Fiscal Estimate - 2023 Session

[x] Original [ ] Updated [ ] Corrected [ ] Supplemental

LRB Number **23-4086/1**	Introduction Number **SB-0001(SE3)**

Description
fall workforce package, granting rule-making authority, making an appropriation, and providing a penalty

Fiscal Effect

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

Local:
- [ ] No Local Government Costs
- [x] 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
     [x] Towns [x] Village [x] Cities
     [x] Counties [ ] Others
     [x] School Districts [x] WTCS Districts

Fund Sources Affected
[x] GPR [x] FED [ ] PRO [ ] PRS [x] SEG [ ] SEGS

Affected Ch. 20 Appropriations
20.445 (1)(a), 20.445 (1)(bw), 20.445 (1)(bx), 20.445 (1)(er), 20.445 (1)(gk), 20.445 (6)(q), and 20

Agency/Prepared By	Authorized Signature	Date
DWD/ Andrew Evenson (608) 266-1756	Jennifer Sereno (608) 267-9692	10/11/2023

Fiscal Estimate Narratives

DWD 10/11/2023

LRB Number **23-4086/1**	Introduction Number **SB-0001(SE3)**	Estimate Type **Original**
Description fall workforce package, granting rule-making authority, making an appropriation, and providing a penalty		

Assumptions Used in Arriving at Fiscal Estimate

Assumptions Used in Arriving at Fiscal Estimate

This bill expands coverage of family and medical leave and provides funding and position authority to the Department of Workforce Development (DWD) to establish and administer a family and medical leave benefits program. The bill also creates a health care workforce innovation grant program and a health care workforce opportunity grant program. Finally, the bill provides funding and position authority to DWD to conduct outreach to stakeholders and partners for the purpose of developing new apprenticeship pathways related to health care.

Paid Family and Medical Leave

The family and medical leave expansion provisions include: expanding relationship categories for whom an employee may provide care under family leave; reducing the number of required employee work hours for eligibility to 680; increasing the number of weeks an employee is able to take as family and medical leave for any eligible reason to 12 weeks; extending the time period in which an employee may file a complaint with DWD to 300 days after either the violation occurs or the employee should reasonably have known that the violation occurred, whichever is later; removing the age restriction from the definition of "child" for various purposes under the family and medical leave law, including qualifying exigencies (as determined by DWD through rule) for leave related to covered active duty or an impending call or order to covered active duty; requiring employers to permit employees to take family leave to address issues related to the employee or the employee's child, spouse, domestic partner, parent, grandparent, grandchild, or sibling being the victim of domestic abuse, sexual abuse, or stalking; and requiring employers to permit employees to take family leave related to medical isolation – either when an employee is in medical isolation and/or when an employee is caring for a child, spouse, domestic partner, parent, grandparent, grandchild, or sibling of an employee who is in medical isolation.

The fiscal impact of the above provisions to expand family and medical leave is estimated to be a one-time cost of $153,100, which is equivalent to the effort of 1.0 FTE for 18 to 21 months to develop department policies and guidance and to perform outreach and technical assistance activities that support the expanded family and medical leave provisions. This estimated cost is for the family and medical leave law changes and is not for the bill's provisions for a family and medical leave benefit program.

The bill's family and medical leave benefits insurance program would be implemented and administered by DWD. Ongoing administrative and benefit costs of the program are proposed to be funded by individual employee contributions and matched with employer contributions, which are deposited into a segregated non-lapsable trust fund. In the 2023-25 biennium, the bill proposes to fund implementation, administrative, and benefit costs with a transfer from the general fund. Contributions to the fund are required of both employers (defined as any person engaging in any activity, enterprise, or business in Wisconsin including any office, agency, society, institution, etc., employing 50 or more employees on a permanent basis) and employees, with an exception for employees whose employer is their child, spouse, domestic partner, parent, grandparent, grandchild, or sibling. Self-employed individuals may elect coverage under the program and, if they do so, must make contributions to the fund.

