

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 5, 2005**

**TO:** Honorable Frank Corte, Jr., Chair, House Committee on Defense Affairs & State-Federal Relations

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB2401** by Campbell (Relating to the eligibility of certain spouses of military personnel for unemployment compensation.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2401, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from <i>UNEMPLOYMENT TRST FND</i> <i>ACCT</i> <b>938</b></b>
2006	(\$704,106)
2007	(\$704,106)
2008	(\$704,106)
2009	(\$704,106)
2010	(\$704,106)

**Fiscal Analysis**

The bill would amend the Texas Labor Code to exclude any chargeback liability to a liable employer's account for unemployment insurance (UI) benefits paid in a claim where an employee's work separation is the result of having to move from the area of their employment with their spouse, who is a member of the United States (U.S.) armed forces, due to the spouse's permanent change of station (PCS) that is more than 120 days or a tour of duty of more than one year. The bill would also provide an additional exception to any disqualification for UI benefits for any employee who has left their work to accompany their spouse, who is a member of the U.S. armed forces, and is required to move from the area because the spouse's PCS is more than 120 days or their tour of duty is more than one year.

Currently any employee who leaves work to move with their spouse from the area where the individual works

is disqualified from receiving UI benefits for a period of time of not less than six benefit periods (weeks) or more than 25 benefits periods (weeks) following the filing of their UI claim. Texas Workforce Commission (TWC) Rule Section 815.20(6)(B) also states that the maximum benefit amount (MBA) to be paid during the course of the claim will be reduced by the corresponding amount of time of the disqualification. For example, a six-week disqualification period will equal a reduction of maximum benefits allowed in the claim by six times the weekly benefit amount (WBA) in that claim. Current law provides that a claimant who filed under these circumstances may receive benefits after the disqualification period ends.

Reimbursing employers, in accordance with Section 205 of the Texas Labor Code, have no protection from chargeback liability and are liable for benefits paid in an UI claim. Under the provisions of the bill there will be no change in the current chargeback liability for reimbursing employers.

The provisions of the bill would provide an exception to the current disqualification for individuals meeting the criteria of the amendment to 207.045 (d) and would therefore provide for the full payment of benefits. The elimination of the disqualification period and the distribution of benefits to claimants who meet the exception cited in this bill would increase chargeback liabilities for reimbursing employers.

According to TWC, the provisions of the bill poses no federal law conformity issues with the U.S. Department of Labor.

The bill would take effect immediately if it receives the requisite two-thirds vote in each house; otherwise, it would take effect September 1, 2005.

## **Methodology**

Based on information provided by TWC:

1. The current Military Family Resource Center website cites the Defense Manpower Data Center (DMDC) Active Duty Master File September 2003 as indicating that the total number of active duty military members in Texas is 116,638.
2. The current Military Times website cites the Department of Defense (DoD) as of September 2003 as reporting that the number of spouses of active duty military members is equal to 54.65 percent of the total of active duty military members.
3. The "Population Bulletin" of December 2004 (whose entire issue is devoted to "America's Military Population") reports on page 34 that the 1992 DoD Survey of Spouses found that 54 percent of military wives were employed.
4. The State of Washington experience with "trailing military spouses" eligibility for UI benefits indicates that 1.36 percent of working military spouses would qualify for and apply for such benefits.
5.  $116,638 \times .5465 = 63,743$  estimated. active duty military spouses in Texas.  
 $63,743 \times .54 = 34,421$  estimated active duty military spouses in Texas who are working.  
 $34,421 \times .0136 = 468$  estimated claimants per year.
6. According to TWC, this estimate is comparable to current estimates in the State of Virginia for similar legislation.

Based on the above information, the average weekly benefit amount of \$250.75 times 6 additional weeks times 468 claimants per year equals \$704,106 annual UI Trust Fund impact in additional annuals payments from the UI Trust Fund.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission

**LBB Staff:** JOB, KJG, MW, DE