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PREPARED BY: Doug Gibbs  
DATE PREPARED: February 03, 2012  
PHONE: 402-471-0051

LB 1058

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	\$ 391,042	\$ 424,425	\$ 105,955	\$ 2,424,425
OTHER FUNDS				
TOTAL FUNDS	\$ 391,042	\$ 424,425	\$ 105,955	\$ 2,424,425

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

LB 1058 amends the Nebraska Employment Security Law and the New Hire Reporting Act.

The Employment Security Law is changed to eliminate the appeals tribunals established in Nebraska Revised Statutes Section 48-633 by outright repealing that section.

The bill also amends Section 48-632 regarding determination of a claim to provide that an employer is to provide information to the department in respect to a request for information within seven days; allows an employer to provide new information regarding the eligibility of a claimant; and that if an employer fails to provide information to the Department of Labor within the specified time period, the employer forfeits any appeal rights under this section.

Amends Section 48-652 to provide that a contributory employer who responds to the Department's information request within the time period set forth in Section 48-632 and provides accurate information, the employer's experience account shall not be charged if the individual's separation from employment is voluntary and without good cause.

The bill amends Section 48-655 to change language regarding the Commissioner's ability to recover a covered unemployment compensation debt by setoff against a person's federal income tax refund.

Section 48-663.01 is amended to provide for a 15% penalty to an individual who has willfully failed to disclose any amounts earned during any week they claimed unemployment benefits. This is in addition to repaying any benefit amounts they may have to repay and forfeiting all or part of their benefit rights.

Section 48-665 regarding the ability to recover unemployment benefit payments from a person who was not entitled to such benefits by a setoff against the person's federal income tax refund is amended.

Section 48-2302, the New Hire Reporting Act, is amended to change the definition of "rehire" to specify that a "temporary layoff" is one of less than 60 days in length. This change is in order to comply with a change in federal regulations.

The Department of Labor's estimate of fiscal impact is based on the following: that necessary programming changes will be done as part of regular updates of IT programming to the Benefit Payment System rather than as an additional project in order to eliminate additional costs. As a result, initial revenue estimates could be less than projected. The Benefits module will be programmed first and then the Tax module later as resources allow. The Tax system will require substantially more programming changes than the Benefit system. Due to these programming priorities, no recoveries are expected prior to January 1, 2014.

Total start-up costs are estimated at \$391,042. The 15% penalty requirement will require extensive system re-programming and testing as it requires a billing and payment system contrary to the existing Benefit Payment System, and benefits overpayment programs. An increase of 1.26 FTE will be required to support the ongoing requirement of the Benefit Payment Control Unemployment Insurance Adjudicator and Appeals activity.

LB 1058, CONT'D.  
LEGISLATIVE FISCAL ANALYST

The Department of Health and Human Services indicates that the passage of LB 1058 will have no fiscal impact. However, they also indicate that if the bill does not pass there exists the potential to lose \$25.8 million in federal funding to the child support enforcement program as a result of not being in compliance with federal regulation. To avoid the loss the state needs to be in compliance by the end of the 2013 legislative session.

We find no basis to disagree with either the Department of Labor's or the Department of Health and Human Service's estimate of fiscal impact.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	2/2/12	PHONE 471-2526
COMMENTS			
DEPT. OF LABOR – Agency's estimate of impact appears to be reasonable.			
HHS – No basis to disagree with estimate of impact.			

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LEGISLATIVE FISCAL

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LB<sup>(1)</sup> 1058 FISCAL NOTE

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

Prepared by: (3) Thuman, Gregg R. Date Prepared: (4) 1-31-2012 Phone: (5) 402-471-0829

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	391,042	424,425	105,955	2,424,425
OTHER FUNDS				
TOTAL FUNDS	391,042	424,425	105,955	2,424,425

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

Explanation of Estimate:

Interceptions of personal federal income tax refunds are broad estimates assuming that roughly twice as much will be recovered from federal income tax refunds as are recovered from state income tax refunds. Programing changes will be done as a part of regular updates of IT programing to the Benefit Payment System rather than as an additional project in order to eliminate additional costs. Consequently, initial revenue estimates could be less than projected. The Benefits module will be programmed first and then the Tax module later as resources allow. The Tax system will require substantially more programing changes than the Benefits system. This bill will amend the Employment Security Law to allow for the imposition of a 15% penalty on fraud overpayments and amended prior legislation for the recovery of non-fraud overpayments through an intercept of a person's personal federal Income tax refund. Due to programing priorities no recoveries are expected prior to 1-1-14.

Total Start-up costs are estimated at \$391,042. The conformity 15% penalty legislation will require extensive system re-programming and testing as it requires a payment and billing system contrary to the existing Benefit Payment System, and benefits overpayment programs. An increase of 1.26 FTE including PSL, benefits and operating costs will be required to support the ongoing requirement for the Benefit Payment Control UI Adjudicator and Appeals activity.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2012-2013	2013-2014
	12-13	13-14	EXPENDITURES	EXPENDITURES
Various Temporary IT Positions for Development	2.54		123,544	
Adjudicators		1.26		63,852
Benefits.....			40,425	20,433
Operating.....			185,068	
Travel.....				
Capital outlay.....				
Indirect.....			42,005	21,710
Capital improvements.....				
TOTAL.....			391,042	105,955

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LEGISLATIVE FISCAL

LB<sup>(1)</sup> 1058

# FISCAL NOTE

## ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 2-1-12

Phone: (5) 471-8072

### FY 2012-2013

### FY 2013-2014

	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

### Explanation of Estimate:

If LB 1058 is passed, there would be no fiscal impact to the Department. If this bill is not passed, State Statutes would be out of compliance with the amended federal regulations which are effective April 12, 2012. There is the potential loss of approximately \$25.8 million in federal funding to the child support enforcement program, if not in compliance by the end of the 2013 Legislative Session.

### MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
		12-13	13-14	EXPENDITURES	EXPENDITURES
Benefits.....					
Operating.....					
Travel.....					
Capital Outlay.....					
Aid.....					
Capital Improvements.....					
<b>TOTAL.....</b>				See Above	See Above