Under the bill, the department may utilize the quarterly wage reports submitted under s. 108.205 in lieu of separate contribution reports and may utilize the procedures for collecting contributions that apply to the collection of contributions to the unemployment reserve fund under s. 108.17. Contributions from self-employed individuals would be collected pursuant to procedures established by the department.

The bill requires DWD to promulgate emergency rules to implement the program, begin collections for the fund by Jan. 1, 2025, and process benefit claims and payments by Jan. 1, 2025. In addition, the bill requires DWD

to:
• Inform beneficiaries of potential federal tax liabilities and provide a mechanism for withholding a portion of benefit payments for tax liabilities;
• Implement safeguards to validate claims and recover overpayments or erroneous payments;
• Process complaints related to interference with or denial of an individual's rights under the program;
• Submit an annual report by Sept. 1 to the governor, the Joint Committee on Finance, and the appropriate standing committees of the legislature on various aspects of the program;
• Adjust on April 1 of each year the maximum daily benefit payment to 90% of the state average weekly earnings, which becomes effective on Oct. 1 of that year; and
• Annually publish the maximum weekly payment in the Wisconsin Administrative Register.

The bill creates the following fund and appropriations for the family and medical leave benefits insurance program: s. 25.52 Family and medical leave insurance trust fund to consist of all monies deposited from contributions; s. 20.445(6)(q), a sum sufficient appropriation, to pay benefits under the program and to refund monies erroneously paid into the fund; and s. 20.445(6)(r) to pay for administration of the program. The bill authorizes 45.0 SEG positions in fiscal year 2023-24 and by 198.0 SEG positions in fiscal year 2024-25 in the new SEG biennial appropriation 20.445(6)(r). The bill provides s. 20.445(6)(r) with budget authority of $65,767,800 SEG in fiscal year 2023-24 and $18,779,000 SEG in fiscal year 2024-25 to develop the program's employee contribution or benefit disbursement infrastructure and establish the program including IT software and programming.

The bill also transfers $243,413,400 from the general fund to the family and medical leave benefits insurance trust fund in the 2023-25 biennium to cover operations costs in SFY 24 and SFY 25, as well as benefit costs paid prior to the end of the 2023-25 biennium (January 1, 2025, through June 30, 2025).

Funding and position authority provided under the bill are estimated to be sufficient to cover DWD's costs of implementing and administering the program in the 2023-25 biennium and are estimated to cover the costs of paying benefits under the program for the six-month period prior to the end of the 23-25 biennium.

Based on an analysis of:
• recent costs and trends from states with similar family and medical leave insurance programs,
• wages for employees in Wisconsin from the Bureau of Labor Statistics,
• fiscal notes and estimates from other states considering similar legislation, and
• similar Wisconsin state programs' organizational structure, employee job classifications and average pay;
the department estimates one-time, implementation costs for the family and medical benefits insurance program of $49,988,800. This includes but is not limited to: the cost of staff, actuarial services, and a family and medical benefits insurance program IT system to manage collections and claims. On an ongoing basis, the program is estimated to require 370,400 staff work hours, which is the equivalent of approximately 198 staff when accounting for staff leave time and anticipated work hours not directly attributable to the family and medical leave insurance program. These staff costs, as well as ongoing contract and other supplies and services costs, such as actuarial services, result in an estimated annual operations cost of $18,799,000. Annual benefit costs under the program are estimated to be $317,733,200.

Health Care Workforce Initiatives

The bill creates a new GPR continuing appropriation, s. 20.445 (1) (bw) for Health Care Workforce Innovation Grants and provides $100,000,000 in one-time funding in fiscal year 2024-25. Under the bill, DWD is required to establish and operate a program to provide grants to regional organizations to design and implement plans to address their region's health care-related workforce challenges that arose during or were exacerbated by the COVID-19 pandemic. DWD would receive and review applications and prescribe the form, nature, and extent of the information that must be contained in an application for a grant. DWD would have all other powers necessary and convenient to implement this section, including the power to audit and inspect the records of grant recipients. The bill does not provide administrative funding or position authority to carry out the responsibilities of this grant program. Based on the department's cost experience administering the Workforce Innovation Grant program, which has some similarities to the proposed Health Care Workforce Innovation Grants program, administrative costs are estimated to be $231,200 for each year of the 2023-25 biennium. Administrative efforts include stakeholder engagement, policy and grant funding guidance development, grant application and award processing management; monitoring grant funding; and grant impact evaluation. The cost of IT for tracking the grant applications and fund distribution is indeterminate. The department is not able to absorb these estimated costs at this time.

