# Legislative Analysis

**EXTENDED LAYOFF**

**Senate Bill 501 (S-3) as reported from House committee**
**Sponsor: Sen. Ken Horn**
**House Committee: Workforce, Trades, and Talent**
**Senate Committee: Economic and Small Business Development**
**Complete to 6-30-21**

*(Enacted as Public Act 66 of 2021)*

## SUMMARY:

Senate Bill 501 would amend the Michigan Employment Security Act to provide that an unemployed person who received a waiver from certain unemployment requirements because the person's employer indicated that the layoff was temporary could be eligible for up to a 90-day extension of that waiver if the employer indicates that the layoff is an extended layoff for a qualifying reason.

Currently, an unemployed person is eligible to receive benefits for a given week only if the unemployment insurance agency (UIA) finds that the person has registered for work with MichiganWorks! after applying for benefits, continues to report pursuant to UIA rules, and is actively seeking work, in addition to other requirements. The bill would provide that the person must have registered within the prescribed time period in order to be eligible.

The requirements to report, register to work, be available to perform suitable full-time work, and seek work may be waived by the UIA if the employer notifies the UIA that the layoff is temporary, for a period not to exceed 45 days. The bill would allow the UIA to extend the waiver for an additional 90 days if, before the end of the initial waiver period of less than 45 days, the employer notifies the UIA that the layoff is an extended layoff and is the result of one or more of the following:

- The retooling of the employer's equipment.
- A parts shortage.
- A temporary production volume adjustment.

If a person was laid off because of such an extended layoff that existed on May 31, 2021, the requirements that the person report, register to work, be available to perform suitable full-time work, and seek work could be waived by the UIA. The waiver could occur if the person's employer notifies the UIA of the extended layoff before July 16, 2021. The tolling of the extended waiver would begin on May 31, 2021.

MCL 421.28

## BRIEF DISCUSSION:

According to committee testimony, the bill is primarily intended to codify the work search requirement into statute. As introduced, the bill would have required applicants to register with MichiganWorks! within 21 days after applying for benefits. The S-3 substitute passed by the Senate and House instead leaves the timing to the discretion of the UIA.

Additionally, the bill allows for an additional 90-day waiver from work search requirements if an applicant's employer indicated that the extended layoff is for a qualifying reason. Reportedly, this addresses issues with the supply chain that have arisen during the COVID-19 pandemic, specifically with the current shortage of microchips.

## FISCAL IMPACT:

Senate Bill 501 would not have a significant fiscal impact on any unit of state or local government. The changes created by the bill would not influence volumes of unemployment claims and would not necessitate any expenditure by the Unemployment Insurance Agency.

## POSITIONS:

Representatives of the following entities testified in support for the bill (6-24-21):
- MichiganWorks!—Oakland County
- West Michigan Works!
- Michigan Manufacturers Association

The following entities indicated support for the bill (6-24-21):
- Michigan Chamber of Commerce
- Kinexus
- Market Van Buren
- NFIB
- Michigan Retailers Association

A representative of the Unemployment Insurance Agency and the Department of Labor and Economic Opportunity testified and indicated a neutral position on the bill. (6-24-21)

Legislative Analyst: Jenny McInerney
Fiscal Analyst: Marcus Coffin