



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
DIRECTOR

MEMORANDUM

DATE: February 28, 2025

TO: The Honorable John Cherry, Chair
Senate Standing Committee on Labor

The Honorable Nancy DeBoer, Chair
House Standing Committee on Education and Workforce

The Honorable Mary Cavanagh, Chair
Senate Appropriations Subcommittee on LEO/MEDC

The Honorable Nancy Jenkins-Arno, Chair
House Appropriations Subcommittee on Labor and Economic Opportunity

FROM: Jason Palmer, Director
Michigan Unemployment Insurance Agency
Department of Labor and Economic Opportunity

SUBJECT: Section 22b of the Michigan Employment Security Act, MCL 421.22b
Unemployment Insurance Agency State Unemployment Tax Act (SUTA) Report

Under Sec. 22b of the Michigan Employment Security Act, MCL 421.22b, the Unemployment Insurance Agency must provide an annual written report to the chairpersons of the standing committees and the appropriations subcommittees of the house and senate having jurisdiction over legislation pertaining to unemployment compensation. The report must include all of the following information in a form that does not identify individual employers:

- The procedures the agency has adopted to prevent SUTA dumping.
- The number of SUTA dumping investigations opened during the year.
- The average length of time to resolve a SUTA dumping investigation and the number of investigations pending for more than 6 months and for more than 1 year.
- The number of cases brought before an administrative law judge or the board of review and the agency's success rate in those cases.

- The amount of money recovered as a result of implementing the provisions of this section.
- The estimated fiscal impact of SUTA dumping on the unemployment compensation fund balance and the factual basis for the estimate.
- The number of full-time employees assigned to, and the number of employee hours devoted to, SUTA dumping prevention, investigation, and remediation.
- The number of SUTA dumping investigations that involved the transfer of employees to or from an employee leasing company.
- The number of investigations in which an employee leasing company was found to have participated in SUTA dumping.
- The number of employee leasing companies operating in Michigan.

Should you have any questions regarding this report or need additional information please contact Andrew Crane, UIA Legislative Liaison, at cranea3@michigan.gov or (517) 243-9778.

cc: Members – Senate Appropriations Subcommittee on LEO/MEDC
Members – House Appropriations Subcommittee on Labor and Economic Opportunity

Unemployment Insurance
State Unemployment Tax Act (SUTA) Dumping
Annual Report for CY 2024

The Unemployment Insurance Agency (Agency) is providing an annual report under Section 22b of the Michigan Employment Security Act, MCL 421.22b, for transferring trade or business with the intent to reduce contribution rates or reimbursement payments.

(i) The procedures the Agency has adopted to prevent SUTA Dumping

Through education, detection and enforcement, the Agency seeks to reduce SUTA Dumping. Details are provided below:

- **Communication with Employer Community:** The Agency has developed informational materials for employers. The information is distributed through the Quarterly Tax Report mailings, special mailings, meetings and educational forums with the employer community.
- **Agency Website:** The Agency maintains a section devoted to SUTA Dumping education on its website <https://www.michigan.gov/leo/bureaus-agencies/uia>. The website includes links to the Michigan Employment Security Act regarding legislation, [frequently asked questions](#), and [fact sheet #114 on SUTA Dumping](#).
- **Employer Advisor:** To provide on-going communication regarding SUTA Dumping, the Agency publishes articles in the Employer Advisor which is an online quarterly newsletter made available to active employers in the state of Michigan.
- **Agency Outreach:** The Agency conducts Employer Seminars throughout the state which covers a variety of unemployment topics, including issues related to SUTA Dumping.
- **Employer Handbook:** The Agency's Employer Handbook is an online guide located in the Employer Services Section of the Agency's website and includes information about SUTA Dumping and other topics.
- **Forms:** Employers can disclose the possible transfer of business through the Agency Schedule B form. This is available as a stand-alone form on the Agency's website www.michigan.gov/leo. Successorship may also be reported using the Agency's online services known as MiWAM (Michigan Web Account Manager). MiWAM allows for the electronic posting of most Agency forms. All quarterly tax reporting must be done electronically. The

LEO is an equal opportunity employer/program.

Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.
105 WEST ALLEGAN STREET, LANSING, MICHIGAN 48933 • www.michigan.gov/leo • 517-241-6712

development of the online forms will allow most Agency business to be conducted using systems and electronic forms. Some automated processes, such as activating an inactive account when a return is received, increases the chance that SUTA Dumping will occur, as this process has been used in the past to obtain accounts with lower tax rates.

- **Electronic Filing:** The Agency requires electronic filing of quarterly tax reports for most employers. This allows the Agency to limit filing of reports contrary to Agency decisions by restricting access to only those recognized employer accounts.
- **Michigan Employment Security Act:** Sec 13m indicates that an employer cannot register under their professional employing organization (PEO). The Agency requires a liable employer to complete an electronic application to register its employer liability. Since amendment in 2012 the Agency has actively deterred potential employers from performing SUTA dumping.

(ii) The number of SUTA Dumping investigations opened during the year.

During CY 2024, there was 1 SUTA Dumping investigation opened.

(iii) The average length of time to resolve a SUTA dumping investigation and the number of investigations pending for more than 6 months and for more than 1 year.

- The average length of time to review and assign, discard or investigate was 45 days.
- Zero investigations were pending for more than 6 months.
- One investigation was pending for more than 1 year.

(iv) The number of cases brought before an administrative law judge or the board of review and the Agency's success rate in those cases.

0

(v) The amount of money recovered because of implementing the provisions of this section.

From 2020 through 2024, Unemployment Insurance has recovered the following amounts because of implementing provisions of this section:

2020: \$ 171,129.00

2021: \$ 194,252.00

2022: \$ 7,279.80

2023: \$1227.28

2024: \$0.00

- (vi) The amount of the balance or deficit in the Unemployment Compensation Fund.

As of December 31, 2024, the balance for Michigan's Unemployment Insurance Agency's Trust Fund balance is \$2,729,703,167.36.

- (vii) The estimated fiscal impact of SUTA Dumping on the unemployment compensation fund balance and the factual basis for the estimate.

Based on the average historical amounts collected for SUTA Dumping over the last five years, combined with the procedures the Agency has adopted to both educate employers, and enhanced detection efforts, it is estimated that the additional tax liability collected for the unemployment compensation fund during 2024 was approximately \$0.

- (viii) The number of full-time employees assigned to, and the number of employee hours devoted to, SUTA Dumping prevention, investigation, and remediation.

The Employer Fraud Section investigates allegations of SUTA Dumping. There is 1 full-time employee that can be assigned to SUTA Dumping prevention, investigation, and remediation and 1 full-time manager to review, assign and discard. The number of employee hours devoted to SUTA Dumping prevention, investigation, and remediation in CY 2024 was 15 hours.

- (ix) The number of SUTA Dumping investigations that involved the transfer of employees to or from an employee leasing company.

There were 0 SUTA Dumping investigations in 2024 which involved a transfer of employees to or from an employee leasing company.

- (x) The number of investigations in which an employee leasing company was found to have participated in SUTA Dumping.

There were 0 investigations in 2024 which found an employee leasing company to have intentionally violated SUTA Dumping rules.

- (xi) The number of employee leasing companies operating in Michigan.

As of December 31, 2024, there are 726 active companies in Michigan identifying themselves as employee leasing companies.