

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

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|-----------------------------|-----------------------------------|
| LRB Number 19-5919/1 | Introduction Number SB-906 |
|-----------------------------|-----------------------------------|

Description
 suspension of the waiting period for collection of unemployment insurance benefits

Fiscal Effect

State:

| | | |
|---|---|--|
| <input type="checkbox"/> No State Fiscal Effect | <input type="checkbox"/> Increase Existing Revenues | <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"/> Indeterminate | <input type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Increase Existing Appropriations | | <input type="checkbox"/> Decrease Costs |
| <input type="checkbox"/> Decrease Existing Appropriations | | |
| <input type="checkbox"/> Create New Appropriations | | |

Local:

| | | |
|--|--|---|
| <input checked="" type="checkbox"/> No Local Government Costs | | 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| <input type="checkbox"/> Indeterminate | | |
| 1. <input type="checkbox"/> Increase Costs | 3. <input type="checkbox"/> Increase Revenue | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |
| 2. <input type="checkbox"/> Decrease Costs | 4. <input type="checkbox"/> Decrease Revenue | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |

| | |
|--|---------------------------------------|
| Fund Sources Affected | Affected Ch. 20 Appropriations |
| <input type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.445 (1) (n) | |

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| Agency/Prepared By DWD/ Paul Farnum (608) 266-6496 | Authorized Signature Danielle Williams (608) 266-2284 | Date 4/10/2020 |
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Fiscal Estimate Narratives

DWD 4/10/2020

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| LRB Number | 19-5919/1 | Introduction Number | SB-906 | Estimate Type | Original |
| Description suspension of the waiting period for collection of unemployment insurance benefits | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill allows the Secretary of the Department of Workforce Development to suspend the application of the one-week waiting period for up to 52 weeks during a declared state of emergency, as is needed to address the state of emergency. The bill also specifically requires the Secretary to suspend the application of the one-week waiting period retroactively for benefit years that began on March 15, 2020, so as to apply to the public health emergency declared on March 12, 2020, by executive order 72.

The CARES Act provides full federal funding of the first week of unemployment benefits for states without a waiting week, beginning when the state enters into an agreement with the Secretary of Labor and ending on December 31, 2020 (unless the state cancels the agreement sooner). Though further USDOL guidance is anticipated, this fiscal estimate assumes the federal funding for the first week of benefits will begin with the week of March 29th, 2020.

This bill covers weeks that are both before and after the period of federal funding for the first week of benefits. For the two weeks before possible federal funding, the estimate of additional UI benefits is \$23.4 million. This included waiting week credits already assigned and estimates of waiting credits that will be claimed for the week of March 22, 2020. For the weeks in 2021 after federal funding expires, the estimate of the benefits cost is based upon waiting week credits that were assigned in 2020. This is estimated as a \$10.5 million increase in UI benefits. The total increase in benefits is estimated at \$33.9 million. Benefits charged to the UI Trust fund (not a state fund) would be \$31.7 million with a net decrease of the UI Trust Fund of \$21.2 million after accounting for increased tax revenue.

Additionally, this bill would require DWD to make IT and administrative changes that are estimated to have a one-time cost of \$13,426 which would be charged to federal funding via state appropriation 20.445(1)(n).

The suspension of the one-week waiting period permitted under this bill may permit Wisconsin to receive additional federal emergency grant funds to administer the state unemployment insurance program as provided by the Families First Coronavirus Response Act. Additional emergency grant funds are estimated at \$9.5 million. Other legislation may need to be enacted to ensure Wisconsin receives the full amount of additional federal funding available under that Act.

Long-Range Fiscal Implications