

# HOUSE BILL NO. 4440

March 04, 2021, Introduced by Reps. Yancey, Scott, Sowerby, Clemente, Shannon, Garza, Tyrone Carter, O'Neal, Hope, Koleszar, Hood, Cavanagh, Ellison, Sabo, Steenland, Thanedar, Manoogian, Tate, Steckloff, Cherry, Weiss, Puri, Kuppa, Brabec, Breen, Young, Brixie, Coleman, Camilleri, Stone, Bolden, Sneller, Brenda Carter, Aiyash, Pohutsky, Rabhi, Whitsett and Jones and referred to the Committee on Workforce, Trades, and Talent.

A bill to amend 1936 (Ex Sess) PA 1, entitled  
"Michigan employment security act,"  
by amending section 10 (MCL 421.10), as amended by 2016 PA 517.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 10. (1) There is created in the department of treasury a  
2 special fund to be known and designated as the administration fund  
3 (Michigan employment security act). Any balances in the  
4 administration fund at the end of any fiscal year of this state  
5 shall be carried over as a part of the administration fund and

1 shall not revert to the general fund of this state. Except as  
2 otherwise provided in subsection (3), all money deposited into the  
3 administration fund under this act shall be appropriated by the  
4 legislature to the unemployment agency to pay the expenses of the  
5 administration of this act.

6 (2) The administration fund shall be credited with all money  
7 appropriated to the fund by the legislature, all money received  
8 from the United States or any agency of the United States for that  
9 purpose, and all money received by this state for the fund. All  
10 money in the administration fund that is received from the federal  
11 government or any agency of the federal government or that is  
12 appropriated by this state for the purposes of this act, except  
13 money requisitioned from the account of this state in the  
14 unemployment trust fund pursuant to a specific appropriation made  
15 by the legislature in accordance with section 903(c)(2) of title IX  
16 of the social security act, 42 USC 1103(c)(2), and with section  
17 17(3)(f), shall be expended solely for the purposes and in the  
18 amounts found necessary by the appropriate agency of the United  
19 States and the legislature for the proper and efficient  
20 administration of this act.

21 (3) All money requisitioned from the account of this state in  
22 the unemployment trust fund pursuant to a specific appropriation  
23 made by the legislature in accordance with section 903(c)(2) of  
24 title IX of the social security act, 42 USC 1103(c)(2), and with  
25 section 17(3)(f), shall be deposited in the administration fund.  
26 Any money that remains unexpended at the close of the 2-year period  
27 beginning on the date of enactment of a specific appropriation  
28 shall be immediately redeposited with the secretary of the treasury  
29 of the United States to the credit of this state's account in the

1 unemployment trust fund; or any money that for any reason cannot be  
2 expended or is not to be expended for the purpose for which  
3 appropriated before the close of this 2-year period shall be  
4 redeposited at the earliest practicable date.

5 (4) If any money received after June 30, 1941, from the  
6 appropriate agency of the United States under ~~title III of the~~  
7 ~~social security act, 42 USC 501 to 504,~~ **chapter 7, subchapter 3,** or  
8 any unencumbered balances in the administration fund (Michigan  
9 employment security act) as of that date, or any money granted  
10 after that date to this state under the Wagner-Peyser act, as  
11 defined in section 12, or any money made available by this state or  
12 its political subdivisions and matched by money granted to this  
13 state under the Wagner-Peyser act, is found by the appropriate  
14 agency of the United States, because of any action or contingency,  
15 to have been lost or been expended for purposes other than, or in  
16 amounts in excess of, those found necessary by that agency of the  
17 United States for the proper administration of this act, the money  
18 shall be replaced by money appropriated for that purpose from the  
19 general funds of this state to the administration fund (Michigan  
20 employment security act) for expenditure as provided in this act.  
21 Upon receipt of notice of such a finding by the appropriate agency  
22 of the United States, the unemployment agency shall promptly report  
23 the amount required for replacement to the governor and the  
24 governor shall, at the earliest opportunity, submit to the  
25 legislature a request for the appropriation of that amount. ~~This~~  
26 ~~subsection does not relieve this state of its obligation with~~  
27 ~~respect to funds received prior to July 1, 1941, under the~~  
28 ~~provisions of 42 USC 501 to 504.~~

29 (5) If any funds expended or disbursed by the unemployment

1 agency are found by the appropriate agency of the United States to  
2 have been lost or expended for purposes other than, or in amounts  
3 in excess of, those found necessary by that agency of the United  
4 States for the proper administration of this act, and if these  
5 funds are replaced as provided in subsection (4) by money  
6 appropriated for that purpose from the general fund of this state,  
7 then the director who approved the expenditure or disbursement of  
8 those funds for those purposes or in those amounts, is liable to  
9 this state in an amount equal to the sum of money appropriated to  
10 replace those funds.

