

HOUSE BILL NO. 843

Introduced: 02/15/83

Referred to Committee on Labor & Employment Relations: 02/15/83

Hearing: 2/19/83

Died in Committee

1 House BILL NO. 843
2 INTRODUCED BY Mark
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE EMPLOYERS
5 AND EMPLOYEES TO PARTICIPATE IN AN UNEMPLOYMENT INSURANCE
6 BENEFIT-SHARING PROGRAM DURING TIMES OF GENERAL ECONOMIC
7 DOWNTURN."
8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10 Section 1. Definitions. As used in [this act], unless
11 the context clearly requires otherwise, the following
12 definitions apply:
13 (1) "Eligible work force" means that portion of an
14 employer's work force for which a program under [this act]
15 has been established and approved.
16 (2) "Full-time hours" means 35-40 hours worked by an
17 employee during any workweek.
18 Section 2. Benefit-sharing program -- purpose. The
19 department shall establish a benefit-sharing program under
20 the unemployment insurance law. The purpose of this program
21 is to establish incentives during cyclic business downturns
22 for retention of employees while reducing hours worked and
23 providing proportional unemployment compensation benefits.
24 This program is an alternative to the provisions of
25 39-51-2202.

1 Section 3. Requirements for employer's participation.
2 When an employer desires to participate in the program
3 established under [this act], he shall:
4 (1) apply to the department for participation in the
5 program;
6 (2) meet all other applicable requirements for
7 unemployment insurance and compensation;
8 (3) agree to maintain employee benefits at a level not
9 less than the proportion of full-time salary benefits
10 reflected by the reduced weekly salary plus shared benefits;
11 (4) provide certification, when applicable, from the
12 employee bargaining agent or other authorized representative
13 that participation in the program is authorized by the
14 eligible work force;
15 (5) certify the need for participation in the program
16 to avoid layoffs due to temporary economic downturn; and
17 (6) certify that no new employees will be hired during
18 the period of temporary economic downturn except to replace
19 employees terminated in the ordinary course of business.
20 Section 4. Eligible employees -- limit. Any individual
21 employed by an employer who participates in a program
22 authorized and approved under [this act] is eligible to
23 participate if otherwise eligible for unemployment insurance
24 benefits. No employee may receive benefits under this
25 program for more than 20 weeks in any 52-week period unless

1 the current unemployment rate as determined by the
2 department for the labor market is greater than 8% for
3 Montana, as determined in the department's most recent
4 periodic unemployment report. When the unemployment rate is
5 greater than 8% for Montana at the end of the 20-week
6 period, and upon agreement of all parties to the program, an
7 employee may receive benefits for an additional 20 weeks.

8 Section 5. Determination of amount to be received by
9 employee. When an employer participates in the program
10 established by [this act], an employee's unemployment
11 insurance benefits for the reduced working hours must be
12 equal to the amount of such benefit the employee would have
13 received if this program were not in effect multiplied by
14 the percentage representing the proportional reduction in
15 the employee's full-time hours worked.

16 Section 6. Contribution rate reduction for
17 participating employers. When an employer participates in a
18 benefit-sharing program under [this act], the department may
19 reduce the contribution rate for that employer to the next
20 lower rate schedule under 39-51-1218 for that employer's
21 experience rating.

22 Section 7. Revocation. The department may revoke
23 approval and discontinue the participation of an employer in
24 the program created by [this act] upon failure of the
25 employer to meet the requirements set forth in [section 3]

1 or for failure to meet other applicable requirements.

2 Section 8. Other unemployment statutes applicable --
3 exception. Except for the requirement that an individual
4 seek other employment, statutes and rules of the department
5 for unemployment insurance also apply to the program created
6 by [this act], but only to the extent that those provisions
7 and rules are consistent with the provisions of [this act].

8 Section 9. Codification instruction. Sections 1
9 through 8 are intended to be codified as an integral part of
10 Title 39, chapter 51, and the provisions of Title 39,
11 chapter 51, apply to sections 1 through 8.

-End-

STATE OF MONTANA

REQUEST NO. 450-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 18, 19 83, there is hereby submitted a Fiscal Note for House Bill 843 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

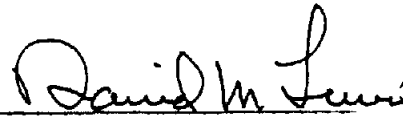
House Bill 843 authorizes employers and employees to participate in an unemployment insurance benefit-sharing program during times of general economic downturn.

ASSUMPTIONS:

- 1) Use a Total Unemployment Rate (TUR) of 7.3% in FY 84 and 6.5% in FY 85.
- 2) Assume 3 months will be at 8% or more in FY 84; 2 months at 8% or more in FY 85.
- 3) Initial claims of 56,000 in FY 84; 55,000 in FY 85.
- 4) Assume Montana's participation experience would be equivalent to a similar work-sharing experience in California in which 4.5% of initial claimants are work-sharing claimants. Therefore, 2520 claimants (4.5% of 56,000) would participate in the program in FY 84 and 2475 claimants would participate in FY 85.
- 5) Assume claimants are evenly distributed throughout the year. Therefore, if in FY 84 TUR is over 8% for 3 months (1/4 of year) then 1/4 of claimants will receive an extra 20 weeks of benefits. Likewise, since TUR is over 8% for 2 months in 85, assume 1/6 or 412 claimants will receive an extra 20 weeks of benefits.
- 6) Assume an average partial benefits payment of \$65 for FY 84 and 85 based on 3 years of historical data.
- 7) Assume average partial benefit payment under proposed bill would be 83% (\$54) of average partial benefit payment based on sample calculations using average weekly wage, wages necessary to qualify for maximum benefit amount and for \$4, \$8 and \$10/hr wages at 10, 20 and 30 hour part time work weeks.
- 8) Assume same number of claimants for each year would draw 26 weeks of benefits at \$65 under current law. The difference then, is the fiscal impact of the bill.

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
UI Partial Benefits		
Under Current Law	\$ 4,258,800	\$ 4,182,750
Under Proposed Law	3,402,000	3,117,960
Decrease	<u>\$ 856,800</u>	<u>\$ 1,064,790</u>



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-21-83

FISCAL NOTE 15: W/1