Michigan Chamber of Commerce Applauds New Unemployment Insurance Reforms Signed Into Law

LANSING, Mich., Dec. 19, 2011 /PRNewswire/ -- The Michigan Chamber of Commerce today applauded lawmakers and Gov. Rick Snyder for working together to enact Senate Bills 484, 484 and 806 – legislation that attacks Michigan's $3.2 billion debt to the federal government for its 100 percent employer-financed unemployment insurance (UI) system. This Michigan Chamber-backed legislation, signed by the governor today, is a comprehensive solution to the UI crisis which includes both solvency solutions and cost-saving reforms.

"Given the size and scope of the UI debt, and the ever-increasing federal penalties that follow, doing nothing was the most expensive option for job providers," said Wendy Block, Director of Health Policy & Human Resources for the Michigan Chamber. "The Michigan Chamber supported this legislation because it will reform Michigan's insolvent UI system to address many of the fundamental problems that created the crisis and provide increased predictability to job providers who wholly finance the system."

Highlights of the new laws include:

- Implementing strict penalties for claimants who scam or defraud the system;
- Tightening the rules for eligibility and disqualification standards;
- Strengthening the "looking for work" requirement to ensure individuals are available for, and actively seeking, work;
- Increasing the suitable work requirements and thresholds by prohibiting claimants from refusing to work because they can make a comparable amount on unemployment;
- Increasing pursuit of overpayments and increasing the penalties for fraud;
- Allowing more employers to seek a UI exemption if they hire seasonal employees;
- Bonding authorization for Michigan's $3.2 billion unemployment insurance debt, saving job providers approximately $100 million by replacing existing federal penalties with an employer-funded bond assessment;
- Shortening the look-back period to determine employers' experience rating from five to three years; and
- Increasing the taxable wage base from $9,000 to $9,500 and allow the rate to float based on the UI trust fund balance.

"While there is no 'silver bullet' to resolve the current crisis, the legislation contains the right balance of cost-saving reforms and funding solutions," said Jim Holcomb, Senior Vice President, Business Advocacy & Associate General Counsel for the Michigan Chamber. "This forward-thinking reform package ensures an appropriate level of benefits to employees who are temporarily unemployed through no fault of their own while keeping UI costs affordable for job providers and competitive with other states."

The Michigan Chamber of Commerce is a statewide business organization representing approximately 6,500 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. Michigan Chamber member businesses provide jobs to 1.6 million residents. One of every 2.3 employees in Michigan works for a Chamber member firm. 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 one of only four state chambers of commerce in the nation accredited by the U.S. Chamber of Commerce.

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