

PREPARED BY: Scott Danigole
 DATE PREPARED: February 01, 2024
 PHONE: 402-471-0055

LB 1170

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	See Below	See Below	See Below
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS	See Below	See Below	See Below	See Below
OTHER FUNDS	(\$11,705,500)		(\$23,411,000)	
TOTAL FUNDS	(\$11,705,500)		(\$23,411,000)	

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

LB 1170 changes provisions related to the Employment Security Law by reducing the maximum amount of unemployment benefits a person is eligible for from 26 weeks to 16 weeks. The bill has an operative date of January 1, 2025.

The Department of Labor (DOL) estimates reductions in payments from the State Unemployment Insurance Trust Fund. This estimate is based on the number of individuals receiving such payments for more than 16 weeks of unemployment in 2022. There is no basis to disagree with this estimate.

The Department of Administrative Services (DAS) identifies that the provisions of LB 1170 will likely result in lower unemployment benefits being paid out. DAS is unable to estimate the total dollar amount, however, an estimate of percentage fund type is identifies as:

- General Fund: 53%
- Cash Fund: 23%
- Federal Fund: 19%
- Revolving Fund: 5%

This estimate appears to be reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1170	AM:	AGENCY/POLT. SUB: Nebraska Department of Labor	
REVIEWED BY: Kimberly Burns	DATE: 02/01/2024	PHONE: (402) 471-4171	
COMMENTS: The Nebraska Department of Labor's assessment of fiscal impact from LB 1170 seems reasonable based on the assumptions applied.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1170	AM:	AGENCY/POLT. SUB: Department of Administrative Services - Enterprise	
REVIEWED BY: Kimberly Burns	DATE: 01/30/2024	PHONE: (402) 471-4171	
COMMENTS: The Department of Administrative Services' enterprise-wide assessment of indeterminate fiscal impact from LB 1170 appears reasonable.			

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

2024

LB⁽¹⁾ 1170

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services - Enterprise

Prepared by: ⁽³⁾ Jennifer Sommars-Link Date Prepared: ⁽⁴⁾ 1/17/2024 Phone: ⁽⁵⁾ 402-471-1405

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1170 proposes to change provisions relating to the maximum annual benefit amounts and periods of disqualification for benefits effective January 1, 2025, under the Employment Security Law – unemployment benefits. LB 1170 proposes to reduce the total annual benefit amount.

The State of Nebraska is a reimbursable employer and pays only the exact benefit amounts as determined by the Department of Labor.

The table below summarizes the estimated impact by fund type of any decrease enterprise-wide due to a decrease in unemployment expenditures. The allocation by fund type is based on an average of salaries (PSL) expenditures over a four-year period (2020-2023).

Fund Type	% by Fund
General Fund	53%
Cash Fund	23%
Federal Fund	19%
Revolving Fund	5%
Total	100%

LB 1170 does have a fiscal impact on the State of Nebraska in that we would see a reduction in unemployment benefits paid. However, the exact impact is indeterminable as it is difficult to predict the frequency of claims or the length of time a claimant will request benefits.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2024

LB⁽¹⁾ 1170

FISCAL NOTE

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

Prepared by: ⁽³⁾ Rea Easton Date Prepared: ⁽⁴⁾ 1/31/2024 Phone: ⁽⁵⁾ 402-416-6809

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
TRUST FUNDS	<u>(11,705,500)</u>	_____	<u>(23,411,000)</u>	_____
TOTAL FUNDS	<u>(11,705,500)</u>	_____	<u>(23,411,000)</u>	_____

Explanation of Estimate: LB 1170 reduces the total maximum amount of unemployment benefits a person is eligible to receive from 26 weeks to 16 weeks. It also then proportionately reduces the reductions and/or disqualifications for quits and discharges. 2,287 individuals received payment during 2022 for more than 16 weeks of unemployment totaling \$23,411,000. LB 1170 would have a corresponding impact to benefits paid from the Trust Fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25 EXPENDITURES</u>	<u>2025-26 EXPENDITURES</u>
	<u>24-25</u>	<u>25-26</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____