

# GOP bill would curb unemployment comp costs

By TIM RICHARD  
STAFF WRITER

Republicans in the state Legislature placed a bill curbing unemployment compensation costs on a fast track for passage this month.

"Railroad" shouted Democratic Sen. George Z. Hart of Dearborn as Republicans on the Senate Labor Committee Tuesday gave 3 to 2 approval to an employer-backed bill.

"I don't think we're taking marching orders," replied chairman David Honigman, R-West Bloomfield. "I introduced this same bill eight years ago when I was a freshman."

Supporting the bill were Republicans Honigman, Robert Geake of Northville and sponsor Joanne Emmons of Big Rapids. Opposed were Democrats Hart and John Cherry of Clio. GOP Senate leaders want to

## LANSING

pass the bill this week, Honigman said. That would allow prompt action by the divided House, whose committees in February are chaired by Republicans.

Otherwise, said Honigman, the bill might be delayed until April, the next month the GOP is in charge of House committees.

### Firms go South

Construction workers from the AFL-CIO's Building Trades Council packed the Forum Building auditorium to fight the measure, Senate Bill 2.

John M. Packer, Novi consultant who challenges unemployment benefit claims for businesses, endorsed the bill, saying Michigan's high costs are driving companies south.

"Toledo is a great place. South Bend is a great place," Packer said, citing clients who had moved out. "Sea Ray Boats went from Oakland County to Tennessee."

"Every section of the (unemployment) act is unfavorable to employers except one," Packer said, declining to name the section.

### Main features of SB 2:

■ "Waiting week" added. Laid-off workers would have to wait one week before being eligible for benefits, as in 39 other states. Michigan removed the waiting week in the mid-1970s.

■ Wage ratio cut. The wage replacement ratio would be cut to 65 percent instead of 70 percent of after-tax earnings.

■ Benefit "indexing" out. The Legislature would have to vote changes in benefits rather than indexing them to economic statistics.

■ Qualifying amount up. Claimants would have to have earned 30 times the state minimum wage (versus the current 20 times) to be eligible for benefits.

### Tough at bottom

Labor spokesmen and Democrats fired hardest at the waiting week provision. Business said it wouldn't reduce benefits — just delay them one week — and the maximum still would be 26 weeks.

Sen. Cherry said the impact would be felt most by low-wage workers laid off for short periods. For a worker laid off two weeks, the cut would be 63 percent; for three weeks, 38 percent.

"Three weeks is the average layoff in the state," Cherry said. "To cut an \$80 a week benefit to \$40 is ridiculous."

Sen. Geake challenged labor's and the state's figures that SB 2 would cut benefits by \$1.1 billion over six years, but says employers just \$171 million. "If the program is 100 percent employer-funded, it's not possible."

"Sure it is," said United Auto Workers attorney Richard McHugh. The \$300 million difference would go into the state unemployment trust fund, he said.

McHugh argued that consumers pump their jobless bene-

fits back into the economy. Cutting benefits and employers' taxes, he said, would drain more out of the economy than it would put back in.

"You espoused a very novel theory that taxation creates jobs," Sen. Honigman replied.

Honigman viewed unemployment compensation charges as a tax on payrolls that impedes job creation.

"A lot of Republicans would want to repeal unemployment compensation," said McHugh. Honigman denied it.

### Jobs lost

Questioned by sponsor Emmons, most labor spokesmen said their unions' memberships had declined in the last decade.

John LaVallee, representing Iron Workers Local 783 in Marquette, said his membership is down from 400 five years ago to 320 currently, and unemployment is currently about 60 percent in the Upper Peninsula.

Tim Nichols, of the AFL-CIO Building Trades Council, said

membership is down 15,000 from five years ago to 100,000 currently.

Clarence Brogdon, of the Service Employees International Union in Detroit, said his local is down from 6,000 in 1982 to 1,450 currently.

"That's what I'm getting at," said Emmons. High benefits are "nice if you have a job, is it not helpful to try to compete?"

"We've heard the words 'shared sacrifice,'" said Tim Hughes of the state AFL-CIO. "I don't see it in here. You're punishing the victim."

Republicans, led by Gov. John Engler, contend Michigan must compete against other states for jobs in a global economy by holding down business costs.

Labor spokesman almost never use the word "competitiveness." They say \$2 an hour Mexican workers are draining jobs south of the border, getting no benefits and having their environment polluted by cost-conscious corporations.



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