

Act No. 240  
Public Acts of 1989  
Approved by the Governor  
December 21, 1989  
Filed with the Secretary of State  
December 21, 1989

**STATE OF MICHIGAN**  
**85TH LEGISLATURE**  
**REGULAR SESSION OF 1989**

Introduced by Senators Dillingham, Cropsey, Cherry, Welborn, DiNello, J. Hart, Carl, Irwin, Conroy,  
V. Smith, Pollack, Holmes, Kelly and O'Brien

# ENROLLED SENATE BILL No. 646

AN ACT to make appropriations for the Michigan employment security commission for the fiscal year ending September 30, 1990; to create certain funds; and to provide for the expenditure of the appropriations.

*The People of the State of Michigan enact:*

Sec. 101. There is appropriated for the Michigan employment security commission to supplement former appropriations for the fiscal year ending September 30, 1990, from the following funds:

## BILL SUMMARY

### APPROPRIATIONS SUMMARY:

Full-time equated classified positions.....	40.0	
GROSS APPROPRIATION .....	\$	57,575,000
Total private revenues.....		57,575,000
State general fund/general purpose .....		0

## DEPARTMENT OF LABOR

### MICHIGAN EMPLOYMENT SECURITY COMMISSION

Full-time equated classified positions.....	40.0	
Computer system improvement and capacity expansion project .....	\$	19,450,000
Safety improvements in the headquarters building in Detroit.....		2,700,000
Training program for commission staff.....		1,000,000
Automated systems for fraud control and collections division.....		425,000
Fraud control and investigations program.....		1,000,000
Emergency computer backup plan.....		1,500,000
Stabilization fund .....		3,500,000
Advocacy assistance program .....		5,000,000
Solvency tax account payments.....		21,000,000
Reserve in solvency tax account for solvency tax payments from penalty and interest account.....		2,000,000
GROSS APPROPRIATION .....	\$	57,575,000

#### Appropriated from:

##### Private revenues:

Contingent fund, penalty and interest account.....	\$	36,575,000
Contingent fund, solvency tax account.....		21,000,000
State general fund/general purpose .....		0

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending in this appropriation act is \$0 and total state payments to local units of government in section 101 are \$0.

Sec. 202. As used in this act, "commission" means the Michigan employment security commission.

Sec. 301. (1) The \$19,450,000.00 appropriated in section 101 from the penalty and interest account in the contingent fund shall be used for continuing work on the unemployment insurance computer system improvement and capacity expansion project. One million dollars of this amount shall be used for staff training in use of the improved computer system.

(2) The computer project oversight committee created by section 6 of Act No. 1 of the Public Acts of the Extra Session of 1936, being section 421.66 of the Michigan Compiled Laws, shall not exceed 15 members. The committee shall be composed of computer system specialists and unemployment insurance specialists from the private sector and employees of the commission who are involved in the project. The committee, on a quarterly basis, shall review commission staff reports on the status of the project and shall provide a short written summary report on the review, including its comments, to the commission, the department of management and budget, and the senate and house of representatives labor committees and appropriations subcommittees on regulatory. The committee serves in an advisory capacity to the commission regarding the project upon request.

(3) The appropriation described in this section shall be considered a work project and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure until the project is completed.

(4) Any funds from the appropriation described in subsection (1) that are not expended within 3 years after the effective date of the amendatory act that added this section shall revert to the penalty and interest account in the contingent fund.

Sec. 302. (1) Within 6 months after the effective date of this section, the commission by an affirmative majority vote of the members shall finalize an emergency backup plan for the current computer system. The plan shall be funded in the amount of \$1,500,000.00 appropriated in section 101 from the penalty and interest account in the contingent fund. A reserve is established in the account for this purpose.

(2) An emergency shall exist when the commission, due to computer system problems, is unable to service claimants or employers on a statewide, regional, or local basis over a prolonged period of time, as determined by the commission.

(3) Expenditure of funds from the reserve established pursuant to subsection (1) shall only be made after the commission by an affirmative majority vote of the members determines that an emergency exists or according to specific criteria included in the plan approved pursuant to subsection (1).

(4) The emergency plan shall not be required after the commission determines that the unemployment insurance computer system improvement and capacity expansion project is fully operational or 36 months after the effective date of this section, whichever occurs first. Unexpended funds remaining in the reserve account at the end of this period shall revert to the penalty and interest account.

(5) The appropriation described in this section shall be considered a work project and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure as provided under subsection (4).

Sec. 303. (1) A stabilization fund is established for the purpose of offsetting the effects on state budgeted staffing levels due to unanticipated cuts in federal administrative funds that may occur in any fiscal year.

(2) The fund shall be in the amount of \$3,500,000.00 and shall be authorized from the penalty and interest account in the contingent fund. A reserve is established in the account for this purpose. Expenditures from the fund shall be authorized by the commission by an affirmative majority vote of the members if it determines that the requirements of subsection (1) are met.

