GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0468 - Revise unemployment insurance laws relating to job-attached employees (Gillette, Jane)	
Status:	As Amended in House Committee

☐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

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
Expenditures:				
General Fund	$0	$0	$0	$0
State Special Revenue	$89,173	$86,646	$86,646	$86,646
Other	($1,312,930)	($1,400,853)	($1,425,217)	($1,463,062)
Revenue:				
General Fund	$0	$0	$0	$0
State Special Revenue	$0	$0	$0	$0
Other	$0	$0	$0	$0
Net Impact-General Fund Balance:	$0	$0	$0	$0

Description of fiscal impact: HB 458 as amended revises laws around job attached individuals and requiring individuals who are job attached longer than 10 weeks to meet the same requirements for seeking work as those individuals who are not job attached. This legislation would have an impact on unemployment insurance benefits paid as well as the administration of unemployment insurance claims.

FISCAL ANALYSIS

Assumptions:

1. The Department of Labor & Industry (DLI) assumes, based on historical unemployment insurance (UI) data, 12.7% of total benefits paid are to job attached claims beyond the 10th week of filing.

2. DLI also assumes, based on historical UI data of claims subject to work search requirements (WSR), that WSR leads to 4.03% of claims being stopped and 4.27% of claim weeks being temporarily halted due to failure to comply with WSR.
3. Based on assumptions 1 and 2, DLI applies the percent of claims stopped and claims temporarily on hold due to WSR to the total number of job attached claims at 10 weeks or above to determine the reduction in benefits paid. This amount is divided by the total benefit amount for a year to determine the overall percent reduction in disbursements due to the new work search requirement in HB 498 as amended. (4.03% of claims and 4.27% of claim weeks = 8.3% of the total. 8.3% of 12.7% of total benefits = 1.05%)
4. Therefore, DLI assumes there would be a 1.05% reduction in benefits paid every year due to job-attached individuals not complying with the applicable WSR.
5. An estimated 1.05% reduction in benefits paid is estimated to be $1,312,930 in FY 2024, $1,400,853 in FY 2025, $1,425,217 in FY 2026 and $1,463,062 in FY 2027.
6. DLI assumes there will be a workload increase to monitor work search compliance, as well as resolve work search claim hold issues when job-attached claims over 10 weeks are subject to the same WSR as other non-job-attached claims.
7. There are approximately 10,000 claims filed each week and approximately ½ of those are for individuals who are job-attached.
8. For those claims subject to work search requirements, approximately 2% of those fail to search for work and have additional compliance issues that must be resolved.
9. Assuming 5,000 claims each week would be subject to work search requirements after 10 weeks that had not been previously subject to this requirement, and of those 2% would have additional compliance issues, DLI assumes an additional 100 claim issues would need to be resolved each week.
10. DLI assumes each claim issue would take approximately 20-30 minutes to resolve. With 100 new claim issues each week, DLI assumes there would be an additional 40 hours of work each week. DLI is unable to absorb this workload with current FTE and therefore DLI would require an additional 1.00 FTE to handle compliance issues associated with this legislation.
11. Starting July 1, 2024, DLI would need to hire one additional Claims Examiner 2. A Claims Examiner 2 annual salary and benefits would be $70,509 in FY 2024 and $70,732 in FY 2025-2027.
12. One-time-only operating expenditures for this FTE include $1,600 for office supplies and equipment and $1,200 for a computer.
13. The DLI cost allocation plan is applied at 9.5% of personal services for FY 2024-2027. This equals $6,698 in operating expenditures in FY 2024 and $6,719 in FY 2025-2027.
14. Based on typical expenditures, the department estimates a cost of 13% of personal services expenses for items such as telephone, copiers, scanners, utilities, minor equipment, supplies, etc. These expenditures are included in operating expenses and would total $9,166 in FY 2024 and $9,195 in FY 2024-2027.

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
Fiscal Impact:				
FTE	1.00	1.00	1.00	1.00
Expenditures:				
Personal Services	$70,509	$70,732	$70,732	$70,732
Operating Expenses	$18,664	$15,914	$15,914	$15,914
Benefits	($1,312,930)	($1,400,853)	($1,425,217)	($1,463,062)
TOTAL Expenditures	($1,223,757)	($1,314,207)	($1,338,571)	($1,376,416)
Funding of Expenditures:				
General Fund (01)	$0	$0	$0	$0
State Special Revenue (02)	$89,173	$86,646	$86,646	$86,646
Other	($1,312,930)	($1,400,853)	($1,425,217)	($1,463,062)
TOTAL Funding of Exp.	($1,223,757)	($1,314,207)	($1,338,571)	($1,376,416)
Revenues:				
General Fund (01)	$0	$0	$0	$0
State Special Revenue (02)	$0	$0	$0	$0
Other	$0	$0	$0	$0
TOTAL Revenues	$0	$0	$0	$0
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	$0	$0	$0	$0
State Special Revenue (02)	($89,173)	($86,646)	($86,646)	($86,646)
Other	$1,312,930	$1,400,853	$1,425,217	$1,463,062

NOT SIGNED BY SPONSOR

Sponsor's Initials	Date	Budget Director's Initials	Date
		[signature]	2-27-23