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House Bill 5525 (Substitute S-1)
Sponsor: Representative Tom Albert
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 3-24-22

CONTENT

The supplemental would make appropriations of \$139.8 million Gross, \$24.1 million General Fund/General Purpose (GF/GP) for fiscal year (FY) 2021-22 to the Attorney General and Department of Labor and Economic Opportunity. From the Federal Coronavirus Relief Fund, \$100.0 million would be deposited into the Unemployment Compensation Fund for future use in paying State unemployment benefits. In addition, \$20.0 million GF/GP would be appropriated to the Unemployment Insurance Agency (UIA) for customer service improvements, \$8.9 million from the restricted Contingent Fund – Penalty and Interest Account would be appropriated to the UIA for 52.0 limited-term employees to assist with enhanced fraud enforcement efforts, and \$6.8 million in Federal funds would be appropriated to the UIA for unemployment insurance equity grants. Finally, \$4.1 million GF/GP would be appropriated to the Attorney General to support limited-term staff to assist the UIA with pursuing claimant fraud, employer fraud, and identity theft. These items are detailed in [Table 2](#).

[Table 1](#) summarizes funding by budget area in the supplemental.

Table 1

| FY 2021-22 Supplemental Appropriations | | | | |
|---|----------------------|---------------------|--------------------|---------------------|
| Budget Area | Gross | Federal | Other | GF/GP |
| Attorney General | \$4,070,000 | \$0 | \$0 | \$4,070,000 |
| Labor and Econ. Op. | 135,770,000 | 106,840,000 | 8,930,000 | 20,000,000 |
| TOTAL | \$139,840,000 | \$106,840,00 | \$8,930,000 | \$24,070,000 |

FISCAL IMPACT

The bill provides FY 2021-22 line-item appropriations of \$139.8 million Gross and \$24.1 million GF/GP.

See [Table 2](#) for a list of items funded in the supplemental.

FY 2021-22 BOILERPLATE LANGUAGE SECTIONS-PART 2

Sec. 201. General. Records amount of total State spending and payments to local units of government.

Sec. 202. General. Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

Sec. 203. General. Directs that appropriated funds are subject to Federal audit and reporting requirements. Requires prompt action if instances of noncompliance are identified and directs the State Budget Director to rectify any noncompliance issues and to inform the Appropriations Committees and fiscal agencies in the case of noncompliance.

Sec. 204. General. Directs that funds appropriated from the American Rescue Plan Act dollars be spent according to Federal rules and regulations, including being directed toward communities and individuals who have experienced harm, violence, and difficulty accessing services as a result of the COVID-19 pandemic.

Sec. 205. General. Requires a monthly report by the State Budget Director on the status of funds appropriated in part 1, including funds used for COVID-19-related issues, to the Legislature.

Sec. 301. Attorney General. Requires appropriations for operations be used for contract or limited-term staff to assist the UIA with unemployment insurance fraud. Establishes appropriation as a work project.

Sec. 401. Department of Labor and Economic Opportunity. Requires that the appropriation for Unemployment Compensation Fund Deposit be deposited into the Unemployment Compensation Fund.

Sec. 402. Department of Labor and Economic Opportunity. Allocates \$20.0 million of the appropriation for the UIA to be used for customer service improvements, and \$8.9 million for enhanced fraud enforcement efforts. Requires contract or limited-term staff to undergo background checks and data governance training and that access to State computer systems be promptly terminated following the cessation of employment. Requires vendors to obtain insurance coverage for sensitive data and data sharing agreements with any staffing agency used to hire limited-term staff. Establishes appropriation as a work project.

Table 2

| FY 2021-22 Supplemental Appropriations | | | | |
|---|----------------------|----------------------|--------------------|---------------------|
| Department/Program | Gross | Federal | Other | GF/GP |
| Attorney General | | | | |
| Operations (UIA fraud support) | \$4,070,000 | \$0 | \$0 | \$4,070,000 |
| Total Attorney General | \$4,070,000 | \$0 | \$0 | \$4,070,000 |
| Labor and Economic Opportunity | | | | |
| ARP – unemployment insurance equity grants | \$6,840,000 | \$6,840,000 | \$0 | \$0 |
| Unemployment Compensation Fund deposit | 100,000,000 | 100,000,000 | 0 | 0 |
| UI customer service enhancements | 20,000,000 | 0 | 0 | 20,000,000 |
| UI enhanced anti-fraud | 8,930,000 | 0 | 8,930,000 | 0 |
| Total Labor and Economic Opportunity | \$135,770,000 | \$106,840,000 | \$8,930,000 | \$20,000,000 |
| Total FY 2021-22 Supplemental Appropriations | \$139,840,000 | \$106,840,000 | \$8,930,000 | \$24,070,000 |

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.