

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated to reflect revised agency response.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$14,000,000		\$14,000,000	
CASH FUNDS				
FEDERAL FUNDS	(\$14,000,000)	(\$14,000,000)	(\$14,000,000)	(\$14,000,000)
OTHER FUNDS	\$1,249,878		\$1,249,878	
TOTAL FUNDS	\$1,249,878	(\$14,000,000)	\$1,249,878	(\$14,000,000)

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.

The US Department of Labor has addressed the DOL and stated that the provisions of LB 298 DO NOT conform to federal requirements. DOL receives fourteen million dollars (\$14,000,000) in grant funding from USDOL for Nebraska’s unemployment insurance program. The General Fund expenditures in fiscal year 2022 will allow DOL to continue running an unemployment insurance program in Nebraska.

In addition to the costs identified in the table above, DOL estimates that Nebraska employers will lose approximately \$400,000,000 with the loss of the Federal Unemployment Tax Act (FUTA) Credit.

There is no basis to disagree with DOL’s estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 298	AM:	AGENCY/POLT. SUB: Department of Labor
REVIEWED BY: Neil Sullivan	DATE: 1/27/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Labor’s revised assessment of fiscal impact from LB 298 appears reasonable.		

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.....			_____	_____