

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

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

**April 15, 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. ), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB788, Committee Report 1st House, Substituted: 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 UNEMPLOYMENT TRST FND ACCT 938</b>
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 repeal a section of the Labor Code covering the conditions upon when claimant is eligible for any portion of their Unemployment Insurance benefit amount 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