

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 28, 2005

TO: Honorable Allan Ritter, Chair, House Committee on Economic Development

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 Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1745, As Introduced: 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:

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

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from <i>WRKFORCE COMMISSION FED</i> 5026	Probable Savings/(Cost) from <i>UNEMPLOYMENT TRST FND ACCT</i> 938
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 requiring temporary employees to allow their temporary help firms at least three business days to assign them to new work upon completion of an assignment. If the temporary employee did not allow the temporary firm three business days to reassign them to new work, they would be disqualified from receiving unemployment insurance (UI) benefits on the claim. They could not receive benefits until they went back to work and re-qualified by earning six times their weekly benefit amount and meeting all other eligibility requirements.

The provisions would further amend the responsibilities of the temporary help firm. The temporary firm must also advise the temporary employee that they must allow the temporary help firm at least three business days after the date the employee contacts the firm upon completion of their assignment

to reassign the employee. The claimant would then be disqualified for benefits if they do not meet the provisions of contacting the firm for further assignment and allowing the firm three business days to reassign them to another job.

A temporary employee working for a temporary help firm is considered to have left employment voluntarily, without good cause, if the temporary employee does not report back to the temporary firm upon completion of assignment. Additionally, current law states that the temporary help firm must advise the temporary employee that they are obligated to contact the firm upon completion of the assignment. If the temporary firm does not advise the employee, then the employee is not considered to have left work voluntarily.

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