

Fiscal Estimate Narratives

DWD 5/9/2013

LRB Number	13-2102/1	Introduction Number	AB-0184	Estimate Type	Original
Description Payment of interest on advances made by the federal government to the unemployment reserve fund and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

LRB 13-2102/1 creates a one-time appropriation in the amount of \$26 million from GPR to pay federal interest charges due to the federal government prior to 07/01/2015, on outstanding advances made to the UI trust fund. The use of these GPR funds would supersede the requirement under current law that employers cover these federal interest payments through special assessment payments known as SAFI. If the \$26 million together with other available sources is not enough to cover the interest payments, each employer must pay an assessment in the amount determined by DWD sufficient to cover the deficiency.

Federal loan interest payments are estimated to be \$19 million in 2013 and \$7 million in 2014. Based on those estimates, in 2013 this proposal would provide approximately \$16.9 million in savings to private employers, \$450,000 in savings to the state through reimbursable employers and \$1.6 million to local governments. In 2014, this proposal would provide approximately \$6.2 million in savings to private employers, \$164,000 in savings to the state through reimbursable employers and \$600,000 to local governments.

Long-Range Fiscal Implications

The proposal will provide a short term savings to employers; however there is no trust fund impact as SAFI interest payments do not affect the UI trust fund.

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-2102/1	Introduction Number AB-0184	
Description Payment of interest on advances made by the federal government to the unemployment reserve fund and making an appropriation		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
<p>LRB 13-2102/1 creates a one-time appropriation in the amount of \$26 million from GPR to pay federal interest charges due to the federal government prior to 07/01/2015, on outstanding advances made to the UI trust fund. The use of these GPR funds would supersede the requirement under current law that employers cover these federal interest payments through special assessment payments known as SAFI. If the \$26 million together with other available sources is not enough to cover the interest payments, each employer must pay an assessment in the amount determined by DWD sufficient to cover the deficiency. Federal loan interest payments are estimated to be \$19 million in 2013 and \$7 million in 2014. Based on those estimates, in 2013 this proposal would provide approximately \$16.9 million in savings to private employers, \$450,000 in savings to the state through reimbursable employers and \$1.6 million to local governments. In 2014, this proposal would provide approximately \$6.2 million in savings to private employers, \$164,000 in savings to the state through reimbursable employers and \$600,000 to local governments. The proposal will provide a short term savings to employers; however there is no trust fund impact as SAFI interest payments do not affect the UI trust fund. Eliminating SAFI bills to employers in 2013 and 2014 will also save UI federal funds of approximately \$80,000 in mailing costs and \$28,000 in staff time. There is no change or savings for programming costs.</p>		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$

NET ANNUALIZED FISCAL IMPACT

	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
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