

HF9062 - 0 - Shared Work Plan Requirements

Chief Author: **Zack Stephenson**
 Committee: **Jobs & Economic Development Finance Division**
 Date Completed: **5/28/2020 3:43:06 PM**
 Agency: **Employment and Economic Dvlpmt**

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |
| Information Technology | | X |
| | | |
| Local Fiscal Impact | | X |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) | Biennium | | | Biennium | | |
|-----------------------|----------------------|--------|--------|----------|--------|--------|
| | Dollars in Thousands | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | | |
|--------------------------------------|----------|--------|--------|----------|--------|--------|
| | | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
| Total | - | - | - | - | - | - |

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Christian Larson **Date:** 5/28/2020 3:43:06 PM
Phone: 651-284-6436 **Email:** christian.larson@lbo.leg.mn

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|--|--------|----------|--------|--------|----------|---|
| Dollars in Thousands | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

Bill Description

268.136, Subdivision 1, Clause (4) requires that an employer certify that each worker included in a Shared Work plan worked for that employer for at least one year prior to the start of the plan. This proposal would shorten that period to 3 months. The provision still requires that the worker not be seasonal, temporary or intermittent.

The bill is effective date following enactment and sunsets 12-31-2020.

Assumptions

Explanation of 268.136, Subdivision 1, Clause (4) --

The Shared Work program was created to assist employers with an existing, tenured workforce that needed to temporarily reduce total staff hours and wished to avoid full layoffs. The Shared Work program would allow an employer to reduce hours for their workers and allow these workers (who would not ordinarily be eligible for UI because their weekly earnings were too high) to receive a partial UI weekly benefit. Such a strategy would help the employer maintain a stable, trained workforce, maintain morale among that workforce and reduce training costs when workload increased.

Because 268.136, Subdivision 1, Clause (4) requires that workers be employed by the employer for at least one year prior to being included in a Shared Work plan, the cost of any Shared Work benefit paid would accrue to the employer's UI account and be used to calculate future UI tax rates. In other words, 268.136, Subdivision 1, Clause (4) ensures that a Shared Work employer will pay for the cost of Shared Work benefits paid to its workers, albeit in a deferred fashion through an increase in its future UI tax rates.

Administrative Assumption

Presumably, any existing plan that had already been approved would need to be amended to include workers that previously could not be included because their tenure with the employer was less than one year. The amended plan including workers with a tenure less than 1 year but greater than or equal to 3 months could be made effective with the effective date of the bill.

Presumably, any existing plan that extended past the sunset of the bill would need to be amended to exclude any workers who, as of 12-31-2020, did not have a tenure with the employer of at least 1 year.

Financial Impact UI Trust Fund

Through the sunset of this bill, the US Government has agreed to reimburse all states for the cost of Shared Work benefits paid as a result of the Covid-19 Pandemic for the period from 3-29-2020 until 12-31-2020.

If the bill is to be understood as described in *Administrative Assumptions*, there is no financial impact of this bill on the UI Trust Fund.

Financial Impact UI Administrative Costs

No permanent technology changes would need to be made to administer this bill. No significant workload increase is expected as a result of the passage of this bill. Staffing and other costs are already covered by the annual UI program grant.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Colleen Hazel

Phone: 651-259-7038

Date: 5/28/2020 3:39:25 PM

Email: colleen.hazel@state.mn.us