

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3986S.03C
Bill No.: SCS for HB 1860
Subject: Employment Security; Department of Labor and Industrial Relations
Type: Original
Date: May 4, 2022

Bill Summary: This proposal modifies provisions relating to employment security.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund*	More or Less than \$717,502	More or Less than \$1,435,004	More or Less than \$1,435,004
Total Estimated Net Effect on General Revenue	More or Less than \$717,502	More or Less than \$1,435,004	More or Less than \$1,435,004

*Oversight notes changes to Section 288.060 from HB 150 (2015 – Governor’s veto was overridden) were declared unconstitutional; therefore, the current maximum number of weeks eligible for benefits is still 20 weeks. This proposal reinstates these changes, reducing the weekly claims to as low as 8 weeks (depending on Missouri’s unemployment rate) resulting in potential savings.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Other State Funds*	More or Less than \$374,520	More or Less than \$749,040	More or Less than \$749,040
Total Estimated Net Effect on <u>Other</u> State Funds	More or Less than \$374,520	More or Less than \$749,040	More or Less than \$749,040

* Oversight notes changes to Section 288.060 from HB 150 (2015 – Governor’s veto was overridden) were declared unconstitutional; therefore, the current maximum number of weeks eligible for benefits is still 20 weeks. This proposal reinstates these changes, reducing the weekly claims to as low as 8 weeks (depending on Missouri’s unemployment rate) resulting in potential savings.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Unemployment Insurance Trust Fund*	More than or Less than \$30,126,582	More than or Less than \$55,639,087	More than or Less than \$55,639,087
Other Federal Funds	More or Less than \$228,638	More or Less than \$457,276	More or Less than \$457,276
Unemployment Insurance Administration Fund	(\$194,206)	(\$39,812)	(\$40,807)
Total Estimated Net Effect on <u>All</u> Federal Funds	More than or Less than \$30,161,014	More than or Less than \$56,053,551	More than or Less than \$56,052,556

* Oversight notes changes to Section 288.060 from HB 150 (2015 – Governor’s veto was overridden) were declared unconstitutional; therefore, the current maximum number of weeks eligible for benefits is still 20 weeks. This proposal reinstates these changes, reducing the weekly claims to as low as 8 weeks (depending on Missouri’s unemployment rate) resulting in potential savings.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☒ Estimated Net Effect (savings or increased revenues)* expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Section 288.036 – Severance Pay:

In response to the similar proposal, HB 1909 (2022), officials from the **Department of Labor and Industrial Relations (DOLIR)** noted:

Section 288.036 will change the methodology used by the Division of Employment Security (DES) to calculate unemployment benefits for Missourians, which could change the amount of unemployment benefit payments made to claimants.

Section 288.036.1 stipulates that termination pay and severance pay shall be considered wages for the week with respect to which it is payable. The change in Section 288.060.3 removes an existing provision stating termination pay and severance pay shall not be considered as wages for the calculation of partial benefits. Applied together, these changes will require claimants to report termination pay and severance pay as wages for each week it is payable. Wages from severance pay, termination pay, vacation pay, or holiday pay, when paid as a lump sum, will be pro-rated on a weekly basis at the rate of pay received by the employee at the time of separation. For weeks in which an otherwise eligible claimant reports termination pay and severance pay, the claimant will be entitled to either a reduced weekly benefit payment or no weekly benefit payment, depending on the amount of the termination pay and severance pay reported.

These changes would increase the balance of the Unemployment Insurance Trust Fund.

Based on data from the U.S. Department of Labor Data Summary, the average weekly wage for an employed Missourian is \$1,031, and the average tenure of an employee over age 25 is 4.9 years.

During the 12-month period ending June 30, 2021, DOLIR made 139,596 initial payments.

Using the average weekly unemployment payment of \$251.63, and the assumptions that severance payments would be made on a weekly basis at the common method of calculation of one week's pay per year of service and that up to 5% of employers make severance/termination

payments, a cost savings of \$0 to \$8,781,635 is estimated for the Unemployment Insurance Trust Fund.

