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MICHIGAN LEGISLATORS MOUNT FURTHER ATTACKS ON UNEMPLOYED & WORKING FAMILIES

Two Bills Before House Could Reduce & Roll Back UI Coverage for Thousands

MICHIGAN – Two bills pending before Michigan’s House of Representatives would further dismantle the state’s unemployment insurance program and impact thousands of unemployed Michiganders struggling to make ends meet while they look for work.

The bills, scheduled for a vote Tuesday, would impose deeper cuts and roll back eligibility requirements under the state’s unemployment insurance (UI) program, after Michigan already became the first state in the country to enact a six-week cut in state benefits, scheduled to begin next year.

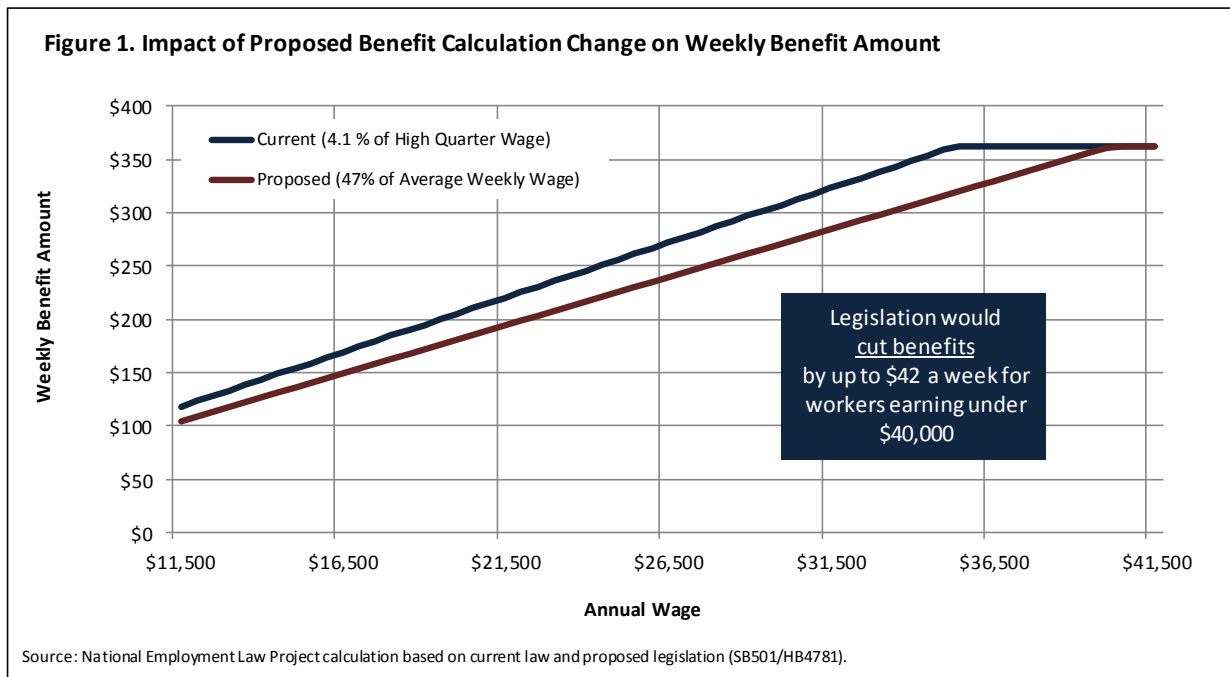
The votes also come on the heels of the budget recently signed by Governor Snyder that gives more than a billion dollars in tax breaks to businesses, to be paid for through tax hikes on retirees and working families with children, and imposes spending cuts targeted at Michigan’s schools, public universities and local communities. With unemployment still over 10 percent in a state ravaged by the recession, the House bills would add yet another blow to Michigan’s economy and thousands of jobseekers and their families.

“As if it weren’t enough that Michiganders were hit earliest and hardest by the downturn, 2011 has become the most costly legislative session in Michigan’s history for workers and their families, between budget cuts, impending tax increases on working families and attacks on unemployment insurance. If it seems that Michigan families, students, and workers are getting a raw deal, it’s because they are. We call on the state legislature to vote down this most recent attempt to rub salt in the wounds of Michigan workers, as it will only hurt the economy and impede recovery,” said **Christine Owens, executive director of the National Employment Law Project**, which has offices in Ann Arbor, New York, Oakland, Seattle and Washington, DC.

Legislation introduced by House Commerce Committee Chair Representative Wayne Schmidt and Representative Joseph Haveman (HB 4781) would reduce UI payments by adopting the most restrictive formula for calculating weekly benefits. Currently, weekly benefit amounts are based on the highest quarter of earnings within the four-quarter base period that determines a worker’s eligibility for UI. Rather than using the high-quarter earnings—the practice in 28 states—Schmidt’s bill would base the benefit amount on the average of 52 weeks of earnings. The practice—known as 52-week averaging—is used by only 11 states and lowers weekly benefits for anyone with unevenly distributed earnings, including retail and service workers who rarely have consistent hours, as well as workers on unpaid family and medical leave and those who experience unplanned gaps between job assignments.

Schmidt’s legislation would also cut unemployment insurance for low- and moderate-income earners—anyone making less than \$40,000 a year. While weekly benefits currently replace at least 53 percent of wages for

workers who don't qualify for Michigan's maximum weekly UI benefit of \$362, the Schmidt bill would lower the wage replacement rate to just 47 percent.



Under the Schmidt bill, UI claimants with modest prior earnings would experience a 12-percent reduction in their weekly benefit amount. An unemployed worker who previously earned \$35,000 a year would lose \$42 per week in unemployment insurance, dropping from \$358 to \$316 a week. The effect on workers with uneven earnings is even more substantial and can result in over a 50-percent reduction in weekly benefits. A person earning \$25,000 with one-third of her wages concentrated in a single quarter, for example, would face a \$116-per-week penalty relative to current law.

“This legislation is an across-the-board benefit reduction for low- and moderate-income earners. At a time when the legislature should be putting Michigan back to work, it is twisting the knife to make it even harder for people to get by while they look for jobs,” said Owens.

Rep. Haveman’s legislation (HB 4782) would also make it easier for employers to deny workers’ legitimate UI claims if they are laid off. The bill broadens the definition of “misconduct”— which disqualifies a worker from receiving UI benefits—to include instances where workers are fired because they are unable to meet production quotas or perform work correctly, even if those failures are completely unintentional and do not constitute misconduct.

“Governor Snyder and state lawmakers already decided that businesses will no longer pay their fair share to maintain the state’s roads and bridges, to fund the legal system, or to invest in the state’s greatest asset—its children,” said Owens. “The effort to further punish beleaguered workers by attacking unemployment insurance once again is just another example of state lawmakers’ narrow-minded and myopic view of what is good for Michigan’s economy. Lawmakers interested in supporting the state’s economy should vote against these latest attacks on the unemployed and Michigan’s working families.”

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