

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 10, 2015

TO: Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB294 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 HB294, As Introduced: a negative impact of (\$3,309,664) through the biennium ending August 31, 2017.

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
2016	(\$1,998,142)
2017	(\$1,311,522)
2018	(\$1,311,522)
2019	(\$1,311,522)
2020	(\$1,311,522)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2015
2016	(\$1,998,142)	24.0
2017	(\$1,311,522)	24.0
2018	(\$1,311,522)	24.0
2019	(\$1,311,522)	24.0
2020	(\$1,311,522)	24.0

Fiscal Analysis

This bill would amend Section 207.041 of 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, 2015.

Methodology

According to information provided by the Texas Workforce Commission (TWC), approximately 25,000 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 Compensation Fund totaling \$330 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 \$7.2 million that would include 24.0 new program staff each fiscal year. Initial one-time start up costs of \$686,620 would be realized in fiscal year 2016 for additional operating and technology costs above the \$1.3 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.

The bill would have no direct fiscal implications for the Foundation School Program or the operations of the Texas Education Agency.

Technology

TWC estimates nonrecurring technology costs in fiscal year 2016 of \$564,460. TWC would incur approximately 8,112 hours to modify the unemployment insurance benefits system for a total one-time cost of \$521,380, and would incur nonrecurring costs of \$43,080 for computer leases for 24.0 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 \$330 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, CL, NV, JLi, JBi