

Fiscal Estimate Narratives

DWD 4/17/2023

LRB Number	23-2694/1	Introduction Number	AB-0150	Estimate Type	Original
Description various changes to the unemployment insurance law, federal Reemployment Services and Eligibility Assessment grants, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes various changes to Wisconsin's Unemployment Insurance (UI) program, establishes new requirements for how the Department of Workforce Development (DWD) Divisions of Employment and Training (DET) delivers the federal Re-employment Services and Eligibility Assessment Grants (RESEA) program, and updates federal references.

Certain provisions in the bill are anticipated to have a fiscal effect on operations costs totaling \$2,308,938 all funds, consisting of \$835,010 for one-time implementation steps and \$1,473,929 for on-going operations.

Some provisions in the bill are anticipated to have a fiscal effect on UI Trust Fund revenues and payments, but the annual net effect for all provisions in the bill is indeterminate.

The UI program fiscal effects related to operations costs and the UI Trust Fund are:

Program Name Change:

Costs to establish a Division of Reemployment Assistance and change all statutory references to "unemployment insurance" to "reemployment assistance" is estimated to have one-time IT changes estimated to take 454 hours, at \$88 per hour, for a cost of \$39,952.

Additional one-time administrative costs are estimated to total \$168,184 consisting of \$156,062 in contracted staff costs for 2,545 hours and an additional \$12,122 in supplies and services costs. This staff effort is to mitigate confusion for stakeholders as a quality control measure to minimize adverse impacts for employers making UI Trust Fund contributions and eligible claimants applying for benefits.

This provision is not estimated to impact to the UI Trust Fund.

General Qualifying Requirements:

The department has reviewed all five changes related to new qualifying requirements for claimants and has determined a total need for 1,250 hours of IT programming for a total cost of \$110,000. There are additional administrative cost to implement changes and update public facing program materials that are estimated to be \$88,900. The ongoing impact of these changes is uncertain. It is possible that the new requirements increase the number of redetermination and appeal requests, which would increase the administrative burden.

It is unknown what effect the new qualifying requirements will have on eligibility determinations, and therefore the impact on the UI Trust Fund is indeterminate.

Drug Testing:

The bill requires DWD to immediately promulgate rules related to the occupational drug testing program. There is not an anticipated IT cost. The one-time administrative impact is estimated at 170 hours of UI staff time for a total cost of \$14,340.

There will be revenue and payment impact on the UI Trust Fund, but the effect is indeterminate.

Reemployment Services and Eligibility Assessment (RESEA) Grants – providing services to claimants about to exhaust regular UI benefits:

These provisions expand outreach requirements for DET's current RESEA program and establish new participation requirements related to claimants about to exhaust their regular UI benefits. The department anticipates these provisions will need 4,500 hours of IT programming at \$88 per hour for a one-time cost of \$396,000. Ongoing IT maintenance needs are estimated to be 900 hours with an annual cost of \$79,200 per year. The department is assuming approximately 11,400 additional UI claimants per year will be served in the RESEA program which, based on experience with the current RESEA program effort, will require an allocation of funding equivalent to 11 FTE for the effort needed to serve the increased demand. The ongoing annualized staffing costs are anticipated to be \$1,213,300.

In UI these provisions have a one-time IT programming need estimated at 40 hours at \$88 per hour for a total cost of \$3,520. There is an administrative one-time cost of \$14,114 for implementation and development of a model to identify when UI claimants are likely to exhaust their eligibility for regular UI benefits.

There is an additional annual administrative impact of 3,421 hours of UI staff time at a cost of \$181,428. This staff time will be used to coordinate services between UI and DET programs for applicable UI claimants.

There will be revenue and payment impact on the UI Trust Fund, but the effect is indeterminate.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-2694/1	Introduction Number AB-0150	
Description various changes to the unemployment insurance law, federal Reemployment Services and Eligibility Assessment grants, and granting rule-making authority		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): Certain provisions in the bill are anticipated to have a one time fiscal effect on operations totaling \$835,010.		
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	1,473,929	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$1,473,929	\$
B. State Costs by Source of Funds		
GPR		
FED	1,473,929	
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	\$1,473,929	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
	Jeremy Simon (608) 267-9692	4/17/2023

DWD/ Andrew Wescott-Barten (608) 405-4475