

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 5, 2009

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

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

IN RE: HB3159 by Strama (Relating to the ceiling of the unemployment compensation fund.), As Introduced

Provisions of this bill would change the Unemployment Compensation Fund ceiling and provide an increase over currently calculated amounts. Under current law the Texas Workforce Commission (TWC) estimates the ceiling at \$1.7 billion in 2010, \$1.7 billion in 2011, \$1.8 billion in 2012, \$1.8 billion in 2013 and \$1.8 billion in 2014. Based on the analysis of TWC, implementing the provisions of this bill would increase the ceiling of the fund to approximately \$4.3 billion in 2010-11, \$4.4 billion in 2012, \$4.5 billion in 2013 and \$4.7 billion in 2014.

The bill would amend the Labor Code relating to the ceiling of the unemployment compensation fund. The bill defines "covered wages" and changes the computation of the ceiling of the unemployment compensation fund from two percent of taxable wages to one percent of covered wages for the four calendar quarters ending the preceding June 30th. In addition the bill defines "covered wages" as taxable wages divided by \$9,000 multiplied by average weekly wages multiplied by 52 weeks in a year. According to the analysis provided by TWC, the calculation of the new ceiling amounts is based on the projected taxable wages over the next five years.

The weekly average wage is based on the last four quarters of wages provided by the Quarterly Employment and Wages report (QCEW) published by the TWC Labor Market and Career Information Department. The average total wages for the four quarters ended June 30, 2008, is \$117,680,401,420, and the average number of employees is 10,378,191. To calculate the \$872 average weekly wage amount, total wages were divided by the total number of employees and that amount was divided by 13, which is the number of weeks in a quarter. Using this methodology, the Average Weekly Wage = (Covered Wages \$117,680,401,420 / Average Number of Employees 10,378,191) / Number of Weeks in a Quarter 13 = approximately \$872.

This bill would take effect September 1, 2009.

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