

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4246-01  
Bill No.: HB 1544  
Subject: Unemployment Compensation; Employment Security; Federal - State Relations  
Type: Original  
Date: January 15, 2010

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Bill Summary:           Modifies the “state ‘on’ indicator” for unemployment compensation.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</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 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Labor and Industrial Relations** state the proposed legislation would allow Missouri to continue to participate in the 100% federal reimbursement of extended benefits paid to most claimants. In order to remain triggered “on” for extended benefits, legislation must be passed that would remove the hard trigger “off” date that was contained in HB 1075 and replace it with a soft date that will allow Missouri to remain triggered “on” during periods of 100% federal funding of extended benefits. Extended benefits paid to individuals who work for state and local government entities and Indian Tribes are not subject to federal sharing of extended benefits because these organizations do not pay federal unemployment taxes.

Claimants who are exhausting all regular and Emergency Unemployment benefits and who are determined eligible could receive up to an additional 20-weeks of 100% federal funded extended benefits.

The proposed language, “the week ending prior to the last week...” does create a fiscal impact to the Trust Fund. This proposal, as written, would allow the trigger to end the week before the last week for which 100% federal sharing of extended benefits costs is available. If the intent of the proposal is to only pay extended benefits when 100% federal sharing of cost is available, the trigger needs to end four weeks prior to the last week 100% federal funding is available under Section 2005(a) of Public Law 111-5. A fiscal analysis of this proposed language resulted in an estimated one-time cost to the Trust Fund of \$4 million to pay for the three weeks of extended benefits once the federal reimbursement stops.

The current federal program expires in February 2010, which according to this proposal would require the state to pay the \$4 million in extended benefits in March 2010. Therefore, the one-time cost would be paid prior to the start of the fiscal note period. If the federal program is extended past its current February 2010 expiration date and into the next fiscal year then the \$4 million in one time extended benefits costs could occur in the next fiscal year. **Oversight** assumes for the purpose of the fiscal note, that the federal program expires in February 2010 and the one-time cost are outside the fiscal note time period.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

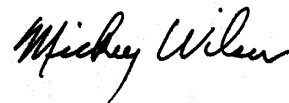
This bill extends the state's eligibility to receive federal extended unemployment benefit money to provide unemployed individuals compensation beyond the current unemployment benefit period that ended December 5, 2009. The state is eligible to receive this money until the week ending prior to the last week of unemployment for which 100% federal sharing is available under the provisions of Public Law 111-5, Section 2005(a) of the American Recovery and Reinvestment Act of 2009, commonly known as the federal economic stimulus act.

The bill contains an emergency clause.

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



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Director  
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