

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0773H.02C
Bill No.: HCS for HB 202
Subject: Employment Security; Department of Labor and Industrial Relations; Employees -
Employers; Unemployment Compensation; Labor and Management
Type: Original
Date: February 20, 2025

Bill Summary: This proposal modifies provisions of the employment security program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	(\$95,633)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$95,633)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Unemployment Insurance Trust Fund	More or Less than (\$249,589)	More or Less than (\$249,589)	More or Less than (\$249,589)
Total Estimated Net Effect on <u>All</u> Federal Funds	More or Less than (\$249,589)	More or Less than (\$249,589)	More or Less than (\$249,589)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Labor and Industrial Relations (DOLIR)** - Division of Employment Security (DES) state Section 288.050 is amended to increase the number of suitable work offer refusals by an otherwise qualifying claimant from one (1) to three (3). Section 288.050 is further amended to include a failure to appear for a scheduled job interview or skills test as a refusal of suitable work. These changes would increase the balance of the Unemployment Insurance Trust Fund.

During calendar year 2023, the number of suitable work offer refusal determinations numbered 155. Of those determinations, 74 were determined to not have good cause for refusal and were therefore denied unemployment benefits, at a denial rate of 47.7% and an approval rate of 52.3%. It is estimated that the proposed changes to Section 288.050 would lead to a 100% approval rate.

Based on data from the U.S. Bureau of Labor Statistics, the average weekly unemployment payment is \$286.44 and the average number of weeks that unemployment benefits are paid is 11.8 weeks.

Using the average weekly unemployment payment of \$286.44, the average number of weeks that unemployment benefits are paid of 11.8 weeks, and the estimated approval rate increasing from 52.3% to 100%, a cost of approximately \$249,589.49 is estimated for the Unemployment Insurance Trust Fund.

Calculation of UI Trust Fund Cost Estimate (Refusal of Suitable Work)	
* numbers based on CY 2023 (ETA 207)	
Number of Determinations*	155.0
Number of Denials (w/ 1 suitable work refusal)*	74.0
Percentage of Claimants Denied Benefits	47.7%
Number of Denials (w/ 1 suitable work refusal)	74.0
Estimated Number of Denials (w/ 3 suitable work refusals)	0.0
Difference of Denials	74.0
Average Unemployment Payment (USDOL Data Summary)	\$286.44
Average Number of Weeks Benefits Paid (USDOL Data Summary)	11.8
Difference of Denials	74.0
Estimated UI Benefits to be Paid	\$249,589.49

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.

Upon further inquiry in lieu of the previous version of the bill, **DOLIR** stated the bill makes it so that an employee would effectively get three opportunities to refuse suitable work, whereas currently they cannot refuse a suitable work offer from a former employer or the agency even once.

Oversight, for purpose of the fiscal note, will adopt DOLIR's cost estimate.

Officials from the **Office of Administration (OA)**, Information Technology Services Division (ITSD)/DSS state updates to the Uinteract System would be required. OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. It is assumed modifications will require 788.40hours for a cost of \$95,633 (788.40 * \$121.3).

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by ITSD/DSS for fiscal note purposes.

Officials from the **Office of Administration** 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 this agency.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Costs</u> – DOLIR/OA- ITSD – system modifications	(\$95,633)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$95,633)	\$0	\$0
UNEMPLOYMENT INSURANCE TRUST FUND			
<u>Costs</u> - additional UI Benefit approvals - §288.050	More or Less than (\$249,589)	More or Less than (\$249,589)	More or Less than (\$249,589)
ESTIMATED NET EFFECT ON THE UNEMPLOYMENT INSURANCE TRUST FUND	More or Less than (\$249,589)	More or Less than (\$249,589)	More or Less than (\$249,589)

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

There are over 185,000 small businesses covered by Missouri’s unemployment insurance system. 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

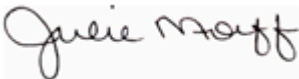
This bill adds to the reasons a claimant is disqualified for unemployment compensation by adding that if the designated representative of the Division of Employment Security within the

Department of Labor and Industrial Relations finds that a claimant failed to appear for a scheduled job interview or skills test for suitable work three times. The bill also revises the method of notifying the claimant by deleting the current requirement of certified mail and referring to notification in a method and manner determined by the division . The Division must establish a method allowing employers to report individuals who do not accept or respond to offers or do not appear for scheduled interviews or tests.

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 – General Services
Office of Administration – Information Technology



Julie Morff
Director
February 20, 2025



Jessica Harris
Assistant Director
February 20, 2025