

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$1,922,002		\$1,492,030	
OTHER FUNDS	\$18,250,131		\$36,500,263	
<b>TOTAL FUNDS</b>	<b>\$20,172,133</b>		<b>\$37,992,293</b>	

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

LB 171 changes provisions related to the Employment Security Law.

Section 1 amends 48-624 so an individual's weekly (unemployment) benefit amount shall be increased by five percent for each dependent of the individual up to a maximum increase of fifteen percent.

Based on Nebraska data, the Department of Labor (DOL) estimated the percentage of households receiving benefits and the state's population having one, two, or three dependents. This was then used to project increased benefits based on the average claim amount. This methodology is appropriate to project potential increases in benefits paid. From their analysis, DOL estimates increased benefit payouts of \$18,250,131 for fiscal year 2022 (due to the bill's operative date only half of that fiscal year is impacted by LB 171) and \$36,500,236 beginning in fiscal year 2023. These dollars come from the Unemployment Insurance Trust Fund.

To address the increased workload under LB 171, as well as start-up costs, DOL estimates the need for 26.0 additional FTE in fiscal year 2022 and 23.0 FTE in fiscal year 2023. With operational costs and capital outlay, the estimate totals \$1,922,002 for fiscal year 2022 and \$1,492,030 (ongoing costs) beginning in fiscal year 2023. There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 171	AM:	AGENCY/POLT. SUB: Department of Labor	
REVIEWED BY: Neil Sullivan	DATE: 2/3/2021	PHONE: (402) 471-4179	
COMMENTS: The Department of Labor assessment of fiscal impact from LB 171 appears reasonable.			

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**2021**

**LB<sup>(1)</sup> 171**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Katie Thurber Date Prepared: <sup>(4)</sup> 2-2-2021 Phone: <sup>(5)</sup> 402-471-9912

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

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	\$1,922,002	_____	\$1,492,030	_____
TRUST FUNDS	\$18,250,131	_____	\$36,500,263	_____
<b>TOTAL FUNDS</b>	<u>\$20,172,133</u>	_____	<u>\$37,992,293</u>	_____

**Explanation of Estimate:** LB 171 as drafted provides for a dependent allowance for individuals filing for unemployment insurance benefits. Individuals shall receive a 5% increase in their weekly benefit amount for each independent child for up to 15%. According to the current population survey, approximately 37.5% of unemployed individuals have at least one dependent child. Approximately 15% of unemployed individuals have 1 child, 10% 2 children, and 12.5% have 3 or more children. In 2020, Nebraska had 239,739 individuals file for unemployment insurance benefits. The average weekly benefit amount was \$297.59 and the claim duration was 14.29 weeks. For purposes of this fiscal note NDOL rounded the average weekly benefit amount to \$300 and the average claim duration to 14 weeks. This would be an increase of approximately \$36,500,262.75 in benefits paid per year.

Number of Dependents	Percent Unemployed	Approximate number of unemployed individuals (239,739*%unemployed)	WBA Increase (\$300 * 5% per dependent)	Total Weekly increase (WBA increase * # unemployed individuals)	Weekly increase * 14 week average duration of claim
0	62.5	149,837	\$0	\$0	\$0
1	15	35,961	\$15	\$539,412.75	\$7,551,778.50
2	10	23,974	\$30	\$719,217.00	\$10,069,038.00
3 or more	12.5	29,967	\$45	\$1,348,531.88	\$18,879,446.32
<b>TOTAL</b>				<b>\$2,607,161.63</b>	<b>\$36,500,262.82</b>

NDOL does not currently receive any information on whether individuals filing for unemployment insurance benefits have dependents. NDOL will need to update the existing application for unemployment insurance benefits to accommodate the proposed changes in LB 171. A quote from our vendor for the necessary changes estimates the technology costs at \$88,350. Additionally, the dependent allowance is a new issue that the Nebraska Department of Labor will need to adjudicate on the claim. This will create new work on approximately 37.5% of claims NDOL receives. NDOL estimates the additional workload will require 26 additional staff with the Project manager and Business System Analysts needed for the first year only. Equipment needs for personnel total \$78,000.

Technical note: The removal of the previous benefit year process will create complications for NDOL. Claims filed prior to the operative date of the statute, if passed, will not be subject to the increase. That needs to be clear. Further benefit years begin on Sundays. January 1, 2022 is not a Sunday.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>		<b>2021-22</b>	<b>2022-23</b>
	<b><u>21-22</u></b>	<b><u>22-23</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
Adjudicator	20.00	20.00	\$803,047	\$819,108
Hearing Officer	2.00	2.00	128,224	130,788
Business System Analyst	2.00	0.00	123,627	
Staff Assistant	1.00	1.00	36,724	37,458
Project Manager	1.00	0.00	62,100	
Total Salaries.....	26.00	23.00	\$1,153,722	\$987,354
Benefits			\$414,840	\$344,565
Operating.....			275,440	160,111
Travel.....				
Capital outlay.....			78,000	
Aid.....				
Capital improvements.....				
TOTAL.....			\$1,922,002	\$1,492,030