

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5504-01
Bill No.: HB 2057
Subject: Public Assistance; Immigration
Type: Original
Date: April 20, 2012

Bill Summary: Removes the requirement that the unemployment compensation program verify lawful presence for determining eligibility for public assistance benefits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
UC Administration Fund	\$0 or (\$51,000,000)	\$0 or (\$51,000,000)	\$0 or (\$51,000,000)
Wagner-Peyser Admin Fund	\$0 or (\$18,000,000)	\$0 or (\$18,000,000)	\$0 or (\$18,000,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (\$69,000,000)	\$0 or (\$69,000,000)	\$0 or (\$69,000,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services - Family Support Division (FSD)** has the infrastructure and capability to follow these requirements for state funded programs. Federal law does not allow exceptions in regards to citizenship requirements for federally funded Income Maintenance programs. Therefore, there is no impact to the FSD - Income Maintenance Unit.

Officials from the **Department of Labor and Industrial Relations (DOL)** state the proposal removes the requirement that the Division of Employment Security (DES) determine the eligibility of an alien who is applying for unemployment insurance (UI) benefits in accordance with its own procedures.

The DOL is unclear as to the intent of this legislation. If this proposal is interpreted to prevent the DES from conducting alien verification using the SAVE system, it would raise a conformity issue with federal law. The Immigration Reform and Control Act of 1986 (IRCA) mandated use of the SAVE system in unemployment compensation.

The federal government and state governments are jointly responsible for administering the UI system. State laws must meet certain federal requirements for the state agency to receive the administrative grants needed to operate its UI program and for employers to qualify for certain tax credits.

Non-conformity with federal law could jeopardize the certification of Missouri's UI program. If the program fails to be certified, Missouri would lose approximately \$51 million in federal funds the state receives each year to administer the UI program. Additionally, Missouri would lose the approximately \$18 million in federal funds each year the Department of Economic Development-Division of Workforce Development uses for Wagner-Peyser re-employment services.

The Federal Unemployment Tax Act (FUTA) imposes a 6.0% payroll tax on employers. Most employers never actually pay the total 6.0% due to credits they receive for the payment of state unemployment taxes and for paying reduced rates under an approved experience rating plan. FUTA allows employers tax credits up to a maximum of 5.4% against the FUTA payroll tax if the state UI law is approved by the Secretary of Labor. However, if the proposed resolution causes Missouri's program to be out of compliance or out of conformity, Missouri employers would pay the full 6.0%, or approximately an additional \$868 million per year."

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
UC ADMINISTRATION FUND			
<u>Loss - UC Administration Fund</u> (§660.315)			
Loss of federal funds	<u>\$0 or</u> <u>(\$51,000,000)</u>	<u>\$0 or</u> <u>(\$51,000,000)</u>	<u>\$0 or</u> <u>(\$51,000,000)</u>
ESTIMATED NET EFFECT ON UC ADMINISTRATION FUND			
	<u>\$0 or</u> <u>(\$51,000,000)</u>	<u>\$0 or</u> <u>(\$51,000,000)</u>	<u>\$0 or</u> <u>(\$51,000,000)</u>
WAGNER-PEYSER ADMINISTRATION FUND			
<u>Loss - Wagner-Peyser Admin Fund</u> (§660.315)			
Loss of federal funds	<u>\$0 or</u> <u>(\$18,000,000)</u>	<u>\$0 or</u> <u>(\$18,000,000)</u>	<u>\$0 or</u> <u>(\$18,000,000)</u>
ESTIMATED NET EFFECT ON WAGNER-PEYSER ADMINISTRATION FUND			
	<u>\$0 or</u> <u>(\$18,000,000)</u>	<u>\$0 or</u> <u>(\$18,000,000)</u>	<u>\$0 or</u> <u>(\$18,000,000)</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

If the changes proposed in this legislation result in Missouri being out of compliance or conformity with federal laws, small business home care businesses could be required to pay the full 6.0% FUTA tax.

FISCAL DESCRIPTION

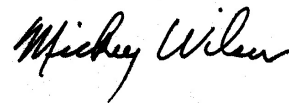
This proposal repeals the provisions that allow an applicant to receive state or local public benefits for up to 90 days while obtaining the necessary documentation to prove lawful presence in the United States or indefinitely if the applicant provides a copy of a completed birth certificate application which is pending.

The proposal also requires the Unemployment Compensation Program to verify the lawful presence of an alien applicant through the Systematic Alien Verification for Entitlements Program operated by the United States Department of Homeland Security. Currently, the unemployment compensation program must verify lawful presence of an alien applicant in accordance with its own procedures.

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

Department of Labor and Industrial Relations
Department of Social Services -
Family Support Division



Mickey Wilson, CPA
Director
April 20, 2012