

Michigan Chamber Attacks \$4 Billion Unemployment Insurance Debt

LANSING, Mich., April 27, 2011 /PRNewswire/ -- The Michigan Chamber Foundation today released a major nonpartisan, economic study that identifies up to \$550 million in annual cost-saving reforms to Michigan's bankrupt unemployment insurance (UI) program. Michigan's debt for its employer-financed UI program is the second highest in the nation behind California.

"This study identifies key policy recommendations to reengineer Michigan's employer-financed UI system," said Wendy Block, Director of Health Policy and Human Resources for the Michigan Chamber. "The suggested legislative and administrative changes will put Michigan on the path to eliminating the debt incurred, ensuring that UI benefits are available to workers when they need them."

Conducted by the nationally-recognized experts at The Lucas Group in Boston, the study found that Michigan's high unemployment rate explains only about 18 percent of Michigan's UI problems. In fact, after adjusting for the state's high unemployment rate, Michigan's UI trust fund is still \$2.5 billion below where it should be.

"Given the size and scope of the UI debt, doing nothing is not an option," noted Block. "We cannot continue to kick the can down the road. Without reforms like those recommended in this study, which target the waste, fraud and inefficiencies within the UI system, Michigan job providers' total additional tax burden will increase over the next decade to repay the debt - plus up to \$1 billion in interest."

The Lucas Group's study identifies ways to strengthen the UI program and eliminate the debt incurred, without creating new impediments to hiring and economic growth. They found in order to keep Michigan's UI taxes competitive with other states, the state must improve key aspects of UI operations and cost-drivers, including increased fraud and overpayment identification and recovery, increased work search requirements and verification, updated non-monetary and monetary eligibility rules and requirements, improved approaches to managing UI claims and updated formulas for benefit calculations.

"We recognize the Snyder administration inherited this problem and we are confident they are committed to overhauling and reforming the size, cost and structure of the UI program," said Holcomb. "The administration and policymakers have a huge task before them and should immediately start attacking this important issue, which ultimately will allow job providers to redirect their financial resources to rehire those currently receiving assistance and create more jobs statewide."

The Michigan Chamber of Commerce is a statewide business organization representing approximately 6,800 employers, trade associations and local chambers of commerce. The Michigan Chamber represents businesses of every size and type in all 83 counties of the state. The Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and legal process. It is one of only four state chambers of commerce in the nation accredited by the U.S. Chamber of Commerce.

SOURCE Michigan Chamber of Commerce

For further information: Wendy Block, Michigan Chamber of Commerce, +1-517-371-7678

<http://michamber.mediaroom.com/index.php?s=19845&item=33982>