

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$3,421,433	\$3,421,433	\$12,080,257	\$12,080,257
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$3,421,433</b>	<b>\$3,421,433</b>	<b>\$12,080,257</b>	<b>\$12,080,257</b>

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 559 amends the Employment Security Law to create the short-term compensation program.

Short-term compensation is defined as unemployment benefits paid to eligible employees in an affected unit under an approved plan, as distinguished from unemployment benefits otherwise payable under the Employment Security Law. An affected unit is a specified plant, department, shift, or other definable unit including three or more employees.

A short-term compensation plan is one in which an employer requests the payment of short-term compensation to workers in an affected unit in order to avert layoffs. The plan must be approved by the Commissioner of Labor and must specify the affected unit, number of full-time or part-time employees in the unit, percentage of employees in the unit covered by the plan, identification of each employee along with their social security number, and the employer's unemployment tax account number.

The plan must also include a description of how employees will be informed of the employer's participation in a short-term compensation plan; the number of usual weekly hours for employees in the affected unit; certification by the employer that if health and retirement benefits are provided by the employer that they will continue to be provided to those employees participating in the plan; certification by the employer that the reduction in work hours is in lieu of layoffs and an estimate of the number of employees who would have been laid off absent the plan; certification that the plan shall not serve as a subsidy of seasonal employment during the off-season, nor of temporary or intermittent employment; certification that the employer has obtained approval by any applicable collective bargaining unit; and certification that the employer will not hire additional staff while the plan is in effect.

The bill also provides responsibilities for the Labor Commissioner; provides details regarding revocation of the plan; periodic review of the plan; modification of the plan; and employee eligibility, responsibilities and requirements.

The bill requires the Nebraska Department of Labor to apply for federal grant funds for the program before December 31, 2014. The department is also required to report annually to the Governor and the Legislature on the program.

The Department of Labor indicates that they currently do not track the type of information necessary to base a cost estimate solely on Nebraska experience. The state of Missouri has a program similar to that proposed by LB 559 and the Department has examined Missouri's experience and extrapolated the potential costs.

The estimated costs for FY2013-14 are \$3,421,433 and for FY2014-15 is \$12,080,257. Revenue from the U.S. Department of Labor will offset costs until August 2015, at which time no additional funds will be received from USDOL to offset the benefits. This could have an impact on Nebraska taxes by employers.

We have no basis to disagree with the Department of Labor's estimate of fiscal impact.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 559	AM:	AGENCY/POLT. SUB: Dept. of Labor	
REVIEWED BY: Gary Bush		DATE: February 1, 2013	PHONE: 471-4161
COMMENTS: The agency estimate for FY2014 and FY2015 appears to be reasonable. Agree with agency's estimate that employer taxes for Unemployment Insurance may increase.			

Please complete ALL (5) blanks in the first three lines.

