

MINUTES OF THE MEETING
LABOR & EMPLOYMENT RELATIONS COMMITTEE
MONTANA STATE SENATE

March 7, 1977

The twenty-first meeting of the Labor and Employment Relations Committee was called to order by Vice Chairman Lowe on the above date in Room 402 of the State Capitol Building at 9:30 a.m.

ROLL CALL: All members present.

CONSIDERATION OF HB 331: An act to provide for a change in disqualification for benefits for voluntarily leaving work without good cause, discharge for misconduct or for refusing suitable work; for the removal to an appropriate section of the provisions pertaining to retirement compensation and pregnancy disqualification, and for disqualification of those receiving social security disability or who are self-employed.

Representative Jim Burnett, District 71, Chief Sponsor of the bill, introduced HB 331 to the committee. HB 331 concerns itself with changes in the disqualification of unemployment benefits for employees who voluntarily leave work without just cause or those who are discharged for misconduct. There are also provisions for disqualification of these benefits if the employee without good cause wither fails to apply for or accept suitable work when so directed by the State of Montana Employment Service.

Fred Barrett, representing the Employment Security Division, appeared in support of HB 331. As the bill came out of the House, it would change the provision in the law which allows for a flexible period of 2 to 5 weeks reduction in benefits. The law was changed to a mandatory six week reduction period. There is also a requalifying provision which will allow a person to remove this from his record. It would not restore the benefits previously earned, it would merely put him back in the work force. This bill also applies for disqualification for refusing to accept suitable work. HB 331 removes the section referring to retirement pay and put it into another bill.

Joe Calnun, representing the Legislative Audit, appeared in support of HB 331. He stated they have conducted a study of those individuals who have voluntarily quit theri jovs and filed for unemployment benefits. The duration for potential benefits for voluntary quits and misconducts closely approximate the potential duration for all calimants. HB 331 is an improvement in the present law by setting a fixed number of weeks a person should be disqualified from benefits for voluntarily leaving work or for misconduct.

In closing, Representative Burnett stated that the unemployment fund is bankrupt and needs a tightening up drastically. The state is now borrowing money from the federal trust fund to pay current benefits. The federal trust fund must be paid back within three years from the date of each loan.

General discussion was then held by the committee. Mr. Barrett explained that suitable work is work in the same category or same profession as an individual's job. It brings guidelines and suggestions from the federal law that indicates what suitable work is. There was some confusion on whether the effective date should also be in the title of the bill and why it wasn't at the end of the bill to be in form with all other effective dates. Attorney John Bobinski will look into this matter.

Senator Goodover made a motion that HB 331 BE CONCURRED IN. The motion carried with Senator Mehrens and Senator Smith voting "nay"

CONSIDERATION OF HB 420: An act to provide for a change in the definition of total unemployment and to remove superfluous material pertaining to subjectivity.

Representative Hal Harper, District 30, Chief Sponsor of this bill, introduced HB 420 to the committee. HB 420 was introduced at the request of the Department of Labor. Montana is the only state that doesn't make partial payments for unemployment benefits. All the other states provide for the benefits of partial earnings. Under the present law a person can work up to 12 hours and over that he would lose all weekly benefits. This bill allows for a 50% reduction in wages earned in excess of one-fourth of his weekly benefit amount. A good unemployment system should provide an incentive to have claimants take part-time work. HB 420 would bring Montana more into line with the other states.

Fred Barrett, representing Employment Security Division, appeared in support of HB 420. This is a good bill of instruction which will provide an incentive for individuals to get back to work and earn at least part time earning.

General discussion was then held by the committee. Representative Harper explained an example of the wage scale. (See attachment)

Senator Mehrens moved that HB 420 BE CONCURRED IN. The motion carried unanimously.

FURTHER CONSIDERATION OF HB 582: An act to require railroads to install portable radios and holder chargers in track motor cars.

