

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 8, 2019**

**TO:** Honorable Trey Martinez Fischer, Chair, House Committee on Business & Industry

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB572** by González, Mary (Relating to eligibility for unemployment compensation for employees who leave the workplace due to sexual harassment.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB572, As Introduced: an impact of \$0 through the biennium ending August 31, 2021.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

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

<b>Fiscal Year</b>	<b>Probable (Cost) from UNEMPLOYMENT TRST FND ACCT 938</b>
2020	(\$4,643,107)
2021	(\$4,819,043)
2022	(\$4,986,630)
2023	(\$5,156,950)
2024	(\$5,352,848)

**Fiscal Analysis**

The bill would amend the Labor Code relating to eligibility for unemployment compensation for employees who leave the workplace due to sexual harassment. The bill would allow an individual to receive benefits if the sexual harassment was reported to the individual's employer or a law

enforcement agency, or a complaint was filed with the Texas Workforce Commission (TWC) or the federal Equal Employment Opportunity Commission.

The bill applies only to a claim for unemployment compensation benefits filed with TWC on or after September 1, 2019. The bill would take effect on September 1, 2019.

### **Methodology**

Based on information provided by TWC, the agency estimates 759 additional individuals would qualify for unemployment compensation benefits. TWC determined the most recent three-year average of individuals that filed a complaint alleging sexual harassment to be 843 individuals. It is assumed that approximately 10 percent of these individuals result in payment of unemployment benefits under current law. Under the provisions of the bill, the remaining 90 percent of individuals with sexual harassment complaints, or 759 individuals, would result in payment of unemployment benefits.

Based on the average weekly duration and amount for unemployment benefit payments, it is estimated that the total five-year impact from the federal Unemployment Compensation (UC) Trust Fund is \$24,958,578. This analysis assumes that benefits paid would be recouped through existing tax and charge back provisions. Employer taxes may increase over time under the provisions of the bill, but this increase cannot be determined at this time and would not take effect until after fiscal year 2024.

This analysis assumes the provisions of the bill could impact state agencies who pay unemployment compensation benefits for former state employees through the Reimbursements to the Unemployment Compensation Benefit Account. However, the fiscal impact is not anticipated to be significant and is not included in the tables provided above.

TWC assumes that any administrative costs associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission

**LBB Staff:** WP, CLo, SGr, CP