COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1191H.01I
Bill No.: HB 726
Subject: Unemployment Compensation; Employees - Employers; Employment Security; Labor and Management; Department of Labor and Industrial Relations
Type: Original
Date: April 16, 2023

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Bill Summary: The proposal modifies provisions relating to employment security benefits.

## FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| General Revenue Fund* | More or Less than $685,184 | More or Less than $685,184 | More or Less than $685,184 |
| | | | |
| **Total Estimated Net Effect on General Revenue** | **More or Less than $685,184** | **More or Less than $685,184** | **More or Less than $685,184** |

*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, resulting in potential savings from the potential reduction in the maximum number weeks unemployment benefits may be paid.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| Other State Funds* | More or Less than $357,663 | More or Less than $357,663 | More or Less than $357,663 |
| | | | |
| **Total Estimated Net Effect on Other State Funds** | **More or Less than $357,663** | **More or Less than $357,663** | **More or Less than $357,663** |

Numbers within parentheses: () indicate costs or losses.

*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, resulting in potential savings from the potential reduction in the maximum number weeks unemployment benefits may be paid.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| Unemployment Insurance Trust Fund* | More than or Less than $50,233,328 | More than or Less than $50,233,328 | More than or Less than $50,233,328 |
| Other Federal Funds | More or Less than $218,305 | More or Less than $218,305 | More or Less than $218,305 |
| Unemployment Administration Fund | ($46,304) | $0 | $0 |
| **Total Estimated Net Effect on All Federal Funds** | **More than or Less than $50,405,329** | **More than or Less than $50,451,633** | **More than or Less than $50,451,633** |

*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, resulting in potential savings from the potential reduction in the maximum number weeks unemployment benefits may be paid.

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| | | | |
| | | | |
| **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 2024 | FY 2025 | FY 2026 |
| | | | |
| **Local Government** | **$0** | **$0** | **$0** |

## FISCAL ANALYSIS

ASSUMPTION

**Section 288.036 – Severance Pay**

Officials from the **Department of Labor and Industrial Relations (DOLIR)** note:

Section 288.036 is amended to add termination and severance pay as types of pay that shall be considered as wages for purposes of determining weekly unemployment benefit eligibility.

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 bill also modifies this section by removing a provision stating termination pay and severance pay shall not be considered wages regarding the calculation of partial benefits. For weeks in which an otherwise eligible claimant reports termination pay or 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. Bureau of Labor Statistics, the average weekly wage for an employed Missourian is $1,086, and the average tenure of an employee over age 25 is 5.0 years.

During the 12-month period ending June 30, 2022, DOLIR made 54,756 initial payments.

Using the average weekly unemployment payment of $271.63, 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 savings of $0 to $3,718,343 is estimated for the Unemployment Insurance Trust Fund.

| Calculation of UI Trust Fund Savings Estimate | |
|---|---|
| Average weeks of severance/termination pay | 5.0 |
| X Average unemployment payment | $271.63 |
| Total severance/termination payments per claimant | $1,358.15 |
| | |
| Initial payments – 1 year | 54,756 |
| X 5% Claimants receiving severance/termination payments | 2,737.8 |
| | |
| Total payments per claimant | $1,358.15 |
| X Claimants receiving severance/termination pay | 2,737.8 |
| Estimated highest savings for Unemployment Trust Fund | ***$3,718,343** |

*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 savings (reduction of payments) in amount of $3,718,343.

**Oversight** assumes the proposal has a potential for a small positive impact on local governments, schools, colleges, and universities; however, overall impact would not be material enough to affect their current or future operations. Therefore, Oversight will note zero impact on the fiscal note for above mentioned organizations.

**Section 288.060 – Reduction in Weekly Unemployment Payments**

**DOLIR** notes 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.

The Division of Employment Security (DES) estimates eligible claimants receiving from $0 (no change) to $97.6 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 | $5,724,964 | $5,724,964 |
| 8.1% - 8.5% | 2 weeks | 18 weeks | $12,071,501 | $6,346,980 |
| 7.6% - 8.0% | 3 weeks | 17 weeks | $18,718,482 | $6,646,980 |
| 7.1% - 7.5% | 4 weeks | 16 weeks | $25,999,714 | $7,281,232 |
| 6.6% - 7.0% | 5 weeks | 15 weeks | $33,768,505 | $7,768,792 |
| 6.1% - 6.5% | 6 weeks | 14 weeks | $42,190,944 | $8,422,438 |
| 5.6% - 6.0% | 7 weeks | 13 weeks | $51,067,295 | $8,876,352 |
| 5.1% - 5.5% | 8 weeks | 12 weeks | $60,369,962 | $9,302,997 |
| 4.6% - 5.0% | 9 weeks | 11 weeks | $69,690,056 | $9,302,094 |
| 4.1% - 4.5% | 10 weeks | 10 weeks | $79,010,150 | $9,302,094 |
| 3.6% - 4.0% | 11 weeks | 9 weeks | $88,330,244 | $9,302,094 |
| 3.50% | 12 weeks | 8 weeks | $97,650,338 | $9,302,094 |

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.

