

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number **21-4346/1**
 Introduction Number **AB-0938**

Description
 various changes to the unemployment insurance law, requiring an audit to be conducted by the Legislative Audit Bureau, requiring approval by the Joint Committee on Finance of certain federally authorized unemployment benefits, and authorizing the secretary of administration to transfer employees from any executive branch agency to the Department of Workforce Development for certain purposes

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues
 Yes
 No
 Create New Appropriations
 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. Increase Costs
 3. Increase Revenue
 Permissive Mandatory
 Permissive Mandatory
 2. Decrease Costs
 4. Decrease Revenue
 Permissive Mandatory
 Permissive Mandatory

5. Types of Local Government Units Affected
 Towns Village Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected
Affected Ch. 20 Appropriations
 GPR FED PRO PRS SEG SEGS 20.445 (1) (n)

Agency/Prepared By	Authorized Signature	Date
DWD/ Andrew Evenson (608) 266-1756	Danielle Williams (608) 266-2284	2/10/2022

Fiscal Estimate Narratives

DWD 2/10/2022

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Assumptions Used in Arriving at Fiscal Estimate

This bill makes various changes to the unemployment program and to unemployment insurance (UI) law. The UI program is administered by the Department of Workforce Development. The provisions related to absenteeism as misconduct, work search action audits, adoption of IAL2 and AAL2 identity verification standards, call center operations and federal benefit augmentation are estimated to have a fiscal effect on department's UI operations and the UI Trust Fund. Other proposed changes in the bill are not estimated to have a fiscal impact. In addition, the provisions related to misconduct that also apply to worker's compensation are not estimated to have a fiscal impact.

The fiscal effect of the bill on UI operations is estimated to total \$33,865,494 all funds, consisting of \$1,596,394 for one-time implementation steps and \$32,269,100 annually. The bill's fiscal effect to the UI Trust Fund is an estimated \$23,495,300 annual increase in the Trust Fund balance.

The proposed changes to absenteeism as misconduct are expected to increase the number of misconduct findings by 22% and save the UI Trust Fund \$5.4 million annually through the associated reduction of UI benefits paid after accounting for the reduction in UI taxes. Additionally, there is an estimated one-time administrative cost of \$1,254 to implement the change related to program operation revisions and updates.

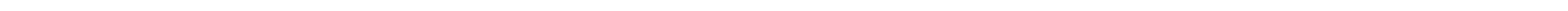
The proposed changes to work search audits are estimated to greatly increase manual staff efforts and therefore UI operations costs. The department's current approach to work search audits utilizes automated technologies to target manual staff efforts. Under the proposal, UI would be required to manually audit approximately 870,000 work searches which is anticipated to require 761,400 hours of work based on current audit experience. This is the equivalent of to the effort from 423 FTE. Assuming the annual cost per staff is \$76,286, this provision carries an expected annual administrative cost of \$32,269,100.

The proposal to adopt IAL2 and AAL2 standards for identify verification is expected to require 400 hours of IT work to allow DWD to capture and store government issued IDs and biometric data and implement AAL2 multifactor authentication. This IT work is estimated to be a one-time cost of \$35,600. There is also an estimated \$10,680 one-time administrative cost to implement these standards.

The proposed changes to call center operations is estimated to have a fiscal impact, but only when the provisions in the bill require evening and weekend hours. When those circumstances arise, the fiscal effect will be comprised of costs to make IT modifications, one-time administrative changes, and costs for additional contract staff. The estimated IT impact is 800 hours of work costing \$71,200, and the one-time administrative cost associated with implementing these systems changes is \$21,360. These costs are related to rescheduling database computations and modifying internal applications to accommodate lengthened call center hours. The additional contracted staff need is estimated as 45 FTE, which would be approximately \$1,456,300. This contract staff estimate assumes UI call centers would be staffed until 7 PM on weekdays and would operate for sixteen hours on the weekend. For the purposes of this fiscal estimate, these costs are considered one-time.

The fiscal impacts related to Joint Committee on Finance approvals concerning federal UI benefit augmentation programs is indeterminant for UI operations costs and the UI Trust Fund at this time. The potential for delays in availability of federally funded benefits to UI claimants could lead to confusion for employees and employers, an increase in appeals related to eligibility determinations, and reduced federal revenues for the state.

Long-Range Fiscal Implications



Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
 \$1,596,394

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	32,269,100	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$32,269,100	\$

B. State Costs by Source of Funds		
GPR		
FED	32,269,100	
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		
	State	Local
NET CHANGE IN COSTS	\$32,269,100	\$
NET CHANGE IN REVENUE	\$	\$

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