

SENATE CONCURRENT RESOLUTION NO.29

Senators Nesbitt, LaSata, Bumstead and Bizon offered the following concurrent resolution:

1 A concurrent resolution to request that the Auditor General
2 conduct a financial and performance audit of the Unemployment
3 Insurance Agency within the next 6 months and provide
4 recommendations to address any organizational deficiencies.

5 Whereas, Policies implemented to mitigate the COVID-19
6 Pandemic have resulted in substantial hardships for Michigan
7 workers across the state. In order to limit the virus' spread,
8 Governor Gretchen Whitmer issued executive orders closing all
9 nonessential businesses and requiring residents to stay home except
10 for essential activities. While necessary to protect public health,
11 these measures left millions of Michigan residents out of work; and

12 Whereas, With so many Michigan residents out of work, there
13 has been unprecedented strain on the unemployment system. Since

1 Michigan's first COVID-19 cases were confirmed on March 10, more
2 than 2.2 million residents have filed for unemployment benefits.
3 Over this period the state has paid out in total more than \$11.4
4 billion in benefits to more than 2 million claimants; and

5 Whereas, The Unemployment Insurance Agency (UIA) has struggled
6 to adapt to the immense surge in claims. Tens of thousands of
7 residents have been unable to contact UIA staff, including some who
8 have called the agency hundreds of times without getting through.
9 Approximately 540,000 accounts have not received payment or had
10 their benefits suspended for suspected fraud. While about 300,000
11 of these accounts have been cleared and have resumed benefits,
12 240,000 potentially innocent claimants are still waiting for the
13 agency to clear their accounts; and

14 Whereas, An audit of the UIA will help the Legislature to
15 understand potential issues at the agency and improve its
16 performance in the future. In the aftermath of an unprecedented
17 surge in claims and thousands of potentially fraudulent claims, it
18 is critical to assess the agency's performance and identify any
19 organizational deficiencies where changes are necessary; and

20 Whereas, Auditing the UIA's use of federal and state funds is
21 important to ensure that the agency properly administered taxpayer
22 dollars during the crisis. With \$11.4 billion and counting in
23 benefits being paid out, it is critical to confirm that taxpayer
24 funds are used responsibly and to understand what changes may be
25 necessary to prevent future waste; and

26 Whereas, An audit of the UIA's staffing levels and ability to
27 process claims during an emergency is critical in understanding the
28 issues the agency faced during this crisis and preparing for future
29 emergencies. It is important to determine any necessary changes

1 that will ensure future emergencies do not overwhelm the UIA's
2 ability to process claims; and

3 Whereas, Auditing the UIA's cybersecurity protections is
4 important to protect the agency from fraudulent claims. During the
5 COVID-19 Pandemic, hackers have taken advantage of states'
6 unemployment systems to file fraudulent claims and collect hundreds
7 of millions of dollars in benefits. Assessing the adequacy of the
8 agency's current cybersecurity protections will identify potential
9 necessary improvements to protect the state from future attacks by
10 hackers; now, therefore, be it

11 Resolved by the Senate (the House of Representatives
12 concurring), That we request that the Auditor General conduct a
13 financial and performance audit of the Unemployment Insurance
14 Agency within the next 6 months and provide recommendations to
15 address any organizational deficiencies; and be it further

16 Resolved, That this audit should examine the UIA's use of
17 federal and state funding, staffing levels, cybersecurity policies,
18 and response time and ability to process claims during emergencies,
19 along with any other information the Auditor General feels should
20 be included; and be it further

21 Resolved, That copies of this resolution be transmitted to the
22 Auditor General.