**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 COVD–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 did not changed the impact of the proposal. Therefore, **Oversight** will not reflect any additional reduction to the Unemployment Compensation Administration Fund.

**Oversight** notes that the average duration of unemployment claims in last three years was 13.6 weeks rounded to nearest tenth, as shown below.

| Year | Quarter | Average Duration of Unemployment Past 12 Months. |
|---|---|---|
| 2018 | 1 | 12.3 |
| 2018 | 2 | 12.1 |
| 2018 | 3 | 12.2 |
| 2018 | 4 | 12.3 |
| 2019 | 1 | 12.5 |
| 2019 | 2 | 12.8 |
| 2019 | 3 | 12.8 |
| 2019 | 4 | 12.9 |
| 2020 | 1 | 10.9 |
| 2020 | 2 | 10.7 |
| 2020 | 3 | 13.3 |
| 2020 | 4 | 13.9 |
| 2021 | 1 | 14.7 |
| 2021 | 2 | 20.9 |
| 2021 | 3 | 16.4 |
| 2021 | 4 | 15 |
| 2022 | 1 | 14.1 |
| 2022 | 2 | 15.6 |
| 2022 | 3 | 12.9 |
| **Average** | | **13.59** |

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 between 2018 and 2021 was 14 weeks (rounded); however, excluding 2020 to 2021 due to COVID shows average of 12.3 weeks (see above chart), and the current unemployment rate in Missouri is 2.7 % (https://meric.mo.gov/missouri-monthly-jobs-report) 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 ($9,302,997 +$9,302,997 x 4) = $46,514,985).

In response to the similar proposal, SB 21 – 2023, officials from the **Office of Administration (OA)** noted:

Per section 288.060.5, the duration of benefits payable to any insured worker during any benefit year shall be limited to eight weeks if unemployment rate is at or below 3 ½%.

Currently, the duration of benefits payable to any insured worker during any benefit year is limited to thirteen weeks if the average unemployment rate is below 6%. This fiscal note would decrease this to eight weeks if the rate is below 3 1/2 %.

The number of state employees who drew unemployment benefits in FY22 was 1,208. The maximum unemployment benefits paid are $320 per week. Assuming all employees will draw the maximum 5 weeks less than in FY22, the maximum savings to the State would be $1.9 million. However, the unemployment benefit and weeks drawn varies by individual, therefore the savings will range from zero to $1.9 million.

The total was allocated between General Revenue, Federal and Other based on Office of Administrations Unemployment Payment Data for FY22.

**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 | $256.5 | $1,041 |
| MO | 2021 | 2 | 20.9 | 1.90 | $262.4 | $1,050 |
| MO | 2021 | 3 | 16.4 | 1.20 | $259.5 | $1,064 |
| MO | 2021 | 4 | 15.00 | 0.6 | $273.0 | $1,078 |
| | | | **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 the numbers would be unrealistically high.

**Oversigh**t 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 fulfill the obligation.

Therefore, **Oversight** will reflect savings in amount of $1,261,152 ($261 x 4 weeks x 1,208 displaced (unemployed) workers with impact that could be less than or exceed $685,184 in General Revenue Fund (54.33%), $218,305 in Federal Funds (17.31%) and $357,663 in an Other State Funds (28.36%) on the fiscal note.

**Oversight** notes that officials from the DOLIR-ITSD note:

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 needs 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 (one-time cost $46,304) to the Unemployment Compensation Administration Fund in FY 2024.

Officials from the **Missouri Department of Transportation (MODOT)** 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 MODOT.

In response to the similar proposal, SB 21 -2023, officials from the **Northwest Missouri State University** assume the proposal would potentially have an impact of $3,000 to $10,000.

In response to the similar proposal, SB 21 -2023, officials from the **University of Central Missouri** assume the proposal will have an indeterminate fiscal impact on their organization.

**Oversight** assumes above organizations are provided with core funding to handle a certain amount of activity each year. Oversight assumes above organizations could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, NMSU and UCM both could request funding through the appropriation process. Therefore, for purpose of this fiscal note, **Oversight** will assume zero impact to the above mentioned entities.

Officials from the **City of Kansas City** assume this legislation could have a positive fiscal impact on Kansas City in an indeterminate amount.

**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** 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. Therefore, the proposed language would potentially allow 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, as this represents indirect impact to the local governments and businesses.

<u>**Section 288.104 "Employment Security Program Integrity Act of 2022"**</u>:

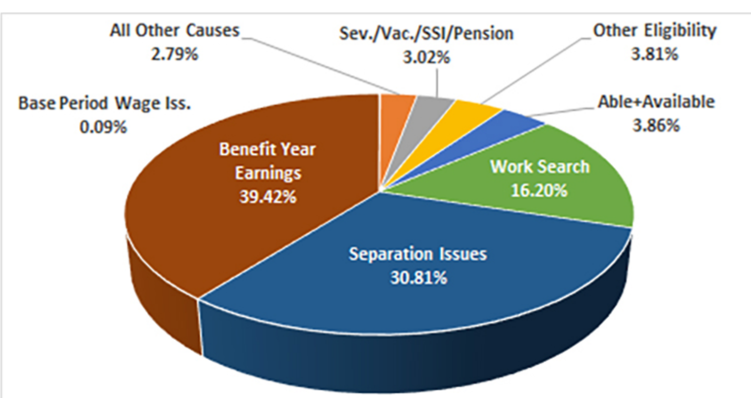
Officials from the **Department of Labor and Industrial Relations (DOLIR)** noted:

<u>There is no anticipated fiscal impact to DOLIR as a result of this section of the legislation</u>. 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 Employmen | 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 served approximately 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.

