

Fiscal Estimate Narratives

DWD 4/7/2010

LRB Number	09-4586/1	Introduction Number	SB-649	Estimate Type	Original
Description Various changes in the unemployment insurance law and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

AB 884 provides for technical and administrative changes. The changes are intended to facilitate the processing of Unemployment Insurance claims.

Counting in the week received that portion of a lump sum pension payment that may be counted under Wisconsin law will eliminate a complex process of allocation that can lead to erroneous determinations and delay payment of claims. This change is estimated to add \$200,000 to total benefit expenditures incurred by private taxable employers and have no significant impact on state and local expenditures under which receipt of lump sum pension payments is uncommon.

Considering specified Workforce Investment Act and departmentally administered training programs as approved training for Unemployment Insurance purposes is expected to add \$1.2 million to expenditures supported by state Unemployment Insurance taxes. A reduction of \$3.2 million in the previously budgeted base level of Unemployment Insurance expenditures is expected from utilizing federally funded Trade Readjustment Act benefits. The net fiscal effect is a decrease of \$2 million in regular Unemployment Insurance benefits that would otherwise be funded by state Unemployment Insurance taxes.

Long-Range Fiscal Implications

When federal regulations are promulgated by the Treasury Department, the United States Department of Labor will allow the state to intercept federal income tax refunds to repay the state for Unemployment Insurance benefits that were fraudulently obtained. The state currently collects approximately \$1.3 million from a similar state tax intercept. Assuming comparable experience from the federal tax intercept, the state could recover \$1.3 million from that source as well.