

1/20/12

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DATE PREPARED: January 20, 2012
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LB 791

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$17,588,354		\$17,399,301	
OTHER FUNDS				
TOTAL FUNDS	\$17,588,354		\$17,399,301	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 791 amends the Employment Security Law to adopt the Shared Work Unemployment Compensation Program.

A shared work unemployment compensation program is defined to mean a program that allows certain employees to collect unemployment compensation benefits if the employees share the work remaining after a reduction in the total number of hours of work and a corresponding reduction in wages. A participating employee works a reduced number of hours and receives unemployment compensation benefits for the hours not worked. For example, a participating employee works 30 hours and receives unemployment compensation for 10 hours.

The bill requires an employer who wishes to participate in the program to file a written shared work plan with the Department of Labor and, as a condition of approval, agree to furnish reports relating to the operation of the plan. The employer must also be up to date on all unemployment contributions, must designate an affected unit of at least three employees, reduce the employee's hours by at least 10% but no more than 40%, continue to provide fringe benefits to the participating employees, certify that the shared work plan is in lieu of temporary layoffs that would affect at least 10% of the employees in the affected unit, and certify that they will not hire new employees in the affected unit while the plan is in place.

The bill further provides that if any of the participating employees are covered by a collective bargaining agreement, the shared work plan shall be approved in writing by the collective bargaining agent.

The Nebraska Department of Labor has indicated they do not currently track the type of information necessary to estimate a fiscal impact solely on Nebraska experience. The state of Missouri has a program similar to that proposed by LB 971 and the Department has examined Missouri's experience and extrapolated the potential cost in Nebraska based upon that experience.

The Department estimates the fiscal impact of LB 791 to the Unemployment Trust Fund in FY12-13 to be at total of \$17,588,354. This includes costs of \$604,659 for salaries, \$194,164 for benefits, \$372,120 for operations, and \$221,191 for travel and other costs. The cost for unemployment benefits is estimated at \$16,196,220.

For FY13-14 the cost is estimated at a total of \$17,399,301. This includes \$546,597 for salaries, \$174,911 for benefits, \$281,268 in operations, and \$200,305 for travel and other costs. The cost for unemployment benefits is estimated at \$16,196,220.

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

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Please complete ALL (5) blanks in the first three lines.**LB 791 FISCAL NOTE**State Agency OR Political Subdivision Name: (2) Nebraska Department of LaborPrepared by: (3) Thuman, Gregg R. Date Prepared: (4) 1-19-2012 Phone: (5) 402-471-0829

LEGISLATIVE FISCAL

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2012-2013</u>		<u>FY 2013-2014</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	17,588,354		17,399,301	
OTHER FUNDS				
TOTAL FUNDS	<u>17,588,354</u>		<u>17,399,301</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 971. 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 \$17,588,354 in the first year, which includes the start-up costs. The estimated costs for year two are \$17,399,301. The start-up costs are estimated at \$58,062 for salaries, \$19,253 for benefits and \$111,738 for operating expenses. The on-going administration costs are estimated at \$546,597 for salaries, \$174,911 for benefits, \$481,573 for operating costs. The cost to the Trust Fund in estimated benefits is \$16,196,220 per year.

MAJOR OBJECTS OF EXPENDITURE**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2012-2013</u>	<u>2013-2014</u>
	<u>12-13</u>	<u>13-14</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Web Developer	0.024		1,036	
Java Developer	0.192		7,889	
Form Developer	0.058		3,216	
Mainframe Developer	0.058		3,216	
IT Supervisor	0.087		7,072	
Program Super : Developer/Test	0.192		11,329	
Program Super : Adjudicator Developer	0.038		2,093	
Program Super : Benefits : Developer	0.038		1,705	
Program Super : BPCU: Developer	0.038		1,705	
Program Super : Claims : Developer	0.029		1,697	
UI Admin. Benefits	0.014		1,016	
Adjudicator: Test	0.519		16,088	

Claims Specialist	2.17	2.17	109,992	109,992
UI Adjudicators	4.89	4.89	247,692	207,692
Attorney II	2.55	2.55	129,237	129,237
Research Analyst	.65	.65	32,896	32,896
UI Program Supervisor	.51	.51	26,780	23,780
TOTAL FTE and PSL	12.057	10.77	604,659	546,597
Benefits			194,164	174,911
Operating			372,120	281,268
Travel			7,273	6,743
Capital outlay			8,334	7,719
Indirect costs			205,584	185,843
UI Benefits			16,196,220	16,196,220
TOTAL			17,558,354	17,399,301