Calculation of UI Trust Fund Cost Estimate	
Average weeks of severance/termination pay	5.0
X Average unemployment payment	\$251.63
Total severance/termination payments per claimant	\$1,258.15
Initial payments – 1 year	139,596
X 5% Claimants receiving severance/termination payments	6979.8
Total payments per claimant	\$1,258.15
X Claimants receiving severance/termination pay	6,979.8
Estimated highest savings to the Unemployment Trust Fund	(\$8,781,635)*

**A change in any of the variables used in this calculation will result in an impact higher or lower than the estimate provided in this document.*

Oversight notes that according to the U.S. Department of Labor, Missouri's average seasonally adjusted unemployment rate for the time period of October to December 2018 was 3.1%. Additionally the Missouri seasonally adjusted unemployment rate for October to December 2019 was 3.1%. Oversight will not show an average unemployment rate for FY 2020 or FY2021 due to the COVID-19 fluctuation in unemployment rates of initial filings and as a potential outlier.

Oversight notes that during the 12-month period ending June 30, 2019, DOLIR made 73,347 initial payments. Using this number Oversight recalculated the impact as follow:

Calculation of UI Trust Fund Cost Estimate	
Average weeks of severance/termination pay	5.0
X Average unemployment payment	\$251.63
Total severance/termination payments per claimant	\$1,258.15
Initial payments – 1 year	73,347
X 5% Claimants receiving severance/termination payments	3,667.35
Total payments per claimant	\$1,258.15
X Claimants receiving severance/termination pay	3,667.35
Estimated highest savings to the Unemployment Trust Fund	(\$4,614,076)*

**A change in any of the variables used in this calculation will result in an impact higher or lower than the estimate provided in this document.*

Oversight notes that the DOLIR has stated the proposal would have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect positive fiscal impact to the Unemployment Compensation Trust Fund and reflect the amount of Oversight's estimated savings (reduction of payments) in amount of \$4,614,076 to better reflect the usual amount of initial filings outside of the FY 2020 and 2021 filings (COVID 19 Estimate).

Section 288.060 – Reduction in Weekly Unemployment Payments

In response to the previous version of the bill, officials from the **Department of Labor and Industrial Relations (DOLIR)** noted:

Division of Employment Security (DES)

Section 288.060 is amended to remove the current language used to determine unemployment benefit duration and indexes the maximum number of weeks of unemployment benefits that are payable to the average statewide unemployment rate. The unemployment rate used to determine the number of weeks available on the claim would be the statewide rate published by the United States Department of Labor, Bureau of Labor Statistics, on the date that the initial claim is filed. DES assumes the effective date of a claim will be the effective date of a claimant's benefit year.

DES estimates eligible claimants receiving from \$0 (no change) to \$111.6 million less in regular unemployment insurance (UI) benefits if the indexing method is implemented. This chart, based on the current claims level, estimates a yearly decrease in benefits paid for each week reduction in the duration of unemployment benefits:

If Unemployment Rate Is	# Regular UI Weeks Reduced	Maximum Duration for Regular UI	Estimated Regular UI Benefits NOT Paid to Eligible Recipients (Trust Fund)	Incremental Difference For Additional Week
>9.0%	0 weeks (no change)	20 weeks		
8.6% - 9.0%	1 week	19 weeks	\$7,115,130	\$7,115,130
8.1% - 8.5%	2 weeks	18 weeks	\$14,788,119	\$7,672,989
7.6% - 8.0%	3 weeks	17 weeks	\$22,895,864	\$8,107,744
7.1% - 7.5%	4 weeks	16 weeks	\$31,566,066	\$8,670,202
6.6% - 7.0%	5 weeks	15 weeks	\$40,659,390	\$9,093,324
6.1% - 6.5%	6 weeks	14 weeks	\$50,359,156	\$9,699,766
5.6% - 6.0%	7 weeks	13 weeks	\$60,605,653	\$10,246,497
5.1% - 5.5%	8 weeks	12 weeks	\$70,865,066	*\$10,259,411
4.6% - 5.0%	9 weeks	11 weeks	\$80,988,452	\$10,191,400
4.1% - 4.5%	10 weeks	10 weeks	\$91,179,852	\$10,191,400
3.6% - 4.0%	11 weeks	9 weeks	\$101,371,252	\$10,191,400
3.5%	12 weeks	8 weeks	\$111,562,651	\$10,191,400

*These numbers are based on 2019 totals, because with the pandemic the 2020 numbers would be unrealistically high.

