

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 25-2746/1	Introduction Number SB-0200
Description various changes to the unemployment insurance law	
Fiscal Effect State: <div style="display: flex; justify-content: space-between;"><div style="width: 30%;"><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</div><div style="width: 30%;"><input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues</div><div style="width: 35%;"><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs</div></div> Local: <div style="display: flex; justify-content: space-between;"><div style="width: 60%;"><input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div style="width: 35%;">5. Types of Local Government Units Affected <div style="display: flex; justify-content: space-between;"><div style="width: 30%;"><input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts</div><div style="width: 30%;"><input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div><div style="width: 30%;"><input type="checkbox"/> Cities</div></div></div></div>	

Fiscal Estimate Narratives

DWD 4/22/2025

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Description various changes to the unemployment insurance law					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes various changes that impact unemployment insurance (UI), which is administered by the Department of Workforce Development (DWD). The bill requires DWD to implement identity-proofing measures for UI claimants that achieve IAL2 and AAL2 standards adopted in the National Institute of Standards and Technology's Digital Identity Guidelines; to provide certain training materials for employers and claimants on the UI system including videos on DWD's website and free live training seminars on a quarterly basis; and to operate a call center to assist claimants for UI benefits.

Under the bill's call center related provisions, certain hours of operations are required based on call volume. For any week in which the volume of calls has increased by 100 percent or more over the same week during the previous year or if there is a declared state of emergency for the state that causes or relates to an increase in UI claims, DWD is required to operate the call center with hours of at least 9 a.m. to 5 p.m. on weekdays for a duration of 90 days after that week. For any week in which the volume of calls has increased by 300 percent or more over the same week during the previous year or if there is a declared state of emergency relating to an increase in UI claims, DWD is required to operate the call center with evening hours after 5 p.m. and weekend hours for a duration of 90 days after that week.

The bill also requires DWD to perform, at least weekly, a comparison of state and national databases that track death records, employment records, and prison records, citizenship and immigration, and immigrations and customs against recipients of UI benefits for the purposes of detecting fraud or erroneous payments, and the bill requires DWD, if it suspends or reduces any method used by the department to detect fraud committed against the unemployment insurance program, to submit a notification detailing the suspension or reduction and the reasons therefore to the Unemployment Insurance Advisory Council, the Governor, and the appropriate standing committees of the legislature.

Finally, the bill also extends the statute of limitations for felonies involving fraudulently obtained UI benefits and benefits under the special unemployment benefit programs under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.

The proposed bill changes related to operation of a call center are estimated to have a one-time fiscal effect to the department of \$1,558,444. The bill's provision to notify the Unemployment Insurance Advisory Council, the Governor, and the appropriate standing committees of the legislature of a suspension or reduction of any fraud detection method is estimated to have a minimal impact on administrative costs. The bill's changes to the statute of limitations for felonies involving fraud in obtaining UI benefits is estimated to have a small, indeterminate, impact on recovery of fraud committed against the UI Trust Fund and against Local Governments, and a minimal administrative impact to the department to update relevant policies.

All other provisions of the bill are estimated to not have a fiscal impact, as they align with current department business practices.

The proposed changes to call center operations are 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 for additional contracted staff, IT modifications, and one-time administrative changes. The additional contracted staff needed to meet the bill's provisions 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. The estimated IT impact is 800 hours of work costing \$76,800, and the one-time administrative cost associated with implementing these systems changes is \$25,344. These costs are related to rescheduling database computations and modifying internal applications to accommodate lengthened call center hours.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2025 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 proposed bill changes related to operation of a call center are estimated to have a one-time fiscal effect to the department of \$1,558,444.		
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	\$	
Agency/Prepared By Authorized Signature Date		
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