

MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

January 14, 1985

The meeting of the Business and Labor Committee was called to order by Chairman Bob Pavlovich on January 14, 1985 at 10:00 a.m. in Room 312-2 of the State Capitol building.

ROLL CALL: All members were present with the exception of Representative Robert Ellerd, who was excused by the chairman.

David Wanzenried, Peg Hartman, Rich Clough and Sue Mohr, with the Labor and Industry Department were present to provide further information pertaining to the unemployment bills that will come before the committee. Mr. Wanzenried explained that the legislature dictates the unemployment laws and practices. The federal government governs the law to oversee a consistency throughout the states.

Peg Hartman, explained that a person may collect unemployment if they left their last job through "no fault of your own". Unemployment is a serious menace problem. Ms. Hartman stated that the reason unemployment exists is: a) to achieve a stable labor force through systematic accumulation; b) to assure workers attached to the labor market cash subsistence in an orderly, reliable manner; c) to sustain purchasing power; d) to encourage incentive to work, through requiring to continue to seek work; e) to sustain workers capacity to earn by using skills and experience; f) to keep available to employers an experienced labor supply; g) to counter radical changes in the economy; h) to support private sector initiative and economic free choice; i) to rigidly enforce the law regarding "cheaters"; j) to make services available to local areas. Ms. Hartman then distributed to committee members Exhibit 1 and 2.

Sue Mohr distributed Exhibit 3 and 4 to the members of the Committee. Exhibit 3 is a booklet that is given to every person who applies for unemployment. It explains your rights and responsibilities for receiving unemployment benefits. Exhibit 4 is an employer guide, which is given to each employer. Ms. Mohr explained that the unemployment program is a self-supported program. The current schedule being used for computation of unemployment benefits, is shown on page 9 of Exhibit 4. An increase of .3% per year of the FUTA gross tax rate will be assessed to the state until the loan to the federal government has been satisfied, Ms. Mohn stated.

Rich Clough, explained the process for filing a claim for unemployment. A person must register for work, file an unemployment claim, be able, available and seeking work, serve a waiting week, have 20 work hours in one week and left their last working place under non disqualifying circumstances. The weekly benefit amount is computed by taking the total wages divided by the number of weeks

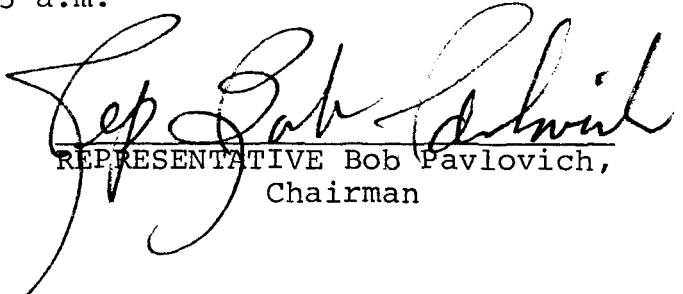
worked (in base period) times 50%, but not to exceed the maximum weekly benefit amount. The base period consists of the first 4 of the last 5 completed calendar quarters. In certain instances, partial benefits are allowed. This provision is intended to give an individual an incentive to take less than full time work. A claim may go through the following process, initial determination, redetermination, appeals (lower authority), board of labor appeals and finally to district court, explained Mr. Clough.

Dave Wanzenried stated that the fund is now insolvent. There has been more money paid out than what is available. He then passed out Exhibit 5. If we continue as is, the deficit by June of 1985 will be between 10 and 18 million dollars. His final recommendation was to increase the taxable wage base, to increase the tax rate against deficit employers and to raise the tax rate to 5.4%. If the legislature does not act, the deficit will continue to grow and in 1987, it could reach 47.4 million dollars. If the legislature does act, the fund will be operating at a positive state by mid 1986. Montana state currently has an 8.5 million dollar loan from the federal government, at a rate of 10% interest per year. On January 1, 1986, the federal government will reduce the monies into the state by .3% each year, until this loan has been paid in full.

Jim Hughes, a member of the governor's council and an employee of Mountain Bell, stated the two most important objectives are to get the unemployment fund solvent and to pay back the borrowed money. To solve both problems at once would mean to rebuild the entire system. He suggested creating a surcharge on all wages paid. Such surcharge would not be greater than .3%. Said surcharge would trigger off when all borrowed money has been paid in full. A suggestion of splitting the surcharge between employer and employee has been considered. The Counsel has recommended that the unemployment fund have a surplus of 56 million dollars. Mr. Hughes distributed to committee members Exhibit 6.

Representative Driscoll told committee members that this same problem was addressed in 1979. He stressed the importance of having all issues incorporated into one bill.

ADJOURN: There being no further business before the committee, the meeting was adjourned at 10:55 a.m.


