

LRB-FISCAL REVIEW SECTION ANALYSIS

FINANCE AND PERSONNEL COMMITTEE

ITEM 4, FILE # 021001

NOVEMBER 20, 2002

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File # 021001 is a resolution appropriating \$160,000 from the 2002 Common Council Contingent Fund for the payment of unemployment compensation claims.

Background

1. This resolution appropriates \$160,000 from the 2002 Common Council Contingent Fund to the Department of Employee Relations' Unemployment Compensation Special Purpose Account for payment of unemployment compensation claims during the final quarter of 2002.
2. This account is funded in order to pay unemployment compensation in accordance with federal and state law.

Discussion

1. The funds requested in this appropriation will be used to pay unemployment claims during the final quarter of 2002.
2. The city reimburses the State of Wisconsin dollar for dollar in unemployment compensation claims. The 2002 unemployment compensation claims are currently 42% higher than in 2001.
3. In 2002, the State of Wisconsin extended a claimant's eligibility period. Additionally, a temporary supplemental benefits program was implemented by the state beginning March 3, 2002 and extending through December 28, 2002. These factors have contributed to the unemployment fund shortfall.
4. The funding of the Unemployment Compensation SPA is non-discretionary.

Fiscal Impact

1. The 2002 Unemployment Compensation Fund is budgeted at \$800,000. A similar amount is budgeted for 2003. Through September 2002, \$758,8112 has been paid in unemployment compensation claims.
2. The balance of the 2002 Common Council Contingent Fund, on November 15, 2002 is \$3,540,085. Upon approval of this resolution and File # 021031, the 2002 Contingent Fund encumbered balance will be \$2,789,172.

Further Information

The Unemployment Compensation Fund SPA level is affected by the following factors:

- The city's *callback* and *lay-off* schedule for seasonal employees as well as the number of employees that are laid-off due to departmental reorganizations.
- The required amount of compensation per employee, determined by the state.
- The number of weeks that compensation must be paid, determined by the state.

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LRB-Fiscal Review Section
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