

# Fiscal Note

**BILL #** HB 2108

**TITLE:** ~~unemployment benefits; requirements; disqualifications~~ (NOW: unemployment; requirements; disqualifications; shared work)

**SPONSOR:** Livingston

**STATUS:** Senate Engrossed

**PREPARED BY:** Chandler Coiner

## Description

The bill, as engrossed by the Senate, would modify the requirements for an unemployed individual to remain eligible for unemployment insurance (UI) benefits. The individual would be required to complete at least 5 "work search actions" every week and report these to the Department of Economic Security (DES) to receive weekly benefits. DES would need to successfully cross-check a claim against 7 prescribed data sets before a benefit payment can be made. Employers would also be required to report to DES when a former employee refuses to return to work or fails to appear for a scheduled interview without cause, and the individual would be disqualified from benefits.

## Estimated Impact

The bill could reduce UI benefits payments by an unknown amount if the modified job search requirements reduce weekly UI claims and more claims are denied by DES. Any savings generated by this bill would accrue to the UI Trust Fund as opposed to the General Fund.

DES estimates the bill would cost \$655,700 one-time for training, updating system programming, and equipment. DES also estimates \$1.7 million in ongoing costs for staffing associated with appeals processing. DES reports that federal funding for UI administrative costs has decreased and that it does not have excess funding available.

The department did not provide an estimate of the impact of the bill on UI benefits spending.

## Analysis

The UI benefits program offers weekly benefits payments to workers who have recently become unemployed through no fault of their own. The benefits are funded through state and federal taxes on employers.

The bill makes several changes to UI eligibility and eligibility verification. First, the bill changes UI requirements so that individuals must conduct at least 5 "work search actions" each week and submit a weekly report to DES to be eligible for benefits. These actions include submitting applications/resumes to employers and attending interviews. Under current law, the individual must make an effort to obtain work at least 4 days of the week with 1 "job contact" per day. Some actions specified by DES that would currently qualify someone for benefits (e.g. creating a re-employment plan or registering with a temporary work agency) are broader than the 5 actions specified by the bill. In combination with the added reporting requirements, it's possible fewer beneficiaries would maintain eligibility as a result of the bill.

Second, DES would need to successfully cross-check a claim against 7 prescribed data sets before a claim can be paid. These sets include death records databases, new hire reporting systems, and inmate databases. In a Senate committee hearing, DES testified that it already does many of these cross-checks, but the bill would increase their frequency. The increased frequency may be able to detect additional cases of fraud. According to DES, for UI fraud convictions from October 2022 through December 2022, \$263,126.45 in fraudulent benefit payments were recovered.

(Continued)



Third, employers would be required to report to DES when a former employee refuses to return to work or fails to appear for a scheduled interview without cause, among other actions. In this case, the individual would be disqualified from receiving UI benefits.

We believe these 3 changes could each reduce UI benefit payments. The magnitude of benefit payment impacts, however, is uncertain, as we do not have the sufficient data to analyze each change's individual impact.

**Local Government Impact**

None

4/11/23