



Date: November 7, 2024

To: Members of the Senate Labor Committee

From: Monique Stanton, President & CEO, Michigan League for Public Policy

Subject: Support for SB 962 & 975 – Modernization of Unemployment Insurance System

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The Michigan League for Public Policy is pleased to support Senate Bills 962 and 975 sponsored by Sens. Cherry and Singh. These bills are part of a series of legislation before this committee that begin to address some of the struggles people have when dealing with the unemployment insurance system, increasing accessibility for those in need and simplifying the appeal process. We thank the chair and the sponsors of this legislation, who have attempted to work with all stakeholders to create legislation that will modernize our unemployment insurance system, provide greater support for workers, and maintain the solvency of our unemployment fund.

For those unfamiliar with the League, we are 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 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 child well-being at the state and local levels and use that information to shape public policies and programs to improve the lives of children and their families.

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. However, our system as a whole is stuck in the past. Michigan's unemployment system still reflects the needs of the workforce in the middle 20th century, when the workforce was made up of men who worked full time without a post-secondary education and could easily support a family. Simply put, our system has not kept up with a changing workforce, changing technology, a changing labor market or the changing needs of unemployed Michiganders.

We know your offices often get constituent questions and complaints about accessing benefits or dealing with other unemployment problems, regardless of whether we're dealing with high unemployment rates, and policy change—like the bills before you—are necessary in order to alleviate some of the stress on Michiganders and the system alike.

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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The legislation being discussed today addresses some of the complications people have faced while working their way through the unemployment system. Imagine a situation where you lost your job and received unemployment insurance benefits to help you make ends meet—feed your children, pay your rent or mortgage and keep your lights and heat on—while looking for a job. Despite believing that you complied fully with benefit requirements, you're now told that you received an overpayment and must repay those benefits, even if you have yet to get back onto solid footing. Navigating the system to protest and appeal these determinations is difficult, but repaying these benefits could send you into a financial crisis.

These bills improve Michiganders' abilities to navigate our complicated and complex unemployment insurance system, and they give people facing financial hardship room to breathe by increasing access to financial hardship waivers. This is especially important for marginalized groups such as women and people of color who have faced greater barriers in both accessing employment and receiving unemployment benefits. The bills do not, however, affect the Unemployment Insurance Agency's ability to go after bad actors who prey upon Michiganders in a time of crisis.

The League has been a long-time supporter of modernizing Michigan's unemployment insurance system to meet the needs of Michiganders. This legislation represents a step in the right direction but more work needs to be done. To really modernize our system into one that works for Michiganders, policymakers should:

- Reflect on our diverse workforce and update our minimum wage requirements, which disproportionately bar women and workers of color—whose median wages are less than those of white men—from receiving unemployment benefits. This will bring us in line with other states in the Midwest.
- Join the 37 other states, plus the District of Columbia and Puerto Rico, that offer up to 26 weeks of unemployment benefits, instead of the current maximum of 20 weeks, to give more security for families facing permanent and risky budget cuts due to benefits running out. Simply offering more weeks does not mean workers remain on unemployment longer. While some do exhaust benefits, primarily in communities where there are fewer job opportunities, the average duration a claimant receives unemployment benefits in Michigan is only 11.6 weeks.
- Increase our maximum benefit amount, which is currently the lowest in the Midwest. In fact, 33 states plus the District of Columbia have their maximum weekly benefit automatically adjusted annually based on a percentage of the state's average weekly wage, typically between 50% and 68%. Michigan's set amount currently sits at about 29% of the average weekly wage, well below most other states.

While Michigan may still have a long road ahead to modernize our unemployment system, legislation that examines the system and begins to address some of the complications and barriers claimants face when attempting to work through the system, like the legislation before you today, is an excellent step in the right direction. We urge your swift passage of these bills and welcome further conversation about how to improve our unemployment insurance system.

We thank you for your time and are willing to answer any questions.

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