(3) The appropriation described in this section shall be considered a work project and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure as provided in subsection (2).

Sec. 304. The commission shall operate an employee training program which shall be funded in the amount of \$1,000,000.00 for the fiscal year ending September 30, 1990 from the penalty and interest account in the contingent fund. This training program shall be used by the commission for the purpose of training employees to provide more effective service to claimants and employers.

Sec. 305. (1) There shall be appropriated \$2,700,000.00 from the penalty and interest account in the contingent fund for the fiscal year ending September 30, 1990, to fund improvements in the commission headquarters' offices in Detroit. These funds shall be expended upon approval by the commission as follows:

- (a) \$950,000.00 for elevator modernization.
- (b) \$1,200,000.00 for fire suppression and alarm systems.
- (c) \$550,000.00 for exterior and other repairs.

(2) This appropriation shall be considered a work project and shall not lapse at the end of the current fiscal year but shall continue to be available for expenditure until the project is completed.

Sec. 306. (1) There shall be appropriated \$425,000.00 from the penalty and interest account in the contingent fund for the fiscal year ending September 30, 1990, which shall be used by the commission to secure automated systems for the fraud control and collections division.

(2) The \$425,000.00 appropriation described in subsection (1) shall be considered a work project and shall not lapse at the end of the current fiscal year but shall continue to be available for expenditure until the project is completed.

(3) The commission shall operate an increased fraud control and investigation program which shall be funded in the amount of \$1,000,000.00 for the fiscal year ending September 30, 1990 from the penalty and interest account in the contingent fund.

Sec. 307. (1) The \$5,000,000.00 appropriated in the fiscal year ending September 30, 1990 in section 101 from the penalty and interest account in the contingent fund shall be used for the purpose of implementing the advocacy assistance program described in section 5a of Act No. 1 of the Public Acts of the Extra Session of 1936, being section 421.5a of the Michigan Compiled Laws. Not more than \$500,000.00 shall be expended during the fiscal year ending September 30, 1990. For each of the subsequent 3 fiscal years, the maximum amount of expenditure for the program shall not exceed \$1,500,000.00 per year.

(2) Three years after the date a claimant or employer first receives advocacy assistance services, the continuation of the program shall require an affirmative vote by a majority of the members of the commission each year to continue the program for that year.

(3) The appropriations described in this section shall be used to finance all costs connected with the program. Not to exceed 60% of the maximum expenditure allowed in each fiscal year shall be used for costs related to representation of claimants and not to exceed 40% of the maximum expenditure allowed in each fiscal year shall be used for costs related to representation of employers.

(4) The \$5,000,000.00 appropriation described in this section shall be considered a work project and shall not lapse at the end of the current fiscal year but shall continue to be available as provided under this section.

Sec. 308. The \$21,000,000.00 appropriated in section 101 from the solvency tax account in the contingent fund shall be used to make the payments required by section 10(7) of the Michigan employment security act, Act No. 1 of the Public Acts of the Extra Session of 1936, being section 421.10 of the Michigan Compiled Laws.

Sec. 309. The \$2,000,000.00 appropriated in section 101 for the reserve for solvency tax payments shall be used, if necessary, to supplement payments made from the solvency tax account appropriation in section 101 by the commission to assist in making the solvency tax payments required by section 10(7) of the Michigan employment security act, Act No. 1 of the Public Acts of the Extra Session of 1936, being section 421.10 of the Michigan Compiled Laws. However, the amount paid from this reserve when combined with the total payments made from the solvency tax revenues shall not exceed \$21,000,000.00. Any funds from the penalty and interest account of the contingent fund that are not needed to make the payments required by this subsection shall be returned from the solvency tax account to the penalty and interest account of the contingent fund after the good faith effort required by section 10(7) of Act No. 1 of the Public Acts of the Extra Session of 1936 has been made.

Sec. 310. The commission may establish and fill not more than 40 new full-time equated classified positions for programs appropriated in section 101. Funds for these positions may be drawn from the training program for commission staff, the fraud control and investigations program, and the advocacy assistance program.

Sec. 321. This act shall not take effect unless all of the following bills of the 85th Legislature are enacted into law:

- (a) Senate Bill No. 68.
- (b) Senate Bill No. 466.
- (c) Senate Bill No. 640.
- (d) Senate Bill No. 641.
- (e) Senate Bill No. 644.
- (f) Senate Bill No. 645.

- (g) House Bill No. 4815.
- (h) House Bill No. 5222.
- (i) House Bill No. 5223.
- (j) House Bill No. 5224.
- (k) House Bill No. 5226.
- (l) House Bill No. 5227.
- (m) House Bill No. 5229.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved.....

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Governor.