Senator Lee made a motion that HB 582 BE CONCURRED IN. The motion failed with Senators Lee, Blaylock, Smith and Mehrens voting "aye" and Senators Lowe, Goodover, Himsl and Nelson voting "nay". HB 582 will go to second reading without recommendation.

ADJOURN:

There being no further business, the meeting was adjourned
at 10:47.



William R. Lowe, Vice-Chairman

BILL HB 331
420

SENATE LABOR COMMITTEE

VISITORS' REGISTER

DATE 3/7

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOSE
<i>John Burnett</i>	<i>Myself</i>	<i>331</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>John Burnett</i>	<i>V E S D</i>	<i>331</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Don Judge</i>	<i>AFSCME, AFL-CIO</i>	<i>331</i>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Joe Calnon</i>	<i>Legis. Deletis</i>	<i>420</i> <i>331</i>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Chaf Smith</i>	<i>Unemp Comp Advisory Inc</i>	<i>420</i> <i>331</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

SENATE COMMITTEE LABOR & EMPLOYMENT RELATIONS

Date _____ Bill No. HB 420 Time _____

NAME	YES	NO
Senator Robert Lee, Chairman	✓	
Senator Bill Lowe, Vice Chairman	✓	
Senator Chet Blaylock	✓	
Senator Pat Goodover	✓	
Senator Matt Himsl	✓	
Senator Sandy Mehrens	✓	
Senator Harold Nelson	✓	
Senator Richard Smith	✓	

Laurie Jo Antonietti
Secretary

Senator Robert Lee
Chairman

Motion: Senator Mehrens made a motion that
HB 420 BE CONCURRED IN. The
motion carried unanimously.

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE LABOR & EMPLOYMENT RELATIONS

Date _____ Bill No. HB 331 Time _____

NAME	YES	NO
Senator Robert Lee, Chairman	✓	
Senator Bill Lowe, Vice Chairman	✓	
Senator Chet Blaylock	✓	
Senator Pat Goodover	✓	
Senator Matt Himsl	✓	
Senator Sandy Mehrens		✓
Senator Harold Nelson	✓	
Senator Richard Smith		✓

Laurie Jo Antonietti
Secretary

Senator Robert Lee
Chairman

Motion: Senator Goodover moved HB 331
Be CONCURRED IN. The motion
carried with Senators Mehrens &
Smith Voting "No".

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE LABOR & EMPLOYMENT RELATIONS

Date _____ Bill No. 582 Time _____

NAME	YES	NO
Senator Robert Lee, Chairman	✓	
Senator Bill Lowe, Vice Chairman		✓
Senator Chet Blaylock	✓	
Senator Pat Goodover		✓
Senator Matt Himsl		✓
Senator Sandy Mehrens	✓	
Senator Harold Nelson		✓
Senator Richard Smith	✓	

Laurie Jo Antonietti
Secretary

Senator Robert Lee
Chairman

Motion: HB 582 BE CONCURRED IN.

Senator Lee made the motion. The motion failed and HB 582 will go to Second Reading ~~and~~ without recommendation.

(include enough information on motion--put with yellow copy of committee report.)

H.B. 331

This bill concerns the Employment Security Fund of the State of Montana. It is commonly called the Unemployment fund.

H.B. 331 concerns itself with changes in the disqualification of unemployment benefits for employees who voluntarily leave work without just cause or those who are discharged for misconduct. There are also provisions for disqualification of these benefits if the employee without good cause either fails to apply for or accept suitable work when so directed by the State of Montana Employment Service.

In information supplied to the House Labor Committee by the Employment Security Division, it was determined that last year - 1976 - voluntary quits now account for 1/5 of the \$25,260,735 paid in regular benefit weeks paid and 1/5 of the number of all claimants paid. That figures out to be a sum in excess of \$5 million dollars.

We also know that the Employment Security Fund is now broke and the state is now borrowing money from the federal trust fund to pay current benefits. The state borrowed \$1,336,000 in April of 1976, another \$2,283,000 in January 1977 and is processing another loan right now in the sum of \$2,055,000. These three loans add up to \$5,678,000. That is just about the same amount as what it cost the fund to pay voluntary quits.

