MEMO

TO:	Michigan House Committee on Economic Competitiveness
FROM:	David Q. Worthams, Director of Employment Policy
DATE:	June 12, 2025
Re:	HB 4516 – Improved Enforcement of UIA Work Search Requirements (SUPPORT)

On behalf of the nearly 1,800 members of the Michigan Manufacturers Association (MMA), with locations in every one of the state's 83 counties, I urge your support of House Bill 4516. This bill will help strengthen meaningful work search requirements for claimants of unemployment insurance benefits.

For years, employers have been frustrated by the inability of the Unemployment Insurance Agency (UIA) to resolve issues of enforcement of the state's unemployment system, which is 100% financed by employers through payroll taxes. Our frustrations revolve around the need for increased accountability of eligibility criteria, especially considering recent actions to increase and extend benefits when employers have been experiencing shortages in the workforce and have thousands of well-paying positions available. Our frustrations are amplified as we watched the UI Trust Fund erode greatly during the pandemic because we recognized it is going to fall on employers to replenish the fund through higher UI taxes. In fact, the day before the pandemic was declared in Michigan, the UI Trust Fund had a balance of over $4.5 billion dollars which quickly dropped to $797 million. The fund is just now at $3 billion, nearly five years later.

The last push for increased benefits began in 2023 with the convening of two separate unemployment workgroups: the UIA Modernization Workgroup, convened by then UIA Director Julia Dale, and a benefits workgroup convened by State Senator John Cherry (D-Flint). I was privileged to represent the MMA in both workgroups. Both work groups were given a series of issues from the business community we believed needed to be addressed before we could consider adjusting the levels and duration of unemployment benefits. The issue of vigorous enforcement of the work search criteria was at the top of the list.

Existing law requires claimants actively seeking UI benefits perform at least one work search activity each week that they receive benefits. The valid work search activities include contacting employers (applications and interviews), setting up a new account or updating an account on MiTalent.org/Indeed/LinkedIn/CareerBuilder/Monster/et al., uploading your resume at Pure Michigan Talent Connect, attending job search seminars or trainings, etc.

As helpful as requiring a claimant to perform these activities might be, they are structured in a way that still allows those who wish to game the system to no-show interviews or purposefully skip the first day of work when they have been offered a new job (a.k.a. "ghosting"). What is especially maddening is that there is nothing that a former employer (who is charged for UI

benefits) or a potential employer (who desperately needs to fill an open position) can do to alert UIA of potential fraudulent actions.

To help address these concerns, I crafted language that makes it clear that incidents of "ghosting" should be considered an action that disqualifies a claimant from UI benefits. Additionally, the language gives direction to the UIA to create a system that allows employers to report "ghosting", something that the current system doesn't allow for today.

In efforts to keep the workgroup discussions productive, I shared the language with the Michigan Poverty Law Center and others claimant associations in 2023 and again in 2024, but they did not provide any reaction or comments to my proposal. Further, Senator Cherry chose not to include these changes in his UIA modernization bills, which increased UI benefit levels and durations when the 102nd Michigan Legislature enacted Senate Bill 40 and Senate Bill 962 of 2024 on party line votes. The Governor signed both of those bills into law last December.

House Bill 4516 addresses the shortcomings in the existing law by making it clear that a person who fails to appear for a scheduled interview without providing notice of a need to cancel or reschedule or fails to report to work for two consecutive workdays without prior notice will be disqualified for UI benefits. The bill also includes a rebuttable presumption to help address emergency situations or other cases where a person was unable to provide notice in advance but are not seeking to game the system. Lastly, the bill directs the UIA to change their existing internet system (MiWAM) and its successor system (MiUI) so that employers can notify the agency when a claimant misses an interview or fails to report to work.

These are common sense changes that will help strengthen Michigan's unemployment system, will help get more people back to work, and prevent long term abuse of UI funds. We urge you to report House Bill 4516 to the full House of Representatives with your recommendation.