

**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				
OTHER FUNDS	\$623,990		\$1,247,979	
<b>TOTAL FUNDS</b>	<b>\$623,990</b>		<b>\$1,247,979</b>	

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

LB 298 changes provisions of the Employment Security Law.

Section 1 amends section 4-109 to specify that public benefits does not include unemployment benefits provided to the Employment Security Law.

Section 2 stipulates that an individual shall be disqualified for unemployment benefits for any week if the services upon which benefits are based are performed by an alien who is ineligible for unemployment benefits.

Utilizing 2020 data, the Department of Labor (DOL) identified 316 individuals who were denied unemployment due to citizenship status. Using 300 cases, average payout, and average claim duration, DOL estimates \$1,247, 979 in unemployment claims would have been paid in 2020 if the provisions of LB298 were in effect. While DOL believes the number of potential cases is more, they are providing a conservative estimate of payouts for future years. The figure in the table above for FY21/22 is half of the amount DOL estimated due to the anticipated effective date of LB 298.

The DOL indicates that the provisions of LB 298 modify the current process for determining unemployment insurance benefit eligibility. DOL is federally required to use Systematic Alien Verification for Entitlements program (SAVE) for legal status verification and work authorizations. LB 298 allows for an alternative process. This may create conformity issues.

Currently, DOL estimates no expenditures from LB 298’s provisions. However, if the US Department of Labor finds conformity issues in LB 298, the Nebraska DOL will submit a revised fiscal note identifying the loss of the 5.4% FUTA tax credit which would cost Nebraska employers over \$411,000,000 per year.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 298	AM:	AGENCY/POLT. SUB: Department of Labor	
REVIEWED BY: Neil Sullivan	DATE: 1/20/2021	PHONE: (402) 471-4179	
COMMENTS: The Department of Labor assessment of fiscal impact from LB 298 pending federal conformity review appears reasonable. Expanded unemployment benefits may have an impact on UI tax rate calculations.			

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**2021**

**LB<sup>(1)</sup> 298 – AMENDED Fiscal Note**

**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> 1-19-2021 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	_____	_____	_____	_____
TRUST FUNDS	<u>\$1,249,878</u>	_____	<u>\$1,249,878</u>	_____
TOTAL FUNDS	<u>\$1,249,878</u>	_____	<u>\$1,249,878</u>	_____

Explanation of Estimate: As proposed, LB 298 expands unemployment insurance benefit eligibility to individuals employed through a work authorization under the Deferred Action for Childhood Arrivals (DACA) program.

In 2020, 316 individuals were denied unemployment insurance benefits because of citizenship status. This number includes more individuals than those authorized to work under DACA. The Nebraska Department of Labor believes additional individuals in Nebraska under DACA may not have applied for unemployment insurance benefits because they knew they would not be eligible. Because the number is unknown, NDOL is estimating an additional 300 people would have received benefits each year going forward. The average weekly benefit amount for 2020 was \$297.59 and the average claim duration was approximately 14 weeks. The Nebraska Department of Labor anticipates it will pay out \$1,249,878 more ( $\$297.59 * 14 * 300$ ) in unemployment insurance benefits each year.

LB 298 also modifies NDOL’s process for determining unemployment insurance benefit eligibility. NDOL is federally required to use Systematic Alien Verification for Entitlements program (SAVE) for verification of legal status and work authorization. As proposed, LB 298 allows an alien to demonstrate work authorization by submitting documentation issued by the federal government which shows such work authorization. This may create conformity issues and the legislation is currently being reviewed by the United States Department of Labor. If there is a conformity issue, NDOL will submit a revised fiscal note as businesses would lose the 5.4% FUTA tax credit and would cost Nebraska employers over \$411,000,000 each year.

Assuming no conformity issues, NDOL would need to implement business process changes, but does not anticipate any technology costs.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				