REPRESENTATIVE Bob Pavlovich,
Chairman

DAILY ROLL CALL
BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date Jan. 14, 1985

NAME	PRESENT	ABSENT	EXCUSED
Bob Pavlovich	✓		
Les Kitselman	✓		
Bob Bachini	✓		
Ray Brandewie	✓		
Jan Brown	✓		
Jerry Driscoll	✓		
Robert Ellerd			✓
William Glaser	✓		
Stella Jean Hansen	✓		
Marjorie Hart	✓		
Ramona Howe	✓		
Tom Jones	✓		
Mike Kadas	✓		
Vernon Keller	✓		
Lloyd McCormich	✓		
Jerry Nisbet	✓		
James Schultz	✓		
Bruce Simon	✓		
Fred Thomas	✓		
Norm Wallin	✓		

CUMULATIVE DISTRIBUTION OF UNEMPLOYMENT INSURANCE		
COUNTY	JANUARY 1984	THRU DECEMBER 1984
	COUNT	AMOUNT
BEAVERHEAD	3,040	331,331.56
BIGHORN	5,158	596,844.91
BLAINE	3,491	367,023.79
BROADWATER	1,693	192,484.13
CARBON	4,705	587,347.10
CARTER	134	14,308.00
CASCADL	43,881	4,771,553.78
CHOUTEAU	1,162	123,485.00
CUSTER	5,291	637,619.84
DANIELS	583	56,079.66
DAWSON	5,124	597,569.57
DEER LODGE	7,943	945,888.19
FALLON	944	105,106.00
FERGUS	5,658	595,455.37
FLATHEAD	32,324	3,546,776.02
GALLATIN	22,407	2,346,494.97
GARFIELD	143	20,699.00
GLACIER	9,300	967,076.79
GOLDEN VALLEY	263	36,170.00
GRANITE	1,510	171,960.89
HILL	9,262	1,019,119.17
JEFFERSON	3,793	449,315.12
JUDITH BASIN	654	72,833.56
LAKE	9,303	958,115.58
LEWIS AND CLARK	24,986	2,782,182.85
LIBERTY	498	60,893.00
LINCOLN	17,080	1,998,819.29
MCCONE	433	42,293.00
MADISON	1,853	202,061.89
MEAGHER	1,748	208,483.85
MINERAL	4,013	473,385.93
MISSOULA	44,330	4,980,626.50
MUSSELSHELL	1,760	204,554.68
PARK	6,660	654,523.21
PETROLEUM	98	12,789.00
PHILLIPS	2,259	280,693.47
PONDERA	2,501	254,356.67
POWDER RIVER	496	57,818.00
POWELL	3,798	427,999.20
PRAIRIE	515	70,969.00
RAVALLI	16,737	1,924,723.54
RICHLAND	5,661	683,074.14
ROOSEVELT	4,203	433,543.06
ROSEBUD	13,907	1,929,750.58
SANDERS	7,728	878,796.83
SHERIDAN	1,243	134,089.00
SILVER BOW	25,361	2,835,169.28
STILLWATER	3,363	419,425.18
SWEET GRASS	895	89,794.25
TETON	1,458	168,699.16
TOOLE	2,247	248,375.16
TREASURE	344	46,129.00
VALLEY	4,167	455,361.95
WHEATLAND	689	82,118.84
WIBAUX	559	60,344.06
YELLOWSTONE	75,548	9,151,649.10
INTRASTATE	455,013	52,767,927.84
INTERSTATE	23,832	4,997,647.16
TOTAL	478,845	57,765,575.00

TRANSITIONAL CLAIMS

1984

Claimant files a
claim effective
1-8-84.

<i>January</i>						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

The week ending 1-14-84 is claimant's
waiting week.

Claimant receives benefits through March when he returns to
work. He is laid off, reopens his claim effective 12-9-84,
and continues to receive benefits through the week ending
1-5-85 when his benefit year expires.

<i>December</i>						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

1985

He files a new
claim effective
1-6-85.

JANUARY						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

This claim is termed a "transitional claim".
The claimant is in a compensable status,
that is, being paid benefits, at the end of
his prior benefit year and may continue to
receive benefits without interruption to
serve a waiting week at the beginning of
his second benefit year.

Should he be required to serve a waiting week at the beginning of his second benefit
year, the week ending 1-12-85 would become his waiting week. This requirement would
not reduce the maximum number of weeks to which he is entitled in the new benefit year,
but would only delay the receipt of benefits for one week as was the case in his 1984
benefit year.

Because Montana does not have a requirement for a waiting week between all benefit years, we must pay 100 per cent of the first week of extended benefits for all claimants, not just those claimants who did not serve a waiting week.

State Fiscal 1984 Data:

New intrastate claims filed - 42,911

Of those, 6,720 were transitional

It is not certain that all of the 6,720 transitional claimants would have been affected by the waiting week requirement as there may have been a break in their claims and they would have served a waiting week at that time.

The last EB period was from January, 1983 through May 14, 1983. The first week for which we were not reimbursed involved \$921,079.00.

