

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 12, 2005

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

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

IN RE: SB788 by Williams (Relating to eligibility for certain unemployment compensation benefits.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB788, 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 UNEMPLOYMENT TRST FND ACCT 938
2006	\$51,890,707
2007	\$51,890,707
2008	\$51,890,707
2009	\$51,890,707
2010	\$51,890,707

Fiscal Analysis

The provisions of the bill amend the Labor Code and would recalculate the conditions upon when claimants will receive compensation for the waiting week. The waiting week is the first week of unemployment in which the claimant is eligible for any portion of their Unemployment Insurance (UI) benefit amount or payable week. Under current law, the waiting week payment is held until the claimant is paid three times the weekly benefit amount.

The provisions of the bill would make only the claimants who exhaust their UI benefits eligible to receive payment for the waiting period, which is equal to the amount of the individual's maximum benefit amount minus the amount of the individual's weekly benefits.

The bill takes effect September 1, 2005.

Methodology

According to the Texas Workforce Commission (TWC), the provisions of the bill would have a potential savings each year of \$51,890,707 to the U.I. Trust Fund because a claimant would not be paid for their waiting week based on 2004 statistical information (206,942 claimants who did not exhaust all of their benefits at the rate of \$250.75 per week).

TWC indicates in calendar year 2004, 422,421 claimants received at least a first payment and 215,479 of those claimants exhausted their benefits. The remaining 206,942 claimants did not exhaust their benefits. Using the average weekly benefit amount for calendar year 2004 of \$250.75 multiplied by 206,942 for non-exhausting claimants equals \$51,890,707 in estimated savings to the Trust Fund per year.

TWC indicates that the UI benefits system would have to be modified to recalculate when the claimant receives the waiting week payment of benefits. However, it is anticipated that any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

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