



Fact Sheet: Fix Needed to Help Michigan's Long-Term Unemployed

What Is the Issue?

If Michigan's lawmakers do not make a simple technical fix to the state's Unemployment Insurance (UI) law, approximately 35,000 unemployed Michigan workers will lose their unemployment benefits on April 2, 2011. The Michigan Chamber of Commerce has opposed the fix because it will be reflected in future employer taxes, but employers will have to pay the tax whether or not the benefits are extended in Michigan. In fact, those opposed to the fix are asking Michigan employers to pay a federal tax that will finance benefit extensions in other states while denying those federally funded extensions for Michigan workers.

Which Unemployed Workers will Lose Their Benefits?

Workers who have been unemployed and collecting UI Extended Benefits will lose their benefits. Extended Benefits are for unemployed workers who have collected UI for more than 79 weeks, and provide 20 additional weeks (up to 99) of benefits as those workers look for work. If the fix is not enacted, 35,000 workers will lose their benefits on April 2 and another 150,000 workers who could be eligible for Extended Benefits later in the year will never receive them.

What Fix is Needed?

Only workers in states with high unemployment rates can receive more than 79 weeks of benefits. The Extended Benefits legislation provides 20 additional weeks of benefits that are fully funded by the federal government to states with an

unemployment rate which a) is higher than 8 percent, and b) is 110 percent higher than the rate for the corresponding three-month period in either of the prior two years (the "two-year look back"). Because Michigan's unemployment rate has been so high for so long, Michigan does not meet the two-year look back requirement. Congress anticipated that several states would be in this situation, and passed legislation allowing a three-year look back. Michigan's lawmakers, however, must make a fix to the current law to allow Michigan to accept Extended Benefits using the three-year look back.

When Do Michigan's Lawmakers Need to Do This?

Very soon. Michigan will no longer qualify for Extended Benefits under current law beginning April 2. The Legislature is scheduled to break for two weeks on March 24, so the legislation must be passed before then.



Will it Cost the State Money to Make this Fix?

No. The Extended Benefits, supported by the governor and many lawmakers, are fully funded by the federal government and do not cost the state's treasury or businesses any money. Rather, they increase state revenues by a small amount through the state taxes collected on the benefits. They also stimulate local economies and businesses, as more than \$1 billion has flowed into the state as a result of federally-funded Extended Benefits. Most importantly, fixing the law will enable thousands of workers and their families to avoid financial hardship.