Exhibit 3
January 14, 1985
House Bill 90
Submitted by:
Sue Mohr

Montana
Department of Labor and Industry
Unemployment Insurance Division

UNEMPLOYMENT INSURANCE BENEFIT RIGHTS AND RESPONSIBILITIES

Section I

Unemployment Insurance Information
Each Claimant **MUST KNOW!**

Section II

Weekly Claim Filing Information
Each Claimant **MUST KNOW!**

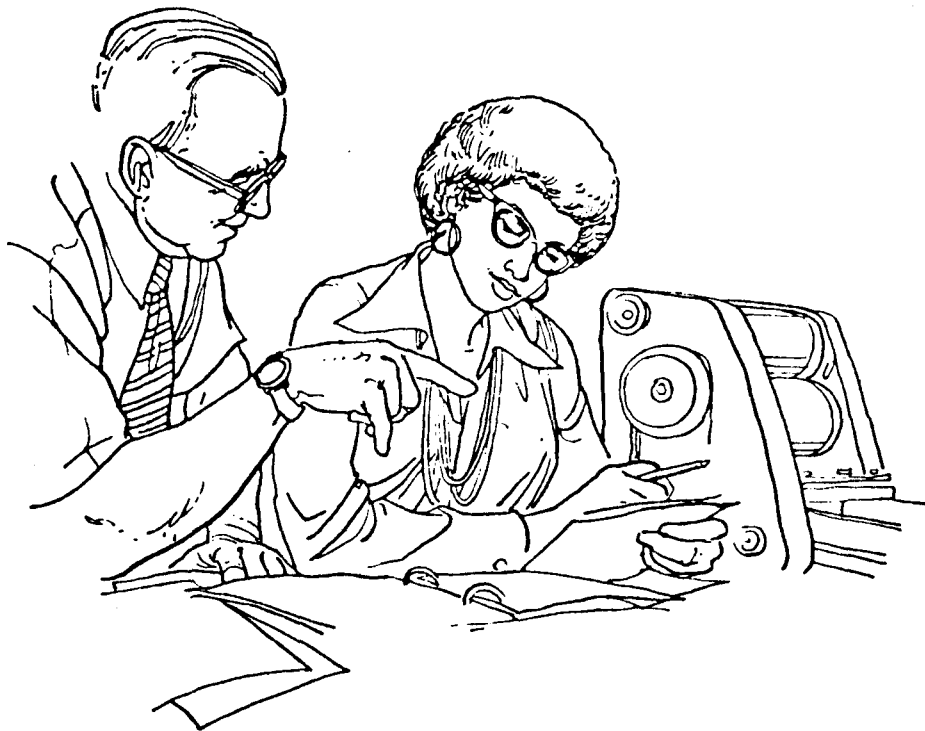
Section III

Details of Unemployment Insurance
(Nice to know things)

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Exhibit 4
January 14, 1985
House Bill 90
Submitted by:
Sue Mohr

MONTANA
DEPARTMENT LABOR & INDUSTRY
UNEMPLOYMENT INSURANCE DIVISION



EMPLOYER GUIDE

Exhibit 5
January 15, 1985
House Bill 90
Submitted by:
Dave Wanzenried

Actual Balance through June 84

7/84 Proj. Range

Year	Balance (Billions of Dollars)	Type
1-80	12	Actual
2-80	16	Actual
3-80	11	Actual
4-80	15	Actual
5-80	19	Actual
6-80	19	Actual
7-80	11	Actual
8-80	20	Actual
9-80	26	Actual
10-80	27	Actual
11-80	15	Actual
12-80	14	Actual
1-81	14	Actual
2-81	10	Actual
3-81	-5	Actual
4-81	-3	Actual
5-81	-2	Actual
6-81	-3	Actual
7-81	-14	Actual
8-81	-10	Actual
9-81	-12	Actual
10-81	-15	Actual
11-81	-5	Actual
12-81	-6	Actual
1-82	-4	Actual
2-82	-5	Actual
3-82	-25	Actual
4-82	-20	Actual
5-82	-18	Actual
6-82	-15	Actual
7-82	-10	Actual
8-82	-5	Actual
9-82	-4	Actual
10-82	-5	Actual
11-82	-15	Actual
12-82	-10	Actual
1-83	-5	Actual
2-83	-2	Actual
3-83	-3	Actual
4-83	-14	Actual
5-83	-6	Actual
6-83	-5	Actual
7-83	-4	Actual
8-83	-5	Actual
9-83	-15	Actual
10-83	-5	Actual
11-83	-6	Actual
12-83	-7	Actual
1-84	-5	Actual
2-84	-6	Actual
3-84	-14	Actual
4-84	-6	Actual
5-84	-5	Actual
6-84	-6	Actual
7-84	-25	Actual
8-84	-18	Actual
9-84	-10	Actual
10-84	-15	Actual
11-84	-25	Actual
12-84	-18	Actual
1-85	-10	Actual
2-85	-15	Actual
3-85	-25	Actual
4-85	-18	Actual
5-85	-10	Actual
6-85	-15	Actual
7-85	-25	Actual
8-85	-18	Actual
9-85	-10	Actual
10-85	-15	Actual
11-85	-25	Actual
12-85	-18	Actual
1-86	-10	Actual
2-86	-15	Actual
3-86	-25	Actual
4-86	-18	Actual
5-86	-10	Actual
6-86	-15	Actual
7-86	-25	Actual
8-86	-18	Actual
9-86	-10	Actual
10-86	-15	Actual
11-86	-25	Actual
12-86	-18	Actual
1-87	-10	Actual
2-87	-15	Actual
3-87	-25	Actual
4-87	-18	Actual
5-87	-10	Actual
6-87	-15	Actual
7-87	-25	Actual
8-87	-18	Actual
9-87	-10	Actual
10-87	-15	Actual
11-87	-25	Actual
12-87	-18	Actual
1-88	-10	Actual
2-88	-15	Actual
3-88	-25	Actual
4-88	-18	Actual
5-88	-10	Actual
6-88	-15	Actual
7-88	-25	Actual
8-88	-18	Actual
9-88	-10	Actual
10-88	-15	Actual
11-88	-25	Actual
12-88	-18	Actual
1-89	-10	Actual
2-89	-15	Actual
3-89	-25	Actual
4-89	-18	Actual
5-89	-10	Actual
6-89	-15	Actual
7-89	-25	Actual
8-89	-18	Actual
9-89	-10	Actual
10-89	-15	Actual
11-89	-25	Actual
12-89	-18	Actual
1-90	-10	Actual
2-90	-15	