The bill creates a new GPR continuing appropriation, s. 20.445(1)(bx) for Health Care Workforce Opportunity Grants and provides $8,500,000 in annual ongoing funding. Under the bill, DWD is required to establish and operate a program to provide grants to the local workforce development boards to assist individuals whose employment was affected by the COVID-19 pandemic and whose barriers to employment remain. DWD must target the program to individuals employed or seeking employment in health care-related fields and individuals who are currently ineligible for services under the federal Workforce Innovation and Opportunity Act. The bill does not provide administrative funding or position authority to carry out the responsibilities of this grant program. The department anticipates that the administrative workload would include activities such as stakeholder engagement, policy and grant funding guidance development, grant application and award processing management, monitoring grant funding, grant impact evaluation, and improving grant opportunities and program administration. The effort is estimated to have an annual cost of $120,700, based on the department's cost experience for the Worker Advancement Initiative, which has some similarities to the ongoing Health Care Workforce Opportunity Grant program proposed under the bill. IT costs for tracking the grant applications and fund distribution is indeterminate. The department is not able to absorb the estimated administration costs for the Health Care Workforce Opportunity Grants provisions in this bill at this time.

The bill provides one-time GPR funding in s. 20.445 (1) (a) to develop new apprenticeship pathways related to health care. In SFY 24, $700,000 GPR is provided for pathways development costs. In SFY 24 and SFY 25, the bill provides 1.0 FTE in position authority, and funding to support the position totaling $101,400 in SFY 24 and $135,200 in SFY 25. The position would conduct outreach to stakeholders and partners related to developing new health care apprenticeship pathways. The department estimates that the funding and position authority under the bill are sufficient to cover DWD's costs in the 2023-25 biennium to implement and administer new apprenticeship pathways related to health care. For the purposes of this fiscal estimate, it is assumed that the department would use the one-time SFY 24 funding of $700,000 to fund pathway strategies that reduce barriers to participation in health care related apprenticeships. These strategies could include on-the-job training grants and specialized training options.

Local governments, as employers, may incur costs related to the family and medical leave provisions in the bill. However, due to significant variation in existing leave benefits available to local government employees, costs to local governments for these provisions are indeterminate at this time.

Long-Range Fiscal Implications

Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **23-4086/1**	Introduction Number **SB-0001(SE3)**

Description
fall workforce package, granting rule-making authority, making an appropriation, and providing a penalty

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

The one-time costs to develop department policies and guidance and to perform outreach and technical assistance activities that support the expanded family and medical leave provisions would be $153,100. The costs for developing the family and medical insurance program's infrastructure are estimated to be $84,546,800. The one-time costs of the Health Care Workforce Innovation grant are $100,462,400. The one-time costs of the outreach for health care apprenticeships are 936,600.

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	20,327,600	
Local Assistance		
Aids to Individuals or Organizations	201,307,800	
TOTAL State Costs by Category	**$221,635,400**	**$**
B. State Costs by Source of Funds		
GPR	8,620,700	
FED		
PRO/PRS		
SEG/SEG-S ((20.445 (6)(q)&(r)))	213,014,700	

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 ((20.445)	213,014,700	
TOTAL State Revenues	**$213,014,700**	**$**

NET ANNUALIZED FISCAL IMPACT

	State	Local
NET CHANGE IN COSTS	$221,635,400	$
NET CHANGE IN REVENUE	$213,014,700	$

Agency/Prepared By	**Authorized Signature**	**Date**
DWD/ Andrew Evenson (608) 266-1756	Jennifer Sereno (608) 267-9692	10/11/2023