

### Fiscal Estimate - 2011 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>11-3454/1</b>	<b>Introduction Number</b> <b>SB-559</b>
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**Description**  
 Payment of unemployment insurance benefits under a work-sharing program

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations			<input checked="" type="checkbox"/> Decrease Costs

**Local:**

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

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

<b>Agency/Prepared By</b> DWD/ Janet Sausen (608) 267-9807	<b>Authorized Signature</b> Georgia Maxwell (608) 266-2284	<b>Date</b> 8/3/2012
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## Fiscal Estimate Narratives

DWD 8/3/2012

LRB Number	11-3454/1	Introduction Number	SB-559	Estimate Type	Original
<b>Description</b> Payment of unemployment insurance benefits under a work-sharing program					

### Assumptions Used in Arriving at Fiscal Estimate

This program provides an additional means to employers reducing hours but interested in retaining employees by distributing hour reductions across staff rather than full, individual layoffs. This fiscal estimate assumes this program does not lead to additional hours in layoffs but rather a redistribution of the hour reduction and benefits paid.

Federal funding of benefits is provided up to a maximum of the first 156 weeks (3 years) of the program. The 156 weeks starts 6 months after the federal short term compensation law took effect, February 22nd, 2012. This means federal funding of benefits ends by August 2015.

There is an opportunity for federal grant funding (up to \$2 million) of administrative costs, but it is unknown if Wisconsin would receive these funds. However, if the program ends in less than 5 years, the federal grant dollars may be recouped.

### Long-Range Fiscal Implications

This program provides an additional means to employers reducing hours but interested in retaining employees by distributing hour reductions across staff rather than full individual layoffs. This fiscal estimate assumes this program does not lead to additional hours in layoffs but rather a redistribution of reduced hours. For this reason, the the total amount of benefits paid is expected to be similar, but distributed among more individuals.

For up to the first 156 weeks (3 years) of the program, benefits would be federally funded providing a savings to the trust fund up to the first 3 years, ending August 2015. After August 2015 there is no federal funding for benefit dollars. Benefit payments will come from the trust fund.

Due to the initial federal funding of benefits, firms participating in this program will not have benefits charged against their account through August 2015. This will bias these firm's history towards lower UI taxes until their rates self correct over the following several years.

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
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<b>LRB Number</b> 11-3454/1	<b>Introduction Number</b> SB-559	
<b>Description</b> Payment of unemployment insurance benefits under a work-sharing program		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<p>One-time state costs include \$456,000 for IT System changes to track programs, employers and claimant participation, hour reductions, calculate benefit amounts etc. Additionally, \$5,000 for staff training on details and implementation of the program. There is potential for federal grant funding for these costs, but it is unknown if Wisconsin would receive these grant dollars. If the state received federal grant dollars and the program ended in less than 5 years, the federal grant dollars may be recouped. Impacts also include short term, state and local reimbursable government savings of up to \$422,000 due to federal funding of workshare benefits. The federal funding of workshare benefits is available for up to the first 156 weeks (3 years) of the program, through August 2015. After August 2015, payments are treated as regular unemployment insurance benefits. At the state level, this short term savings is estimated up to approximately \$27,000 per year and \$80,000 for the 3 years. At the local level, this is estimated up to approximately \$114,000 per year and \$342,000 for the 3 years.</p>		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$2,100	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$2,100</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED	2,100	
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$2,100	\$
NET CHANGE IN REVENUE	\$	\$

Agency/Prepared By	Authorized Signature	Date
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