Updated Projection July 1984

		Projection with Poor Economy
JUNE, 83	(\$ 4.0M)	
JULY, 83	(\$ 1.6M)	
AUGUST, 83	\$ 0.9M	
September, 83	(\$ 2.3M)	
OCTOBER, 83	(\$ 0.6M)	
NOVEMBER, 83	\$ 0.6M	
DECEMBER, 83	(\$ 3.7M)	
JANUARY, 84	(\$ 6.8M)	
FEBRUARY, 84	(\$ 9.3M)	
MARCH, 84	(\$14.6M)	
April, 84	(\$12.1M)	
MAY, 84	(\$ 4.4M)	
JUNE, 84	(\$ 6.7M)	
JULY, 84	(\$ 4.3M)	
AUGUST, 84	(\$ 0.5M)	
SEPTEMBER, 84	(\$ 4.0M)	(\$ 4.8M)
OCTOBER, 84	(\$ 2.5M)	(\$ 3.5M)
NOVEMBER, 84	\$ 0.1M	(\$ 1.2M)
DECEMBER, 84	(\$ 5.9M)	(\$ 7.7M)
JANUARY, 85	(\$ 8.6M)	(\$10.8M)
FEBRUARY, 85	(\$11.4M)	(\$15.3M)
MARCH, 85	(\$19.0M)	(\$24.9M)
APRIL, 85	(\$13.6M)	(\$21.0M)
MAY, 85	(\$ 6.0M)	(\$13.7M)
June, 85	(\$10.8M)	(\$18.8M)

TRUST FUND STATUS
(In Millions of Dollars)

	<u>ACTUAL</u>	<u>ESTIMATED*</u>		
	<u>SFY 84</u>	<u>SFY 85</u>	<u>SFY 86</u>	<u>SFY 87</u>
Beginning Balance	(4.0)	(6.7)	(10.7)	(15.5)
Contributions	57.2	59.0	62.2	65.1
Benefits	59.9	63.0	67.0	73.0
Ending Balance	(6.7)	(10.7)	(15.5)	(23.4)
<hr/>				
Minimum Annual Shortfall	2.7	4.0	4.8	7.9
Add for Variables	---	8.0	8.0	8.0
Maximum Annual Shortfall	---	<u>12.0</u>	<u>12.8</u>	<u>15.9</u>

Average Annual Shortfall '85 - '87:

Minumum = 5.6

Maximum = 13.6

*Based on 8/84 projections

Revised 8/84

FINAL RECOMMENDATIONS OF
THE EMPLOYMENT SECURITY ADVISORY COUNCIL
APPROVED ON NOVEMBER 15, 1984

The following summarizes the final recommendations of the Employment Security Advisory Council approved at its November 15, 1984 meeting.

TAX TABLE RATIOS - TRUST FUND BALANCE

Currently the tax table ratio at Schedule V requires a trust fund balance of \$33.6 million (based on 1983 total wages).

The Council recommends increasing the ratio at Schedule V to require a balance of \$56.0 million.

TAX TABLE RATE CLASSES

Currently the tax table contains 7 rate classes for "eligible employers" and 6 rate classes for "deficit employers".

The Council proposes to increase the rate classes to 10 in each category.

EXPERIENCE RATING PERIOD

Currently the law specifies a 3 year experience rating period.

The Council recommends changing the experience rating period to be continuous.

SURTAX

The Council recommends a surtax to pay off outstanding federal loans. The tax would be set by the Department of Labor and Industry based on need to repay loans, however, it would be limited to a maximum of .3% of total wages. The authority to impose the surtax, to be paid in total by employers, will remain in effect until June 30, 1987.

TAXABLE WAGE BASE (TWB)

Currently at 75% of the average annual wage with a maximum increase of \$200 per year. Under current law the estimated TWB for 1985 would be \$8,600.

The Council recommends increasing the TWB to 80% of the average annual wage. The estimated TWB for 1985 would be \$11,800.

AVERAGE TAX RATE (ATR)

Currently at 3.1% under Schedule X.

The Council recommends increasing the ATR to 3.3% under Schedule X.

MAXIMUM TAX RATE FOR DEFICIT EMPLOYERS

Currently at 4.4%.

The Council recommends increasing the maximum tax rate to 6.5%.

DISQUALIFICATION - QUIT WITH GOOD CAUSE

Currently state law provides benefits for employees who quit their job with good personal cause.

The Council recommends requiring that the cause of separation from employment be attributable to the claimant's employment in order to qualify for benefits.

MAXIMUM WEEKLY BENEFIT AMOUNT

Currently the law provides that the maximum weekly benefit amount may not exceed 60% of the state's average weekly wage. The amount is calculated each July 1. Under current law the estimated maximum for SFY'86 would be \$178 and for SFY'87 \$190.

