



## Fiscal Estimate Narratives

DWD 2/7/2012

|  |           |                     |        |               |          |
|--|-----------|---------------------|--------|---------------|----------|
| LRB Number   | 11-3976/1 | Introduction Number | SB-417 | Estimate Type | Original |
| <b>Description</b><br>Concealment of benefit claim information, availability for work, interest on delinquent payments, and the composition and authority of appeal tribunals under the unemployment insurance law |           |                     |        |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

Total one-time costs for IT system changes are estimated to be \$42,500 total to implement both the changes for the 15% penalty (\$15,000) and the changes to interest on delinquent employer payments (\$27,500). Changes in staff workloads for all 5 proposed provisions are expected to be minimal.

### Long-Range Fiscal Implications

The increase in revenue to the trust fund due to the 15% penalty would take effect beginning 10/31/2013 and is estimated to range from \$318,738 to \$795,530 annually depending on the business cycle. These monies however, are required by federal law to go to the balancing account within the trust fund. These monies therefore are not tracked above (under State Fiscal Effect) or in the worksheet as they do not affect a state funding source.

The one-time IT costs to implement the 15% penalty is tracked above as it affects the FED funding source.

The proposed change to the interest rate on delinquent payments sets the rate at either 9% or prime plus 2%, whichever is greater. This rate change is expected to average a \$500,000 annual reduction to the interest and penalty fund during years of a 9% rate. The reduction to the fund could be less during years in which the prime is greater than 7%.

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |  |                   |
|--|--|-------------------|
| <b>LRB Number</b> <b>11-3976/1</b>   | <b>Introduction Number</b> <b>SB-417</b> |                   |
| <b>Description</b><br>Concealment of benefit claim information, availability for work, interest on delinquent payments, and the composition and authority of appeal tribunals under the unemployment insurance law   |  |                   |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b><br><br>Total one-time costs for IT system changes are estimated to be \$42,500 to implement both the changes for the 15% penalty and the changes to interest on delinquent employer payments. Changes in staff workloads for all 5 proposed provisions are expected to be minimal. |  |                   |
| <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  | \$                                       | \$                |
| (FTE Position Changes)   |  |                   |
| State Operations - Other Costs   |  |                   |
| Local Assistance   |  |                   |
| Aids to Individuals or Organizations   |  |                   |
| <b>TOTAL State Costs by Category</b>   | <b>\$</b>                                | <b>\$</b>         |
| <b>B. State Costs by Source of Funds</b>   |  |                   |
| GPR  |  |                   |
| FED  |  |                   |
| 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  |  | -500,000          |
| SEG/SEG-S  |  |                   |
| <b>TOTAL State Revenues</b>  | <b>\$</b>                                | <b>\$-500,000</b> |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |  |                   |
|  | <u>State</u>                             | <u>Local</u>      |
| NET CHANGE IN COSTS  | \$                                       | \$                |
| NET CHANGE IN REVENUE  | \$-500,000                               | \$                |
| <b>Agency/Prepared By</b> <b>Authorized Signature</b> <b>Date</b>  |  |                   |
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