

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2018 Regular Session**

Part I: Measure Information

Bill Request #: 100

Bill #: HB 252 HCS 1

Document ID #: 5279

Bill Subject/Title: AN ACT relating to unemployment insurance.

Sponsor: Representative Jim Decesare

Unit of Government: City County Urban-County
Unified Local
 Charter County Consolidated Local Government

Office(s) Impacted: _____

Requirement: Mandatory Optional

Effect on

Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

Beginning October 1, 2018, and only if the unemployment insurance trust fund exceeds the balance of the trust fund as of December 31, 2017, all employer contribution rates and contribution rates of new employers engaged in contract construction trades shall be adjusted by subtracting .075% from each rate.

The Secretary of the Education and Workforce Development Cabinet may reduce the percentage rate or suspend required payments to the service capacity upgrade fund at any time. The service capacity upgrade fund pays for the acquisition and upgrading of the technology base, program integrity functions, and service delivery capacity regarding the Office of Employment and Training programs as coordinated and approved by the Commonwealth Office of Technology, and as authorized by the Commonwealth's chief information officer. Currently, employers pay into the service capacity upgrade fund an amount equal to the percentage by which rates were reduced multiplied by their taxable wages paid during the calendar year.

The Secretary shall suspend the rate reduction when collections for the service capacity upgrade fund exceed \$60 million dollars. Any funds collected prior to suspension in excess of those necessary to fund technology upgrades, shall be deposited into the unemployment insurance trust fund. Any future collections of past due payment to the service capacity upgrade fund including penalty and interest shall be deposited into the penalty and interest fund.

The minimum base-period wages used in determining benefits is increased from a minimum of \$750 to \$1,500. Beginning January 1, 2020, and in even-numbered years thereafter, the Secretary shall adjust the minimum base pay wages based on the percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) for the two previous calendar years.

The reasons for which a workers may be denied benefits is expanded to include suspension from work for misconduct, as defined in KRS 341.370(6).

The maximum weekly benefit shall not change until the average maximum weekly benefit amount for Kentucky’s 7 bordering states equals or exceeds Kentucky’s maximum weekly benefit amount.

HB 252 HCS 1 changes the maximum amount of benefits payable based on Kentucky’s unemployment rate. Currently, the maximum is the lesser of 26 times the worker’s weekly benefit rate or 1/3 of base pay, no less than 15 times the workers weekly benefit rate. The proposed factors are:

Factor	Unemployment Rate	
	Minimum	Maximum
16	<=5.9%	
17	6.00%	6.40%
18	6.50%	6.90%
19	7.00%	7.40%
20	7.50%	7.90%
22	8.00%	8.40%
24	8.50%	8.90%
26		>=9.0%

The above rates are adjustable on July 1 and January 1. However, if the unemployment rate increases by more than 2% in one month, the secretary may adjust the weekly benefit amount to the corresponding amount prior to the set time period.

The fiscal impact of HB 252 HCS 1 on local governments is expected to be nil. Information received from the Education and Workforce Development Cabinet reflects that there should never be an increase in amounts paid by local governments. The

Cabinet may adjust the contribution rate to take a portion of the cash payment and put toward the service capacity upgrade fund. If it is suspended, the cash that would have gone to the service capacity upgrade fund will instead go to the UI fund. The idea is to make the cash payment be the same, but give the Cabinet the ability to take part of it and put it toward technological improvement.

Part III: Differences to Local Government Mandate Statement from Prior Versions

HB 252 HCS 1 made the following changes to the bill as introduced:

- Any expenditure of the service capacity upgrade fund must be coordinated and approved by the Commonwealth Office of Technology. The chief information officer has authority over all technology expenditures.
- The minimum base-period wages used in determining benefits is decreased from a minimum of \$2,000 to \$1,500.
- Changes the factors used in determining the maximum amount of benefits payable based on Kentucky's unemployment rate.

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

Preparer: Wendell F. Butler **Reviewer:** KHC **Date:** 2/22/18