If the number of individuals receiving benefits increases or decreases from current claim levels, the estimated amount of UI benefits not paid from the trust fund would also increase or decrease accordingly.

DES estimates eligible claimants receiving from \$0 (no change) to \$111.6 million less in regular unemployment insurance (UI) benefits if the indexing method is implemented. This chart, based on the current claims level, estimates a yearly decrease in benefits paid for each week reduction in the duration of unemployment benefits.

Oversight notes that according to the U.S. Department of Labor, Missouri's average seasonally adjusted unemployment rate for the time period of October to December 2018 was 3.1%. Additionally the Missouri seasonally adjusted unemployment rate for October to December 2019 was 3.1%. **Oversight** will not show an average unemployment rate for FY 2020 due to the COVID-19 fluctuation in unemployment rates and as a potential outlier.

Oversight notes there is a change in the fiscal note if compared to similar legislation, HB 1409 from 2018. According to DOLIR the assumption was made that the amount of funding is based on the number of weeks paid which was incorrect, in fact the Federal funding for administration of the Unemployment Compensation Program is based on the number of initial claims processed, which they believe will not be changed by this proposal. Therefore, Oversight will not reflect any additional reduction to the Unemployment Compensation Administration Fund beyond the

ITSD fiscal impact (0948). These changes were also noted in the fiscal note for HB 217 from 2019 session.

Oversight notes that the average duration of unemployment claims in last three years was 12.4 weeks rounded to nearest tenth.

State	Year	Quarter	Exhaustions Rate Past 12 Months		Average Duration Past 12 Months	Insured Unemployment Rate	
			(%)	Rank	Weeks	(%)	Rank
MO	2018	1	33.2	25	12.3	1.1	34
MO	2018	2	32.2	27	12.1	0.8	37
MO	2018	3	32	28	12.2	0.8	34
MO	2018	4	31.5	30	12.3	0.7	40
MO	2019	1	30.9	27	12.5	1	34
MO	2019	2	30.6	27	12.8	0.6	41
MO	2019	3	31.8	23	12.8	0.7	36
MO	2019	4	32.6	23	12.9	0.7	39
MO	2020	1	32.7	24	10.9	1.2	35
MO	2020	2	41.1	24	10.7	8.1	45
MO	2020	3	100	1	13.3	4.4	46
MO	2020	4	35	28	13.9	1.9	47

Source: https://oui.doleta.gov/unemploy/data_summary/DataSummTable.asp

Oversight will note that U.S. DOL shows an average unemployment insurance rate in Missouri was 1.9% from 2018 to 2020 with 30% of total unemployed workers claiming maximum of 20 weeks at any time. (Source: <https://oui.doleta.gov/unemploy/claims.asp>) Since the actual average duration of unemployment payments in Missouri is only 12 weeks (see above chart), and the current unemployment rate in Missouri is 3.3% the claims would be limited to 8 weeks under the proposal. Therefore, **Oversight** will reflect a savings to the Unemployment Trust Fund of DOLIR's estimate of weekly incremental savings between weeks 12 and 8 (\$10,259,411 + (\$10,191,400 x 4)).

