

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 23, 2011

TO: Honorable John Davis, Chair, House Committee on Economic & Small Business Development

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

IN RE: HB14 by Murphy (Relating to the qualification for unemployment benefits of a person receiving severance pay.), **As Introduced**

Implementation of the bill would result in an estimated potential savings to the Unemployment Compensation Trust Fund of \$94,695,444 over the five year period.

The bill would amend the Labor Code relating to the qualification for unemployment benefits of a person receiving severance pay. Based on the analysis of the Texas Workforce Commission (TWC), it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

According to the analysis of the Texas Workforce Commission, it is assumed that implementation of the bill would result in a reduction of benefit outlays from the Unemployment Compensation Trust Fund of \$18,775,948 in FY 2012, \$18,248,885 in FY 2013, \$18,758,096 in FY 2014, \$19,323,713 in FY 2015 and \$18,588,802 in FY 2016, totaling \$94,695,444 over the five year period FY 2012-2016.

Using initial claims projections (Total initial claims in Calendar Year 2005 were 669,145 and 15,399 claimants received a severance payment and received UI benefits, 2.3 percent of all initial claimants received severance and unemployment insurance benefits.), TWC estimated the number of initial claimants who would receive a severance payment and who would draw unemployment compensation benefits by multiplying the number of initial claims by 2.3 percent.

TWC multiplied the projected number of claimants receiving both severance and unemployment benefits by the projected reduction in duration (three weeks) and then by the projected average weekly benefit amount to determine the total projected reduction in benefit outlays from the unemployment compensation trust fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission

LBB Staff: JOB, AG, MW, NV