



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 459** HLS 21RS 743
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 16, 2021	3:21 PM	Author: FREIBERG
Dept./Agy.: Louisiana Workforce Commission and Board of Regents		Analyst: Monique Appeaning
Subject: Reporting & Sharing of Occupational Information & Employment		

EMPLOYMENT EG INCREASE GF EX See Note Page 1 of 2
 Provides relative to the reporting and sharing of occupational information and employment information

Proposed law adds electronic filing of "occupational information" to present law. It requires that employers subject to the proposed law shall report occupational information on a form promulgated by the administrator. The occupational information form shall be submitted electronically, along with an employer's contribution and wage reports as required by proposed law. Proposed law provides that when filing quarterly wage reports, each employing unit shall include occupational information, including the Standard Occupational Classification (SOC) System codes and job title of each employee as recorded and reported by the employer. The administrator or his authorized representative shall share this information with the Workforce Investment Council and the Louisiana Board of Regents to improve workforce development and educational alignment. Proposed law provides that the administrator shall transmit employment data collected under proposed law to the Board of Regents for its economic research and for the purpose of preparing an occupational forecast. Proposed law provides that each employing unit shall keep records of and report quarterly "each employee's wage" to the administrator. Proposed law provides that there shall be no penalty assessed against an employer for failing to report, or timely report, an employee's occupational code or job title or an employee's hourly rate of pay.

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	\$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						
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 a SGF expenditure increase to the Louisiana Workforce Commission (LWC). The agency reports that the proposed law requires the Office of Unemployment Insurance (UI) to reprogram existing computer systems for wage reporting to collect occupational information. LWC reports that this new requirement will require 18 additional (TO) staff to handle anticipated increased demand on call center operations, programming, data analysis, and administrative costs to facilitate the new method of managing and collecting wage and tax reports. The U.S. Department of Labor advises the LWC that Title III funds (UI administrative grants) cannot be used to collect the additional data elements. As such, a non-federal source of revenue is necessary to fund the enactment of the proposed law. Additionally, current data elements collected are validated by federally funded staff. New data must be validated through resources and staff funded through a non-federal source. The estimated combined total needed by expenditure category are a total of 18 positions (\$1.05M personnel services), operating expenses (\$99,587), and IT programming (\$90,840) to implement proposed law. The agency reports it will require \$1.2 M in FY 22, \$1.1 M in FY 23, \$1.1 M in FY 24, \$1.2 M in FY 25. LWC reports that 9 positions will be needed in its Unemployment Insurance section and 9 in its Research & Statistics section (detailed below).

Unemployment Insurance Section - LWC reports it will require 9 positions (4 ORS Specialists for the UI Tax Call Center, 3 ORS Specialists for UI Tax Adjustments/Benefit Adjustments, 1 ORS Technical Specialist, and 1 Employer Outreach Liaison). LWC anticipates as much as a 50% increase in calls to the UI Tax Call Center. The agency will need additional call center representatives to assist with the influx in calls and to make outgoing calls encouraging employers with rejected reports to make corrections and resubmit their wage reports. This legislation will require new staff or repositioning of other staff members performing other vital functions - possibly compromising federal compliance requirements. The mainframe automatically calculates interests and penalties due on delinquent reports. Currently, Delinquent Accounts staff make manual adjustments to an average of 1,600 employer accounts quarterly for various reasons. Based on 2020 compliance rates, an additional 25,000 account adjustments may be necessary. The agency reports that this would not be possible without additional staff. There will also be a considerable training curve for new Delinquent Accounts staff, as more seasoned employees currently perform this function.

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:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Research & Statistics / Labor Market Information Section - LWC reports it will require 9 positions (1 Program Analysts 1 for Web Unit Research and Statistics, 2 Statistical Technicians for the Labor Market Information Unit, and 6 Labor Market Specialists for the Labor Market Information Unit) to validate new data submitted under non-federal requirements, the LWC anticipates it will need the additional staff to ensure wage record validity.

LWC anticipates that the Research & Statistics Unit will experience as much as a 75% increase in data collected. The agency reports it will need additional Labor Market Information (LMI) staff to create validation models for survey validation. The Bureau of Labor Statistics currently runs samples for data validity and corrections.

NOTE: The current 140,000 business sites reporting federal wage data do not include any site not paying into Unemployment Insurance Trust Fund or include sites with less than ten (10) employees. LWC anticipates proposed law will increase data collection and data errors due to initial filings and unfamiliarity with new requirements. This data will have to be analyzed for errors and outlier corrections. The LMI unit representatives would then have to take survey samples for corrections and validation of data submissions.

The LFO cannot corroborate that the workload necessitated by this measure will require the number of personnel detailed by the LWC. To the extent the workload may be less than estimated, the number of personnel and total expenditures may decrease accordingly.

Board of Regents (BOR) reports the proposed law will create no expenditure impact for the Board. BOR reports that in 2018, BOR and LWC signed an agreement for a pilot program for BOR to receive LWC occupational data. BOR received the data and the economist utilized by BOR and LWC deemed the data reliable. In addition, BOR agreed to pay up to \$10,000 for any technology costs associated with the data transfer. However, no funds were used as there were no additional costs.

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}

Signature of Alan M. Boxberger
Alan M. Boxberger
Staff Director