

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 21, 2009

TO: Honorable Mark Strama, Chair, House Committee on Technology, Economic Development & Workforce

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

IN RE: HB1072 by Burnam (Relating to unemployment compensation benefit eligibility.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1072, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>Wrkforce Commission Fed</i> 5026	Change in Number of State Employees from FY 2009
2010	(\$2,730,615)	35.0
2011	(\$2,029,484)	33.0
2012	(\$2,008,430)	33.0
2013	(\$1,995,502)	33.0
2014	(\$1,989,223)	33.0

Fiscal Analysis

The bill would amend the Labor Code relating to unemployment compensation benefit eligibility. Provisions of the bill would amend the Texas Unemployment Compensation Act (TUCA) by considering an individual available for work even if the work is part-time, unless the majority of the weeks worked by the individual during the individual’s base period did not include part-time work. The bill would also provide eligibility for extended benefits for individuals who are unemployed, have exhausted all regular benefits, and who are enrolled in and making satisfactory progress toward completion of a commission-approved training program or a job training program under the Workforce Investment Act. This program is designed to prepare individuals who have been separated from a declining occupation or who have been involuntarily and indefinitely separated from employment, for entry into a high-demand occupation.

The provisions of this bill would be consistent with the Title II, Section 203 provisions of the recently-enacted American Recovery and Reinvestment Act of 2009, which would contribute to the qualification of Texas to receive incentive payments, as authorized in the Act.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house. If the bill does not receive a two-thirds vote in each house, the bill would take effect September 1, 2009.

Methodology

According to its analysis, the Texas Workforce Commission (TWC) estimates there would be a workload increase related to fact-finding and appeals activity, primarily associated with determining whether the majority of a claimant’s base-period employment was in part-time work. TWC estimates it would need 35 additional staff to implement the provisions of this bill. Additional staff include: 2 Customer Service Representatives III; 2 Clerk II; one Program Supervisor; 17 Claim Examiners; 2 Quality Assurance Specialists; 6 Hearing Officers and 3 Clerk IV. The five-year administrative costs associated with implementing this bill are estimated to be \$2,730,615 in FY 2010, 2,029,484 in FY 2011; \$2,008,430 in FY 2012; \$1,995,502 in FY 2013; and \$1,989,223 in FY 2014, totaling \$10,512,756 over the five year period.

This analysis also assumes that an impact to the Unemployment Trust Fund would be realized from implementing the provisions of the bill. However, no costs to the fund are reflected in the table above because the Unemployment Trust Fund is a fund outside the State Treasury.

According to the TWC, there would be an estimated fiscal impact to the Unemployment Trust Fund from the provisions of this bill which would authorize unemployment compensation benefits for part-time workers totaling \$28,036,912 in FY 2010, \$28,187,947 in FY 2011, \$27,272,474 in FY 2012, \$26,876,172 in FY 2013, and \$27,006,744 in FY 2014, totaling \$137,380,248 for the five-year period.

TWC also estimates a fiscal impact to the Unemployment Trust Fund from the provisions of this bill which would authorize extended unemployment compensation benefits for individuals who have exhausted their regular unemployment compensation benefits and are engaging successfully in training totaling \$34,082,275 in FY 2010, \$33,853,034 in FY 2011, \$31,954,729 in FY 2012, \$31,096,734 in FY 2013, and \$30,852,293 in FY 2014, totaling \$161,839,065 for the five-year period.

The total projected impact to the Unemployment Trust Fund for FY 2010-14 is estimated to be \$299.2 million.

Technology

TWC estimates a one-time technology cost of \$240,498 in FY 2010. The UI Benefit System will need to be updated to capture and maintain full-time and part-time work schedule information.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission
LBB Staff: JOB, JRO, MW, NV