

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

| | | |
|--|--|-------------|
| LRB Number 13-1556/2 | Introduction Number SB-026 | |
| 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 Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <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 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 | | |
| 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 | | |
| Fund Sources Affected | | |
| <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 | | |
| Affected Ch. 20 Appropriations | | |
| Agency/Prepared By | Authorized Signature | Date |
| DWD/ Janet Sausen (608) 267-9807 | Georgia Maxwell (608) 266-2284 | 2/20/2013 |

Fiscal Estimate Narratives

DWD 2/20/2013

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|---|-----------|---------------------|--------|---------------|----------|
| LRB Number | 13-1556/2 | Introduction Number | SB-026 | Estimate Type | Original |
| Description Payment of unemployment insurance benefits under a work-sharing program | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This program provides an additional means for employers interested in reducing employee hours, but wishing to retain employees. This allows for 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 through August 2015. There is an opportunity for federal grant funding, \$641,216 for implementation costs and \$1,282,434 for promotion and enrollment activities. 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 for employers interested in reducing employee hours, but wishing to retain employees. This allows for 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 amount of benefits paid is expected to be similar, but distributed among more individuals.

Through August 2015, benefits would be federally funded providing a savings to the trust fund. After August 2015 there is no federal funding for benefit dollars and benefit payments will come from the trust fund. Annual costs will be minimal for staff time fielding inquiries and verifying program qualifications. These costs can be absorbed with existing resources.

NOTE: There could be local impacts due to reimbursable employers. However, at the time this fiscal was due, the LOCAL FISCAL EFFECT portion above was not available.

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
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| | | |
|---|--|---------------|
| LRB Number 13-1556/2 | Introduction Number SB-026 | |
| Description Payment of unemployment insurance benefits under a work-sharing program | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): | | |
| <p>One-time costs include \$456,000 for IT System changes to track programs, employers and claimant participation, hour reductions, calculate benefit amounts etc. Specifically, this is estimated to take 6000 hours of programming at \$75 per hour, utilizing 5 programmers for approximately 8 months to complete. We would make this a priority at the direction of the legislature, but would be hard pressed to accelerate the timeline even with additional resources given the specialized knowledge required. Additionally, \$5000 for staff training on details and implementation of the program. There is potential for federal grant funding for these costs, provided the bill is federally compliant. If the state received these federal grant dollars and the program ended in less than 5 years, the federal grant dollars may be recouped. Assuming state and local reimbursables participate in this program at a similar rate to their overall unemployment insurance benefit payments, impacts include short term, state and local reimbursable government savings of up to \$244,000 due to federal funding of workshare benefits. The federal funding of workshare benefits is available through August 2015. After which, payments are treated as regular unemployment insurance benefits. At the state level, this short term savings is estimated up to \$22,420 per year and \$46,360 through August 2015, assuming a start of June 30th, 2013. At the local level, this is estimated up to approximately \$95,580 per year and up to \$197,640 through August 2015, also assuming a start of June 30th, 2013.</p> | | |
| 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 | | |
| Local Assistance | | |
| Aids to Individuals or Organizations | | |
| TOTAL State Costs by Category | \$ | \$ |
| B. State Costs by Source of Funds | | |
| GPR | | |
| FED | | |
| PRO/PRS | | |
| SEG/SEG-S | | |
| 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 | | |
| TOTAL State Revenues | \$ | \$ |

NET ANNUALIZED FISCAL IMPACT

| | <u>State</u> | <u>Local</u> |
|----------------------------------|--------------------------------|--------------|
| NET CHANGE IN COSTS | \$ | \$ |
| NET CHANGE IN REVENUE | \$ | \$ |
| | | |
| Agency/Prepared By | Authorized Signature | Date |
| DWD/ Janet Sausen (608) 267-9807 | Georgia Maxwell (608) 266-2284 | 2/20/2013 |