We must keep in mind that these borrowed federal trust funds must be paid back beginning within three years from the date of each loan.

On January 1, 1977, by virtue of our present ^{LAW} ~~Loans~~, all employers tax rates were raised to the maximum 3.1%, on a taxable wage base of \$4,800. In addition, the federal employment tax rate went from .5 to .7% effective January 1, 1977, so all Montana employers are now paying a combined tax rate of 3.8%. In addition, by virtue of the Federal Unemployment Tax Act of 1976, the wage base will rise from \$4,800 a year to \$6,000 a year effective January 1, 1978. This wage base rise is in itself more than a 25% increase. *ALSO IN HB. 244.*

In the face of these cold, hard facts of life, there is no longer any way in which the voluntary quit can be tolerated. There is no place in our fund for those who voluntarily quit or those who refuse to work. The \$5 million that can be saved by the passage of H.B. 331 now before you is urgently needed. I strongly urge your support of the passage of H.B. 331.

PREPARED AND SUBMITTED BY EMPLOYMENT SECURITY
DIVISION IN HEARING ON HB 331 ON 1-26-77

INFORMATION REGARDING BENEFIT CLAIMS FILED BY
INDIVIDUALS WHO VOLUNTARILY QUIT WORK

A detailed study of those individuals that have voluntarily quit their jobs and filed for unemployment benefits was recently conducted by the Research and Analysis Section of the Employment Security Division. This study was conducted for the regular 26-week state unemployment insurance program.

The following are some of the more salient factors involving those voluntary quits:

Quits now account for 1/5 of the \$25,260,735 paid in regular benefits, weeks paid and 1/5 of the number of all claimants paid.

Voluntary quits have historically been the leading "Issue" for number of persons affected, accounting for roughly half of all "Issue" cases disqualified by our Examiners.

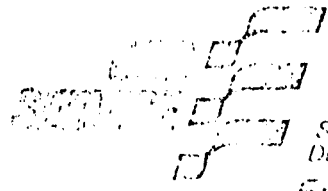
When comparing the reasons for all separations from employment, we find that only 15% of these separations prior to 1972 are attributable to "quits" and the balance to layoffs or discharges. With the extension of UI coverage in 1972 to hospitals and non-profit organizations, the percentage of quits rose abruptly to 20% and has maintained that new trend line ever since.

The duration of potential benefits for voluntary quits closely approximates the potential duration for all claimants. In fiscal year 1975, 13% of voluntary quits qualified for 13 weeks, 26% qualified for 20 weeks and 61% qualified for 26 weeks. Actual weeks of benefits paid

for voluntary quits averages 14.1 weeks against 13.5 weeks of benefits paid for all claimants.

The number of quits is divided between men and women about equally, with 52% of the quits being males and 48% being females. Those with union standing apparently do not quit too often. Only 18% of voluntary quits were union members.

A study done in North Dakota, which has enacted a requalifying provision for voluntary quits, showed that during the first 4 weeks after disqualification, 39% of quits found new jobs and 55% returned to work at 8 weeks. After 12 weeks, 66% returned to jobs and at 16 weeks, 71% returned to the rolls of the employed.



State of Montana
 Dept. of Labor & Industry
 Employment
 Security
 Division
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February 22, 1977

TO: Representative Jim Burnett
 Representative Mel Williams

FROM: Fred Barrett, Administrator *FB*

SUBJECT: Fiscal Impact of Amendments to House Bill No. 331

8%

6%

<u>Benefits & Claims Under Current Law</u>	<u>Benefits & Claims Under House Bill 331 (Original)</u>	<u>Benefits & Claims Under Amended House Bill 331</u>
\$9,900,000	\$6,200,000 (\$3,700,000 savings)	\$7,700,000 (\$2,200,000 savings)

cc: Harold Kansier