

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1804-01
Bill No.: SB 433
Subject: Employees-Employers, Unemployment Compensation, Veterans.
Type: Original
Date: February 12, 2007

Bill Summary: Would change laws relating to unemployment compensation for veterans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
War on Terror Unemployment Compensation Fund *	\$557	(\$413)	(\$547)
Total Estimated Net Effect on Other State Funds *	\$557	(\$413)	(\$547)

*Net of revenues and expenditures.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Administrative Hearing Commission, the Department of Economic Development,** and the **Missouri Veterans Commission** assumed this proposal would have no fiscal impact on their organizations.

Officials from the **Office of the Secretary of State (SOS)** provided the following response. Many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Although officials from the **Office of the State Treasurer (STO)** did not respond to our request for information, STO has assumed that similar proposals would have no fiscal impact on their organization.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the proposed legislation would correct several areas that contain conformity issues with federal Unemployment Compensation law.

The Division of Employment Security (DES) assumes it would apply one (1) administrative "war on terror veteran" penalty, process ten (10) "war on terror veteran" claim applications, and pay one (1) "war on terror veteran" claim each year. The cost associated with each action is explained below:

War on Terror Veteran Administrative Penalty

The DES assumes the administrative penalty process would require ten (10) hours of attorney time at an average cost per hour of \$44.50 for a total of \$445.00. In addition, the process would require an estimated eight (8) hours of claims technician time at an average cost per hour of \$20.17 per hour, for a total of \$161.36. The total estimated cost of the process is \$606.36.

ASSUMPTION (continued)

War on Terror Veteran Non-Valid Claims Applications

The DES estimates it will receive ten (10) "war on terror veteran" non-valid claims applications per year. The DES estimates each claim application will require one (1) hour of claims technician time at an average cost of \$20.17. This calculation result is \$201.70. In addition, the DES assumes each claim application will require eight (8) hours of attorney time at an average cost per hour of \$44.50. This calculation result is \$3,560.00. The total cost associated with the claims application process is \$3,761.70.

War on Terror Veteran Paid Claim

The maximum weekly amount of a "war on terror veteran" paid claim is \$1,153.64, payable for 26 weeks. The maximum claim amount equals \$29,994.64. The DES estimates it will take two (2) hours of claims technician time to process each claim at an average cost of \$20.17 per hour. This calculation result is \$40.34. The total cost associated with a paid claim is \$30,034.98.

Adding the total cost of the three processes equates to an overall yearly cost of \$34,403.04.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
WAR ON TERROR UNEMPLOYMENT COMPENSATION FUND			
<u>Revenues - DES</u>			
Administrative penalty	<u>\$35,000</u>	<u>\$35,000</u>	<u>\$35,000</u>
<u>Cost - DES</u>			
Personal Service	(\$2,883)	(\$3,546)	(\$3,634)
Fringe Benefits	(\$1,305)	(\$1,605)	(\$1,645)
Expense and Equipment	(\$220)	(\$227)	(\$233)
Claims paid	<u>(\$30,035)</u>	<u>(\$30,035)</u>	<u>(\$30,035)</u>
	<u>(\$34,443)</u>	<u>(\$35,413)</u>	<u>(\$35,547)</u>
 ESTIMATED NET EFFECT ON WAR ON TERROR UNEMPLOYMENT COMPENSATION FUND			
	<u>\$557</u>	<u>(\$413)</u>	<u>(\$547)</u>

FISCAL IMPACT - Local Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal could have a fiscal impact to a small businesses which has a deployed military employee.

FISCAL DESCRIPTION

This proposal would change laws relating to unemployment compensation for veterans.

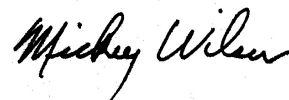
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of Administration
 Division of Budget and Planning
Department of Labor and Industrial Relations
Missouri Veterans Commission

NOT RESPONDING

Office of the State Treasurer



Mickey Wilson, CPA
Director
February 12, 2007