



Memorandum

To: Members of the House Commerce Committee

From: Chris Fisher, President Associated Builders and Contractors of Michigan
Lee Schwartz, Executive Vice President, MI Association of Home Builders

Date: December 7, 2011

Re: Support of Senate Bill 806 *WITHOUT* a construction industry exemption to "Suitable Work Requirement" reform.

This memo is in regard to unemployment insurance reforms contained in Senate Bill 806 and addresses claims that the construction industry should be exempted from suitable work requirement reforms to the UI system.

To be clear, there is no need for a construction industry exemption. Moreover, such efforts would jeopardize the overall competitiveness of Michigan's construction industry, as well as have a drastic impact on the overall trust fund balance of the *100 percent employer financed* Michigan Unemployment Insurance system.

The claim has been made in committee that if a *construction worker*, who has been laid off and is receiving unemployment has accepted a low-skill and low-pay position at a place such as Wal-Mart, and is subsequently offered an opportunity to return to employment within the *construction industry*, which normally requires an immediate response, the worker would have to quit the Wal-Mart job without the customary two weeks' notice to the employer, and could be in jeopardy of having his decision labeled a voluntary quit if the subsequent *construction* job fell through.

This scenario is not only unlikely but by no means would such a scenario be unique to the construction industry. Indeed, the circumstances are no different for any other profession:

*The claim has been made in committee that if an auto mechanic, who has been laid off and is receiving unemployment has accepted a low-skill and low-pay position at a place such as Wal-Mart, and is subsequently offered an opportunity to return to employment within the auto-repair industry, which normally requires an immediate response, the worker would have to quit the Wal-Mart job without the customary two weeks' notice to the employer, and could be in jeopardy of having his decision labeled a voluntary quit if the subsequent *mechanic* job fell through.*

An amendment that may be considered is to exempt the construction industry from the suitable work requirement. There is no logical basis to support such an amendment for the construction industry any more than any other industry. Moreover, House Commerce Committee testimony provided by the Unemployment Insurance Agency on December 6, 2011 affirmed the central argument of an individual being disqualified for benefits if they quit a non-construction job to go back to a construction job and then get laid off from that job, was highly unlikely.

Lastly, it is especially difficult to imagine circumstances whereby the only way a laid off construction worker can return to work is if he or she is present in a union hiring hall. It is worth noting that according to the US Bureau of Labor Statistics, only 25 percent of Michigan's construction workforce is unionized. As such, the union hall argument isn't even relevant for three-quarters of the construction workforce. Regardless of such distinctions, however, the argument also ignores the practical reality that 100 percent of the industry is able to easily access a telephone to return to work, just as is the case for all other professions.

Again, on behalf of the construction industry, we urge opposition to any unfair carve out attempting to exempt the construction industry from suitable work requirement reforms to the UI system. These suitable work reforms are necessary and they DO NOT affect the construction industry any differently than other industries in our state.

Thank you for your work in the legislature on behalf of all industries and workers in Michigan. Please do not hesitate to contact us should you have any further questions or concerns.