In response to the similar proposal, officials from the **Office of Administration (OA)** noted:

Eligible claimants may receive up to 20 weeks of unemployment insurance benefits. This legislation reduces the number of weeks payable to any insured worker as long as the Missouri average unemployment rate is below 9%. For every one-half percent reduction in the average unemployment rate, the eligibility for unemployment is reduced one week, for a minimum of 8 weeks of eligibility when the unemployment rate is below 3.5% percent. Future unemployment rates in Missouri, as well as the number of state workers who will be eligible for and will file for unemployment benefits is unknown. However, it is likely that this legislation would result in some savings to the state as the unemployment rate has historically averaged below 9% in Missouri. Therefore, the impact of this bill is \$0 to an unknown amount of savings.

The number of state employees who drew unemployment benefits in FY21 was 2,530. The maximum unemployment benefits paid are \$320 per week. Assuming all employees will draw the maximum 5 weeks less than in FY21, the maximum savings to the State would be \$4 million. However, the unemployment benefit and weeks drawn varies by individual, therefore the savings will range from zero to \$4 million.

The total was allocated between General Revenue, Federal and Other based on Office of Administrations Unemployment Payment Data for FY21.

Oversight notes the U.S. Department of Labor shows the average weekly benefits from 2016 to 2019 was \$261 per week and average exhaustion of 12.3 week as shown in table below:

Table 1. Unemployment Data

State	Year	Quarter	Average Duration Past 12 Months	Insured Unemployment Rate	Average Weekly Benefits	Average Weekly Wage
			Weeks	(%)	\$	\$
MO	2016	1	NA	1.40	NA	\$867
MO	2016	2	12.6	0.80	\$253.0	\$872
MO	2016	3	12.4	1.00	\$249.8	\$883
MO	2016	4	12.0	0.90	\$249.6	\$879
MO	2017	1	11.9	1.20	\$262.3	\$892
MO	2017	2	12.1	0.90	\$261.3	\$898
MO	2017	3	12.1	0.90	\$259.5	\$896
MO	2017	4	12.1	0.90	\$253.6	\$903
MO	2018	1	12.3	1.10	\$268.6	\$910
MO	2018	2	12.1	0.80	\$268.0	\$920
MO	2018	3	12.2	0.80	\$265.7	\$927
MO	2018	4	12.3	0.70	\$256.7	\$935
MO	2019	1	12.5	1.00	\$269.4	\$941
MO	2019	2	12.8	0.60	\$267.5	\$947
MO	2019	3	12.8	0.70	\$264.7	\$956
MO	2019	4	12.9	0.70	\$258.4	\$964
MO	2020	1	10.9	1.20	\$273.4	\$971
MO	2020	2	10.7	8.10	\$269.9	\$987
MO	2020	3	13.3	4.40	\$246.5	\$1,002
MO	2020	4	13.9	1.90	\$239.7	\$1,032
MO	2021	1	14.7	2.00	\$247.8	\$1,041
			12.3		\$260.7	

Source: [Dept. Labor Data 2016-2020 here](#)

Oversight notes that not all unemployed workers who file for benefit use maximum benefits given. Additionally, Oversight did not use any data points published between 2020 and 2021 because, with the COVID – 19 pandemic and the numbers would be unrealistically high.

Oversight notes that officials from the OA provided information that not all unemployment benefits paid in were paid from the General Revenue Fund, but instead using some Federal and Other State funds to fulfil the obligation.

Therefore, **Oversight** will reflect savings in amount of \$2,641,320 ($\$261 \times 4 \text{ weeks} \times 2530$ displaced (unemployed) workers with impact that could be less than or exceed \$1,435,004 in General Revenue Fund (54.33%), \$457,276 in Federal Funds (17.31%) and \$749,040 in an Other State Funds (28.36%) on the fiscal note.

Officials from the **City of Kansas City** assume this legislation may have a small positive fiscal impact on the City.

In response to the similar proposal, SB 665 (2022), officials from the **City of O’Fallon** assume if enacted the City will see a decrease in costs associated with unemployment. It is impossible to predict the cost savings, as the number of former employees on unemployment varies, and the unemployment rate obviously varies.

