

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

| | |
|-----------------------------|-----------------------------------|
| LRB Number 21-2782/1 | Introduction Number SB-320 |
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Description
 unemployment insurance work-share programs

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

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

Local:

No Local Government Costs
 Indeterminate

| | | |
|--|--|---|
| 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|---|

| | |
|--|---------------------------------------|
| Fund Sources Affected | Affected Ch. 20 Appropriations |
| <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS | |

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| Agency/Prepared By DWD/ Andrew Evenson (608) 266-1756 | Authorized Signature Danielle Williams (608) 266-2284 | Date 4/30/2021 |
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Fiscal Estimate Narratives

DWD 4/30/2021

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| LRB Number | 21-2782/1 | Introduction Number | SB-320 | Estimate Type | Original |
| Description unemployment insurance work-share programs | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill extends the end date of the pandemic-related Unemployment Insurance (UI) provision that modifies the UI work-share program and allows the state to claim federal reimbursement for work-share benefit payments. The current end date is July 4, 2021. This bill allows current work-share modifications to apply through the date in federal law for which federal benefit payments are available (currently September 6, 2021), so that if federal law is amended to further extend the end date for the federal benefit payments, the modifications are extended as well. This bill also adds a temporary modification to allow work-share plans, approved between the provision's effective date and the end date of federal benefit payments, to remain in effect for 12 months in a five-year period, instead of six months.

This bill is not estimated to have a fiscal effect to the Department. Implementation of these provisions requires no IT systems programming or other administrative changes.

This bill extends the date to capture federal reimbursement for work-share benefits, increasing federal funds available to support these benefits and potentially decreasing UI Trust Fund costs. Although the UI Trust Fund is not a state appropriation, note that this change may have a small positive effect on the UI Trust Fund. The positive impact is expected to be small because current work-share program participation is modest, with 82 employers participating as of March 2021, and this number is expected to decline in future months.

The bill's change to increase eligible work-share months from six to 12 in a five-year period is estimated to have no impact to the UI Trust Fund. While this change could increase workshare months in the period following the end date of federal reimbursement and thus increase UI Trust Fund costs, such an increase is unlikely. Prior to the pandemic, there was only occasional demand for work-share agreements, with one work-share agreement in place in March of 2019, and no work-share agreements in place in January 2020. It is anticipated that work-share agreements will decline and reach pre-pandemic levels with very few or no agreements in place by the date that federal reimbursement ends.

For local governments planning to lay-off workers between passage of the bill and September 6th, there would be potential savings if they choose to use a Work-share program. However, the potential savings for local governments is not able to be determined at this time. After September 6th, there is no longer federal reimbursement. Local government employers, like all other employers, can choose to use the Work-share program as a way to retain staff during times of necessary furloughs.

Long-Range Fiscal Implications