determination.
- The consequences of each determination on the claimant's benefit rights and any overpayment owed, including the issue or matter generating the overpayment and the weeks of benefits affected.
- The claimant's protest and appeal rights with respect to the determination or redetermination on the claimant's eligibility for a waiver and the underlying determination or redetermination that generated the overpayment.

#### Standards for Systematic and Sustained Search for Work

The Act prescribes requirements for an unemployed individual to be eligible to receive unemployment benefits. One of these requirements is that an individual must prove, at least on a biweekly basis, that the individual is conducting a systematic and sustained search for work. The Act then lists six ways in which the individual may conduct a systemic and sustained search for work, which are as follows:

- Using resources available at a Michigan Works! agency office to participate in reemployment services and eligibility assessment activities, identify the skills the individual possesses that are consistent with target or demand occupations in the local workforce development area, or obtain job postings and seek employment for suitable positions needed by local employers.

- Attending job search seminars or other employment workshops that offer instruction in improving an individual's skills for finding and obtaining employment.
- Creating a user profile on a professional networking site or using an online career tool. Creating duplicate user profiles or resubmitting or reuploading the same resume to the same professional networking site does not satisfy the requirements of this provision.
- Applying for an available position with, submitting a resume to, or interviewing with employers. Applying for the same position within a four-week period or contacting an employer to determine whether a position is available does not satisfy the requirements of this provision, unless the individual uses his or her union hiring hall to conduct a search for work.
- Registering for work with a private employment agency or, if it is available to the individual in his or her occupation or profession, the placement facility of a school, college, or university.
- Taking an examination that is required for a position in the state civil service.

The bill would require that, beginning January 1, 2025, an individual would have to meet the requirement to conduct a systemic and sustained search for work by doing any of the six activities listed above at least three times in each week the individual was claiming benefits.

### Redetermination

An interested party may request a hearing before an administrative law judge on a redetermination.<sup>2</sup> The UIA also may transfer a matter to an administrative law judge. The bill would provide that, upon filing an appeal for a hearing on a redetermination, an interested party could include a request for consolidation of another matter to be reviewed at a hearing. Upon receipt of the request for consolidation, the UIA would have to consolidate all matters for transfer to an administrative law judge for a hearing on the matters listed in the request for consolidation. A matter listed on the request for consolidation would have to be consolidated if one of the following conditions were met:

- An application for review of a determination for the listed matter was submitted at least 30 days before the interested party's request for consolidation.
- The UIA had previously issued a redetermination of the listed matter, and the interested party filed a timely appeal for a hearing on the redetermination; if the interested party had not filed an appeal for a hearing on the redetermination of the listed matter before the interested party submitted a request for consolidation, but the appeal otherwise would be timely or the interested party had good cause for a late appeal, the interested party could file an appeal for a hearing for a redetermination of the listed matter at the same time that the interested party made the request for consolidation.

The above provisions could not be construed to limit an administrative law judge's authority to consolidate matters to be reviewed at a hearing as described in Section 33.<sup>3</sup>

### Shared-work Plan Requirements

The Act allows an employer or employing unit to submit a shared-work plan to the UIA. A shared-work plan is a plan for reducing unemployment under which employees of an affected unit share a reduced workload through reduction in their normal weekly hours of work. The UIA can only approve a shared-work plan if, among other requirements, the proposed reduction percentage is between 15% and 45%, or, until March 31, 2021, between 10% and

---

<sup>2</sup> Generally, an interested party is a party whose statutory rights or obligations may be affected by the outcome of a determination, redetermination, or decision, regardless of whether the UIA is a party to an action or proceeding arising under that Code.

<sup>3</sup> Section 33 requires an appeal from a redetermination issued by the UIA to be referred to the Michigan administrative hearing system for assignment to an administrative law judge.

60%. Under the bill, the proposed reduction percentage would have to be between 10% to 60%.

### **Senate Bill 975 (S-1)**

Generally, the Act requires the UIA to pay an eligible unemployed individual specified benefit amounts after the individual makes a claim for benefits and while the individual seeks work. The Act disqualifies an individual who left work voluntarily without good cause from receiving benefits. The bill would clarify that an individual who reduced their own working status to less than full-time employment would be rebuttably presumed to have voluntarily left work without good cause attributable to the employer.<sup>4</sup>

Additionally, the Act exempts certain individuals from disqualification from receiving benefits. Previously, an individual who left work voluntarily without good cause was still considered qualified for benefits if the individual was a victim of domestic violence and demonstrated to the UIA that the individual needed to discontinue employment or relocate to avoid further domestic violence or recover.<sup>5</sup> This exemption from disqualification sunset on March 31, 2021. The bill would reinstate this exemption from disqualification on its effective date.

