

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-0241/1	Introduction Number AB-0473
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Description
 investigation and audit of worker misclassification and making an appropriation

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
 - Indeterminate
 - 1. Increase Costs 3. Increase Revenue
 - Permissive Mandatory Permissive Mandatory
 - 2. Decrease Costs 4. Decrease Revenue
 - Permissive Mandatory Permissive Mandatory
- 5. Types of Local Government Units Affected**
- Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR
 FED
 PRO
 PRS
 SEG
 SEGS
 s. 20.445 (1) (gc), (gd), (v) and (n)

Agency/Prepared By	Authorized Signature	Date
DWD/ Andrew Wescott-Barten (608) 405-4475	Jennifer Sereno (608) 267-9692	10/31/2023

Fiscal Estimate Narratives

DWD 10/31/2023

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Assumptions Used in Arriving at Fiscal Estimate

The bill has an estimated one-time administrative cost of \$13,000 and an annual administrative cost to the department of \$448,200, which can be absorbed within the department's budget.

This bill increases budget authority in s. 20.445 (1) (gc) Unemployment Insurance (UI) administration by \$157,500 in SFY22 and \$210,000 in SFY23 for the newly authorized 3.0 PRO FTE positions created to investigate and enforce worker classification laws and rules. Under the bill, the department is required to have the UI Division coordinate with the Division of Personnel Management in the Department of Administration to review all recruitment and onboarding programs to ensure that auditor positions are correctly classified and the compensation for auditors is comparable to that in the private labor market; review resources available to investigators and auditors, and evaluate potential strategies and improvements that could be implemented by the department; and submit its findings in a report to the Wisconsin State Legislature no later than Jan. 31, 2025.

The proposed changes in this bill are estimated to have a fiscal impact to the department of \$448,200 annually for the salary, fringe, and administrative costs associated with hiring three Auditor Advanced positions at an average hourly wage of \$41.96. Cost for these positions will be supported by revenue transferred to 20.445(1) (gc) from segregated funds collected under s. 20.445(1)(v) and program revenue collected under 20.445(1) (gd).

The department estimates 160 work hours to perform the classification, compensation, and resource reviews, and to draft the corresponding report for the Legislature required by the bill. The estimated one-time administrative cost is \$13,000, which can be absorbed within current budgets.

The hiring of additional auditors and investigators, and expanding the investigative resources they have access to, is expected to have a positive yet indeterminate impact on the UI Trust Fund.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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Description Investigation and audit of worker misclassification and making an appropriation		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
The Department estimates 160 hours of work is needed to perform the classification, compensation, and resource reviews required by the proposal and to draft the corresponding report for the Wisconsin State Legislature. This estimated one-time administrative cost is \$13,000 which can be absorbed within current budgets.		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$378,600	\$
(FTE Position Changes)	(3.0 FTE)	
State Operations - Other Costs	69,600	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$448,200	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS (s. 20.445 (1) (gc))	448,200	
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	\$448,200	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		
Date		
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