

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0773H.02P  
Bill No.: Perfected HCS for HB 202  
Subject: Employment Security; Department of Labor and Industrial Relations; Employees -  
Employers; Unemployment Compensation; Labor and Management  
Type: Original  
Date: March 26, 2025

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

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>          |                   |            |            |
|--|-------------------|------------|------------|
| FUND AFFECTED  | FY 2026           | FY 2027    | FY 2028    |
| General Revenue  | (\$95,633)        | \$0        | \$0        |
|  |                   |            |            |
| <b>Total Estimated Net<br/>Effect on General<br/>Revenue</b> | <b>(\$95,633)</b> | <b>\$0</b> | <b>\$0</b> |

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

Numbers within parentheses: () indicate costs or losses.

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

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |          |          |          |
|---|----------|----------|----------|
| FUND AFFECTED   | FY 2026  | FY 2027  | FY 2028  |
|   |          |          |          |
|   |          |          |          |
| <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> |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED                              | FY 2026    | FY 2027    | FY 2028    |
|  |            |            |            |
|  |            |            |            |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

## FISCAL ANALYSIS

### ASSUMPTION

In response to the previous version of the proposal, officials from **Department of Labor and Industrial Relations (DOLIR)** - Division of Employment Security (DES) stated 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, **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 - Information Technology Services Division (ITSD)/DOLIR** state updates to the Uinteract System would be required. ITSD/DOLIR assume 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.

In response to the previous version of the proposal, officials from the **Office of Administration** assumed 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.

Officials from the **Department of Corrections** defer to the **Department of Labor and Industrial Relations** for the potential fiscal impact of this proposal.

#### HA 1 - §288.104 – Employment Security Program Integrity Act of 2025

In response to a similar proposal HB 1281 – 2025, officials from the **Department of Labor and Industrial Relations, Office of Administration, and the Office of Administration - Administrative Hearing Commission** both assumed the proposal would 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.

Officials from the **Department of Corrections** assume the provision 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.

**Oversight** notes that the Department of Higher Education and Workforce Development (DHEWD) currently has jobs.mo.gov link for potential employees seeking jobs and connect with employers throughout the Missouri. However, this proposal would require the **DOLIR - Division of Employment Security (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 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, 2020 - June 30, 2023 reached 8.91% ([Payment Accuracy](#)).

#### Bill as a Whole

Officials from the **Department of Labor and Industrial Relations** assume the fiscal impact would be unknown and dependent on the number of employers who report missed interviews, skills tests, etc. In addition, internal processes would address any changes to collection activity.

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

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

#### 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 bill establishes the "Employment Security Program Integrity Act of 2025" and defines terms such as "Employment security rolls", "National data check system", "New-hire records", and "Welfare agency" for the purpose of this Act.

This bill requires the Division to utilize a national data check system to verify that eligible claimants receive unemployment compensation benefits. Weekly checks against a list of incarcerated individuals, State death records, and new-hire records are necessary to ensure the accuracy of employment security rolls. The bill specifies methods for verifying the identity of unemployment compensation benefit claimants, including multi-factor authentication.

This bill requires that the Division conduct eligibility reviews for suspicious or potentially improper claims, including multiple or duplicative claims from the same internet protocol address, or associated with the same mailing address or bank account or claims filed from foreign addresses. Welfare agencies are required to notify the Division when an enrolled individual becomes employed.

This bill allows the Division to pursue the recovery of fraudulent or improper unemployment compensation benefits overpayment. The Division is required to provide an annual report to the General Assembly each year, by December 31st, describing improper unemployment compensation benefit payments and their recovery efforts. The Division is authorized to enter

into a memorandum of understanding with other state entities to share and receive the necessary information.

This bill allows for the promulgation of rules and regulations by the Division for the administration of this section.

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  
Office of Administration - Administrative Hearing Commission



Julie Morff  
Director  
March 26, 2025



Jessica Harris  
Assistant Director  
March 26, 2025