



Fact Sheet: Future Unemployment Benefits Shortened for Mich. Families

What Is the Issue?

On March 23, 2011, the Michigan Legislature voted to revise state unemployment benefits, cutting the regular period of state-paid unemployment from 26 to 20 weeks. This was included as part of a bill offering a technical fix to allow 35,000 workers to receive extended Unemployment Insurance benefits. Gov. Snyder signed the bill March 28.

Michigan is the first state to cut the traditional 26-week period, according to the National Employment Law Project. This will reduce future benefits for families in Michigan – a questionable move given Michigan’s history of long and deep periods of unemployment. Michigan had the highest unemployment rate in the country for more than four years. As of February 2011, it ranked the fifth highest in the country.

Which Unemployed Workers Would Have Lost Their Benefits?

Current long-term unemployed workers would have lost their benefits after 79 weeks without the fix that was made. But with this legislation, all workers who begin receiving Unemployment Insurance (UI) next year will lose their state-funded benefits after 20 weeks.

What Fix Was 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, had to fix to the current law to allow Michigan to accept Extended Benefits using the three-year look back.

Would it Have 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



When Did Michigan’s Lawmakers Need to Do This?

The Michigan Legislature could have simply voted to approve a three-year look back, allowing families in Michigan to receive the 20

weeks of federally funded extended benefits that were expected. Reducing future benefits was not required.