



**House
Legislative
Analysis
Section**

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MESC CHECKS: COMPUTER BREAKDOWNS

House Bill 4167 with committee amendments
First Analysis (4-13-87)

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Sponsor: Rep. Thomas C. Mathieu
Committee: Labor

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THE APPARENT PROBLEM:

Unemployed people often experience considerable delays in getting their unemployment checks. Sometimes these delays are caused by failures in the Michigan Employment Security Commission's (MESC) computerized benefit payment system. When the system fails (for example, as a result of problems with a computer's disk drive system), and checks are delayed at branch offices, MESC employees have suggested that claimants contact their state representatives for relief. As a result, legislation is being proposed that would mandate an alternate system of issuing checks if the MESC's computer system fails.

THE CONTENT OF THE BILL:

The bill would amend the Michigan Employment Security Act to require the MESC to issue unemployment checks by an alternate system whenever the commission's computer system breaks down. The bill also would require that employers be notified when such a breakdown occurs (MCL 421.27).

FISCAL IMPLICATIONS:

The House Fiscal Agency reports the bill has no fiscal implications for the state (4-9-87).

ARGUMENTS:

For:

Since the MESC went to a computerized system of paying unemployment insurance benefits in the fall of 1984, local MESC offices sometimes have been unable to pay benefits to unemployed people on time as a result of computer system failures. The payment of benefits is dependent on what is called "the determinations process", that is, the process by which the MESC determines whether or not an unemployed worker is eligible for the benefits he or she applies for. Prior to the fall of 1984, local branch offices kept this eligibility information on site and would issue checks using a machine which would record how much was being paid, who was being paid, and which employer was involved. However, with computerization of the payment system, this eligibility information is stored in the MESC's centralized data banks. Now when the system experiences a failure that results in a lack of access to this information, payment of benefits to claimants is delayed. By having an alternative means of paying claimants available in the branch offices, these delays could be avoided and claimants could be paid on time, without unnecessary waiting. It would seem only wise management planning to mandate that when such system failures occur, an alternate system of issuing benefit checks be implemented.

Against:

As the Department of Labor pointed out in a memorandum regarding similar legislation introduced in the House last session, this legislation is unnecessary for several reasons. In the first place, the MESC says that the payment difficulties that it experienced after conversion to a

computerized system have, for the most part, been eliminated. Secondly, whenever a claimant is unable to be paid immediately, he or she may wait (if the system is down for less than an hour, as often is the case), may return the next day, or may elect to receive payment by mail (with such payment usually being mailed later in the same day). Finally, however, the commission already has an alternate emergency backup manual payment system which can be used when necessary. This alternate system, which has never been used, would use typewriters to print the checks, with the data then being entered into the computer system when the system is operational. The MESC considers this system to be a "last resort" necessity, however, since the process of entering data is very complicated and prone to error and since fraud in the payment of benefits is more likely to occur under this manual system than under the computerized system.

Response: Although the MESC says it already has a backup system, the commission's own admission that this system has never been used (when clearly there have been ample opportunities to put it into effect) and the commission's own description of this backup system as cumbersome and prone to error and fraud indicate that the legislature should mandate the creation of a workable emergency backup system.

Against:

The long delays (of up to four weeks, according to some reports) that some people have experienced in receiving their unemployment checks most likely have nothing to do with computer systems "crashes", which often only last between 15 minutes and an hour. Instead, these delays more often have to do with the complex eligibility determination process. For example, if an employer does not register with the MESC (as often is the case with out-of-state construction companies that may work in Michigan for only a few months), a valid claim will be delayed until the commission can contact the employer. The delays inherent in a complicated determinations process would remain, even if the computer system never failed. What really is needed is a comprehensive overhaul of the entire system of unemployment insurance in the state.

POSITIONS:

The Department of Labor supports the bill (4-8-87).

The Michigan State Chamber of Commerce supports the bill (4-8-87).

The Laborers' Local #1165 (headquartered in Grand Rapids) supports the bill (4-9-87).

H.B. 4167 (4-13-87)