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### [SF 561](#) – Unemployment Benefits and Misconduct Definition (LSB1565SV)

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Fiscal Note Version – New

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#### **Description**

[Senate File 561](#) specifies employment misconduct related to a claim for unemployment is deemed to have occurred in circumstances specified in the Bill. The Iowa Department of Workforce Development (IWD) is responsible for deciding if an individual is disqualified for unemployment benefits due to being discharged for misconduct.

#### **Background**

Under current law, an individual is disqualified from unemployment benefit eligibility if the IWD finds that the individual has been discharged for misconduct in connection with the individual's employment. "Misconduct" is currently defined by the IWD by [rule](#).

#### **Assumptions**

- The Bill will require further questions, development of the record, and additional witnesses, as well as documentary evidence related to the employee's alleged misconduct. This will result in the IWD adding the following full-time equivalent (FTE) positions:
  - Fact Finders 2.0 FTE positions
  - Administrative Law Judge 1.0 FTE position
- During FY 2020, the IWD will:
  - Initiate an emergency rule change and develop, draft, and have rules adopted.
  - Train all staff on those new rules, modify the employer handbook, and develop training materials.
- Salary costs include benefits and are estimated at the entry level of the salary range for each position.
- It is not possible to estimate the fiscal impact on benefits paid to recipients of unemployment due to the lack of data pertaining to the discharge of employees for misconduct as specified in the Bill.

#### **Fiscal Impact**

[Senate File 561](#) will result in the IWD expending an estimated \$278,000 for an additional 3.0 FTE positions in FY 2020 and \$268,000 for 3.0 FTE positions in subsequent years, to be paid from the Unemployment Insurance Federal Base Grant.

The Bill will also result in an undetermined favorable fiscal impact for employers resulting from an increase in the number of employees who are disqualified from collecting unemployment benefits. The favorable impact would be for the funding sources used by an employer to pay the unemployment benefits.

**Sources**

Iowa Department of Workforce Development  
Iowa Board of Regents  
Iowa Department of Administrative Services

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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