



Don't Raid Michigan's Unemployment Fund to Pay for Family Leave

by Robert P. Hunter

Summary

President Clinton wants to use money set aside for unemployed workers to provide paid leave for parents staying home to care for their newborn children. Michigan lawmakers should reject Clinton's financially unsound plan and instead allow all workers to freely negotiate with employers their own paid "comp-time" arrangements to handle family needs.

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Should Michigan citizens who are not out of work be allowed to collect unemployment insurance? They soon could be, if the state of Michigan opts for President Clinton's plan to expand the Family and Medical Leave Act (FMLA) beyond its original intent of mandating unpaid leave for workers to handle family emergencies.

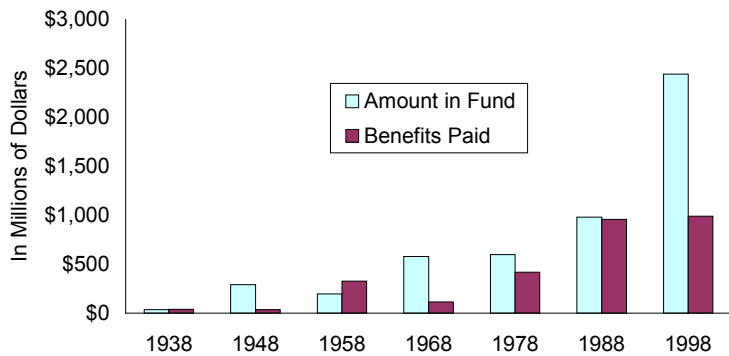
Last May, the president directed the U. S. Department of Labor to propose regulations that would allow parents to collect unemployment compensation when taking unpaid leave under FMLA to care for a newborn or adopted child. The Department of Labor has since dutifully informed states that they may submit applications to begin this practice.

What the president is proposing is that each state's unemployment funds be used to support large numbers of people who *have* jobs. He wants to take the money set aside for workers who lose their jobs through no fault of their own and use it to turn the Family and Medical Leave Act into the *Paid* Family and Medical Leave Act.

Michigan's unemployment compensation system is a limited fund for the currently unemployed, and it is kept at a certain level—right now, about \$2.5 billion—in case the economy takes a downturn and people lose jobs in large numbers. It is an "insurance" policy against unemployment, which is low right now. But we all know that can change.

Does \$2.5 billion sound like a lot of cash for a state to have lying around? Not if you consider that from 1990-98, Michigan's unemployment fund paid out an average \$1.08 billion in each of those years. None of those were years of steep unemployment, so what would happen to the fund if the economy took a drastic downturn—and on top of taking care of the unemployed, it was also burdened with paying for employed parents who take voluntary leave from their jobs?

Michigan Unemployment Fund and Benefits Paid, 1938-1998



Source: Michigan Unemployment Agency

Michigan's unemployment fund is in surplus now, but the benefits paid out to unemployed workers have sometimes exceeded the amount of money actually available in the fund.

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“The Clinton administration is willing to jeopardize the financial integrity of an important program for laid-off workers, just for a feel-good sound bite,” says Randel Johnson, vice president for labor and employee benefit issues for the U. S. Chamber of Commerce. “This is politics at its worst, and if the administration proceeds down this course, we will see them in court.”

Johnson is right: What the president is proposing goes clearly beyond what was intended when Congress passed the FMLA back in 1993. During debate, one of the administration’s biggest selling points was that voluntary leave would be unpaid. Without this stipulation, the measure would surely have failed. Yet, many lawmakers opposed it even with this stipulation—and were labeled “anti-family” for doing so.

Why were they so staunch in their opposition? Because they knew what most Americans still do not quite understand: Whenever an intrusive, imprecise law like the FMLA is passed—one that requires voluminous definitions for eligibility, for example—a back door is opened for the executive branch to later expand the law’s intended scope.

Now, seven years after the law’s passage, the president is using that back door. What angers organizations like the U. S. Chamber of Commerce and the National Association of Manufacturers—members of a national coalition opposing the expanded FMLA—is that the president’s move seems to vindicate their suspicion that the White House wanted paid family and medical leave all along.

Unless Congress or a lawsuit stops it, government-enforced paid leave could become permanent. Michigan lawmakers should do everything they can to make clear their opposition to our state’s participation in this scheme.

Fortunately, state officials have already responded to the Labor Department, questioning its authority to direct the use of unemployment funds in this manner. But if enough states go for the idea, pressure could build in the legislature for a legal mandate that obligates Michigan workers to participate in what will certainly be billed by proponents as a “pro-family” program.

If Michigan lawmakers really wish to do something to help families—something that is long overdue—they should allow minimum-wage workers to negotiate compensatory time with their employers the way all other workers can. “Comp time” allows workers and employers to freely negotiate the best arrangement for paid time off to take care of family or medical needs.

And it doesn’t rob the unemployed to pay for the voluntary leave of the gainfully employed.

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(Robert P. Hunter is director of labor policy for the Mackinac Center for Public Policy in Midland and a member of the Michigan Civil Service Commission. More information on labor policy is available at www.mackinac.org. Permission to reprint in whole or in part is hereby granted, provided the author and his affiliations are cited.)

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