

State Unemployment Agency Wastes \$98 Million On Benefit Overpayments and Mishandles Employer Payroll Taxes, Says Michigan Chamber

The Michigan Chamber of Commerce today called on the State House and Michigan Senate to further investigate tens of millions of dollars the Michigan Unemployment Insurance Agency (UIA) has erroneously paid to claimants who are gainfully employed but, at the same time, collecting unemployment benefits. These overpayments totaled over \$98 million in 2007, according to U.S. Department of Labor statistics.

"As Michigan citizens continue to feel the effects of the downturn in the economy, it is shameful to think that people would steal from a trust fund designed to help unemployed workers pay their bills and make ends meet," said Wendy Block, Director of Health Policy and Human Resources for the Michigan Chamber.

"Because Michigan's unemployment system is 100 percent employer financed through payroll taxes, there is a negative impact on businesses across the state when applicants cheat the system," added Block. "Employers deserve better than a \$98 million giveaway of their hard-earned tax dollars."

"According to the U.S. Department of Labor, Michigan employers paid over \$500 million in payroll taxes over the past five years to support the administration of Michigan's unemployment insurance system," said Michigan Chamber President & CEO Rich Studley. "This is on top of \$1.8 billion employers paid in 2007 to support the payment of unemployment claims. The UIA's failure to prioritize and target anti-fraud efforts is completely inexcusable."

"Something must be done to restore the taxpayers' trust in the UIA," said Jim Holcomb, Vice President of Business Advocacy & Associate General Counsel for the Michigan Chamber.

"Last week, we learned that the UIA is responding to the logjam of calls at their centers by using employer's payroll taxes to hire approximately 120 new state workers at a reported eye-popping average of \$61,352 per year," noted Block. "Now we learn that more of these limited resources are being squandered on cheaters."

"Employers and unemployed workers have every right to be angry that the UI Trust Fund is being so poorly managed. The UI Agency must make it a priority to pursue and properly penalize individuals who are trying to grab more than their fair share," Holcomb concluded.

The Michigan Chamber of Commerce is celebrating its 50th year as a statewide business organization, now representing more than 7,100 employers, trade associations and local chambers of commerce. The Michigan Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and legal process. It is only one of four state chambers of commerce in the nation accredited by the U.S. Chamber of Commerce.

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