

UNSOLICITED
EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 6, 2015

Agency Submitting: Department of Employment, Training and Rehabilitation

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Programming and Designing (Expense)		\$628,625	\$628,625	
Personnel (Expense)		\$407,454	\$550,491	\$1,100,982
Total	0	\$1,036,079	\$1,179,116	\$1,100,982

Explanation

(Use Additional Sheets of Attachments, if required)

AB 389 amends NRS 612 to allow the Employee Leasing Company (ELC) industry to select the Unemployment Insurance (UI) tax rate it will pay according to the rate of client business to which the employees of the ELC are assigned. If this bill passes, the Employment Security Division would incur significant staffing and system programming cost. The current system does not have the appropriate functionality to calculate and track one employer with multiple rates. In addition, this would expand the number of rates and accounts that would require staff handling.

The fiscal impact is based on preliminary cost estimates. A very detailed evaluation of the accounting requirements are needed to understand an accurate fiscal impact. The federal grant that funds the administration of the state's UI program cannot support these additional costs.

Name Anil Manocha

Title Management Analyst

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: AB 389

Name of Agency: Department of Employment, Training and Rehabilitation

Division/Department: Employment Security Division

Date: 4/6/2015

Modify the UI contributions system to allow an employer (e.g., Leasing Company) to have a single FIEN/Account Number but contain multiple tax rates based on and associated with multiple employee groupings.

Estimated Effort
in Hours

Notes/
Assum
ptions

Analysis and Design

Identify, analyze and document modified requirements for the following:

Core Contributions

- Process Employer Registration Applications
- Perform Employer Account Profile Maintenance
- Calculate Employer Contribution Rates

- Process Contribution Reports
- Process Wage Reports
- Process Payments
- Adjust Reports and Payments, Refunds

- Perform Employer Accounting
- Manage Collection Activities
- Manage Audit Program
- Process Federal Reports
- Tax UI Statistics
- Generate Management Reports
- Interface with External Systems

1,040

• 26 primary functional areas to be analyzed @ 40 hours each. These are the high level functional areas that

Employer Self-Service (ESS) <ul style="list-style-type: none"> • ESS Maintain Employer Log-On Information • ESS Create and Maintain Employer Accounts • ESS Process Employer Internet Registration Applications • ESS Process Refund Initiated by Employer on the Internet • ESS Receive a Payment Plan • ESS Process Contribution Reports on the Internet • ESS Process Wage Lists Reports on the Internet • ESS Process Employer Internet Payments 			would need some attention. Each of these areas has multiple High and Low Level Use Cases.
Core Benefits <ul style="list-style-type: none"> • Maintain Benefit Wages, • Perform Employer Charging, • Create Dynamic Fact Finding • Collect Fact Finding 			
Design modifications for each functional area.	2,080		26 primary functional areas @ 80 hours each.
Development and Test System Modifications			
Code and Unit Test Design Modifications.	5,200		26 primary functional areas averaging 200 hours each.
System Test Modifications.	624		26 primary functional areas averaging 24 hours each.
Implement System Modifications	200		
Project Planning, Management, and Implementation Coordination.	914		<ul style="list-style-type: none"> • 10% of overall technical hours.

Estimated Implementation Hours:

10,058

Estimated Implementation Cost:

\$1,257,250

- Based on an average contract hourly rate @ \$125/hr.

General Assumptions

- 1. The estimate is based on minimal data and understanding of what is truly required to modify the system to accommodate a change in the underlying relationship of tax rate to employer. With more information the estimate could go higher or lower.*
- 2. Assumes that employers will be required to provide additional detailed information regarding their employees and related groupings.*
- 3. Assumes additional software tools and licenses are not required.*
- 4. Assumes the work will be completed in 2 years.*

DESCRIPTION OF FISCAL EFFECT

Bill/Amendment Number: AB 389

Name of Agency: Department of Employment Training and Rehabilitation

Division/Department: Employment Security Division

Date: 4/6/2015

Pos Desc	PCN#	Class Cod	Gd-Step	St Date	End Date	Salary YR1	Benefits YR1	Salary YR2	Benefits YR2
CONTRIBUTIONS EXAMINER 2	007000	07265	30-1	10-2015	6-2018	24,318	15,011	33,436	20,018
CONTRIBUTIONS EXAMINER 2	007001	07265	30-1	10-2015	6-2018	24,318	15,011	33,436	20,018
CONTRIBUTIONS EXAMINER 2	007002	07265	30-1	10-2015	6-2018	24,318	15,011	33,436	20,018
CONTRIBUTIONS EXAMINER 2	007003	07265	30-1	10-2015	6-2018	24,318	15,011	33,436	20,018
CONTRIBUTIONS EXAMINER 2	007004	07265	30-1	10-2015	6-2018	24,318	15,011	33,436	20,018
CONTRIBUTIONS EXAMINER 2	007005	07265	30-1	10-2015	6-2018	24,318	15,011	33,436	20,018
CONTRIBUTIONS EXAMINER 2	007006	07265	30-1	10-2015	6-2018	24,318	15,011	33,436	20,018
CONTRIBUTIONS EXAMINER 2	007007	07265	30-1	10-2015	6-2018	24,318	15,011	33,436	20,018
						194,544	120,088	267,488	160,144
Total Payroll- NEBS						Year 1	314,632	Year 2	427,632
Estimated Cost Allocation Shift							90,000.00		120,000.00
Cat 04-NEBS							934.00		934.00
Cat 26 - NEBS							1,888.00		1,925.00
Total Costs						Year 1	407,454	Year 2	550,491