

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 841 amends the Employment Security Law Sections 48-626 and 48-628.

Section 48-626 is amended for benefit years beginning on or after October 1, 2017 to change total benefit amounts for an otherwise eligible individual to the lesser of:

- (a) Twenty-six times their weekly benefit amount, or
- (b) One-third of their wages in the employment of each employer per calendar quarter of their base period except if they were or could have been disqualified under 48-628 (1)(b) the total benefit amount shall be reduced by:
 - (1) Two times their weekly benefit amount if they left work voluntarily for the sole purpose of accepting previously secured, permanent, full-time, insured work, which they do accept, which offered reasonable expectation of betterment of wages or working conditions;
 - (2) Thirteen times their weekly benefit amount if they left work voluntarily without good cause for any reason other than described directly above.
- (c) If they were or could have been disqualified under 48-628 (2) (discharged for misconduct) their total benefit amount is to be reduced by fourteen times their weekly benefit amount.

Section 48-628 is amended with a new subsection (1) (b), for benefit years beginning after October 1, 2017 an individual shall be disqualified for benefits for the week in which they left their most recent work voluntarily without good cause and for all subsequent weeks until they have earned wages in insured work in an amount at least six times their weekly benefit amount and have separated from the most recent subsequent employment under nondisqualifying conditions.

The bill also inserts new language that provides that a temporary employee of a temporary help firm is deemed to have left work voluntarily and without good cause if they do not contact the temporary help firm for reassignment upon completion of an assignment and they have been advised by the firm of the obligation to do so and may be denied benefits for failing to do so.

The Department of Labor indicates that the changes proposed by LB 841 could potentially decrease the combined tax rate employers are required to pay.

The Department indicates that the cost of any changes as a result of LB 841 can be accommodated 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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2016

LB⁽¹⁾ 841

FISCAL NOTE

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

Prepared by: ⁽³⁾ Kim Schreiner Date Prepared: ⁽⁴⁾ 01-21-2016 Phone: ⁽⁵⁾ 402-471-2492

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
UI TRUST FUND	_____	\$2,821,598 - \$7,561,881	_____	\$2,821,598 - \$7,561,881
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: There were approximately 9,904 disqualifications for voluntarily leaving employment without good cause from the last employer for claims filed in 2014. Once the disqualification period expired on these claims, 4,288 of the claimants received unemployment insurance benefit payments totaling \$11,286,390.00 out of the Trust Fund. On average, each claimant that received benefits after the disqualification period received \$2,632.09. The table below shows the amount of benefits that would be paid if 33%, 50%, 67%, 75%, and 100% of the claimants had met 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	4,288	Rate per claim	\$2,632.09
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Percentage Requalifying:

33%	50%	67%	75%	100%
\$3,724,508.70	\$5,643,195.00	\$7,561,881.30	\$8,464,792.50	\$11,286,390.00

It is estimated that there will be a savings between \$2,821,598 and \$7,526,260 based upon an expected reduction in benefit payouts as shown above. This savings will be realized in the Unemployment Insurance Trust Fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17 EXPENDITURES</u>	<u>2017-18 EXPENDITURES</u>
	<u>16-17</u>	<u>17-18</u>		
Total Salaries	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====