



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0234

Title: Create the Unemployment Insurance Program Integrity Act

Primary Sponsor: Vance, Gordon

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:					
General Fund	\$0	\$0	\$0	\$0	\$0
Revenue:					
General Fund	\$0	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: No fiscal impacts are anticipated in relation to this bill, as the Department of Labor and Industry is currently performing all activities required by the proposal.

FISCAL ANALYSIS

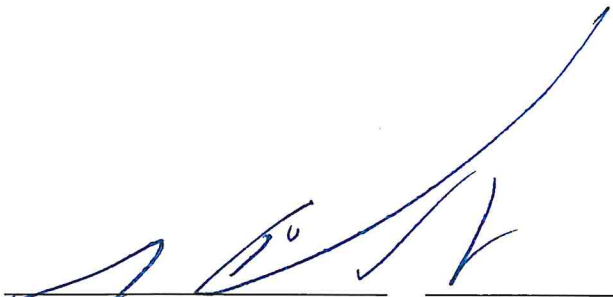
Assumptions:

1. The Department of Labor and Industry (DLI) is currently engaged in a memorandum of understanding with the Department of Corrections to identify individuals detained for more than 7 days. The department has no costs associated with this MOU.
2. The department currently utilizes ID.me, a commercially available tool that provides an identity gateway, multifactor authentication, and documentation of verifications to assist in verifying the integrity of the state's unemployment insurance rolls.
3. The department currently utilizes the Integrity Data Hub, a tool provided free of cost from the National Association of State Workforce Agencies (NASWA). The data hub provides critical cross-matching functionality to combat UI fraud, including assistance with identifying interstate fraudulent activity.
4. The department currently utilizes a cross match with new hire records against unemployment insurance claims for federally mandated Benefit Accuracy Measurement audits. This process could expand to all unemployment insurance claims. It is unknown what costs DPHHS would pass on to the department for the increased volume.

5. The department will have a minimal increased cost for staff time and assumes it can be absorbed within existing resources.

Technical Notes:

1. The definitions set forth in Section 3 conflict, duplicate, and/or create ambiguity within unemployment insurance law. The “department of labor” is already a defined term. See 39-51-201(8), MCA. Further, the subsection’s reference to unemployment insurance provided by Article XII, section 2, is not accurate. While that section constitutionally creates DLI, it does not reference unemployment insurance. The definition of “new hire records” states that DLI must verify new hire records under federal and state law against a directory “managed by the department of labor.” To the extent the definition intends DLI to check hire records against UI quarterly reports, such is already done. However, the “new hire directory” referred to in Section 4 is not controlled by DLI. Finally, the definition in subsection 4 creates a new term to refer to UI benefits recipients utilized nowhere else in code or rule.
2. The requirements of section 4 are duplicative of authority already vested in DLI and activities already undertaken. See 39-51-301, MCA. Pertaining to subsections (1)-(3), as noted in this fiscal note, DLI has engaged commercial vendors, where deemed necessary to ensure integrity of the program, is engaging with the Department of Corrections, and utilizes the National Directory of New Hires, as necessary, for the same reasons. Pertaining to subsection (4), DLI has the authority to contract as necessary, including with commercial vendors and governmental entities, as deemed necessary. Mont. Code Ann. 39-51-301. Pertaining to subsection (5), DLI is required to account for an individual’s changing eligibility for benefits. See, e.g. 39-51-2306, MCA.
3. Section 4(3) misidentifies the National Directory of New Hires as the “National Directorate of New Hires.”

			
_____	_____	_____	_____
Sponsor's Initials	Date	Budget Director's Initials	Date