

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4657-02
BILL NO.: Perfected SCS for SB 1075
SUBJECT: Employment Security
TYPE: Original
DATE: April 6, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None *	\$0*	\$0*	\$0*
Total Estimated Net Effect on <u>All</u> Federal Funds *	\$0*	\$0*	\$0*

***DOES NOT REFLECT POTENTIAL LOSS OF FEDERAL ADMINISTRATIVE GRANTS DUE TO POSSIBLE NONCOMPLIANCE WITH FEDERAL LAW.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

In response to the original proposal, officials of the **Office of Administration - Division of Personnel** assumed the denial of unemployment benefits should not result in fiscal impact. They note they do not have the data to evaluate the potential increase or decrease in state funds.

Officials of the **Department of Labor and Industrial Relations - Division of Employment Security (DES)** assume that the proposal would provide that individuals who are discharged for being on certain employment disqualification lists would be denied unemployment compensation (UC) benefits. DES officials note that the U.S. Department of Labor has informally responded to the proposed legislation. Section 303(a)(1), SSA, requires, as a condition for a state receiving administrative grants, to follow “such methods of administration ... as are found by the Secretary of Labor to be reasonably calculated to insure full payment of unemployment compensation when due.” Section 303(a)(2), SSA, requires state law to provide for the “opportunity for a fair hearing before an impartial tribunal for all individuals whose claims for unemployment compensation are denied.” It is indicated that the claimant is to be afforded all rights of due process of law and provided with a meaningful opportunity for an *evidentiary* hearing on their claim for benefits, which the proposal does not appear to allow. The DES is required to take into account the circumstances of the unemployed worker rather than the presumption of correctness attached to the other agency’s findings. It is indicated that DES has the responsibility of discovering the facts. The proposal does not appear to allow for individual circumstances and does not appear to meet the fair and impartial hearing requirements established under federal standards for the UC program. Therefore, DES officials assume the proposal could place Missouri law out of conformity with federal standards. They assume this could result in the loss of \$40 million annually in federal funds for the administration of the UC program.

Oversight assumes that any loss of federal funds would depend upon determination of noncompliance by the U.S. Department of Labor and the imposition of sanctions by the U.S. Department of Labor. The likelihood of such sanctions would be speculative. For fiscal note purposes, no impact to federal funds is reflected.

	FY 2001	FY 2002	FY 2003
<u>FISCAL IMPACT - State Government</u>	(10 Mo.)		
	\$0	\$0	\$0

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	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - Local Government</u>	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal denies unemployment benefits to a person who is discharged as a result of having been disqualified for employment due to placement on an employee disqualification list by an administrative agency.

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 Administration - Division of Personnel
Department of Labor and Industrial Relations - Division of Employment Security



Jeanne Jarrett, CPA
Director
April 6, 2000