

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 20, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1095** by Canales (Relating to the eligibility of school bus drivers for unemployment compensation benefits.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1095, As Introduced: a negative impact of (\$3,302,668) through the biennium ending August 31, 2015.

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
2014	(\$1,811,702)
2015	(\$1,490,966)
2016	(\$1,490,966)
2017	(\$1,490,966)
2018	(\$1,490,966)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2013
2014	(\$1,811,702)	28.6
2015	(\$1,490,966)	28.6
2016	(\$1,490,966)	28.6
2017	(\$1,490,966)	28.6
2018	(\$1,490,966)	28.6

Fiscal Analysis

The bill would amend the Labor Code relating to the eligibility of school bus drivers for unemployment compensation benefits. The bill would allow school bus drivers that work for educational institutions to draw unemployment compensation benefits during the period between two academic years.

This bill would take effect September 1, 2013.

Methodology

According to information provided the Texas Workforce Commission (TWC), approximately 30,000 school bus drivers that are currently ineligible to receive unemployment compensation benefits during the period between two academic years, because they work for an educational institution, would become eligible. TWC assumes that implementation of the bill would result in an impact to the Unemployment Trust Fund totaling \$348.6 million over a five-year period. The fiscal impact to this fund each fiscal year is not included in the table above because it is located outside of the Treasury.

To implement the provisions of the bill, TWC estimates a five year administrative cost of \$7.8 million that would include 28.6 new program staff each fiscal year. Initial one-time start up costs of \$320,736 would be realized in fiscal year 2014 for additional operating and technology costs above the \$1.5 million anticipated to be necessary each fiscal year for the new program. This analysis assumes diminishing resources from the federal Unemployment Insurance administrative grant based on information provided by TWC. According to TWC, General Revenue funds would be necessary to cover the costs associated with implementing the provisions of the bill because the agency anticipates that it would not have enough Federal Funds available each fiscal year over the next five years to do so.

Technology

TWC estimates nonrecurring technology costs in fiscal year 2014 of \$197,613. TWC would incur approximately 2,548 hours to modify the unemployment insurance benefits system for a total one-time cost of \$153,169, and would incur nonrecurring costs of \$44,444 for computer leases for 28.6 new program full-time equivalents (FTEs).

Local Government Impact

The Texas Education Agency indicates that school districts would be expected to incur local costs under the provisions of the bill. Based on the analysis of the Texas Workforce Commission, the total five-year cost to the Unemployment Compensation Fund would be \$348.6 million. All benefit costs would be charged to the accounts of each of the claimant's employers during the claimant's base period. As such, ISDs who employ these bus drivers would be charged these benefit costs.

Source Agencies: 320 Texas Workforce Commission, 701 Central Education Agency

LBB Staff: UP, RB, MW, NV, JBi