

Editorial by: Senator Jack Brandenburg (R-Harrison Twp)
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As my first year of being a state senator comes to a close, I look back and think that this year could be nicknamed “The Year of Reforms.” Legislators in both the Senate and House, along with the new administration, wasted no time getting to work fixing Michigan. Reform legislation was introduced to address a number of issues that were either long overdue or structurally unsustainable. From teacher tenure to workman’s compensation; no-fault insurance to social welfare benefits; enthusiastic lawmakers found solutions to problems that had been unsolvable till now.

One reform especially important to me is Unemployment Insurance reform. For the past few months I have been working with both small and large business owners and the Unemployment Agency to resolve what has amounted to almost a \$4 billion debt to the federal government. The Unemployment Trust Fund is completely employer financed and must be repaid through payroll taxes on Michigan job providers.

Beginning in 2012, federal penalties on employers will be \$63 per employee per year. Negative balance employers will also pay an additional \$67.50 per year. Another assessment is necessary to pay off outstanding interest on the federal loans and could be as much as \$46 per employee per year. Beginning in 2013, additional federal penalties (called the “BCR add-on”) are possible in future years for up to \$231 per employee per year. Total cost = \$340 for positive balance employers and \$408 for negative balance employers—per employee per year.

These additional costs are a significant burden on Michigan job providers that will continue to grow for years until the loans are paid off. This undue burden will hinder Michigan’s recovery and prevent job creation.

Thankfully I believe we can avoid this disaster. Through bonding for our debt and enacting meaningful reforms contained in my recently introduced legislation, we can fix this problem. Bonding for our current debt will give the Unemployment Trust Fund a fresh start. However, to ensure we do not find ourselves in the same place in a few short years, we must structurally alter eligibility requirements, attack fraud, and avoid improper payments.

Structurally altering eligibility requirements is necessary to ensure that people receiving benefits deserve them. My bill includes common-sense measures to make sure those collecting benefits are rightfully entitled to them. Under my proposal, if an employee negligently loses a job requirement (for example, a truck driver receiving a DUI) they will be ineligible for unemployment benefits. Also, if an employee is chronically absent (three consecutive no call/no shows) they will again be ineligible. Addressing drug use in the workplace and reversing the burden of proof on claims of voluntary separation are a few of the things that my bill does to tighten eligibility.

To attack unemployment fraud, the first thing we need to do is to make unemployment fraud a felony; currently it is a misdemeanor under Michigan law. I introduced legislation that will make this type of fraud a felony. Collecting benefits under fraud is the same as stealing from your former employer. Through cracking down on improper payments and tightening eligibility requirements, I suspect we will also flush out a lot of the fraud within the system.

We must prevent improper payment of benefits. There is no reason that a Michigan employer should be financially burdened for no reason. Anyone collecting unemployment benefits should make it their priority to find new employment. Suitable replacement work is currently ill-defined and must be clarified. My bill will clarify that once a claimant has received half their benefits in a benefit year they must accept an offer if it pays at least prevailing wage and is 120 percent or more of the claimant's weekly benefit amount. The longer they collect benefits, the greater a burden they are on the system. Also, the seasonal employment designation must have more flexibility. My bill will allow seasonal employer designation for any business that is in regular operation for 26 weeks or less. This needs to be perfectly clear for both the employee and the employer.

What I have briefly touched on is only the tip of a reform mountain. The bill is a little more than 200 pages and amends numerous sections of Michigan law, going back to 1936. We must set Michigan on a path to success and end the practice of running up billions of dollars in deficits. Structural reforms like this will set Michigan on a course to recovery and sustainable success.