

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 11, 2021

TO: Honorable Chris Turner, Chair, House Committee on Business & Industry

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1782 by Deshotel (Relating to alternative base periods for the computation of unemployment compensation benefits.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1782, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from UNEMPLOYMENT TRST FND ACCT 938</i>	<i>Probable Savings/(Cost) from Workforce Commission Federal Acct 5026</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$26,267,313)	(\$445,214)	5.0
2023	(\$21,717,575)	(\$211,995)	2.5
2024	(\$20,569,611)	(\$211,995)	2.5
2025	(\$19,798,929)	(\$211,995)	2.5
2026	(\$19,451,685)	(\$211,995)	2.5

Fiscal Analysis

The bill would amend the Labor Code to create an alternative base period (ABP) for individuals claiming unemployment compensation (UC) who do not meet current requirements. The bill would establish a means to verify the individual's wage credits during the ABP through an affidavit supported by employer payroll.

Methodology

Unemployment Trust Fund Account

According to TWC, the bill would expand benefit eligibility and affects Texas' employer tax rates through increased benefit charges. TWC reports that a particular employer's tax rate would depend on charges from benefits paid to claimants who qualify under an ABP. All employers would be affected through the replenishment tax in cases where benefits paid could not be charged to a specific employer.

Based on information provided by TWC, this analysis assumes the number of additional individuals who would receive benefits if the bill's provisions are enacted is 0.587 percent higher than the estimated claims for fiscal years 2022 through 2026, the average weekly benefits for these individuals would be 83.40 percent of the estimated average weekly benefits for regular claims, and the projected duration would be 99.3 percent of the projected duration of all regular claims. This results in a total increased cost of \$107.8 million to the Unemployment Trust Fund Account for the five year period from fiscal year 2022 through fiscal year 2026.

Unemployment Insurance (UI) Administration

According to TWC, claimants who would qualify under the bill's provisions would result in an increased workload for the Tele-Center and appeals departments. Enactment of the bill would require TWC to manually request wages from employers because this data would not be available in the Tax system. The agency estimates an increased need of 2.5 full-time equivalent (FTE) program staff positions beginning in fiscal year 2022.

Implementation of the bill would also require programming changes to the Apply for Benefits Application. TWC anticipates this would require an additional 2.5 technology FTEs in fiscal year 2022 only.

The total cost to the Workforce Commission Federal Funds account for FTE salaries, benefits, and other operating expenses in fiscal year 2022 is \$445,214 and \$211,995 each fiscal year thereafter.

Technology

TWC anticipates technology costs of \$7,950 for personal laptops and Office 365 software.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission

LBB Staff: JMc, SZ, MB, DFR