### **Senate Bill 976 (S-2)**

#### Compliance with Federal Law

Section 11 of the Act requires the UIA to cooperate with the United States Department of Labor in the administration of unemployment insurance in the State and to comply with the appropriate Federal regulations relating to the receipt or expenditure of money paid to Michigan for the purpose of assisting in the administration of the Act. Under the bill, the UIA also would have to comply with 20 CFR 603.8 for any disclosure it made under Section 11.<sup>6</sup>

#### Requirements for Disclosure of Information

Currently, information obtained from an employing unit or individual pursuant to the administration of the Act and determinations about individuals' benefit rights are confidential and must not be disclosed or open to public inspection other than to public employees and public officials in performing official duties under the Act and to agents or contractors of those public officials; however, the Act prescribes certain exceptions.

Among other exceptions, the Act specifies that information in the UIA's possession that may affect an individual's claim for worker's disability compensation under the Worker's Disability Compensation Act must be available to a party whose statutory rights or obligations may be affected by the outcome of a determination, redetermination, or decision, regardless of whether the UIA is a party to an action or proceeding arising under the Code. Instead, under the bill, information in the UIA's possession that could affect a claimant's claim for worker's disability compensation under the Worker's Disability Compensation Act would have to be available to the claimant or the claimant's employer, regardless of whether the UIA was a party to an action or proceeding arising under the Worker's Disability Compensation Act. All the following would apply to a claimant or employer that was provided with information in this provision:

---

<sup>4</sup> A rebuttable presumption is a legal assumption that a fact is true unless proven false by the opposing party. The burden of proof lies with the opposing party that wishes to disprove the presumption.

<sup>5</sup> See MCL 421.29a for more information concerning the exception for domestic violence.

<sup>6</sup> 20 CFR 603.8 prescribes confidentiality requirements for information disclosures by unemployment compensation programs receiving Federal funding.

- The claimant would be entitled to receive only an uncertified printout of the unemployment benefits paid to the individual from the individual's date of injury to the present day.
- The employer would be entitled to receive only an uncertified printout of the unemployment benefits paid to the claimant from the claimant's date of injury to the present day if the claimant consented to the release of the information in a manner that was consistent with the requirements of 20 CFR 603.5(d).<sup>7</sup>
- The claimant or employer would have to pay reasonable costs, as determined by the UIA, for processing the claimant's or employer's request for information, copying, and producing the list of the individual's unemployment benefit payments.

The Act also allows information in the UIA's possession to be made available to any State agency, any other State, or the Federal government, subject to the UIA's rules. The bill would specify that State agencies would include the Michigan Center for Data and Analytics.

In addition, the bill specifies that the following provisions would apply to information obtained in the administration of the Act:

- Any information in the UIA's possession would have to be made available in response to a court order or to an official with subpoena authority in accordance with 20 CFR 603.7(b).<sup>8</sup>
- Except as otherwise provided, any records of the methods used by the UIA to identify and investigate fraudulent claims would be exempt from FOIA.
- Subject to the requirements of 20 CFR 603.8, the UIA would have to calculate its costs to process and handle requests for disclosure of information in its possession, and the recipient of the disclosure of information would have to pay the costs calculated by the UIA unless the costs reflected an incidental amount of UIA staff time and were nominal or the UIA had a reciprocal cost agreement with the person that received the disclosure in which relative benefits to the UIA and the recipient were approximately equal.

### **Senate Bill 981 (S-2)**

#### Public Access to UIA Writings

Generally, the UIA may destroy or dispose of documents as soon as practicable after a document has been digitized and preserved in an information system. The bill would delete this provision, and instead, except as provided in Section 11 of the Act, a writing prepared, owned, used, in the possession of, or retained by the UIA in the performance of an official function would be subject to all the following:

- The Freedom of Information Act.
- Sections 284 to 292 of the Management and Budget Act, which generally require State agencies and departments to keep operational records that document State history, among other things.<sup>9</sup>
- The Michigan History Center Act, which provides for the archival of historical records created by State government agencies.<sup>10</sup>

---

<sup>7</sup> 20 CFR 603.5(d) prescribes circumstances in which the disclosure of confidential unemployment compensation information on the basis of informed consent is permissible.

