

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 377** SLS 14RS 764
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 1, 2014 10:11 AM	Author: MARTINY
Dept./Agy.: Workforce Commission	Analyst: Patrice Thomas
Subject: Unemployment Comensation Reciprocal Agreements	

UNEMPLOYMENT COMP OR +\$482,312 See Note Page 1 of 1
 Provides relative to reciprocal agreements with federal and state agencies. (8/1/14)

Regarding employer delinquent contributions, present law provides that Louisiana Workforce Commission (LWC) decides if contributions due with respect to wages for insured work under reciprocal arrangements with federal and state agencies shall be considered to have been paid to the Unemployment Insurance (UI) Trust Fund in accordance with what the LWC deems fair and reasonable. Proposed law removes any discretion by LWC and requires that payments to other state or federal funds will be considered. Proposed law is effective August 1, 2014.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$464,312	\$337,805	\$351,317	\$365,369	\$379,984	\$1,898,787
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	2014-15	2015-16	2016-17	2017-18	2018-19	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

The proposed legislation is anticipated to increase state governmental expenditures by \$464,312 in FY 15 as the result of adding six new positions to implement this measure as well as modification of an existing computer system. According to the Louisiana Workforce Commission (LWC), the existing Tax Wage Reporting System must be upgraded to implement the proposed legislation. The upgrade to recalculate multi-state employers quarterly wage reports is estimated to cost \$139,500 based on approximately 1,500 man-hours of computer program at \$93 per hour (1,500 hours x \$93 per hour). This is a one-time expense for FY 15.

Information from LWC indicates an increase in administrative expenses to recalculate approximately 1,500 additional Wage and Tax Reports that would be amended annually as a result of this measure. Each report requires 8 hours per staff to complete. Based on this workload average, an estimated 6 additional ORS Specialist 2 positions are needed (1,500 reports x 8 hours to complete = 12,000 hours / 2,080 annual work hours per position= 5.7 positions) at an annual cost of \$324,812 (6 positions x \$16.22 per hour average salary = \$202,426 salary and \$122,386 related benefits). To the extent the estimated 8 hours to complete each report is less than expected, the number of positions need would decrease. In subsequent fiscal years, the salary expense for the 6 positions assumes annual 4% performance adjustments.

Note: Funding for unemployment insurance administration is calculated based on a federal resource justification model that places a weighted factor on the number of unemployment claims. Since Louisiana has experience a decline in the number of employment claims filed, LWC has received reduced federal funding for unemployment insurance administration. If federal administrative funding continues to decline, LWC may require state general fund to implement this proposed legislation.

REVENUE EXPLANATION

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

Information provided by the LA Workforce Commission (LWC) indicates there will be an indeterminable impact on the Unemployment Insurance (UI) Trust Fund. However, the exact impact cannot be determined because there is no data available to anticipate the net change to benefits paid or taxes collected as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 John D. Carpenter Legislative Fiscal Officer
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}			<input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}			<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	