



Testimony Presented to the Senate Committee on Labor Improvements to the Unemployment Insurance Program

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Good afternoon, Chair Cherry and members of the Senate Committee on Labor. My name is Rachel Richards, Fiscal Policy and Government Relations Director at the Michigan League for Public Policy. For those of you who are not yet familiar, the League is a nonpartisan research and advocacy organization that promotes economic opportunity for all and analyzes the impact of public policy and budget decisions on the lives of Michiganders who have been historically and systemically left out of prosperity. The League is also the state's Kids Count organization, working as a part of a national effort to measure the well-being of children at the state and local levels and to shape efforts that improve the lives of Michigan children.

We thank you for the opportunity to provide some recommendations around updating and improving Michigan's Unemployment Insurance (UI) program. Unemployment insurance is an important federal-state safety net program that provides vital support for people who have lost their jobs through no fault of their own by providing temporary replacement of part of their wages. It is intended to provide financial support so the person can continue to pay for basic needs, like food and housing, while looking for a job.

We appreciate the work being done by Director Dale and appreciate the opportunity to serve on the Unemployment Insurance Modernization Workgroup. As the state and advocates move forward in this work, we urge them and the legislature to make systems and policy changes to ensure fair and equitable access to benefits. As we've seen in many social safety net programs, applications for assistance are often long, complicated or confusing, and unintended errors often deny benefits to an eligible person. Providing a fair, understandable application for claimants, with reasonable safeguards in place, will help ensure Michiganders who lose their jobs through no fault of their own are provided accurate and timely benefits.

However, modernization cannot solely look at systems and technology, it also must consider policy. On the policy front, Michigan's program has fallen behind. We provide the fewest weeks of benefits in the Midwest, the lowest maximum benefit, lowest overall coverage and some of the most restrictive eligibility rules that leave behind too many workers. In addition, these policies exacerbate already existing racial disparities. And while we have fallen out of alignment with most states, and notably with our most immediate neighbors, the legislature has a great opportunity to reinforce the value of this safety net program by modernizing it and improving it.

Among Midwest states, Michigan provides the fewest maximum number of weeks of UI benefits available to unemployed workers as they look for new jobs. Although there is some variation

Using data to educate, advocate and fight for policy solutions that undo historic and systemic racial and economic inequities to lift up Michiganders who have been left out of prosperity.

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among states in determining how to calculate the maximum number of weeks, most other states (39 plus the District of Columbia), including Ohio, Indiana, Illinois, Wisconsin and Minnesota, provide up to 26 weeks of benefits.

And to be clear, simply because we provide a maximum number of benefit weeks does not mean that all claimants use them. Prior to the pandemic unemployed Michiganders only utilized an average of 12 weeks of Unemployment Insurance benefits out of the maximum of 20 weeks. At the height of the pandemic when the maximum unemployment benefit duration was temporarily increased to 26 weeks, the average duration utilized only increased to 14 weeks. These numbers tell us people do not stay on unemployment by choice. People often get back into the workforce as soon as possible.

However, while the average duration utilized may be far under the current maximum benefit, there are those who do reach the maximum duration of benefits. This is especially true in communities where there are fewer job opportunities. When benefits run out it often means workers are forced to take whatever job is available even if it offers lower pay and fewer benefits than their previous position. This can mean permanent and potentially risky budget cuts in a household and families that are ultimately worse off than they were before.

Going beyond the maximum number of weeks, the state could support unemployed persons by raising our weekly benefit amount. Michigan currently pays the lowest maximum benefit in the Midwest at \$362 per week, a figure that was set in 2002. The maximum benefit provided under Michigan's current program does not provide enough to make housing affordable during a period of unemployment. In Washtenaw County, a fair market rent, or the cost of shelter plus essential utilities, of a two-bedroom apartment would cost over 94% of an individual's monthly maximum unemployment benefit. In Kent County it would be 87% of an individual's monthly benefit. It is difficult to imagine how a single parent who lost their job through no fault of their own is supposed to keep their family afloat and find a new job while living on unemployment insurance alone. Improving the maximum weekly benefit amount is a win-win; it will help families afford basic necessities, while also keeping consumer dollars flowing into local businesses, such as grocery stores, gas stations, and child care providers.

As the state considers ways to modernize Michigan's UI system, it should take into account the policy choices that can strengthen the program and bring it in line with other states.