Oversight notes the above organizations have stated the proposal would have a direct fiscal impact on their organizations. The threshold balance of the Trust Fund is required to be met to trigger a discount for employers. Oversight notes the state government and larger municipal governments would not be impacted; however, smaller municipalities may be impacted (an increase in the threshold balance required to receive the discount may reduce the discounts received by smaller political subdivisions). Oversight is unable to determine the potential cost to employers that would be a result of this proposal; therefore, Oversight will reflect a zero to potential unknown negative impact to smaller local political subdivisions.

Oversight notes that reduction in collections of unemployment could modify the balance levels in the Unemployment Compensation Trust Fund at which employer contribution rates would be changed. DOLIR officials noted the proposed language would allow for a higher balance to be accumulated in the fund.

Oversight assumes the Board of Unemployment Fund Financing would have the option to issue debt instruments in place of federal loans. Oversight notes the debt instruments may have a higher interest rate than the federal loans, but Missouri employers could potentially avoid the reduction in state tax credit on federal unemployment taxes if federal loans are paid off with state financing instruments. This would tend to offset the additional interest cost of the state financing instruments.

However, for purpose of this fiscal note, **Oversight** will note zero impact due to the fluctuation

of tax rate and collection potential at this time, in the fiscal note.

Oversight notes in response to the similar proposal HB 1909 (2022), DOLIR estimated the expense to finish all necessary database changes to comply with Section(s) 287.036 & 287.060 will amount to \$194,206 (1,749.6 hours x \$111) for FY 2023. Additionally, DOLIR will need to pay \$39,812 & \$40,872 in FY 24 and FY 2025 respectively in ongoing maintenance.

Oversight notes that officials from the DOLIR-ITSD stated that a new batch job needs to be written to calculate automation adjustment percentage, amount and post it to employers account. Correspondence needs to be modified to notify the employers regarding automation adjustment amount and due date etc. Annual rate batch needs to be modified to lower down the contribution rate of employers who paid automation adjustment based on business rules. New tables need to be created to store unemployment automation fund and each employer's contribution towards it. It also includes changes to Termination and Severance pay, which is impacting several areas in the application.

Therefore, **Oversight** will reflect the DOLIR-ITSD estimates to the Unemployment Compensation Administration Fund.

Lastly, the section of this proposal is to be effective as of January 1, 2023, therefore, **Oversight** will reflect 6 month of impact on various general, federal, and other state funds.

Section 288.104 "Employment Security Program Integrity Act of 2022":

In response to the similar proposal, HB 1909 (2022), officials from the **Department of Labor and Industrial Relations (DOLIR)** noted:

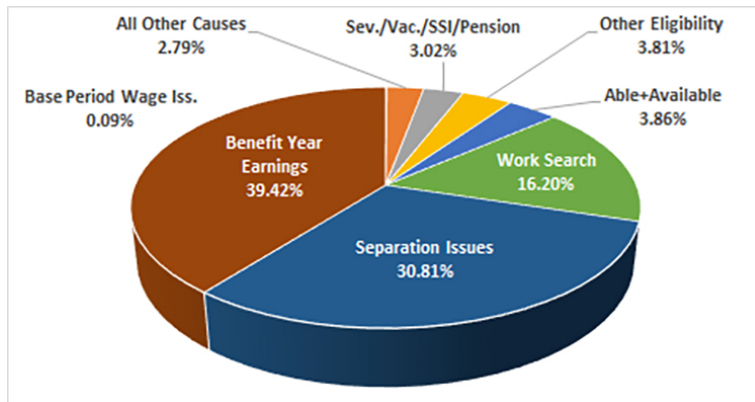
There is no anticipated fiscal impact to DOLIR as a result of this section of the legislation. The Division of Employment Security's current operational procedures comply with this bill's requirements, with the exception of the newly required written reports to the general assembly.

Oversight notes that Department of Higher Education and Workforce Development (DHEWD) currently has an available website, jobs.mo.gov for potential employees seeking jobs and connect with employers throughout the Missouri. However, this proposal would require the DES to expand its current processes for matching job opportunities to the Unemployment Insurance claims to include the facilitation of contact between claimants and employers while monitoring the responsiveness of claimants to job referrals.

