

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS			(\$3,727,755)	
TOTAL FUNDS			(\$3,727,755)	

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

LB 203 amends Nebraska Revised Statutes Sections 48-626 and 48-628 dealing with unemployment insurance benefits.

For benefit years beginning on or after October 1, 2018, benefit eligibility is changed for those individuals who leave employment without good cause. Instead of the current 13 week time disqualification, claimants would now be ineligible for unemployment benefits until they have returned to insured work and earned at least four times their weekly benefit amount. Claimants are required to requalify for unemployment benefits.

The Department of Labor assumes that one-third of claimants would requalify for benefits and that this will result in a reduction in payments from the Unemployment Insurance Trust Fund.

The Department of Labor indicates that these changes could potentially decrease the combined tax rate employers are required to pay. The reduction in payments from the UI Trust Fund are as follows:

FY2017-18:	\$	0
FY2018-19:	\$	3,727,755
FY2019-20:	\$	4,970,340

Cost to implement the provisions of LB 203 can be absorbed with existing resources.

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

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2017

LB⁽¹⁾ 203

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Labor

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
UI TRUST FUND	_____	_____	(\$3,727,755)	_____
TOTAL FUNDS	=====	=====	(\$3,727,755)	=====

Explanation of Estimate: The current disqualification for unemployment insurance benefit claimants who voluntarily leave work without good cause is a 13 week time disqualification and a 13 week benefit reduction. Under LB203 as proposed, instead of a 13 week time disqualification, claimants would be ineligible for unemployment insurance benefits until they have returned to work and earned at least four times their weekly benefit amount. Claimants are required to requalify for unemployment benefits. Of the 53 jurisdictions with an unemployment program, 50 require some version of requalification for benefits when an individual quits his or her employment without good cause.

There were approximately 7,912 disqualifications for voluntarily leaving employment without good cause from the last employer for claims filed in 2015. Once the disqualification period expired on these claims, 2,880 of the claimants received unemployment insurance benefit payments totaling \$7,418,418.00 out of the Trust Fund. On average, each claimant that received benefits after the disqualification period received \$2,575.84. In the chart above we assumed that approximately 1/3 of claimants would requalify for unemployment insurance benefits. If passed, this bill will not take effect until October 2018, so there is no savings in FY 2017-18 and we reduced the estimated savings for the assumption of a 1/3 requalification rate by 75%. We assumed only 1/3 of claimants would requalify because the majority of claimants will find gainful employment.

The table below shows the amount of benefits that would be saved if 33%, 50%, 67%, 75%, and 100% of the claimants had failed to meet the requalification requirement. This will potentially decrease the combined tax rate employers are required to pay. The cost of any changes can be accommodated with existing resources.

Claims	2,880	Rate per claim	\$2,575.84
Percentage Failing to Requalify:			
33%	50%	67%	75%
\$2,448,077.94	\$3,709,209.00	\$4,970,340.06	\$5,563,813.50
			100%
			\$7,418,418.00

Savings associated with a full year of implementation will be \$4,970,340 in FY19-20 and FY20-21.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u> <u>EXPENDITURES</u>	<u>2018-19</u> <u>EXPENDITURES</u>
	<u>17-18</u>	<u>18-19</u>		
<u>Total Salaries</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Benefits.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Operating.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Travel.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Capital outlay.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Aid.....</u>	<u> </u>	<u> </u>	<u> </u>	<u>(\$3,727,755)</u>
<u>Capital improvements.....</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL.....</u>	<u> </u>	<u> </u>	<u> </u>	<u>(\$3,727,755)</u>