



MICHIGAN

To: Honorable Members of the House Commerce Committee

From: Charles Owens, State Director

Date: June 14, 2011

RE: House Bill 4394 – Benefit charges against continuing employers

We are writing to you to ask for your support of House Bill 4394 that would address the issue of unemployment insurance benefit charges against continuing employers.

Under current law it is possible for a worker to collect unemployment insurance benefits from an employer (the continuing employer) at the same time they are working for that employer. As many employers do not understand the workings of the unemployment insurance system and the methodology used to determine eligibility of base period employers, they often believe there has been an error.

As the accompanying bill analysis from the House Fiscal Agency indicates, it is often possible under the law for this situation to occur. An explanation of the unemployment eligibility criteria to an employer rarely changes their perception that this is an unfair application of the system. In short, if an employer is providing a job they do not understand why they should be paying the unemployment for that individual.

This bill would resolve the situation by shifting the payment of benefits for the worker in question back to previous base period employers. It is our understanding that this would not affect the benefit payments or eligibility of the worker in question and would be a matter of adjusting the unemployment system process to accommodate the change.

Again we ask you to support HB 4394.

Thank you for your support of small business.