

LEGISLATIVE ANALYSIS:

UIA REFORM BILLS HB 5165-5172

Bill Number, Sponsor, Issue	What the New Bill Does	Issues With Current Law
HB 5165, Graves New ID Theft Verification Structure	<ul style="list-style-type: none"> • In order to efficiently and effectively combat identity fraud, this bill establishes a new system that will enforce timely reviews of submitted affidavits by either the employer, the worker, or both parties. • Creates an "Inspector General" tasked with reviewing administrative policies, practices, and procedures specifically those that the Unemployment Agency has adopted to mitigate the incidence of claims submitted by impostors. They will also be making recommendations to improve those procedures and to improve integrity and accountability within the Agency. 	The Agency lacked clear procedures to verify imposter theft claims.
HB 5166, Hertel Fraud Penalty	For fraud other than identity fraud: <ul style="list-style-type: none"> • Penalty will be 100% of overpayment for first instance • Penalty will be 150% of overpayment for subsequent instances. • For imposters who commit identity fraud, the penalty will be equal to 400% of the overpayment. 	Michigan's current penalty rate for fraud is up to 400% of the overpayment.
HB 5167, Byrd Advocacy Program	The new law allows claimants accused of fraud to participate in the advocacy program. If a final determination is made that a claimant or employer committed fraud, then the Agency will recover the cost of the representation from the claimant.	The commission provides an advocacy program to provide claimants and employers advocacy assistance. This is not extended to people accused of fraud.
HB 5168, Farrington ID Theft Protections	<ul style="list-style-type: none"> • Claimants must provide the Agency with their social security number and one of the following: driver's license number, state ID number, or verification of identity using I-9 documents. • Agency shall request, but not require, individuals applying for benefits to submit their base period employer's unemployment agency account number and federal employer ID number. • The Agency will verify a claimant's identity before making an initial payment. 	The current law does not require the Agency to use all information provided by individuals applying for benefits to verify identification before making payments on claims.

Analysis by: Michigan AFL-CIO and Michigan Poverty Law Program, with research and other supporting information provided by the U of M Law Center Unemployment Insurance Clinic Staff & Students.

Bill Number, Sponsor, Issue	What the New Bill Does	Issues With Current Law
HB 5169, LaFave Interest on Overpayments	Three major changes: 1. No interest will be assessed if the overpayment was due to an agency error. 2. Interest begins accruing one year after a final adjudication if there was a non-fraud overpayment not cause by agency error. 3. Interest applies immediately if fraud is found.	Michigan charges 1% monthly interest on all overpayments.
HB 5170, Bellino Employer Determination Process	<ul style="list-style-type: none"> • An employer receives a determination if the employer fails to provide time and adequate information in response to the Agency's request for information. • To receive a determination, an employer must fail to respond 5 or more times to request for information OR fail to respond to equal to or greater than 2% of all the requested received during the prior calendar year. • Benefits paid to a claimant as a result of the employer's or employer's agents failure to provide timely or adequate information must be charged to the employer's account and the employer's account must not be credited. 	The Agency's process for employer determinations was confusing, time consuming, and ineffective.
HB 5171, Phelps Hardship Waivers	<ul style="list-style-type: none"> • The Agency must grant a claimant's hardship waiver application if the claimant's average net household income and household cash assets falls below 150% of the Federal Poverty Line. • The claimant may only apply for a waiver once every 6 months. • The Agency must present a written report to the legislature detailing the previous year's statistics on the waivers. 	As of 2013 the Agency must grant a claimant's hardship waiver application if the claimant's disposable household income falls below the Federal Poverty Line. However, the Agency does not currently comply with the 2013 change.
HB 5172, Howrylak Re-opening period for fraud cases	Two-part reform: 1. The Agency will send fraud notices to all known addresses on file with the Agency, Treasury, and Secretary of State. Claimant must keep their address current with the Agency for the entirety of their benefit year. 2. Good cause to reopen will now include incidents where determinations/redeterminations are sent to the wrong address, so long it can be shown that the address was wrong.	Currently, the Agency only sends notifications to last known address, which may or may not be the claimants current address. The Agency cannot reopen a case after 1 year even if new information becomes available from claimant or employer.