

Fiscal Estimate Narratives

DWD 2/8/2022

LRB Number	21-4768/1	Introduction Number	AB-0883	Estimate Type	Original
Description various changes to the unemployment insurance law, a grant program for hiring qualified long-term unemployment recipients, allocation of federal American Rescue Plan Act of 2021 funding for certain purposes, the state plan under the federal Workforce Innovation and Opportunity Act of 2014, federal Reemployment Services and Eligibility Assessment grants, employment outcome data reporting, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, 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, establishes a new grant program for employers, updates federal references, and modifies reporting requirements for the department.

The department estimates that proposed changes under the bill will have a fiscal effect on operations costs totaling \$9,572,400 all funds, consisting of \$6.4 million for one-time implementation steps and \$3.2 million for on-going operations. Under the bill approximately \$5,991,000 of ARPA funding is provided to DWD through December 31, 2024, assuming the bill outlines an eligible use under Treasury guidance and sufficient funds remain available for allocation. The net impact of this bill on DWD fund sources is \$3,581,400 which consist of \$419,400 in one-time costs and \$3,162,000 in ongoing costs.

Certain 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 \$89 per hour, for a cost of \$40,406.

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 \$111,250. 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 – use of Federal grant funds and providing services to claimants about to exhaust regular UI benefits:

In UI these provisions have a one-time IT programming need estimated at 40 hours at \$89 per hour for a total cost of \$3,560. 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.

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 \$89 per hour for a one-time cost of \$400,500. Ongoing IT maintenance needs are estimated to be \$80,100 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. This cost has a one-time component for the program requirements ending on December 31, 2024 that is estimated to be \$1,590,400. The ongoing annualized staffing costs are anticipated to be \$2,895,400.

Wage Threshold for Receipt of Benefits:

There is a one-time IT programming need estimated at 320 hours for a total cost of \$28,480 based on an \$89 per hour rate. There is an additional \$9,098 in expected administrative costs to implement the changes and update program materials. This brings the total one-time cost of administrative and IT changes to \$37,578. There is no expected annual administrative cost.

Based on relevant partial payment data from 2018 and 2019, the wage threshold provision is estimated to annually affect approximately 232,180 benefit weeks, increasing benefits paid by \$13.9 million and increasing UI taxes collected by \$4.3 million, for an annual cost to the UI Trust Fund of \$8.7 million.

Grant Program for Hiring Long-term Unemployment Recipients:

The department estimates 2,000 grants will be awarded each year for a total of \$2,000,000 per year for a two-year period ending on December 28, 2024. The grand total grants awarded is projected to be \$4,000,000.

An allocation of funding equivalent to 1 FTE is needed to contract for the staff effort needed to process employer applications and approve grant payments. This one-time staffing cost is anticipated to be \$93,900.

WIOA State Plan:

No additional costs for preparation and submission of the WIOA State Plan are anticipated.

Data Reporting:

The bill requires DWD to use data from quarterly wage reports, perform analysis of employment outcomes for UI claimants, and submit a report to the legislature by March 1 and September 1 of each year. The IT programming need is estimated at 242 hours at \$89 per hour for a total cost of \$21,538. There is an additional expected administrative one-time cost of \$11,518. This work will build and implement a process for compiling quarterly wage data and employment outcomes of UI claimants who received benefits during the reporting period. There will be an on-going annual administrative cost of \$5,120 for 80 hours of staff time to complete and submit the report.

This is not expected to have any UI Trust Fund impact.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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

The net impact of this bill on DWD fund sources is \$419,400 in one-time costs.

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	3,162,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$3,162,000	\$

B. State Costs by Source of Funds		
GPR		
FED	3,162,000	
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	\$3,162,000	\$
NET CHANGE IN REVENUE	\$	\$

Agency/Prepared By	Authorized Signature	Date
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