



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 225** SLS 21RS 149
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 12, 2021 11:53 AM	Author: REESE
Dept./Agy.: Department of Labor / Louisiana Workforce Commission	Analyst: Monique Appeaning
Subject: Unemployment Insurance	

UNEMPLOYMENT COMP EG INCREASE GF EX See Note Page 1 of 2
 Provides relative to unemployment insurance. (See Act)

Proposed law changes the maximum weekly benefit amount (Procedure 1 - from \$231 to \$251, Procedure 2 - from \$247 to \$277, Procedure 3 - from \$258 to \$290, and Procedure 4 - from \$284 to \$300). Proposed law provides that the formula for the calculation of a claimant's weekly benefit amount shall be determined each calendar year based upon the state average unemployment rate, as defined in R.S. 23:1595, for the third quarter of the previous calendar year. Proposed law provides specific guidelines to determine the weekly benefit amounts. Proposed law provides that any time the state's average unemployment rate is at or below five and one-half percent, the duration of benefits is twelve weeks. Proposed law defines the "state average unemployment rate". The Louisiana Workforce Commission shall promulgate all rules and regulations as are necessary. Proposed law provides for extended benefits for training, definitions, weekly extended benefits amount, total extended benefit amount, and termination of extended benefits.

This shall take effect and become operative if and when the state's average unemployment rate, as defined in R.S. 23:1595, is less than five and one-half percent for two consecutive calendar quarters and programs authorized by the CARES Act, as amended, have expired.

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

EXPENDITURE EXPLANATION

Proposed law will result in an indeterminable increase in expenditures (assumed to be Federal in this fiscal note) to the Louisiana Workforce Commission (LWC) associated with one-time modifications to information technology systems used to administer unemployment benefits. Proposed law ties the calculation of the weekly benefit amount to the state's average unemployment rate annually. LWC reports the following information: the benefits management system will need to be programmed to change the weekly benefit amount increase and the functionality necessary for the new calculations. The calculations will vary based on the average state unemployment rate increments of 0.5% from below 5.5% to 9% or greater. This will result in nine (9) new Weekly Benefit Amount/Maximum Benefit Amount calculations. The estimated vendor cost for implementation would be approximately \$325,500 one-time cost and an additional \$108,500 annually as procedures are triggered. The LWC staffing cost for required documentation and testing would be roughly \$57,715 for initial implementation and \$14,429 annually based on the assumption that calculation changes due to the UI rate trigger each year.

In addition to the programming cost based on the unemployment rate, there is an additional factor of approved training. If an individual is enrolled in training and the training is classified as "approved training," he/she would qualify for an additional 8 weeks of UI benefits totaling 20 weeks. The approved training qualification for the additional eight (8) weeks of benefits will increase the number of adjudication issues that must be worked.

The average adjudicator can complete two (2) issues an hour, which includes fact-finding and decision implementation. In lieu of work searches, individuals will be required to prove attendance that staff will review. In 2019, approximately 30,000 individuals filed for weeks greater than 12 weeks. If 50% of those individuals apply for approved training workload, this will increase the adjudication workload by 15,000 issues a year to review. In order to meet this additional workload, four (4) new TO adjudication positions will be required at an annual cost of \$333,460. Cost for outer years is calculated based on the assumption of 2% market adjustment each year.

Assuming the unemployment rate for the second and third quarter of 2021 fall below 5.5% and the decision to change the maximum numbers of weeks would be decided in September and implementation of the new requirements would go into effect January 2022, four (4) new adjudicator positions would have to be added in January 2022 at the cost of \$166,730 for FY 22 (six months).

LWC reports that the probability that the existing benefits management system will be fully modified by January 1, 2022, is extremely remote.

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}

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Staff Director



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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Proposed law will increase weekly unemployment benefit payments while tethering the duration of benefits to the state's average unemployment rate. The source of benefit payments is the LA Unemployment Trust Fund within the U.S. Treasury; therefore, any expenditure impacts are off-budget. However, the expenditures associated with weekly benefits will increase payments by Procedure 1 - from \$231 to \$251, Procedure 2 - from \$247 to \$277, Procedure 3 - from \$258 to \$290, and Procedure 4 - from \$284 to \$300. The current Procedure is determined by the Applied Trust Fund Balance pursuant to the provisions of LA R.S. 23:1474.

The duration of benefits as defined in LA R.S. 23:1595, shall be adjusted from twenty-six weeks to twelve weeks if the state's average unemployment rate is at or below five and one-half percent. For periods in which the state's average unemployment rate exceeds five and one half percent, the duration of benefits for eligible individuals will increase by one week for every half a percent increment the unemployment rate exceeds five and one-half percent (e.g. at 6% an eligible individual may receive thirteen weeks, at 8% an eligible individual may receive seventeen weeks).

The provisions of the proposed law become operative if and when the state's average unemployment rate is less than five and one-half percent for two consecutive calendar quarters and programs authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, as amended, have expired. This triggering date is speculative and cannot be estimated.

Approved Training

Approved training opportunities may be available to individuals that qualify for federal assistance. LWC receives federal funding to provide career and training services for eligible participants under the Workforce Innovation and Opportunity Act (WIOA). This funding provides job training and educational opportunities for individuals facing barriers to employment, including individuals with disabilities, at-risk youth, justice-involved, and others with identified barriers. However, these programs have eligibility requirements for enrollment for adults, dislocated workers, and youth, and many unemployed Louisiana citizens will not qualify for any training assistance and not be in a position to pay for their training.

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

House
[X] 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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