

Legislative Analysis



UNEMPLOYMENT INSURANCE AGENCY DATA AVAILABILITY AND ONLINE SYSTEM

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4545 (reported from committee as H-4)
Sponsor: Rep. Jim Ellison

Analysis available at
<http://www.legislature.mi.gov>

House Bill 4546 (reported from committee as H-3)
Sponsor: Rep. Gary Howell

Committee: Workforce & Talent Development
Updated as of 5-17-17

BRIEF SUMMARY: House Bill 4545 would amend the Michigan Employment Security Act (MCL 421.11) to allow the Michigan Unemployment Insurance Agency (UIA) to make certain information it collects available to additional institutions for public service-related research projects and the purposes described below. It would also require the UIA to identify online the information available to those institutions and make it easier to obtain that information. Finally, it would add to those subject to a penalty for disclosing that information or violating related confidentiality agreements, and make technical changes to the Act.

FISCAL IMPACT: The bill would have an indeterminate, though likely negative, fiscal impact on the Unemployment Insurance Agency within the Department of Talent and Economic Development. The department has indicated that the data that would be made available under this bill for evaluative purposes is currently available to universities for research; however, none have requested it. This bill would expand the number of entities that could request this data, so it is reasonable to assume that there could be an increase in data requests. The department currently has no estimate on how much requests could increase, or the amount of department resources that would be necessary to process these requests.

The bill would have an indeterminate fiscal impact on local court systems and would depend on the number of individuals convicted under provisions of the bill. New misdemeanor convictions would increase costs related to county jails and/or local misdemeanor probation supervision. The costs of local incarceration in a county jail and local misdemeanor probation supervision vary by jurisdiction. The fiscal impact on local court systems would depend on how the provisions of the bill affected caseloads and related administrative costs. Any increase in penal fine revenues would increase funding for local libraries, which are the constitutionally designated recipients of those revenues.

THE APPARENT PROBLEM:

According to committee testimony, at present certain unemployment data is unavailable to Michigan Works agencies, community colleges and other institutions. There is a concern that, without this information, Michigan is less able to compete for federal grants and to prepare job-seekers for in-demand, high-paying jobs. More reliable placement and compensation data would allow Michigan agencies and institutions to secure federal grant

dollars. Access to the information would allow community colleges and other institutions of higher learning to develop job training programs and curricula to account for ever-changing employment needs.

THE CONTENT OF THE BILL:

Currently under the law, the UIA may make information it obtains available for use on research projects of a public service nature to colleges, universities, or agencies of the state conducting certain research for a public official. The bill would instead allow this information to be shared for the following purposes:

- Course, program, or training program planning, improvement, or evaluation.
- Grant application or evaluation.
- Institutional or program accreditation.
- Economic development or workforce research.
- Award eligibility.
- Federal or state mandated reporting, to an *institution of higher education, intermediate school district (ISD), or Michigan Works! Agency* (or an agency of the state, as is currently allowed) conducting certain research for the public official.

Additionally, the bill would *require the UIA to identify online the information* collected by the UIA that may be made available to these institutions and agencies, and to assist them in the application process required to gain access to that information.

Under current law, the UIA enters into a written, enforceable agreement with the public official, which holds the official responsible for ensuring that the agency or institution conducting the research maintains the confidentiality of the information. House Bill 4545 would require that a confidentiality agreement be executed between the UIA and the public official or an employee authorized by the institution of higher education, ISD, or Michigan Works! Agency, and that the agreement extend for a period of no more than 10 years.

Institution of higher learning is defined elsewhere in the Act (MCL 421.53) as a public or nonprofit educational institution which does any of the following:

- (a) Admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate.
- (b) Is legally authorized in the state to provide a program of education beyond high school.
- (c) Provides an educational program for which it awards a bachelor's or higher degree; provides a program which is acceptable for full credit toward such a degree; provides a program of postgraduate or postdoctoral studies; or provides a program of training to prepare students for gainful employment in a recognized occupation.
- (d) Notwithstanding any of the foregoing provisions of this subsection, all recognized public and nonprofit colleges and universities in this state are institutions of higher education for purposes of this subsection.

Intermediate school districts (ISD), as established under Part 7 of the Revised School Code (MCL 380.601 et al), are composed of several school districts and governed by an elected ISD board and, generally, assist school districts in providing programs and services.

Michigan works agency is defined in the Michigan Works One-Stop Service Center System Act (MCL 408.113) as an entity designated to be the administrator for workforce development activities in a local Michigan works area under the guidance of the local workforce development board.

House Bill 4546 would leave unchanged the penalty for making use of any information obtained by the UIA in connection with a public service-related research project for any purpose other than in connection with the project. However, it would apply it to anyone involved with an institution of higher education, ISD, Michigan Works agency or Michigan public agency who makes use of any information obtained from the unemployment agency as described in House Bill 4545. The offender would be guilty of a misdemeanor punishable by imprisonment for not more than 90 days or a fine of not more than \$1,000, or both. (MCL 421.54(f))

(Under House Bill 4545, the public official or employee who executed a confidentiality agreement guaranteeing that the information would not be disclosed would also be subject to these penalties.) House Bill 4546 is tie-barred to HB 4545, meaning that it would not take effect unless HB 4545 is also enacted. The bills would take effect 90 days after enactment.

POSITIONS:

Representatives of the following organizations testified in support of the bills:

- Macomb Community College (5-2-17)
- Oakland Community College (5-2-17)
- Workforce Intelligence Network (5-2-17)
- Michigan Works! Southeast (5-2-17)

The following organizations support the bills:

- Oakland University (5-2-17)
- Michigan Community College Association (5-2-17)
- Kirkland Community College (5-2-17)
- Mott Community College (5-2-17)
- Michigan Association of State Universities (5-2-17)
- Grand Rapids Community College (5-2-17)
- Business Leaders for Michigan (5-2-17)
- Michigan Works! Association (5-2-17)
- Talent 2025 (5-2-17)
- Michigan Independent Colleges & Universities (5-9-17)

Legislative Analyst: Jenny McInerney
Fiscal Analyst: Marcus Coffin
Robin Risko

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.