The Council recommends imposing a "freeze" on the maximum for the period between July 1, 1985 and December 31, 1986. This change would freeze the maximum at \$170 per week during the period.

WAITING WEEK BETWEEN TRANSITIONAL YEARS

Currently state law does not require a waiting week between transitional years.

The Council recommends requiring a waiting week. During any year in which "extended benefits" trigger on for the normal 13 week period, the estimated savings to the Trust Fund is \$.5 million.

WEEKLY BENEFIT AMOUNT

Currently state law provides for benefits equal to 50% of the claimant's average weekly wage during his/her base period (with a minimum and maximum provision).

The Council recommends reducing the weekly benefit amount to 49%.

TRUST FUND WORKSHEET

(IN MILLIONS OF DOLLARS)

ITEM	REFERENCE DOCUMENT	OPTION SELECTED	SFY '85	SFY '86	SFY '87
BEGINNING BALANCE	IV		-6.7	-4.6	21.1
CONTRIBUTIONS-CURRENT LAW	IV		+59.0	+62.2	+65.1
INCREASE TAXABLE WAGE BASE	III-A	80%	+4.5	+12.1	+13.1
INCREASE AVERAGE TAX RATE	III-C	.29% ^①	+1.6	+4.2	+4.4
BENEFITS-CURRENT LAW	IV		-63.0	-67.0	-73.0
DISQUALIFICATION-QUIT WITH GOOD CAUSE	III-J	YES	Ø	+2.5	+2.5
FREEZE OR REDUCE MAXIMUM BENEFITS	III-K	FREEZE AT FY85 MAX. 7/85 THRU 12/86	Ø	+2.1	+1.5
ELIMINATE 15% PROVISION FOR MIN. BENEFITS	III-L	NO	Ø	+	+
REQUIRE WAITING WEEK-TRANSITIONAL CLAIMS	III-M	YES	Ø	Ø	Ø
REDUCE WEEKLY BENEFIT AMOUNT	III-P	49%	Ø	+1.3	+1.5
ADD SURTAX ON EMPLOYERS AND/OR EMPLOYEES	III-N	TO COVER LOANS	+	+8.5	+
① INCLUDES PROVISION TO INCREASE DEFICIT EMPLOYERS TO 6.5% MAX.					
ENDING BALANCE (must be calculated)	BASED ON GOOD ECONOMY		-4.6	21.3	36.1
	BASED ON POOR ECONOMY (Deduct \$8M Per Year)		-12.6	5.3	12.4
CURRENT LAW ESTIMATED BALANCE	BASED ON GOOD ECONOMY		-10.7	-15.5	-23.4
	BASED ON POOR ECONOMY (Deduct \$8M Per Year)		-18.7	-31.5	-47.4

SCHEDULE OF CONTRIBUTION RATES

House Bill 90 Submitted by: Jim Hughes

Minimum Ratio of Fund to Total Wages Average Tax Rate	Sched. I	Sched. II	Sched. III	Sched. IV	Sched. V	Sched. VI	Sched. VII	Sched. VIII	Sched. IX	Sched. X
	(.0150) 1.3	(.0145) 1.5	(.0140) 1.7	(.0130) 1.9	(.0120) 2.1	(.0110) 2.3	(.0095) 2.5	(.0075) 2.7	(.005) 2.9	(.....) 3.1
CONTRIBUTION RATES FOR ELIGIBLE EMPLOYERS										
1	0.2%	0.3%	0.5%	0.7%	0.9%	1.1%	1.3%	1.5%	1.7%	1.9%
2	0.4	0.6	0.8	1.0	1.2	1.4	1.6	1.8	2.0	2.2
3	0.7	0.9	1.1	1.3	1.5	1.7	1.9	2.1	2.3	2.5
4	1.0	1.2	1.4	1.6	1.8	2.0	2.2	2.4	2.6	2.8
5	1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.7	2.9	3.1
6	1.6	1.8	2.0	2.2	2.4	2.6	2.8	3.0	3.2	3.4
7	1.9	2.1	2.3	2.5	2.7	2.9	3.1	3.3	3.5	3.7

CONTRIBUTION RATES FOR
UNRATED EMPLOYERS:

2.1%	2.3%	2.5%	2.7%	2.9%	3.1%	3.3%	3.5%	3.7%	3.9%
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ate Class

CONTRIBUTION RATES FOR DEFICIT EMPLOYERS

1	2.2%	2.4%	2.6%	2.8%	3.0%	3.2%	3.4%	3.6%	3.8%	4.0%
2	2.4	2.6	2.8	3.0	3.2	3.4	3.6	3.8	4.0	4.2
3	2.6	2.8	3.0	3.2	3.4	3.6	3.8	4.0	4.2	4.4
4	2.8	3.0	3.2	3.4	3.6	3.8	4.0	4.2	4.4	4.4
5	3.0	3.2	3.4	3.6	3.8	4.0	4.2	4.4	4.4	4.4
6	3.2	3.4	3.6	3.8	4.0	4.2	4.4	4.4	4.4	4.4

