

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

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

**March 22, 2005**

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

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

**IN RE: HB2273** by Cook, Byron (Relating to the administration of the unemployment compensation system by the Texas Workforce Commission.), **As Introduced**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB2273, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.
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**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>UNEMPLOYMENT TRST FND</i> <i>ACCT</i> <b>938</b>
2006	\$2,281,567
2007	\$2,329,564
2008	\$2,333,996
2009	\$2,338,418
2010	\$2,344,224

**Fiscal Analysis**

The bill would amend the Labor Code, Title 4, Texas Unemployment Compensation Act, by providing for administrative changes. It provides that if a benefit amount computed includes cents, the Texas Workforce Commission (TWC) shall adjust the benefit amount as follows: (1) if the computed benefit amount includes at least one cent but not more than 49 cents, the TWC shall round the benefit amount down to the nearest multiple of \$1; and (2) if the computed benefit amount includes at least 50 cents but not more than 99 cents, the TWC shall round the benefit amount up to the nearest multiple of \$1. An increase in the maximum weekly benefit amount may not exceed \$14 in any year. An increase in the minimum weekly benefit amount may not exceed \$1 in any year.

The provisions also eliminate the necessity for Commission approval of attorney fees.

The bill would take effect September 1, 2005.

## Methodology

Using the Unemployment Insurance (UI) Benefits system, a query was made to analyze all Regular UI monetarily eligible claims filed in calendar year 2004 that had .49 cents or less in their weekly benefit amount and did not exhaust their benefits. Then by determining how many weeks they filed for and were paid, those weekly benefit amounts were multiplied by \$1 (indicates a savings) and totaled.

During calendar year 2004, 186,215 Regular UI claimants had .49 cents or less in their weekly benefit amount and did not exhaust their benefits. The UI Trust Fund (938) paid out \$2,281,567 more than it would have had it rounded down to the nearest whole dollar. Based on similar claim volumes in future years this could result in an estimated savings of \$2,281,567 each year.

Maximum Weekly Benefit Amount Cap assumptions include:

- 1) 2004 through 2010 growth in the Texas Average Weekly Wage is the same as the Comptroller of Public Account's forecast growth in the Texas Consumer Price Index as released in November 2004;
- 2) Multiply the resulting annual Average Weekly Wage by 47.6 percent as specified in Texas statute to calculate the Maximum Weekly Benefit Amount; and
- 3) Calculate the increase in the Maximum Weekly Benefit Amount obtained from year to year.

Based on TWC's assumptions, no annual increase in the Maximum Weekly Benefit Amount would exceed \$14.00 and, therefore, the implementation of the Maximum cap would not impact the UI Trust Fund. If the growth was 4 percent per year instead of the above assumed annual increases, the annual change in the Maximum Weekly Benefit Amount would exceed \$14 in the third year.

Minimum Weekly Benefit Amount Cap assumptions include:

- 1) 2004 through 2010 growth in the Texas Average Weekly Wage is the same as the Comptroller of Public Account's forecast growth in the Texas Consumer Price Index as released in November 2004;
- 2) Multiply the resulting annual Average Weekly Wage by 7.6 percent as specified in Texas statute to calculate the Minimum Weekly Benefit Amount; and
- 3) Calculate the increase in the Minimum Weekly Benefit Amount obtained from year to year.

Based on TWC's assumptions, the annual increase in the Minimum Weekly Benefit Amount exceeds \$1 in the second year, through 2010.

Fiscal Year 2006 - \$0; Fiscal Year 2007 - \$47,997; Fiscal Year 2008 - \$52,429; Fiscal Year 2009 - \$56,851; Fiscal Year 2010 - \$62,657

Total estimated savings are reflected in the table above.

## 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