Michigan Lawmakers Vote to Begin Dismantling State’s Unemployment Insurance System

NELP Urges Governor to Veto Misguided, Short-Sighted Bill and Demand Legislature Fix Extended Benefits Legislation Without Gutting Basic Benefits

Ann Arbor, Michigan. Yesterday, in the dead of night, Michigan lawmakers dealt a crushing blow to the state’s unemployment insurance program and the workers it is designed to serve. In an unprecedented and cynical move, members of Michigan’s house and senate voted along party lines to slash state unemployment insurance benefits, cutting the maximum duration of unemployment benefits from 26 to 20 weeks starting January 15, 2012. If this measure becomes law, Michigan will become the only state in the nation that pays less than 26 weeks of UI benefits in its basic state program.

A veto by newly elected Governor Rick Snyder is the only remaining option that can stop the legislation passed yesterday from becoming law.

“The ball is in the governor’s court,” said Christine Owens, executive director of the National Employment Law Project. “So far, Governor Snyder has said he’s avoiding overtly anti-worker tactics employed in neighboring states. Signing this bill would certainly undermine that assertion. We urge Governor Snyder to exercise his independent judgment, do the right thing for all of Michigan’s workers and the state’s economy, and veto this bill.”

Currently, all 50 states offer a maximum of 26 weeks of UI benefits, as they have for more than half a century. States, including Michigan, generally began offering 26 weeks in the 1950s—well before the vast majority of today’s workers were born.

Taking effect in January 2012, Michigan’s roll-back would come at the same time that federal Emergency Unemployment Compensation and Extended Benefits programs are scheduled to wind down. Without the federal programs in place, workers who begin receiving benefits on January 15th or later would receive a maximum of only 20 weeks of benefits if Governor Snyder signs the bill.

Amidst a flurry of activity in the state senate on Wednesday, the cuts in benefits were passed as part of a package of amendments made to an existing unemployment insurance bill. The package also included a provision supported by the National Employment Law Project and others, including the
state’s largest employers, that would prevent federally funded unemployment insurance benefits from ending on April 2nd.

Republican lawmakers added a permanent six-week reduction in state UI benefit weeks in exchange for continuing existing federal UI benefit extensions for the remainder of 2011. Senate Democrats, however, voted against the entire bill on the grounds that it traded a modest short-term gain—underwritten by the federal government—for serious long-term harm to Michigan workers. During a floor statement, Senator Tupac Hunter described the situation as “political gamesmanship at its worst.”

Michigan is now approaching a nationally-leading 27th consecutive month of double-digit unemployment. Meanwhile, more than 150,000 newly laid-off workers have filed for unemployment insurance in the state since the beginning of the year. National averages indicate that it will take these workers more than nine months to find employment. The most discouraged among them will choose to join the 275,000 Michigan workers who have dropped out of the labor market because job opportunities are so scarce.

Michigan Chamber of Commerce President Richard Studley recently admitted that there are few available jobs in the state, suggesting that unemployed Michigan workers “relocate to another community where more and better jobs are available.” Despite this acknowledgment of the state’s weak labor market, the Chamber worked behind the scenes to make a reduction in benefit weeks a priority in the legislature.

“The narrow, myopic view of the Michigan Chamber of Commerce and its allies is that UI benefits only help workers. Even if that were true, neglecting workers during their time of greatest need is simply wrong. But the assumption also ignores the tremendously positive impact that UI benefits have in our economy, in terms of bolstering consumer demand and spending in our local economies,” said Owens. “Cutting UI benefits will have a negative impact on economic growth, at the same time it drives more families into poverty. In the end, this argument boils down to what kind of country we want America to be—one that protects our most vulnerable citizens, or one that pretends cruel policies will bring us economic prosperity. And for leaders around the nation, at every level and in every arena of governance, more and more the question boils down to which side are you on?”

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