

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 23, 2009

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

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

IN RE: SB111 by Ellis (Relating to suspension of the unemployment compensation waiting period requirement during a disaster subject to a federal disaster declaration.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Labor Code relating to suspension of the unemployment compensation waiting period requirement during a disaster subject to a federal disaster declaration.

The bill amends the Texas Unemployment Compensation Act (TUCA) by allowing the Governor, through executive order, to suspend the benefit waiting week for regular claims for UI benefits if the claimant is unemployed as a direct result of a natural disaster declared by the President; is otherwise eligible for Unemployment Insurance (UI) benefits; and is not receiving disaster unemployment assistance (DUA) benefits for the period included in the waiting week.

DUA benefits are not subject to the TUCA waiting week provisions. Base period employers are not affected by this bill. Employer accounts are protected from charge back in the case of regular UI benefits if the unemployment is disaster-related. TWC would need to modify its UI Benefits System to allow payment of the waiting week in the case of claimants receiving regular UI benefits where the unemployment was caused by a qualifying natural disaster and the Governor, through executive order, authorizes the waiting week payment. Claims-taking processes would need to be modified in order to inform eligible claimants that they can receive payment for that week. If enacted, the bill would only apply to claims for regular UI benefits after the effective date and would not retroactively provide payment of the waiting week to claimants whose unemployment was caused by Hurricanes Dolly, Ike, or Rita. The U.S. Department of Labor, Employment and Training Administration, in their response to a request to review this bill on January 19, 2007, declared that the requirements of the bill did not conflict with federal law.

The estimated Unemployment Trust Fund impact would total \$1,645,801 each year for FY 2010-14, totaling \$8,229,007 over the five-year period. Based on the analysis of the TWC, there would also be a one-time technology cost of \$15,228 in Federal Funds in fiscal year 2010 to update the UI Benefits System to allow for payment of the waiting week in qualifying circumstances. Based on information provided by TWC, it is assumed that all costs associated with implementing the provisions of the bill could be covered with existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission

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