



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 180** HLS 21RS 707  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 28, 2021	8:07 PM	<b>Author:</b> GOUDEAU
<b>Dept./Agy.:</b> Department of Labor / Workforce Commission		<b>Analyst:</b> Monique Appeaning
<b>Subject:</b> Unemployment Compensation Requirements		

UNEMPLOYMENT COMP OR INCREASE GF EX See Note Page 1 of 2  
 Provides relative to unemployment compensation requirements

Proposed law adds to present law specific benefits eligibility conditions such as "when a claimant is scheduled for an employment interview, the claimant shall produce sufficient proof of having attended the interview. The sufficient proof of attendance shall be evidenced by the submission of a completed interview verification form as prescribed by the Louisiana Workforce Commission (LWC) and shall set forth" in proposed law. Proposed law directs LWC to promulgate all rules as are necessary to facilitate the implementation of use of the interview verification form outlined in proposed law.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Proposed law will result in an indeterminable, but significant, increase in SGF expenditures in the LA Workforce Commission (LWC). The department estimates the need to create an automated system to manage the requirement of the proposed law will require approximately 450 hours at \$150 per hour, or \$67,500, to design and test the new specifications to ensure this system functions properly. The estimated hours include requirements gathering, design, development, testing, and implementation. In addition, LWC estimates staff time required for design and testing of approximately 300 hours at an average hourly rate of \$45 per hour, or \$13,500, for a total cost of system changes of \$81,000. LWC reports the proposed measure will also necessitate additional staffing to handle the volume of forms and need to adjudicate each that applies to unemployment insurance claimants. Using an estimated 2% of applications that will result in an interview, LWC reports this will generate a significant workload. The historical data for the LWC continued Unemployment Insurance (UI) benefit claims, which require a minimum of 3 work searches per week, are as follows:

- 2019 Continued Claims Filed - 783,300  
 \* At a 2% estimate, the LWC would have reviewed 15,666 interview verification forms.
- 2020 Continued Claims Filed - 8,903,752  
 \* At a 2% estimate, the LWC would have reviewed 178,075 interview verification forms.

The staffing needs would increase/decrease based on the number of individuals actively filing for UI benefits. Based on the numbers realized in 2020 (see NOTE on following page), this would require roughly 90 employees to support this process in total. The following page details the estimated positions needed and associated calculation of cost. FY 22 staff cost is estimated at approximately \$6.5 M. Total costs to the agency are estimated at approximately \$6,574,030 (\$81,000 system development + \$6,493,030 personnel services) for the first year. The out-year cost assumes an average of a 2% pay increase each year.

**SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO**

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Alan M. Boxberger*  
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 Staff Director



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**CONTINUED EXPLANATION from page one:**

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**EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE**

<u>Positions</u>	<u>Salary</u>	<u>Retirement</u>	<u>Medicare</u>	<u>Indirect</u>	<u>Sub Total</u>	<u>Total</u>
ORS Specialist-3 (40)	\$40,019	\$16,048	\$580	\$7,761	\$64,408	\$2,576,320
ORS Specialist 4 (10)	\$41,558	\$16,665	\$603	\$8,059	\$66,885	\$668,850
Admin. Law Judge Entry (30)	\$56,576	\$22,687	\$820	\$10,971	\$91,054	\$2,731,650
ORS Specialist 1 (10)	\$32,074	\$12,862	\$465	\$6,220	<u>\$51,621</u>	<u>\$516,210</u>
					\$273,968	\$6,493,030

Out year costs are estimated as follows:

FY 23 \$6,622,859  
 FY 24 \$6,755,317  
 FY 25 \$6,890,423  
 FY 26 \$7,028,231

**NOTE: The Legislative Fiscal Office cannot corroborate that the workload necessitated by this measure will require the number of personnel detailed by LWC. To the extent the workload may be less than estimated, the number of personnel and total expenditures may decrease accordingly.** The staffing needs will increase/decrease based on the number of individuals that are actively filing for UI benefits. The number of UI claims submitted in 2020 were hyper inflated due to the effects of the COVID-19 pandemic on the overall economy. The number of claims filed in 2019 were approximately 8.8% of the total filed in 2020. If the workload of a "typical" or "normal" claims year correlated to a proportional decrease in staff needed to meet the estimated workload, personnel services expenditures may decrease significantly (8.8% of \$6,493,030 would equate to an expenditure need of approximately \$571,000, along with a proportional decrease in staffing needs). However, the LFO agrees that staffing needs will scale to the number of claims filed. The LWC would be required to significantly scale up its workforce for any calendar year in which economic conditions may create a significant growth in UI claims benefit filings.

**Senate**      Dual Referral Rules  
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 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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