

The proposed change will primarily apply to those persons whose spouses are currently stationed at Ft. Campbell or Ft. Knox and who are transferred to the other base (still assigned within Kentucky). Another smaller potential group impacted would be the spouses of military persons stationed in Kentucky but not at Ft. Campbell or Ft. Knox, who are assigned to a new duty station.

The Department of Military Affairs has previously indicated that the entire group of employees whose spouses would be impacted based on this proposed change would be small. Of that group, those who are employed by local or municipal governments would be smaller yet.

The fiscal impact on local governments is expected to be negative and minimal, and would occur only to the extent that any unemployment benefits paid to a claimant/spouse result in an increase in the unemployment compensation expense of the local government. Most local governments utilize a “reimbursement” account for unemployment insurance claims, where the locality pays to the unemployment trust fund any amount the trust fund paid on its behalf in the form of unemployment benefits. A smaller number of local governments utilize an unemployment compensation account similar to that used by most businesses, where a contribution rate is determined based on the claims “experience” of the local government.

A local government using the “reimbursement” method would be liable immediately for any expenses incurred for unemployment compensation paid. A local government using the “experience” method may see an increase in its unemployment tax rate, and incur a corresponding increase in unemployment expense if its tax rate increases.

Data Source(s): Cabinet for Education and Workforce Development, LRC Staff

Preparer: Mary Stephens **Reviewer:** KHC **Date:** 2/22/17