

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0934H.01I  
Bill No.: HB 354  
Subject: Employment Security; Labor and Management; Employees - Employers;  
Unemployment Compensation; Business and Commerce  
Type: Original  
Date: March 16, 2021

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Bill Summary: This proposal would modify provisions relating to unemployment benefits probationary periods.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Various State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Colleges & Universities	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

The potential savings to the state would not reach the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- ☐ 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposal would not have a direct fiscal impact on their organization.

Officials from the **Office of Administration (OA)** assume under current law, employers are not required to pay unemployment benefits if an employee has worked for the employer for less than 28 days, and the employer reported the employee as a probationary employee. This would extend the period to 90 days. This bill could have a positive fiscal impact if Office of Administration utilized this provision. However, Office of Administration does not have many former employees who separated from employment within the first 90 days and are receiving unemployment benefits. In 2019, Office of Administration paid unemployment benefits totaling \$43,107. Assuming 10% of those employees had a separation after 28 days, but before 90 days, utilizing this provision would have saved Office of Administration approximately \$4,300 for the year (assuming all employees were paid equal amounts). Office of Administration, Division of Personnel assumes unemployment figures for calendar year 2020 will not be reflective of a typical year therefore we are relying on totals from calendar year 2019 to ensure the impact is not overinflated. However, it is unknown how many employees this would be applicable to in a given year. Therefore, the impact of this bill is \$0 to a positive unknown.

Officials from the **City of Kansas City** assume legislation could have a positive fiscal impact on the City of Kansas City, Missouri if the longer probationary period causes a reduction in claims.

Officials from the **City of Springfield** anticipates the proposal will have a positive fiscal impact to the City. However, given how infrequently an individual's employment with the City is terminated prior to ninety days on the job, the impact is impossible to project, but likely insignificant.

Officials from the **University of Central Missouri** assume a potential financial savings by extending the probationary period from 28 days to 90. However, additional research and information are needed to adequately assess the potential impact.

**Oversight** notes that the above mentioned agencies have stated the proposal would have a positive fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a \$0 to Unknown impact on the fiscal note to Other State Funds, Local Governments, and Colleges and Universities.

Officials from the **Missouri Department of Conservation, Missouri Department of Transportation, City of Ballwin, City of O’Fallon, City of Saint Louis Budget Division, Missouri State University, Northwest Missouri State University, and High Point R—III School** each assume the proposal would not have a direct fiscal on their respective organizations. Oversight has no information to the contrary and will reflect a zero impact on the fiscal note for these agencies.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties, schools, colleges, and universities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>VARIOUS STATE FUNDS</b>			
<u>Revenue Gain – OA (p.3)</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue Gain Colleges &amp; Universities (p.3)</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>NET EFFECT ON THE VARIOUS STATE FUNDS</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>POLITICAL SUBDIVISIONS</b>			
<u>Revenue Gain – cities, counties (p. 3)</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>NET EFFECT ON THE POLITICAL SUBDIVISIONS</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>

FISCAL IMPACT – Small Business

The fiscal impact will be dependent on individual policies and procedures of the small business.

FISCAL DESCRIPTION

Currently charges may not be made against the unemployment benefits account of an employer with respect to benefits paid to any individual unless that individual was employed for longer than a probationary period of 28 days. This bill extends that probationary period to 90 days.

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

City of Kansas City

City of Springfield

University of Central Missouri

Missouri Department of Conservation

Missouri Department of Transportation

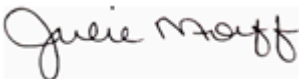
City of Ballwin, City of O'Fallon

City of Saint Louis Budget Division

Missouri State University

Northwest Missouri State University

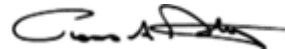
High Point R—III School



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March 16, 2021



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