Exhibit 6
January 15, 1985

SCHEDULE OF

UNEMPLOYMENT INSURANCE CONTRIBUTION RATES

	SCHED. I	SCHED. II	SCHED. III	SCHED. IV	SCHED. V	SCHED. VI	SCHED. VII	SCHED. VIII	SCHED. IX	SCHED. X
Minimum Ratio Fund to Total	(.0270)	(.0260)	(.0245)	(.0225)	(.0200)	(.0170)	(.0135)	(.0095)	(.005)	(.0005)
Average Tax Rate	1.4	1.6	1.8	2	2.2	2.4	2.6	2.8	3	3.2

CONTRIBUTION RATES FOR ELIGIBLE EMPLOYERS

Rate Class	0	.1	.3	.5	.7	.9	1.1	1.3	1.5	1.7
1										
2	.1	.3	.5	.7	.9	1.1	1.3	1.5	1.7	1.9
3	.3	.5	.7	.9	1.1	1.3	1.5	1.7	1.9	2.1
4	.5	.7	.9	1.1	1.3	1.5	1.7	1.9	2.1	2.3
5	.7	.9	1.1	1.3	1.5	1.7	1.9	2.1	2.3	2.5
6	.9	1.1	1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.7
7	1.1	1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.7	2.9
8	1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.7	2.9	3.1
9	1.5	1.7	1.9	2.1	2.3	2.5	2.7	2.9	3.1	3.3
10	1.7	1.9	2.1	2.3	2.5	2.7	2.9	3.1	3.3	3.5

Rates for Unrated Employers

2	2.2	2.4	2.6	2.8	3	3.2	3.4	3.6	3.8
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CONTRIBUTION RATES FOR DEFICIT EMPLOYERS

	3.2	3.4	3.6	3.8	4	4.2	4.4	4.6	4.8	5
1										
2	3.4	3.6	3.8	4	4.2	4.4	4.6	4.8	5	5.2
3	3.6	3.8	4	4.2	4.4	4.6	4.8	5	5.2	5.4
4	3.8	4	4.2	4.4	4.6	4.8	5	5.2	5.4	5.6
5	4	4.2	4.4	4.6	4.8	5	5.2	5.4	5.6	5.8
6	4.2	4.4	4.6	4.8	5	5.2	5.4	5.6	5.8	6
7	4.4	4.6	4.8	5	5.2	5.4	5.6	5.8	6	6.2
8	4.6	4.8	5	5.2	5.4	5.6	5.8	6	6.2	6.4
9	4.8	5	5.2	5.4	5.6	5.8	6	6.2	6.4	6.4
10	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4

TRUST FUND WORKSHEET

(IN MILLIONS OF DOLLARS)

LINE NO.	ITEM	REFERENCE DOCUMENT	OPTION SELECTED	SFY '85	SFY '86	SFY '87
1.	BEGINNING BALANCE	IV		-6.7	-4.6	21.3
2.	CONTRIBUTIONS-CURRENT LAW	IV		+59.0	+62.2	+65.1
3.	INCREASE TAXABLE WAGE BASE	III-A	80%	+4.5	+12.1	+13.1
4.	INCREASE AVERAGE TAX RATE	III-C	.2% ^①	+1.6	+4.2	+4.4
5.	BENEFITS-CURRENT LAW	IV		-63.0	-67.0	-73.0
6.	DISQUALIFICATION-QUIT WITH GOOD CAUSE	III-J	YES	Ø	+2.5	+
7.	FREEZE OR REDUCE MAXIMUM BENEFITS	III-K	FREEZE AT FY85 MAX. 7/85 THRU 12/86	Ø	+2.1	+1.3
8.	ELIMINATE 15% PROVISION FOR MIN. BENEFITS	III-L	NO	Ø	+	+
9.	REQUIRE WAITING WEEK-TRANSITIONAL CLAIMS	III-M	YES	Ø	Ø	Ø
10.	REDUCE WEEKLY BENEFIT AMOUNT	III-P	49%	Ø	+1.3	+1.5
11.	ADD SURTAX ON EMPLOYERS AND/OR EMPLOYEES	III-N	TO COVER LOANS	+	+8.5	+
① INCLUDES PROVISION TO INCREASE DEFICIT EMPLOYERS TO 6.5% MAX.						
12.	ENDING BALANCE (must be calculated)	BASED ON GOOD ECONOMY		-4.6	21.3	36.4
		BASED ON POOR ECONOMY (Deduct \$8M Per Year)		-12.6	5.3	12.4
13.	CURRENT LAW ESTIMATED BALANCE	BASED ON GOOD ECONOMY		-10.7	-15.5	-23.4
		BASED ON POOR ECONOMY (Deduct \$8M Per Year)		-18.7	-31.5	-47.4

SUMMARY INFORMATION REGARDING
MOTIONS PASSED AT THE ESAC MEETING
ON JUNE 4, 1984

The following information summarizes the motions passed by the Employment Security Advisory Council at their meeting on June 4, 1984.

TAX TABLE RATIOS - TRUST FUND BALANCE

Currently the tax table ratio at Schedule V requires a Trust Fund balance of \$33.6 million (based on 1983 total wages).

The Council passed a motion to change the ratio at Schedule V to require a balance of \$56.0 million.

TAX TABLE RATE CLASSES

Currently the tax table contains 7 rate classes for "eligible employers" and 6 rate classes for "deficit employers".