<sup>8</sup> 20 CFR 603.7(b) prescribes circumstances in which state unemployment compensation programs must disclose otherwise confidential information in accordance with subpoenas.

<sup>9</sup> Under the Management and Budget Act, State Agencies must maintain and document their activities. The Department of Technology, Management, and Budget maintains a records management program for direction and training and provides a retention and disposal schedule for official records.

<sup>10</sup> The Michigan History Center Act allows the Archives or Michigan to collect and preserve historical records created by State agencies. It prohibits agencies from destroying official records without approval by the prescribed retention and disposal schedule.

(Generally, under Section 11, information obtained from any employing unit or individual through the Act's administration and determinations as to the benefit rights of any individual are confidential and may not be disclosed or open to public inspection other than to public employees and public officials, or their agents or contractors, in the performance of their official duties under the Act. The Act prescribes certain exceptions to this provision, such as the use of information for course or program planning, grant applications, or in connection with research projects of a public nature, among other purposes.)

### Rulemaking

Generally, the UIA has authority to create rules and regulations necessary to implement the Act, provided that the rules are consistent with the Act. The bill would modify this provision to specify that the UIA would have to promulgate rules to implement the Act under the Administrative Procedures Act.

The UIA must arrange for the Michigan Employment Security Act's text and all related rules and regulations to be printed for distribution to the public. Additionally, it must make available to the public any informal rules, criteria, administrative policies, or interpretations used by the UIA. Under the bill, the UIA would no longer have to arrange for the printing of such information. Also, the bill would specify that the information required to be made available to the public would have to be consistent with Section 11 of the Act.

Additionally, the Act requires a public hearing to be held before adopting new or changing rules. Notice of the hearing must be published at least 20 days beforehand in three newspapers across the State, including one in the Upper Peninsula. New rules take effect subject to the Administrative Procedures Act. The bill would delete these provisions.

### UIA Membership

The Director may appoint employees and assistants as necessary to exercise the Director's duties and may delegate authority to the employees or assistants subject to UIA approval of appointment and delegation. The bill would delete the requirement that the UIA would have to approve the hiring or delegation of the employees or assistants.

Additionally, the UIA may incur expenses as required to carry out the Act. Also, the UIA must arrange for a bond for any individual handling funds or authorizing payments under the Act. The cost of the bond must be paid from the Administration Fund. The bill would delete these provisions.

### Repealed Sections

The bill would repeal Sections 3a, 4a, 6, and 6b to 7. Generally, Section 3a provides for the creation of the Michigan Employment Security Advisory Council, which made recommendations to the UIA, the Legislature, and the Governor regarding the Act's administration and proposed amendments. Section 4a allows the UIA to purchase land for the use of a parking facility for the State Administrative Office in Detroit. Section 6 allows the Director to appoint individuals to committees with the purpose of educating the public of the conversion to the wage record system and for the development of forms to be used following the conversion to that system. Sections 6b to 7 provide for the use of appropriated funds from Fiscal Year 1989-90.

MCL 421.28d et al. (S.B. 962)  
421.29 (S.B. 975)  
421.11 et al. (S.B. 976)  
421.3 et al. (S.B. 981)

Legislative Analyst: Alex Krabill

## **FISCAL IMPACT**

### **Senate Bill 962 (S-3)**

The bill would have a fiscal impact on the UIA and no fiscal impact on local units of government. Increasing the benefit reduction percentage for shared-work plans, from between 15% and 45% to 10% and 60%, could increase the number of shared-work plans approved. About 1.5% of total UIA claims are from shared-work plans. Any increase in that rate could reduce the otherwise full unemployment benefit payments made by the UIA Trust Fund had the work-share plan not been allowable.

Postponing the timeframe for initiating the recovery of improperly paid benefits would have an indeterminate fiscal impact. Postponing the timeframe would delay the time when improperly paid benefits are paid back to the UIA Trust Fund; however, this process could reduce the number of false improperly paid benefit cases that are found through waivers or on appeal. This would only change when the State initiated a recovery of improperly paid benefits and not the waiver and appeal process, which would make additional administrative costs minimal and within current appropriations.

### **Senate Bill 975 (S-1)**

The bill would have no fiscal impact on State or local government.

### **Senate Bill 976 (S-2)**

The bill would have a minimal fiscal impact on the State and no fiscal impact on local units of government. The bill would formalize processes for disclosure of information requests. This could increase the number of disclosures made by the UIA, which could increase costs. Any significant costs would be supported by information request fees.

### **Senate Bill 981 (S-2)**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Cory Savino, PhD