

Fiscal Estimate Narratives

DWD 6/4/2015

LRB Number	15-2096/1	Introduction Number	AB-0212	Estimate Type	Original
Description Acts of concealment and misrepresentations in filing for or claiming unemployment insurance benefits					

Assumptions Used in Arriving at Fiscal Estimate

After the effective date of this legislation, a claimant who is found by DWD to have committed two acts of concealment, as defined in Wis. Stats. 108.04(11)(a) and 108.04(11)(b), will be ineligible for UI benefits for 364 weeks beginning the week DWD issues a determination finding an act of concealment. This is in addition to all other existing penalties and requalification requirements.

Also, two violations by an individual of Wis. Stats. 108.04 (11)(cm), which establishes a penalty for impersonation of another person to obtain UI benefits, would result in ineligibility for UI benefits for 364 weeks beginning the week DWD issues a determination finding a violation. This is also in addition to all other required penalties.

This law change is expected to result in an increase in the number of overall appeals handled by the UI division. Assuming a 30% percent increase in first and second level fraud appeals, an additional 1.0 FTE and \$145,100 would be required annually to process the increased appeals.

In the first year after the new law is in effect, there would be no decrease in benefits paid from the UI trust fund. A decrease in benefits payments in the second year would result in an estimated savings of \$465,000 to the UI trust fund. The savings to the UI trust fund will increase each subsequent year and is expected to stabilize in the 7th and subsequent years after the legislation takes effect at approximately \$1,898,300 annually. These savings are a combination of decreased payments to claimants as well as decreased tax revenue because of decreased employer tax rates. Under federal law, these savings remain in the state's UI Trust fund for the sole purpose of payment of benefits.

As an employer, the State of Wisconsin would expect to see an approximate decrease of \$18,000 in benefit payments annually to former employees who are otherwise potentially eligible for UI benefits.

DWD estimates that approximately \$3,400 in one-time IT and administration changes are needed to comply with the law change.

This estimate assumes that the United States Department of Labor concludes that the law change is compliant with Federal law and guidance.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Acts of concealment and misrepresentations in filing for or claiming unemployment insurance benefits		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time mainframe system changes are needed to comply with the law change. The change is estimated to cost of \$3,452.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$145,100	\$
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs		-18,000
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$145,100	\$-18,000
B. State Costs by Source of Funds		
GPR		-10,400
FED	145,100	-1,800
PRO/PRS		-4,000
SEG/SEG-S		-1,800
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	\$127,100	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature
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		Date
		6/4/2015