Oversight notes that DES currently cross matches its unemployment records against the National Directory of New Hires and the State Directory of New Hires. Moreover, the DES currently accesses the Integrity Data Hub if needed which provides critical cross-matching functionality to combat the challenges and urgencies of UI fraud.

Oversight notes the Payment Integrity Information Act (PIIA) of 2019, requires programs to report an annual improper payment rate below 10 percent, and the UI program established a

performance measure for states to meet the 10 percent requirement. The Missouri improper payment rate projected between July 1, 2017 - June 30, 2020 reached 7.29% ([PIIA Data](#)). The most prevalent reasons for such an overpayments are shown in table below.



Source: [Causes for Improperly Paid Benefits](#)

Average Annual Data of Unemployed in Missouri

State	Year	Quarter	Civilian Labor	Covered Employemen	Covered Employment(%)	Total Unemploye
MO	2015	4	3,046	2,706	4.10%	110946
MO	2016	1	3,058	2,653	4.90%	129997
MO	2016	2	3,095	2,726	4.50%	122670
MO	2016	3	3,088	2,689	4.90%	131761
MO	2016	4	3,050	2,735	3.90%	106665
MO	2017	1	3,045	2,689	4.50%	121005
MO	2017	2	3,078	2,752	3.70%	101824
MO	2017	3	3,072	2,710	3.80%	102980
MO	2017	4	3,035	2,755	3.10%	85405
MO	2018	1	3,035	2,700	3.90%	105300
MO	2018	2	3,072	2,763	3.20%	88416
MO	2018	3	3,056	2,725	3.20%	87200
MO	2018	4	3,042	2,770	2.70%	74790
MO	2019	1	3,052	2,719	3.70%	100603
MO	2019	2	3,081	2,778	3.00%	83340
MO	2019	3	3,093	2,738	3.30%	90354
MO	2019	4	3,090	2,793	3.10%	86583
MO	2020	1	3,085	2,732	4.10%	112012
					Annual average FY 16-19	102325

Oversight notes that the DES currently serves 102,325 unemployed Missourians annually (FY 2016-2019 excluding FY 2020 & 20201 due to the COVID pandemic), as shown in table above, excluding farm type of employment. Additionally, it is estimated that at least 7.29% within the

group received improperly paid benefits. This would account for minimum of 7,460 individuals (102,325 x 7.29%) annually, receiving improperly paid unemployment benefits that would have to be potentially recovered.

Officials from the **Department of Corrections**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **University of Missouri System**, the **Saint Louis Budget Division**, and the **Saint Louis County** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (6 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
<u>Savings – OA – Section 288.060 - 8 week unemployment State Employees (p.7)</u>	More or Less than <u>\$717,502</u>	More or Less than <u>\$1,435,004</u>	More or Less than <u>\$1,435,004</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	More or Less than <u>\$717,502</u>	More or Less than <u>\$1,435,004</u>	More or Less than <u>\$1,435,004</u>
OTHER STATE FUNDS			
<u>Savings – OA – Section 288.060 - 8 week unemployment State Employees (p.7)</u>	More or Less than <u>\$374,520</u>	More or Less than <u>\$749,040</u>	More or Less than <u>\$749,040</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	More or Less than <u>\$374,520</u>	More or Less than <u>\$749,040</u>	More or Less than <u>\$749,040</u>
UNEMPLOYMENT COMPENSATION TRUST FUND			
<u>Savings – DOLIR - ' 287.060 Reduction of weekly benefits base on unemployment rate (including OA estimates) (p.6)</u>	More than or Less than <u>\$25,512,506</u>	More than or Less than <u>\$51,025,011</u>	More than or Less than <u>\$51,025,011</u>
<u>Savings – DOLIR - ' 287.036 Reduction of disbursed benefits due to the termination and severance pay being included as wages (including OA estimates) (p.6)</u>	More than or Less than <u>\$4,614,076</u>	More than or Less than <u>\$4,614,076</u>	More than or Less than <u>\$4,614,076</u>
ESTIMATED NET EFFECT ON THE UNEMPLOYMENT COMPENSATION TRUST FUND	More than or Less than <u>\$30,126,582</u>	More than or Less than <u>\$55,639,087</u>	More than or Less than <u>\$55,639,087</u>
UNEMPLOYMENT ADMINISTRATION FUND			

