

## Fiscal Estimate - 2019 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>19-5065/1</b>	<b>Introduction Number</b> <b>SB-671</b>			
<b>Description</b> various changes to the unemployment insurance law				
<b>Fiscal Effect</b>				
<b>State:</b>				
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="checked" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="checked" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs				
<b>Local:</b>				
<input type="checkbox"/> No Local Government Costs <input checked="checked" type="checkbox"/> Indeterminate				
<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;">                 1. <input type="checkbox"/> Increase Costs                     <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                  2. <input type="checkbox"/> Decrease Costs                     <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory             </td> <td style="width: 33%; vertical-align: top;">                 3. <input type="checkbox"/> Increase Revenue                     <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                  4. <input type="checkbox"/> Decrease Revenue                     <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory             </td> <td style="width: 33%; vertical-align: top;">                 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             </td> </tr> </table>		1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <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
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<b>Fund Sources Affected</b>				
<input type="checkbox"/> GPR <input checked="checked" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS				
<b>Affected Ch. 20 Appropriations</b>				
20.445 (1) (n)				
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>		
DWD/ Paul Farnum (608) 266-6496	Danielle Williams (608) 266-2284	1/13/2020		

## Fiscal Estimate Narratives

DWD 1/13/2020

LRB Number	19-5065/1	Introduction Number	SB-671	Estimate Type	Original
<b>Description</b> various changes to the unemployment insurance law					

### Assumptions Used in Arriving at Fiscal Estimate

The Unemployment Insurance Advisory Council Agreed Upon Bill makes various changes in the unemployment insurance (UI) law, which is administered by the Department of Workforce Development.

The total estimated fiscal impact to the UI Trust Fund, a fund that is not state-appropriated, is an annual expenditure reduction of approximately \$5,200 along with a possible reduction of revenues up to \$330,000 (estimated net fiscal impact: -\$324,800). The total estimated fiscal impact to the UI Administrative appropriation [s. 20.445(1)(n) PRF] is a one-time bill implementation cost of \$56,630, as well as an absorbable ongoing annual cost that could range between \$22,236 and \$88,818, and allow 3 FTE to be reallocated to other higher priority work. The specific components of the proposed bill that contribute to these amounts are detailed below.

#### Benefits for certain employees

This proposal would disregard an employee's hours worked and wages earned from an employer in a given week when determining the employee's benefit eligibility when the employer requires the employee to work as a condition of continued employment, the employer is unable to pay wages because a government unit or the federal government fails to appropriate funds to the employer, and the employer is not expected to pay the employee or payment is indefinitely delayed until funds are appropriated.

This proposal would have a one-time impact to DWD operations comprised of an IT impact of approximately 450 hours or \$39,600 and an administrative impact of approximately \$13,200. The total one-time impact is estimated at \$52,800.

The proposal would result in ongoing administrative staffing costs of approximately 491 hours or \$22,236 to 1,961 hours or \$88,818 per occurrence. It would not require additional FTE positions. This ongoing staff cost could be absorbed by the agency.

#### Reimbursable employer debt assessment

This law change proposes that a limited amount of the reimbursable employer identity theft fraud funds, set aside in the balancing account, be made available to recover uncollectible reimbursements instead of assessing the Reimbursable Employer Debt Assessment (REDA), or to reduce the amount of the REDA. The funds will be used to pay REDA only if the use of those funds would not reduce the balance of the funds below \$1,750,000. This proposal also increases the minimum amount of the REDA from \$10 to \$20.

This law change could have a Trust Fund impact of reducing revenues by up to \$330,000 in a given year, with the impact varying each year.

Ongoing administrative savings is estimated at \$3,169.

#### Waiver of overpayments

This proposal would modify the "departmental error" definition to clarify that an error made by an appeal tribunal is not departmental error. This proposal is expected to increase recovery of benefits erroneously paid to

claimants.

This law change would save the UI Trust Fund approximately \$5,200 initially with annual savings decreasing going forward.

#### Fiscal agent election of employer status

This proposed change would permit private fiscal agents (not government units) to elect to be the employer, for the purposes of collecting unemployment tax, of workers who provide care to individuals who receive long-term support services in their home through government-funded care programs. Fiscal agents would not gain employer authority (authority to hire and fire support workers) with this change and would be required to inform the recipient of care of the election.

The immediate Trust Fund impact of this law change cannot be determined. It may result in additional tax revenue as well as additional benefit payments. The assumption is that over time this proposal would have a net-zero impact on the Trust Fund.

The one-time administrative cost is estimated at 80 hours or \$3,830. The ongoing administrative impact of this change will allow the department's 3 FTE currently performing the associated work to perform other higher priority, value-added work.

#### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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  Updated
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<b>LRB Number</b> <b>19-5065/1</b>	<b>Introduction Number</b> <b>SB-671</b>	
<b>Description</b> various changes to 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>  One-time bill implementation cost of \$56,630.		
<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	88,818	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$88,818</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED	88,818	
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	\$88,818	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
DWD/ Paul Farnum (608) 266-6496		1/13/2020
Danielle Williams (608) 266-2284		