

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 9, 2005**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB1745** by Seaman (Relating to the disqualification of certain temporary employees for unemployment compensation benefits.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1745, As Engrossed: an impact of \$0 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings from WRKFORCE COMMISSION FED 5026</b>	<b>Probable Savings/(Cost) from UNEMPLOYMENT TRST FND ACCT 938</b>
2006	\$482,625	\$85,910
2007	\$482,625	\$85,910
2008	\$482,625	\$85,910
2009	\$482,625	\$85,910
2010	\$482,625	\$85,910

**Fiscal Analysis**

The provisions of the bill would amend the Texas Labor Code by defining an individual who last worked for a temporary help firm as not considered to be unemployed until three business days have passed since the date of the individual's last assignment for Unemployment Insurance benefits.

The provisions would only affect those UI claims filed on or after the bill's effective date.

The bill would take effect September 1, 2005.

**Methodology**

According to TWC, it would achieve administrative cost savings estimated at \$482,625 in federal UI

funds per year. This is calculated by multiplying the average cost of an initial claim of \$28.27 by the number of the initial claims that were filed with no subsequent claim certification (43,192 less 26,120 equals 17,072 times \$28.27 equals \$482,625).

#### Unemployment Insurance Trust Fund Impact

In calendar year 2004, 43,192 claimants filed a claim within four business days or fewer of the effective date of the claim, naming an employer classified as a temporary agency. Of the 43,192 claims filed, 29,466 received a payment. Of the 29,466 claimants receiving a UI payment, 1,210 received a partial payment for the first week of unemployment. In 2004, these partial payments amounted to \$85,910. Based on 2004 data, claimants who work during a week would not be able to receive benefits for that week, saving the trust fund an amount equal to the \$85,190 mentioned above in fiscal year 2006 and subsequent years. This represents a potential positive impact to the UI Trust Fund because the 1,210 claimants would wait to file a claim.

#### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission

**LBB Staff:** JOB, JRO, MW, DE