<u>Cost</u> – DOLIR – ITSD Changes to the UInteract System (p.	<u>(\$194,206)</u>	<u>(\$39,812)</u>	<u>(\$40,807)</u>
ESTIMATED NET EFFECT ON UNEMPLOYMENT ADMINISTRATION FUND	<u>(\$194,206)</u>	<u>(\$39,812)</u>	<u>(\$40,807)</u>
OTHER FEDERAL FUNDS			
<u>Savings</u> – OA – Section 288.060 - weekly unemployment payments - State Employees (p.7)	More or Less than <u>\$228,638</u>	More or Less than <u>\$457,276</u>	More or Less than <u>\$457,276</u>
ESTIMATED NET EFFECT ON OTHER FEDERAL FUNDS	More or Less than <u>\$228,638</u>	More or Less than <u>\$457,276</u>	More or Less than <u>\$457,276</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (6 Mo.)	FY 2024	FY 2025
<u>Cost</u> – Smaller employer discounts (p. 9)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

Changes to Missouri's unemployment insurance laws have the potential to increase or decrease the amount of unemployment taxes small businesses pay depending on the state's average unemployment rate.

FISCAL DESCRIPTION

WAGES (Section 288.036, RSMo)

The bill allows for termination and severance pay to be included as wages and prorated on a weekly basis if paid in a lump sum for determination of unemployment benefits.

SLIDING SCALE FOR UNEMPLOYMENT BENEFIT PAYMENTS (Section 288.060)

This bill changes the unemployment rate requirement in order for an insured worker to receive unemployment compensation benefits to:

- (1) Twenty weeks if the Missouri unemployment rate is higher than 9%;
- (2) Nineteen weeks if the Missouri unemployment rate is higher than 8.5% but no higher than 9%;
- (3) Eighteen weeks if the Missouri unemployment rate is higher than 8% but no higher than 8.5%;
- (4) Seventeen weeks if the Missouri unemployment rate is higher than 7.5% but no higher than 8%;
- (5) Sixteen weeks if the Missouri unemployment rate is higher than 7% but no higher than 7.5%;
- (6) Fifteen weeks if the Missouri unemployment rate is higher than 6.5% but no higher than 7%;
- (7) Fourteen weeks if the Missouri unemployment rate is higher than 6% but no higher than 6.5%;
- (8) Thirteen weeks if the Missouri unemployment rate is higher than 5.5% but no higher than 6%;
- (9) Twelve weeks if the Missouri unemployment rate is higher than 5% but no higher than 5.5%;
- (10) Eleven weeks if the Missouri unemployment rate is higher than 4.5% but no higher than 5%;
- (11) Ten weeks if the Missouri unemployment rate is higher than 4% but no higher than 4.5%;
- (12) Nine weeks if the Missouri unemployment rate is higher than 3.5% but no higher than 4%;
and
- (13) Eight weeks if the Missouri unemployment rate is at or below 3.5%

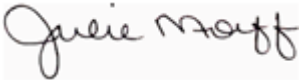
The "Missouri Unemployment Rate" is defined as the statewide unemployment rate as published by the United States Department of Labor, Bureau of Labor Statistics, on the date the worker files for benefits.

The provisions of this section shall become effective January 1, 2023.

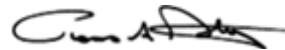
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Department of Conservation
Missouri Department of Transportation
University of Missouri System
Missouri State University
City of Kansas City
City of Saint Louis – Budget Division
Saint Louis County



Julie Morff
Director
May 4, 2022



Ross Strobe
Assistant Director
May 4, 2022