

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**February 27, 2007**

**TO:** Honorable Joe Deshotel, Chair, House Committee on Economic Development

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

**IN RE: HB1277** by Deshotel (Relating to eligibility for unemployment compensation benefits based on the claimant's availability to do part-time work.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Labor Code relating to eligibility for unemployment compensation benefits based on the claimant's availability to do part-time work. Based on the analysis of the Texas Workforce Commission (TWC), it is assumed that provisions of the bill would have a range of impact related to an increase in benefit outlays from the Unemployment Insurance (UI) Trust Fund.

According to the TWC, the minimum impact, which consists of claimants who were previously denied UI benefits and who would qualify under the provisions of this bill, is approximately \$14.2 million over a five year period. The minimum impact would assume that claims filed by individuals working part-time would be filed at the same rate as those filed by full-time workers, and would be proportionate with their representation in the Texas civilian labor force (15.98% of workers) which would total 123,525 in 2008, 126,721 in 2009, 136,309 in 2010, 137,428 in 2011, and 141,743 in 2012 [total UI Claims are estimated to be 773,000 in 2008, 793,000 in 2009, 853,000 in 2010, 860,000 in 2011, and 887,000 in 2012]; that the eligible number of part-time claims would consist of the same proportion of the projected number of part-time claims as the UI claimants previously held to be ineligible during the 2004-06 period (0.517%), due to their stated interest only in seeking part-time employment; and that the projected average UI weekly benefit amount and the projected average duration of UI benefits would be the same as that projected for all claimants.

The maximum impact estimated by the TWC includes claimants who may currently be discouraged from filing for UI benefits due to the requirement to search for full-time work is approximately \$235.2 million over a five year period. The maximum impact would assume that claims filed by individuals working part-time would be filed at the same rate as those filed by full-time workers, and would be proportionate with their representation in the Texas civilian labor force (15.98% of workers), which would total 123,525 in 2008, 126,721 in 2009, 136,309 in 2010, 137,428 in 2011, and 141,743 in 2012 [total UI Claims are estimated to be 773,000 in 2008, 793,000 in 2009, 853,000 in 2010, 860,000 in 2011, and 887,000 in 2012]; that the number of eligible part-time claims would consist of 8.5% of the projected number of part-time claims, as estimated in "The Texas Unemployment Insurance System: Barriers to Access for Low-Wage, Part-Time & Women Workers," (Maurice Emsellem, Katherine Allen, and Lois Shaw, National Employment Law Project, February 1999); and that the projected average UI weekly benefit amount and the projected average duration of UI benefits would be the same as that projected for all claimants.

It is also assumed that any costs associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

This bill would take effect September 1, 2007.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission

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