

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6334

BILL NUMBER: SB 86

NOTE PREPARED: Jan 24, 2011

BILL AMENDED: Jan 24, 2011

SUBJECT: Unemployment Benefits Qualifications.

FIRST AUTHOR: Sen. Leising

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that an individual who is otherwise qualified for unemployment compensation benefits may be disqualified for benefits upon a report to the Department of Workforce Development (Department) by a prospective employer that the individual was found to have had a positive postoffer or preemployment drug test. It requires the Department to provide written notice to the individual that the Department has received a report of the individual's positive postoffer or preemployment drug test and that the individual may appeal the report using the process that applies to the denial of initial claims for unemployment benefits. The bill also requires the Department to adopt rules concerning positive postoffer or preemployment drug tests reported to the Department.

The bill requires that an applicant for unemployment benefits must state, under penalty of perjury, that the applicant will refrain from the knowing or intentional possession and use of certain drugs without a valid prescription or an order from a practitioner during the period that the applicant receives benefits if benefits are awarded. It provides that the Department may not deny benefits to an otherwise eligible individual based on the individual's failure or refusal to sign an affidavit that the individual will refrain from the knowing or intentional possession and use of certain drugs during the period that the individual receives unemployment benefits. The bill also provides that an initial claim for benefits and the affidavit must contain a clear and conspicuous statement that an otherwise eligible individual may not be denied unemployment benefits based on the individual's failure or refusal to sign the affidavit.

The bill repeals an outdated reference.

Effective Date: July 1, 2011.

Explanation of State Expenditures: The impact on the state would be as a employer and also on the Unemployment Trust Fund. The impact on the state as an employer would be minor.

(Revised) **Background:** The state paid about \$4.6 M in FY 2010, \$4.1 M in FY 2009, and \$4.1 M in FY 2008 to the Unemployment Insurance Fund as an employer.

The impact on the Trust Fund would depend on the number of recipients that have a positive postoffer or preemployment drug test. The recipient could resume eligibility after a negative drug test. The Department could incur some additional costs associated with the administration of the law. The Trust Fund could have some reduced expense depending on the number or recipients that might test positive on at least a 5-panel drug test for the following:

1. Amphetamines.
2. Cocaine.
3. Opiates (2,000 ng/ml).
4. PCP.
5. THC.

The Trust Fund paid about \$1 B in CY 2010, \$1.9 B in CY 2009, and \$1 B in CY 2008 for unemployment benefits. The average weekly benefit is about \$300. In CY 2010 about 4.1 million weeks of continuing weekly benefits were paid. For each 0.1% reduction in claims due to the reporting of failed employment drug tests, the reduction in benefits paid from the Trust Fund would be about \$1.2 M ($4.1 \text{ M} * \$300 * 0.001$).

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on local units would be as an employer. The impact would probably be minor.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Auditor's Trial Balance.

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