

Fiscal Estimate Narratives

DWD 10/20/2015

LRB Number	15-3433/1	Introduction Number	AB-416	Estimate Type	Original
Description Various changes to the unemployment insurance law					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes various changes in the unemployment insurance (UI) law, which is administered by the Department of Workforce Development (DWD).

Treasury Offset Program (TOP) Expansion to Employer Tax Debt-

This bill allows the state to use the TOP to recoup UI-related debts by employers, which in current State law is prohibited. Federal law requires that a state must act to recover UI-related debts through TOP that remain uncollected for one year or more from both employers and claimants.

Since 2012, TOP has been used to recover fraud and wage non-fraud overpayment debt from claimants. Approximately 48% of all TOP certifiable benefit overpayment debt is recovered annually. Currently the Bureau of Tax and Accounting (BTA) can recover approximately 38% of the annual average \$43 million employer debt that could be certified for TOP. TOP is a more efficient collection tool and could recover approximately \$20.6 million (48%) in TOP certifiable employer debt. However, the additional debt collected that would result in a Trust Fund savings is approximately 10% of the certifiable debt, or the difference between employer TOP certifiable debt currently collected and what TOP collects in benefit overpayments. The implementation of these changes would total \$331,000 in on-time costs, and save the Unemployment Insurance Trust Fund 4.3 million dollars annually.

Elimination of Partial Wage Payment Option for Workshare Recipients-

This bill removes the partial wage payment option for workshare recipients from the UI statutes. The net fiscal effect is zero dollars. Through the passage of this provision and by removing the partial wage payment option DWD saves \$760,000 in one-time implementation costs.

Combined-Wage Claim Employer Fault-

This bill allows DWD to issue an appealable determination that an out-of-state employer in a combined-wage claim is at fault for the erroneous payment of benefits under a combined-wage claim.

DWD's Division of Unemployment Insurance currently has the authority to credit or not credit employer accounts when Wisconsin is the "transferring" state. A law or administrative rule change is not needed to no longer credit a Wisconsin employer account if a different state finds a combined-wage claim Wisconsin employer at fault. Since this law change only effects the charging of employers in other states, there is no impact on the State of Wisconsin's UI Trust Fund but DWD would incur a one-time cost of \$21,000.

Long-Range Fiscal Implications

Treasury Offset Program Expansion to Employer Tax Debt-

Annual increase of \$3,000 in printing costs for employer notifications.

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Various changes to the unemployment insurance law		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
The proposed legislative changes cause on-time costs due to the Treasury Offset Program expansion and combined-wage claim change in DWD's Division of Unemployment Insurance. Treasury Offset Program Expansion to Employer Tax Debt- The TOP expansion to include employer tax debt is estimated to incur a one-time IT implementation cost of \$322,000. UI Administrative one-time costs are estimated at \$9,000. Combined cost of \$331,000 to the State of Wisconsin. Combined-Wage Claim Employers Fault- \$21,000 cost for IT changes and administrative procedure development and training. Elimination of Partial Wage Payment Option for Workshare Recipients- One-time cost savings of \$760,000.		
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	3,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$3,000	\$
B. State Costs by Source of Funds		
GPR		
FED	3,000	
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	\$3,000	\$
NET CHANGE IN REVENUE	\$	\$

Agency/Prepared By	Authorized Signature	Date
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