

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0892-01
Bill No.: HB 372
Subject: Employment Security; Employers-Employees; Labor and Management
Type: Original
Date: February 5, 2019

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	Unknown	Unknown	Unknown
Total Estimated Net Effect on General Revenue	Unknown	Unknown	Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations** assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of Administration (OA)** state a claimant must ordinarily be actively and earnestly seeking work in order to claim unemployment benefits. However, if the claimant is unemployed through no fault of his or her own and has a definite date that they will be recalled to work, they are not required to seek work to be eligible. This proposal changes the definite recall date from eight to four weeks. This proposal could reduce the amount of unemployment benefits that employers are responsible for when they temporarily lay off employees. This proposal could produce a positive fiscal impact for the State, if applicable. However, the State does not often have situations where this provision would apply. Therefore, OA believes there would be no fiscal impact because of this proposal.

Oversight notes that by decreasing the time of the unemployment exemption, it causes the potential for less people to meet the eligibility requirements. The fewer number of people that qualify, the fewer unemployment claims paid which results in savings to the State. Therefore, Oversight will reflect a positive unknown savings to the State.

Officials from the **City of Columbia** state currently City employees who have a definite recall date and are temporarily unemployed through lay off from 8 to 16 weeks are issued a work search waiver and are eligible to draw unemployment benefits without meeting the work search requirements.

This proposal appears to change the eligibility of employees that are temporarily unemployed through lay off from the current 8 to 16 weeks waiver to 4 to 8 weeks. According to data provided by the HR Techs, they had 3 Parks & Recreation employees and 12 Transit employees that met the current work search waiver eligibility criteria in 2018.

Based on proposed changes, the current employees would no longer be eligible for the work search waiver. City of Columbia does not know how many employees would be eligible based on the proposed criteria because there is currently no reason to track that information. The impact of the proposed changes is unknown. Theoretically, if the employees are no longer eligible, the City would pay less unemployment. There is no way to calculate that.

Officials from the **City of Kansas City** and **Monroe County Assessor** both assume the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

Oversight notes that by decreasing the time of the unemployment exemption, it causes the potential for less people to meet the eligibility requirements. The fewer number of people that qualify, the fewer unemployment claims paid which results in savings to political subdivisions. Therefore, Oversight will reflect a positive unknown savings to political subdivisions.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE			
<u>Savings - Unemployment</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings - Unemployment</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

A claimant may not be determined ineligible for unemployment benefits because of not actively and earnestly seeking work if the claimant is temporarily unemployed through no fault of his or

FISCAL DESCRIPTION (continued)

her own and has a definite recall date. This bill changes the definite recall date from eight to four weeks, which the Director of the Division of Employment Security may extend to eight weeks.

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
City of Columbia
City of Kansas City
Monroe County Assessor



Kyle Rieman
Director
February 5, 2019

Ross Strobe
Assistant Director
February 5, 2019