

<input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected <input type="checkbox"/> Supplemental	<b>1999 Session</b> LRB or Bill No. -- Adm. Rule No. <b>SB-255 --LRB-3247/3</b>  Amendment No. if Applicable	
<b>FISCAL ESTIMATE</b> DOA-2048 N(R10/94)		
<b>Subject</b> CHANGES IN THE UNEMPLOYMENT INSURANCE LAW		
<b>Fiscal Effect</b>		
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation  <input type="checkbox"/> Increase Existing Appropriation <input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Create New Appropriation	<input checked="" type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No local government costs  1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory  2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory  4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
<b>Fund Sources Affected:</b> <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input checked="" type="checkbox"/> SEG-S	<b>Affected Ch. 20 Appropriations:</b>	
<b>Assumptions Used in Arriving at Fiscal Estimate</b>  The bill would increase the maximum weekly benefit rate by \$8 for each week of total unemployment beginning on or after April 2, 2000 and by another \$8 on or after October 1, 2000. The increases from the present \$297 to \$305 and \$313 anticipate inflation of 2.7% in 2000 and 2001 but are timed so that they will not compound possible problems that might arise from conversion of computer systems to the year 2000. Using fiscal note conventions, the estimated full year cost of the changes is \$11.8 million in each year of the biennium. Of the total, the cost to taxable employers is \$11.2 million. This provision and all others assume an insured unemployment rate of 3.1%, the same as used by all state agencies in constructing biennial budget requests.  To attract additional workers into the labor force and accommodate those entering or reentering it, benefit eligibility would be computed by allowing claimants who are not eligible with wages in the first four of the most recently completed five quarters to use wages in the most recently completed four quarters for purposes of establishing their eligibility and benefit rates. The estimated full year cost of the change is \$4.4 million annually and would begin July 2, 2000.  Other benefit changes eliminating various benefit disqualifications are estimated to increase expenditures by approximately \$1.2 million in each year of the biennium. The first change would remove the disqualification of an individual who quits because of lack of child care when hired for one shift and transferred to another, provided that the individual remains able and available to work full time on the same shift the individual was hired to work. The second change would eliminate a disqualification that otherwise occurs when an individual quits employment because of domestic abuse. A third change would repeal the disqualification of an individual for an entire week of partial benefits when an employer grants a claimant unpaid leave for part of a week. Instead of a full week disqualification, the wages the claimant could have earned from the employer during unpaid hours of leave would be added to other earnings in that week and entered into a partial benefits formula, which is used to determine the weekly payment when a claimant has some earnings but less than the amount that would reduce unemployment insurance benefits for the week to zero.  (Continued on next page...)		
<b>Long-Range Fiscal Implications</b>		

**Assumptions Used in Arriving at Fiscal Estimate (Continued)**

At the direction of the United States Department of Labor, individuals who are working 40 hours a week will be denied partial benefits, which claimants can presently receive if laid off from a high paying job and taking a low paying job while continuing to look for work more suited to their skills. An increase of \$.8 million in annual expenditure is expected when the provision is fully in effect. The present partial benefits formula was designed to maximize the incentive to work. The change required by the federal government is anticipated to lead some individuals to seek less work when their combined income from less than full time work plus unemployment insurance benefits will exceed income from full time work in a low paying job of temporary duration.

The bill would also repeal the 1.3% tax rate surcharge applied to the preceding year's taxable payroll of each new employer with taxable payroll greater than \$20,000 and cumulative tax payments less than cumulative benefit charges as of each January 31 or June 30 following each of the first three years of coverage by the unemployment insurance program. The change will reduce revenues by \$.9 million annually.

Finally, the bill would extend for 2000 and 2001 a .01% surcharge on taxable payroll. The proceeds from the tax would be used to modernize computer based tax systems used in the unemployment insurance program. An estimated \$2.2 million would be collected from the assessment in 2000 and \$2.3 million in 2001. Because of the timing of tax collections, it is anticipated that program revenue in appropriation 20.445(1)(gh) would increase by \$963,600 in 1999-2000, by \$2,243,800 in 2000-2001, and by \$1,292,600 in 2001-2002.

The bill creates appropriation 20.445(1)(nc) to receive a special 1999-2000 distribution of \$2,263,800 in federal program revenue for unemployment insurance program administration. Similar distributions will occur in at least the next two fiscal years in amounts that have not yet been determined.

Expenditures by state and local governmental employers are expected to increase by \$440,100 in 1999-2000 and by an additional \$518,900 in 2000-2001. Of these costs it is expected that local governments will incur \$233,800 in 1999-2000 and an additional \$275,700 in 2000-2001 and state government will incur \$206,300 in 1999-2000 and an additional \$243,200 in 2000-2001. State costs have been divided among fund sources in proportion to their occurrence in the 1999 state fiscal year adjusted base, which was used to construct the 1999-2001 biennial budget.

Agency/Prepared by:(Name & Phone No.) DWD / <del>Not Assigned (Not Available)</del> <u>Richard Tillema</u> 267-9807	Authorized Signature/Telephone No. 	Date 10/19/99
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**FISCAL ESTIMATE WORKSHEET**

**1999 Session**

Detailed Estimate of Annual Fiscal Effect DOA-2047(R10/94)	<input checked="" type="checkbox"/> Original <input type="checkbox"/> Corrected	<input type="checkbox"/> Updated <input type="checkbox"/> Supplemental	LRB or Bill No./Adm Rule No. SB-255 / LRB-3247/3	Amendment No.
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Subject  
**CHANGES IN THE UNEMPLOYMENT INSURANCE LAW**

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal Impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringes	\$206,300	- \$0
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs	\$0	- \$0
Local Assistance	\$0	- \$0
Aids to Individuals or Organizations	\$0	- \$0
<b>TOTAL State Costs by Category</b>	<b>\$206,300</b>	<b>- \$0</b>
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$107,000	- \$0
FED	\$48,800	- \$0
PRO/PRS	\$26,400	- \$0
SEG/SEG-S	\$24,100	- \$0
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$0	- \$0
GPR Earned	\$0	- \$0
FED	\$2,263,800	- \$0
PRO/PRS	\$2,200,000	- \$0
SEG/SEG-S	\$0	- \$0
<b>TOTAL State Revenues:</b>	<b>\$4,463,800</b>	<b>- \$0</b>

**NET ANNUALIZED FISCAL IMPACT**

Net Change in Costs:	STATE \$206,300	LOCAL \$233,800
Net Change in Revenues:	\$4,463,800	\$0

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