**2013**

**LB<sup>(1)</sup> 559 FISCAL NOTE**

Nebraska Department of Labor

State Agency OR Political Subdivision Name: <sup>(2)</sup> \_\_\_\_\_

Prepared by: <sup>(3)</sup> Debbie Kay Ward

Date Prepared: <sup>(4)</sup> 1/30/2013

Phone: <sup>(5)</sup> 402-471-2492

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	<u>\$3,421,433</u>	<u>\$3,421,433</u>	<u>\$12,080,257</u>	<u>\$12,080,257</u>
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$3,421,433</u>	<u>\$3,421,433</u>	<u>\$12,080,257</u>	<u>\$12,080,257</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate: Nebraska does not currently track the type of information necessary to base a cost estimate solely on Nebraska experience. The state of Missouri has a program similar to the proposal in LB 559. Based upon Missouri's experience it is estimated that up to 250 employers will submit work share programs for approval and 8010 work share claims will be filed. The work share program lends itself best to larger employers with employees on the higher end of the wage scale in the health care, construction, and manufacturing fields. These individuals tend to be eligible for the maximum weekly benefit amount of \$354 per week. A significant number of workers will potentially be eligible to draw benefits under the work share plan that are not eligible to draw benefits now because their wage even at the reduced hour level still exceeds the maximum weekly benefit amount. In addition, although the shared work individual would draw less unemployment benefits than if laid off from all work, the work share program presumes that multiple employees will be claiming partial benefits at the same time and the cumulative effect of multiple people drawing partial benefits will result in more benefits being paid than in the case a single individual drawing benefits. The net anticipated cost to the Unemployment Trust Fund is \$10,413,000. The estimated costs for year two is \$12,080,257, which includes the estimated benefits paid. The start-up costs are estimated at \$1,420,052 for salaries, \$493,042 for benefits and \$575,295 for operating expenses. The on-going administration costs are estimated at \$35,102 for salaries, \$15,865 for benefits, \$16,717 for operating costs. The cost to the Trust Fund in estimated benefits is \$10,413,000 per year. Operating expense includes contractor costs of \$2,037,196 in FY13-14 and \$479,370 in FY14-15. Benefits paid in the 2014-15 fiscal year is reimbursed by USDOL. This revenue will offset the benefits paid until 8-22-2015, at this point in time no monies will be received from USDOL to offset the benefits. This could have an impact on Nebraska taxes by employers.

**MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Business Systems Analyst Coordinator	<u>0.8</u>	<u>0.8</u>	<u>\$46,263</u>	<u>\$35,342</u>
Tax Administrator	<u>0.2</u>	<u>0.2</u>	<u>\$15,142</u>	<u>\$11,567</u>
Tax Field Manager	<u>0.5</u>	<u>0.5</u>	<u>\$34,339</u>	<u>\$26,233</u>
Tax Manager	<u>0.3</u>	<u>0.3</u>	<u>\$18,614</u>	<u>\$14,220</u>
Accountant II	<u>0.5</u>	<u>0.5</u>	<u>\$25,854</u>	<u>\$19,750</u>
Accountant I	<u>0.2</u>	<u>0.2</u>	<u>\$1,596</u>	<u>\$4,895</u>
UI Field Representative	<u>1.0</u>	<u>1.0</u>	<u>\$41,270</u>	<u>\$37,323</u>
Benefits Administrator	<u>0.4</u>	<u>0.4</u>	<u>\$29,489</u>	<u>\$22,528</u>
Program Analyst	<u>0.5</u>	<u>0.5</u>	<u>\$20,149</u>	<u>\$15,392</u>
UI Program Supervisor	<u>2.5</u>	<u>2.5</u>	<u>\$137,102</u>	<u>\$86,601</u>
UI Team Supervisor	<u>1.0</u>	<u>1.0</u>	<u>\$64,744</u>	<u>\$32,974</u>
Program Resource Specialist	<u>0.5</u>	<u>0.5</u>	<u>\$4,963</u>	<u>\$15,224</u>
Adjudicators	<u>9.0</u>	<u>9.0</u>	<u>\$204,484</u>	<u>\$234,319</u>
Claims Specialist	_____	<u>2.0</u>	_____	<u>\$45,511</u>

IT Manager	0.2	0.2	\$18,532	\$4,739
IT Supervisor	1.1	1.1	\$84,164	\$20,637
IT Database Analyst Lead	0.5	0.5	\$36,623	\$9,469
Claims Specialist		0.26		\$7,310
Attorney III		0.13		\$8,198
Accountant II		0.09		\$4,400
Accountant I		0.02		\$763
Claims Deputy		0.05		\$2,022
UI Program Supervisor		0.16		\$8,243
Director		0.06		\$4,165
Salaries Subtotal			\$783,328	\$671,825
<b>Benefits</b> .....			\$271,971	\$236,936
<b>Operating</b> .....			\$2,357,800	\$750,777
<b>Travel</b> .....				
<b>Capital outlay</b> .....			\$8,334	\$7,719
<b>UI Benefits</b> .....				\$10,413,000
<b>Capital improvements</b> .....				
<b>TOTAL</b> .....			\$3,421,433	\$12,080,257