

Fiscal Estimate Narratives

DWD 10/28/2013

LRB Number	13-2401/1	Introduction Number	AB-0374	Estimate Type	Original
Description Deletion of the waiting period for collection of unemployment insurance benefits					

Assumptions Used in Arriving at Fiscal Estimate

Effective 01/01/12, Wisconsin implemented a waiting week for Unemployment Insurance benefits. For every new benefit year, no benefits are payable for the first week a claimant would otherwise be eligible for benefits. The waiting week can be a week in which full or partial benefits are payable. The waiting week does not reduce a claimant's maximum benefit amount.

Repealing the waiting week will increase benefits by approximately 5.3% per year, which averaging over the 5-year business cycle, is approximately \$45 million in benefits charged to taxable employers, or \$48 million including reimbursable employers. Using the Tax Model, this would increase taxes by approximately \$17 million per year on average over the business cycle. More benefits will be charged to employer accounts, which will move employers into higher tax brackets, thus increasing their tax rate and increasing tax revenue to the UI Trust Fund. The average net impact to the UI Trust Fund is a decrease (cost) of approximately \$28 million annually. The impact to the UI Trust Fund is based upon projecting Unemployment Insurance benefits and contributions over a five-year business cycle which includes expansionary and recessionary periods.

Based on the \$48 million total increase in benefits payable, the state government reimbursable employer fiscal impact is estimated at \$254,016 annually and local government reimbursable impact is estimated at \$955,584 annually. The total state and local government reimbursable employer impact is an estimated increased cost of \$1,209,600 annually, affecting all state and local appropriations funding FTE's.

Special Notes:

Since repealing the waiting week may negatively impact UI Trust Fund solvency, it could lead to accelerated FUTA credit reductions if this law were to pass while Wisconsin is borrowing from the Federal government.

Long-Range Fiscal Implications

NA

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Deletion of the waiting period for collection of unemployment insurance benefits			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Changes to IT system to repeal the waiting week is estimated at 87 hours or \$6,612. Administrative cost for retraining, and web/form changes is estimated at 47 hours or \$2,466. The total one-time cost is estimated at 134 hours or \$9,078.			
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	254,017		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$254,017		\$
B. State Costs by Source of Funds			
GPR	147,329		
FED	25,402		
PRO/PRS	55,884		
SEG/SEG-S	25,402		
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	\$254,017		\$955,584
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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