

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-2268/1	Introduction Number AB-0710
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Description
 criminal penalties for fraud in obtaining unemployment insurance benefits and providing a criminal penalty

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
 - Increase Existing Revenues
 - Decrease Existing Revenues
 - Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
 - Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
 - 1. Increase Costs
 - Permissive
 - Mandatory
 - 2. Decrease Costs
 - Permissive
 - Mandatory
 - 3. Increase Revenue
 - Permissive
 - Mandatory
 - 4. Decrease Revenue
 - Permissive
 - Mandatory
- 5. Types of Local Government Units Affected
 - Towns
 - Counties
 - School Districts
 - Village
 - Others
 - WTCS Districts
 - Cities

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOC 12/6/2017

LRB Number	17-2268/1	Introduction Number	AB-0710	Estimate Type	Original
Description criminal penalties for fraud in obtaining unemployment insurance benefits and providing a criminal penalty					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, individuals who are convicted of knowingly making false statements or representation in order to obtain unemployment insurance (UI) benefits are subject to a \$500 maximum fine or 90 days in jail, or both. Current law also provides that each false statement or representation constitutes a separate offense.

This bill changes the penalty structure based on the amount of money that a person fraudulently receives in UI payments. Persons that fraudulently receive payments less than \$2,500 are subject to a maximum \$10,000 fine or 90 days in jail. Persons that fraudulently receive payments between \$2,500 and \$5,000 are guilty of a Class I felony; between \$5,000 and \$10,000 are guilty of a Class H felony; and, over \$10,000 are guilty of a class G felony. This bill also provides that multiple violations can be charged as a single crime.

The Department of Workforce Development's (DWD) 2016 Annual Report indicates that 36 convictions resulted from UI fraud cases referred in 2015 and three from cases referred in 2016. The dollar amounts of fraudulently received benefits in each case is unknown to DOC and thus the breakdown of potential maximum sentencing is unknown.

The Department of Corrections (DOC) is unable to determine the fiscal impact of this bill. The DOC cannot predict the sentencing habits of judges and thus the number of people likely to be sentenced under the provisions of this bill.

State costs could increase if offenders of this new statute are convicted of this crime and sentenced to prison. The average FY16 annual cost for an inmate in a DOC institution is approximately \$32,300. However, when there is excess capacity in DOC facilities, the incremental costs (i.e. food, health care and clothing) of housing a small number of inmates is approximately \$5,700 based on FY16 costs. Should the Department use contract beds, the rate would be approximately \$18,800 annually per person.

State costs could also increase if offenders of this new statute are convicted of this crime and sentenced to probation. If there is a large increase in the number of offenders placed on probation or extended supervision, additional community corrections funding and/or positions may be necessary to handle the population. The average FY16 annual cost to supervise one offender is approximately \$3,000.

County jails could experience increased or decreased costs, as offenders may be sentenced to jail instead of probation, or to prison instead of jail. The average FY16 annual cost to jail inmates is \$18,800.

Long-Range Fiscal Implications