The Council passed a motion to increase the rate classes to 10 in each category.

EXPERIENCE RATING PERIOD

Currently the law specifies a 3 year experience rating period.

The Council passed a motion to change the experience rating period to continuous.

SURTAX

The Council passed a motion to consider a surtax to pay off Trust Fund loans.

TAXABLE WAGE BASE (TWB)

Currently at 75% of the average annual wage with a maximum increase of \$200 per year. Under current law the estimated TWB for 1985 would be \$8,600.

The Council passed a motion to increase the TWB to 80% of the average annual wage. The estimated TWB for 1985 would be \$11,800.

AVERAGE TAX RATE (ATR)

Currently at 3.1% under Schedule X.

The Council passed a motion to increase the ATR to 3.3% under Schedule X.

MAXIMUM TAX RATE FOR DEFICIT EMPLOYERS

Currently at 4.4%.

The Council passed a motion to increase the maximum tax rate to 6.5%.

DISQUALIFICATION - QUIT WITH GOOD CAUSE

Currently the law provides benefits for a quit with good personal cause.

The Council passed a motion to require that the cause be attributable to the claimant's employment.

MAXIMUM WEEKLY BENEFIT AMOUNT

Currently the law provides a maximum of 60% of the state's average weekly wage and the amount is recalculated each July 1. Under current law the estimated maximum for SFY'86 would be \$178 and for SFY'87 \$190.

The Council passed a motion to put a "freeze" on the maximum for the period from July 1, 1985 through December 31, 1986. This change would freeze the maximum at \$170 per week during the period.

WAITING WEEK BETWEEN TRANSITIONAL YEARS

Currently the law does not require a waiting week between transitional years.

The Council passed a motion to require a waiting week. During any year in which "extended benefits" trigger on for the normal 13 week period, the estimated savings to the Trust Fund is \$.5 million.

WEEKLY BENEFIT AMOUNT

Currently the law provides for benefits equal to 50% of the claimant's average weekly wage during his/her base period (with a minimum and maximum provision).

The Council passed a motion to reduce this to 49%.

The financial impact of the above motions is illustrated in the attached worksheet.

1983

	# OF EMPLOY- ERS	# OF EMPLOY- EES	% OF WORK FORCE	% OF TOTAL WAGES	AVG. SALARY	AVG. COST PER EMPLR.	AVG. RATE PER EMPLR.	% OF TOTAL CONTRI.	% OF TOTAL BENEFITS	1983 CONTRI. (MIL)	AT 80% WAGE BASE (MIL)	% IN- CREASE	AT 100% WAGE BASE (MIL)	% INC- CREASE
FIRE	1,873	12,983	6.85	7.28	\$15,691	\$205	2.39%	6.1	1.6	\$2.66	\$3.73	40	\$4.66	75
RETAIL	5,901	55,870	29.5	18.13	\$ 9,084	\$178	2.72%	21.3	9.3	\$9.94	\$10.7	8	\$10.7	8
AGRI.	500	2,661	1.4	1.0	\$10,490	\$211	2.67%	1.2	.7	\$5.56	\$7.0	25	\$7.0	25
WHOLE- SALE	1,985	17,021	9.0	10.0	\$17,942	\$242	2.82%	9.1	5.6	\$4.12	\$5.77	40	\$7.21	75
TRANS.	1,152	16,419	8.7	12.33	\$21,023	\$241	2.76%	9.1	6.1	\$3.96	\$5.54	40	\$6.92	75
SERVICE	6,686	40,997	21.6	17.15	\$11,709	\$201	2.79%	17.7	11.5	\$8.24	\$11.45	39	\$11.45	39
MANUF.	1,191	21,540	11.4	15.2	\$19,706	\$314	3.33%	14.6	21.9	\$6.76	\$9.47	40	\$11.84	75
CONST.	2,881	13,696	7.23	10.4	\$21,336	\$409	3.35%	12.7	25.7	\$5.6	\$7.84	40	\$9.8	75
MINING	691	7,680	4.1	7.3	\$26,706	\$337	3.18%	8.0	17.5	\$2.59	\$3.62	40	\$4.53	75

IMPACT TO 1983 FIGURES OF AN 80% WAGE BASE
AND AN INCREASE TO 6.5 ON DEFICIT EMPLOYERS

	A*	% OF	B*	C	B + C*	% OF	NET %
	1983	1983	AT 80%	INCREASE	TOTAL AT 80%	OF	INCREASE
	<u>CONTRI.</u>	<u>CONTRI.</u>	<u>WAGE</u>	<u>DEFICIT</u>	<u>WAGE BASE +</u>	<u>TOTAL</u>	<u>OVER '83</u>
			<u>BASE</u>	<u>TO 6.5%</u>	<u>DEFICIT INC.</u>	<u>(B+C)</u>	
AGRI.	.56	1.3	.70	.03	.73	1.15	24.9
MINING	2.59	5.83	3.62	.71	4.33	6.85	67.2
CONST.	5.6	12.6	7.84	1.29	9.13	14.43	63.0
MANUF.	6.76	15.2	9.47	.98	10.45	16.52	54.6
TRANS.	3.96	8.9	5.54	.28	5.82	9.20	47.7
WHOLE- SALE	4.12	9.3	5.77	.21	5.98	9.45	45.1
RETAIL	9.94	22.4	10.74	.25	10.99	17.37	10.6
FIRE	2.66	6.0	3.73	.05	3.78	5.98	42.1
SER- VICES	8.24	18.5	11.45	.59	12.04	19.04	46.1
TOTAL	44.43	100.	58.86	4.39	63.25	100.	

