

FISCAL NOTE

Bill #: SB0428

Title: Increasing percentage of salary for unemployment calculation

Primary Sponsor: Dan Harrington

Status: Third Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
Other (Unemployment Insurance Trust Fund)	1,041,000	1,006,000
Revenue:		
Other(Unemployment Insurance Trust Fund)	1,041,000	1,006,000
Net Impact on General Fund Balance:	0	0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. This bill increases the maximum weekly benefit amount (WBA) from 60% to 63% of the state's average weekly wage.
2. The Research & Analysis Bureau of the Department of Labor & Industry estimates the state average weekly wage, as of May 31, 2001, will be \$458.69. Thus the maximum WBA for claims filed after July 1, 2001 according to current law will be \$275 per week. SB 428 would increase the maximum WBA to \$288 per week. An estimated 7,000 claimants will qualify for the increased benefit amounts (\$276 - \$288) for the 12 months beginning July 1, 2001 – June 30, 2002.

3. Although revenues are shown as collected in each of the fiscal years as expenditures, in fact, revenues will be recovered over a period of time. There is a lag period after benefits are paid before employers are charged.
4. An estimated \$2.047 million in additional benefits would be paid from the Trust Fund for the 24 month period (July 1999 – June 2001) compared to the current law. The following calculations are intended to show that the WBA changes with a biennium.
 - There were 6,571 benefit claims effective July 1999 through June 2000 (the last complete 12 month period) that had sufficient wages to qualify for the maximum WBA (\$254).
 - If this legislation had been in effect at that time, the maximum WBA would have been \$267 and 5,026 claims had sufficient wages to receive that maximum amount. The remaining 1545 claims would have received an increased WBA ranging from \$255 to \$266 per week. Using the average duration of 14 weeks, these increased payments would total \$1.041 million from the Trust Fund.
 - The maximum WBA for July 2000 to June 2001 increased to \$263. If this bill had been in effect, the maximum WBA would have increased from \$263 to \$276. A review indicates that 5,531 claims filed from July 2000 through January 31, 2001, would have qualified for an increased WBA ranging from \$264 to \$276 per week. It is estimated this bill would authorize payment of an additional \$1.006 million in benefits.
 - The estimates for this version (63% of the state average weekly wage) is not exactly 1/2 of the earlier version of this bill (66% of state average weekly wage) because the distribution of claimants' total wages is not uniformly distributed.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Benefits	1,041,000	1,006,000
<u>Funding:</u>		
Other (UI Trust Fund)	1,041,000	1,006,000
<u>Revenues:</u>		
Other (UI trust Fund)	1,041,000	1,006,000
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
Other (UI Trust Fund)	0	0