

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-5585/1	Introduction Number AB-0910
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Description
 various changes to the unemployment insurance law

Fiscal Effect

State:

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

Local:

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

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.445 (1) (n)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DWD 2/9/2022

LRB Number	21-5585/1	Introduction Number	AB-0910	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. The proposed changes under the bill have a fiscal impact to the department. The fiscal effect to department operations is a one-time cost of \$33,640 and is absorbable in the agency's budget. The fiscal effect to the UI Trust Fund is indeterminate.

The provisions in the bill with a fiscal effect to the department operations are the changes to reimbursable insurer debt assessments, excluded employment, workshare, and fiscal agent election of employer status.

The provisions that affect the UI Trust fund are changes to criminal convictions in UI law, reimbursable employer debt assessments, waiver of overpayments due to department error, and excluded employment. Please note that these provisions in the bill are anticipated to have fiscal effects to the UI Trust Fund's revenues and payments, but the combined annual net effect is indeterminate.

The fiscal estimates by provision and assumptions used at arriving at the fiscal estimates are included below. Other provisions in the bill are not estimated to have a fiscal impact to UI operations or to the UI Trust Fund.

This bill proposes to expand options to collect unemployment debt based on a criminal conviction. Though an uncommon scenario, this could result in faster unemployment debt recovery and a higher percentage of unemployment debt collection, resulting in a negligible but positive impact on the Trust Fund. This law change proposal is not expected to have an IT or administrative impact.

The reimbursable employer change proposal could have a negative Trust Fund impact of up to \$330,000. This impact would be due to writing off reimbursable debt in lieu of billing and is at the fund's treasurer's discretion. The UI Trust Fund impact could be greater or less depending on fund balances related to identity theft and the amount of write offs related to reimbursable employers in a given year. This law change proposal is not expected to have one-time administrative effects but is estimated to provide ongoing administrative savings of up to \$3,169 annually due to the flexibility in debt collection provided under this provision.

The proposed change to waiver of overpayments due to department error such that "departmental error" does not include an error made by an administrative law judge is estimated to save the UI Trust Fund \$5,200 annually in the short term. The UI Trust Fund impact may be less in the future. This proposal is not estimated to have an impact on operations.

The proposed changes to excluded employment is estimated to reduce the UI Trust Fund balance up to \$76,000 annually due to a reduction in employer taxes. The net effect to the UI Trust Fund may be smaller if there is a greater impact on benefits than expected. This law change proposal requires 72 hours of IT work costing \$6,408. There is a one-time expected administrative cost of \$2,115.

The bill makes a number of the former-law modifications to work share programs permanent. Because work-share participants comprise a very small portion of all UI claimants, this law change proposal is expected to have a negative but negligible UI Trust Fund impact. This law change proposal requires 180 hours of IT work estimated to cost \$16,000. There is a one-time expected administrative cost of \$5,287.

The proposed changes to allow the fiscal agent for individuals who receive long term care benefits to elect to become the employer of the individual's long term care service provider is not estimated to have a long-term impact to the UI Trust Fund. While there could be an immediate increase in benefits paid, new taxes will cover these costs. Assuming that all fiscal agents will elect to make this change, this proposal is estimated to have a one-time administrative cost of \$3,830 related to anticipated additional processing and program operational work.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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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 fiscal effect to department operations is a one time cost of \$33,640 and is absorbable in the agency's budget.		
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, etc.)		
	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	\$	\$
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		Date 2/9/2022