



**House
Legislative
Analysis
Section**

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RELEASE MESC DATA TO OTHER AGENCIES

House Bill 4786 as introduced
First Analysis (5-15-89)

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JUN 06 1989

Sponsor: Rep. Juanita Watkins
Committee: Labor

Mich. State Law Library

THE APPARENT PROBLEM:

Several federal laws were passed last year that necessitate compliance by the Michigan Employment Security Commission (MESC):

The Family Support Act of 1988 requires that states provide the federal parent locator service with access to information on wages and unemployment claims that are maintained by state unemployment security agencies. The act mandates compliance by January 1, 1990.

The Steward B. McKinney Homeless Assistance Amendments Act of 1988 requires that all state employment security agencies disclose wage and unemployment benefit claims information in their records to the Department of Housing and Urban Development (HUD), and to representatives of a public housing agency. The act requires compliance by October 1, 1989.

There are no provisions in the Michigan Employment Security Act at present to authorize MESC to disclose this information. Unless the act is amended to authorize the release of the above information by September 30, 1989, MESC will lose its federal funding.

The MESC currently maintains a computer data matching system, Income Eligibility and Verification System (IEVS), based on wage information submitted by employers in their quarterly reports to MESC. The Department of Social Services has access to this system to check eligibility for benefits under its various programs. The Department of the Treasury says that access to the system would be valuable to it in the detection of potential tax fraud, and suggests the act be amended to allow it this access.

THE CONTENT OF THE BILL:

The bill would amend the Michigan Employment Security Act to allow the Michigan Employment Security Commission to make available information that is currently classified as confidential to certain state and federal agencies:

- The commission could make available to the Department of Treasury information collected for the Income Eligibility and Verification System begun on October 1, 1988, for the purpose of detecting potential tax fraud in other areas.
- The commission would be required to disclose to the U.S. Department of Health and Human Services any wage and unemployment benefit claims information, including any information that might be useful in locating an absent parent or an absent parent's employer, as required under the Social Security Act to carry out the Title IV child support enforcement program.
- The commission would be required to disclose to the U.S. Department of Housing and Urban Development (HUD), and any state or local public housing agency responsible for verifying an applicant's eligibility for any housing assistance program administered by HUD, names, addresses, and wage and unemployment benefit claims information of applicants. The information would be

used only to determine an individual's eligibility for benefits under a HUD housing assistance program. A request for this information would have to be accompanied by presentation of a Consent to the Release of Information form, signed by a claimant.

Under the bill, the above information would not be released unless the requesting agency agreed to reimburse the commission for the costs incurred in furnishing it.

MCL 421.11

FISCAL IMPLICATIONS:

According to the the House Fiscal Agency, the bill would incur no costs to the state. (5-12-89)

ARGUMENTS:

For:

The amendments proposed by the bill are, in part, administrative ones that are necessary to allow MESC to comply with new federal laws. It is critical that the amendments be made by September 30, 1989, to insure that MESC continues to receive federal funds. The bill would also allow the Department of the Treasury access to important information that could detect tax fraud.

For:

With the nations's supply of low-income housing dwindling, and the numbers of homeless individuals rising, it is vital that the government weed out fraud in its social programs. The bill would provide federal and state agencies with access to records necessary to detect fraudulent applications in housing assistance programs, would help to locate parents attempting to avoid their child support obligations, and, in addition, would aid the Department of the Treasury in locating tax fraud.

POSITIONS:

The Department of Labor supports the bill. (5-12-89)

The Department of Treasury supports the bill. (5-15-89)

H.B. 4786 (5-15-89)