**Oversight** notes the DOLIR assumes the proposed Section will have no additional 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 this specific Section.

Officials from the **Department of Corrections**, the **Missouri Department of Natural Resources**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **University of Missouri System**, the **City of Springfield**, and the **City of O'Fallon** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

| FISCAL IMPACT – State Government | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
|---|---|---|---|
| **GENERAL REVENUE FUND** | | | |
| | | | |
| Savings – OA – Section 288.060 - 8 week unemployment State Employees (p.6) | More or Less $685,184 | More or Less $685,184 | More or Less $685,184 |
| | | | |
| **ESTIMATED NET EFFECT ON GENERAL REVENUE FUND** | **More or Less $685,184** | **More or Less $685,184** | **More or Less $685,184** |
| | | | |
| **OTHER STATE FUNDS** | | | |
| | | | |
| Savings – OA – Section 288.060 - 8 week unemployment State Employees (p.6) | More or Less $357,663 | More or Less $357,663 | More or Less $357,663 |
| | | | |
| **ESTIMATED NET EFFECT ON OTHER STATE FUNDS** | **More or Less $357,663** | **More or Less $357,663** | **More or Less $357,663** |
| | | | |
| **UNEMPLOYMENT COMPENSATION TRUST FUND** | | | |
| | | | |
| Savings – DOLIR- '287.036 - Severance Pay (p.3,4) | $0 to $3,718,343 | $0 to $3,718,343 | $0 to $3,718,343 |
| | | | |
| Savings – DOLIR - '287.060. 5. (1) - Reduction of weekly benefits base on unemployment rate (p. 5-6) | More than or Less than $46,514,985 | More than or Less than $46,514,985 | More than or Less than $46,514,985 |
| | | | |
| **ESTIMATED NET EFFECT ON THE UNEMPLOYMENT COMPENSATION TRUST FUND** | **More than or Less than $50,233,328** | **More than or Less than $50,233,328** | **More than or Less than $50,233,328** |
| | | | |
| **UNEMPLOYMENT ADMINISTRATION FUND** | | | |
| | | | |
| Cost – DOLIR – ITSD Changes to the UInteract System (p.8) | ($46,304) | $0 | $0 |
| | | | |

| | | | |
|---|---|---|---|
| **ESTIMATED NET EFECT ON UNEMPLOYMENT ADMINISTRATION FUND** | **($46,304)** | **$0** | **$0** |
| | | | |
| **OTHER FEDERAL FUNDS** | | | |
| | | | |
| Savings – OA – Section 288.060 - 8 week unemployment State Employees (p.6) | More or Less $218,305 | More or Less $218,305 | More or Less $218,305 |
| | | | |
| **ESTIMATED NET EFFECT ON OTHER FEDERAL FUNDS** | **More or Less $218,305** | **More or Less $218,305** | **More or Less $218,305** |

| FISCAL IMPACT – Local Government | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
|---|---|---|---|
| | | | |
| | **$0** | **$0** | **$0** |
| | | | |

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

This bill provides that vacation pay, severance pay, termination pay, and holiday pay are considered wages for the week they are payable. The bill explains the total amount of wages for the purposes of determining unemployment benefits eligibility.

The bill changes the average 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%; and

(9) Twelve weeks if the Missouri unemployment rate is at or below 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%.

For the purposes of this schedule, "Missouri unemployment rate" means the statewide unemployment rate as published by the United States Department of Labor, Bureau of Labor Statistics, on the date that the worker applies for such benefits (Section 288.036, 288.060, RSMo).

Subsection 5 of Section 288.060 has a delayed effective date of January 1, 2024.

This bill establishes the "Employment Security Program Integrity Act of 2023".

The Division of Employment Security within the Department of Labor is authorized to engage with and utilize a national data check system to ensure that unemployment compensation benefits are received by eligible participants.

The bill requires the Division to perform checks on a weekly basis with the Department of Corrections, state death records and National Directory of New Hires as specified in the bill. The bill also sets out the administrative policies to be adopted by the Division to recover fraudulent or improper unemployment compensation benefit overpayments. The Division is authorized to enter into memorandum of understanding with any governmental entity of the state in order to share and receive necessary information (Section 288.104).

Section 288.104 has an effective date of January 1, 2024.

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
Office of Administration
Department of Corrections
Department of Natural Resources
Missouri Department of Conservation
Missouri Department of Transportation
University of Missouri System
Missouri State University
University of Central Missouri
City of Kansas City
City of Springfield
City of O'Fallon

Julie Morff
Director
April 16, 2023

Ross Strope
Assistant Director
April 16, 2023