11 (6) There is created in the department of treasury a separate  
12 fund to be known as the contingent fund (Michigan employment  
13 security act) into which shall be deposited all solvency taxes  
14 collected under section 19a and all interest on contributions,  
15 penalties, and damages collected under this act. ~~Except as provided~~  
16 ~~in subsection (7), all~~ **All** amounts in the contingent fund (Michigan  
17 employment security act) and all earnings on those amounts are  
18 continuously appropriated without regard to fiscal year for the  
19 administration of the talent investment agency, as established  
20 under Executive Reorganization Order No. 2014-6, MCL 125.1995,  
21 including, but not limited to, the development and execution of  
22 workforce training programs, and for the payment of interest on  
23 advances from the federal government to the unemployment  
24 compensation fund under **section 1201 of the social security act**, 42  
25 USC 1321, to be expended only if authorized by the unemployment  
26 agency. Money deposited from the solvency taxes collected under  
27 section 19a shall not be used for the administration of the  
28 unemployment agency, except for the repayment of loans from the  
29 state treasury and interest on loans made under section 19a(3).

1 However, an authorization or expenditure shall not be made as a  
2 substitution for a grant of federal funds or for any portion of a  
3 grant that, in the absence of an authorization, would be available  
4 to the unemployment agency. Immediately upon receipt of  
5 administrative grants from the appropriate agency of the United  
6 States to cover administrative costs for which the unemployment  
7 agency has authorized and made expenditures from the contingent  
8 fund, those grants shall be transferred to the contingent fund to  
9 the extent necessary to reimburse the contingent fund for the  
10 amount of those expenditures. Amounts needed to refund interest,  
11 damages, and penalties erroneously collected shall be withdrawn and  
12 expended for those purposes from the contingent fund upon order of  
13 the unemployment agency. Any amount authorized to be expended for  
14 administration under this section may be transferred to the  
15 administration fund. An amount not needed for the purpose for which  
16 authorized shall, upon order of the unemployment agency, be  
17 returned to the contingent fund. Amounts needed to refund  
18 erroneously collected solvency taxes shall be withdrawn and  
19 expended for that purpose upon order of the unemployment agency.

20 ~~(7) For the fiscal year ending September 30, 2017 only,~~  
21 ~~\$10,000,000.00 of the money in the contingent fund created in~~  
22 ~~subsection (6) is transferred to and shall be deposited into the~~  
23 ~~general fund.~~

24 **(7) Notwithstanding any other provisions of this section, an**  
25 **amount is reserved in the contingent fund for the following**  
26 **purposes:**

27 **(a) Payments to claimants for benefits, interest, damages, and**  
28 **penalties recovered as a result of erroneous, computer-identified**  
29 **fraud determinations made from January 1, 2013 through December 31,**

1 2015 or March 15, 2020 through January 1, 2022. A claimant is  
2 entitled to interest on those erroneously collected benefits,  
3 interest, damages, and penalties at a rate of 1% per month.

4 (b) Payments to claimants for any out-of-pocket expenses  
5 incurred as a result of an erroneous, computer-identified fraud  
6 determination made from January 1, 2013 through December 31, 2015  
7 or March 15, 2020 through January 1, 2022, including, but not  
8 limited to, expenses associated with litigation or a bankruptcy  
9 proceeding.

10 (c) Payments for credit monitoring and repair services for  
11 claimants whose credit score was reduced as a result of an  
12 erroneous, computer-identified fraud determination made from  
13 January 1, 2013 through December 31, 2015 or March 15, 2020 through  
14 January 1, 2022. The unemployment agency shall provide these  
15 payments to a claimant for a reasonable period of time to ensure  
16 that the claimant's credit score is at the same level as before the  
17 erroneous determination was made.

18 (8) The unemployment agency shall not use money in the  
19 contingent fund for any purpose other than the purposes in  
20 subsection (7) until after all of the payments under subsection (7)  
21 have been made or all of the conditions under subsection (7) have  
22 been met.

23 (9) It is the intent of the legislature that, if the  
24 contingent fund does not contain sufficient money to fulfill the  
25 purposes of subsection (7), an amount necessary to fulfill those  
26 purposes be deposited into the contingent fund from the general  
27 fund of this state.

28 Enacting section 1. This amendatory act takes effect 90 days  
29 after the date it is enacted into law.