

Revised due to adoption of amendment on General File

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2017-18</b>		<b>FY 2018-19</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	(\$73,730)		(\$98,307)	
OTHER FUNDS			(\$3,727,755)	
<b>TOTAL FUNDS</b>	(\$73,730)		(\$3,826,062)	

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

LB 203, as amended by AM350, amends Nebraska Employment Security Law, Sections 48-626 and 48-628 dealing with unemployment insurance benefits and now includes the provisions of LB 273 and LB 301.

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

AM350 (LB 273) amends Section 48-627(5)(b) regarding the adjustment of the amount which an individual is required to earn within their base period to provide that if the adjusted amount is not a whole dollar amount, the adjusted amount shall be rounded down to the nearest whole dollar amount.

AM350 (LB 301) adds new language regarding notification upon determination of a claim that it may be either electronic or mailed and that the claimant shall elect one or the other upon filing a new claim or establishing a new benefit year. They may change the election at any time

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

For that portion of the bill that contains the provisions of LB 301, the Department of Labor indicates that postage costs are approximately \$292,921 for the fiscal year and they estimate that one-third of claimants will elect to receive notice electronically for a savings of \$98,307.

We have no basis to disagree with the Department of Labor's basic estimate of fiscal impact. However, because the bill does not contain the emergency clause, if passed it will not become operative until early to mid-September, which is one-quarter of the way into the fiscal year. Therefore, we are reducing the Department's estimated fiscal impact for FY2017-18 to reflect the shortened time the bill will be in effect for FY2017-18.

ADMINSTRATAIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 203	AM:	AGENCY/POLT. SUB: Dept of Labor
REVIEWED BY: Gary Bush	DATE: 1/20/17	PHONE: <a href="tel:4024714161">(402) 471-4161</a>
COMMENTS: The agency's estimate of impact appears to be reasonable.		

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

2017

LB<sup>(1)</sup> 203

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Labor

Prepared by: <sup>(3)</sup> Kim Schreiner Date Prepared: <sup>(4)</sup> 01-18-2017 Phone: <sup>(5)</sup> 402-471-2492

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

	FY 2017-18		FY 2018-19	
	<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>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</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>