

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 1, 2011**

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

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

**IN RE: HB3068** by Reynolds (Relating to eligibility of certain job trainees for extended unemployment compensation benefits.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3068, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

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
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>Wrkforce Commission Fed</i> 5026
2012	(\$415,552)
2013	(\$1,998)
2014	(\$1,985)
2015	(\$1,979)
2016	(\$1,955)

**Fiscal Analysis**

The bill would amend the Labor Code relating to eligibility of certain job trainees for extended unemployment compensation benefits. The provisions of the bill would authorize up to 26 weeks for training benefits for unemployed individuals who have exhausted all unemployment compensation benefits and have enrolled and are making satisfactory progress in a Texas Workforce Commission's (TWCs) approved training program or a Workforce Investment Act (WIA) job-training program.

Based on information provided by the TWC, implementation of this bill would have an impact to the Unemployment Compensation Trust Fund of \$23,560,775 in FY 2012; \$21,724,702 in FY 2013; \$21,518,912 in FY 2014; \$21,750,419 in FY 2015; and \$21,769,440 in FY 2016, totaling \$110,324,248, over the five-year period.

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, 2011.

## **Methodology**

For the purposes of this analysis, the TWC assumed the following steps: 1) - For the period FY 2012 - 2016, TWC determined the total number of projected initial claims; 2) For 2009, determined the number of claimants who exhausted benefits while in system-funded training (4,676) compared to the number of initial claimants in 2009 (1,034,594) to conclude that 0.45 percent of claimants are in system-funded training programs  $[4,676/1,034,594=0.45 \text{ percent}]$ . The 0.45 percent rate was then used to project the number of claimants that would be in system-funded training programs. Claim data from 2009 is used as it represents the most-recently completed benefit year, which is necessary for establishing accurate exhaustion data; 3) Assumed that some number of claimants exhausting benefits will be in training paid by the eligible beneficiary and also eligible for extended training benefits. Since the number of claimants in self-paid training is unknown, TWC assumes the number of claimants in self-funded training would be approximately 10 percent of claimants in system-funded training; 4) Totaled both groups (steps 1 and 2) to determine the total number of claimants eligible for extended training benefits (system-funded training programs + self-funded training programs); 5) Applied the projected average weekly benefit amount (AWBA) to establish the projected amount of benefits that could be drawn; 6) To determine the length of time that eligible claimants would draw extended training benefits, TWC applied projected average claim duration as a proxy for the number of weeks between benefit exhaustion and training completion; and 7) Multiplied the duration (step 6) by AWBA (step 5) by the number of claimants in training (step 4) to estimate the Unemployment Compensation Trust Fund impact.

For FY 2012 this analysis assumes: Total eligible claimants (4,343) x \$310 Average Weekly Benefit Amount x 17.5 weeks (average Duration) = \$23,560,775 and for FY 2013 - Total eligible claimants (4,077 ) x \$321 Average Weekly Benefit Amount x 16.6 weeks (average Duration) = \$21,724,702

For FY 2012-16 TWC indicates there are administrative and technology costs necessary to implement the provisions of the bill. TWC estimates additional programming requirements for continued claims (\$165,368/2,872 hours); changes to the Unemployment Insurance (UI) benefits system (\$206,712/3,590 hours); procedures and publication costs (\$41,342/718 hours); and additional costs to mail notices to claimants (\$10,045 over five years). All costs estimated by TWC are reimbursable under the federal Unemployment Insurance grant.

## **Technology**

TWC estimates a one-time technology impact of \$413,324 for FY 2012 for web updates, programming costs and changes to the UI benefits system.

## **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