*FIGURES IN MILLIONS

Number of Deficit Employers by Category

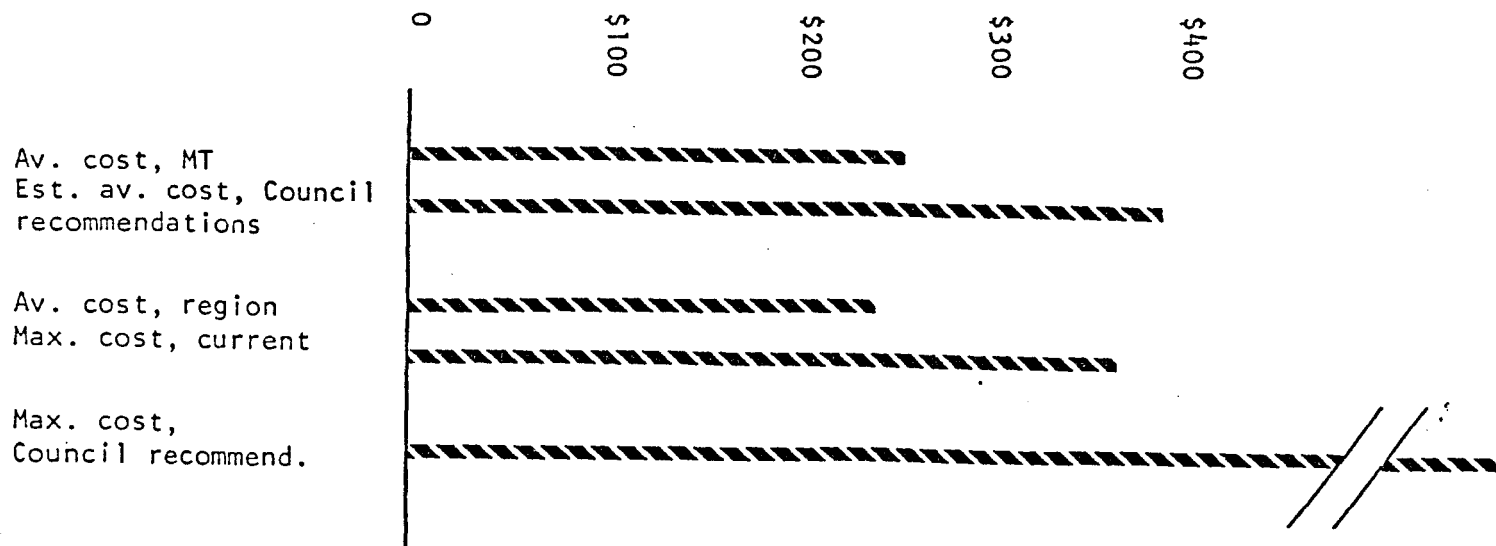
<u>Industry</u>	<u>No. of Employers</u>	
	<u>Total</u>	<u>Deficit</u>
Agriculture	500	54
Mining	691	182
Construction	2,881	968
Manufacturing	1,191	375
Transp. & Comm.	1,152	156
Wholesale Trade	1,985	189
Retail Trade	5,901	522
Finance, Ins. & R.E.	1,873	122
Services	6,686	677
Non-Classified	168	14

10/84

SOME COMPARISONS WITH NEIGHBORING STATES

	MT	ND	SD	IDA	WYO	ORE	WASH
Taxable wage base	\$ 8,400 *(11,800)	\$10,400 (\$10,150 in 1983)	\$7,000	\$14,400	\$9,600	\$13,000	\$12,000
Average rate for taxable	3.1 *(3.3)	3.6	1.6	3.4	3.9	3.1	3.3
Maximum rate	4.4 *(6.5)	6.9	9.0	6.0	7.68	4.0	3.15

* Council Recommendations

Comparative average
costs per employee

Industry Categories include
the following groups from the
Standard Industrial Code

Agriculture

Commercial farms; noncommercial farms; elevators/grain companies; agricultural services -- hunting, trapping; forestry; fisheries

Mining

Metal; coal; crude petroleum and natural gas drilling; nonmetallic minerals

Construction

Building; other, special trade contractors

Manufacturing

Includes food manufacturing; wood products; furniture; paper; printing; chemicals; petroleum refining; stone, clay and glass products; primary metal industries; machinery; etc.

Transportation and Communications

Railroad; motor freight; water; pipeline; communication; electric, gas and sanitary services

Wholesale

Wholesale trade

Retail

General merchandise; food; automotive; eating and drinking places

Finance, Insurance and Real Estate

Banking; other credit agencies; security and commodity brokers; insurance; real estate; holding and other investment companies

Services

Lodging; Personal services (cleaning, mortuaries, etc.); miscellaneous business services (leasing, etc.); repairs; motion pictures; amusement and recreation; medical; legal; educational services; museums, etc.; nonprofit membership organizations; direct selling