

1 HOUSE BILL NO. 34

2 INTRODUCED BY HARRINGTON

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING PAYMENT OF WAGES AND BENEFITS TO
5 NONCERTIFIED SCHOOL EMPLOYEES DURING EMERGENCY SCHOOL CLOSURES; ALLOWING PAYMENT
6 OF UNEMPLOYMENT INSURANCE BENEFITS TO NONCERTIFIED SCHOOL EMPLOYEES BETWEEN
7 ACADEMIC TERMS AND DURING VACATIONS AND HOLIDAYS; AMENDING SECTIONS 20-9-806 AND
8 39-51-2108, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND APPLICABILITY DATES."
9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11

12 Section 1. Section 20-9-806, MCA, is amended to read:

13 "20-9-806. School closure by declaration of emergency. If a school is closed by reason of a
14 declaration of emergency by the governor;

15 (1) the pupil-instruction days lost during the closure need not be rescheduled to meet the minimum
16 requirement for pupil-instruction days that a school district must conduct during the school year in order
17 to be entitled to full annual equalization apportionment; and

18 (2) noncertified school employees must receive full wages and benefits for the days not
19 rescheduled."
20

21 Section 2. Section 39-51-2108, MCA, is amended to read:

22 "39-51-2108. Payment of benefits based on service in public, charitable, or educational
23 organizations. (1) Benefits based on service in employment defined in subsections (5) and (6) of
24 39-51-203 and subsections (2) and (3) of 39-51-204 are payable in the same amount, on the same terms,
25 and subject to the same conditions as compensation payable on the basis of other service subject to this
26 chapter, ~~except that.~~ However, benefits based on service in an instructional, research, or principal
27 administrative capacity for an educational institution may not be paid to an individual for any week of
28 unemployment ~~which~~ that begins during the period between two successive academic years or during a
29 similar period between two regular terms, whether or not successive, or during a period of paid sabbatical
30 leave provided for in the individual's contract if the individual has a contract or reasonable assurance of a

1 contract to perform services in any ~~such~~ capacity for any ~~such~~ educational institution for both ~~such~~
2 academic years or both ~~such~~ terms.

3 (2) ~~Benefits based on services in any other capacity for an educational institution shall be denied~~
4 ~~to any individual for any week which commences during a period between 2 successive academic years~~
5 ~~or terms if the individual performs such services in the first of such academic years or terms and there is~~
6 ~~a reasonable assurance that the individual will perform such services in the second of such academic years~~
7 ~~or terms. If any individual is denied benefits and was not offered an opportunity to perform such service~~
8 ~~for the educational institution for the second of such academic years or terms, such individual shall be~~
9 ~~entitled to a retroactive payment of the benefits for each week for which the individual filed a timely claim~~
10 ~~for benefits and for which benefits were denied solely by reason of the denial provided for in this section.~~

11 (3) Benefits based on services described in ~~subsections~~ subsection (1) and (2) of this section shall
12 must be denied to any individual for any week ~~which~~ that commences during an established and customary
13 vacation period or holiday recess if ~~such~~ the individual performs ~~such~~ the services in the period immediately
14 before ~~such~~ the vacation period or holiday recess and there is reasonable assurance that ~~such~~ the individual
15 will perform ~~such~~ the service in the period immediately following ~~such~~ the vacation period or holiday recess.

16 (4) (3) Benefits based on services described in ~~subsections~~ subsection (1) and (2) of this section
17 to an individual who performed ~~such~~ the services for an educational institution while in the employ of an
18 educational service agency shall must be denied as specified in subsections (1), and (2), ~~and (3)~~ of this
19 ~~section~~. The term "educational service agency" means a governmental agency or governmental entity
20 ~~which~~ that is established and operated exclusively for the purpose of providing ~~such~~ service to one or more
21 educational institutions."
22

23 NEW SECTION. Section 3. Applicability. (1) [Section 1] applies retroactively, within the meaning
24 of 1-2-109, to emergency closures on or after January 1, 1995.

25 (2) [Section 2] applies to claims for benefits that are made after [the effective date of this act].
26

27 NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.
28

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB 0034, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: A bill to require payment of wages and benefits to noncertified school employees during emergency school closures; allowing payment of unemployment insurance benefits to noncertified school employees between academic terms and during vacations and holidays.

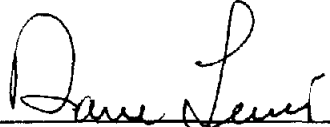
ASSUMPTIONS:

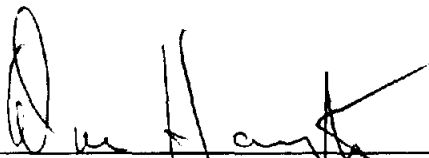
1. From 7-1-82 through 6-30-85, similar legislation existed. The average annual benefit charges for government entities for the three year period (SFY83 through SFY85) were \$4,600,000. During this period qualification provisions allowing payments to noncertified school employees were as proposed in HB34.
2. In 1985, legislation was enacted that changed the benefit structure disallowing the possibility of benefits for noncertified school employees. The average annual benefit charges for government entities for a three year period (SFY86 through SFY88) were equal to \$2,900,000 due to this reduction in benefits. More recent years are not used for comparison because benefit charges have changed for other economic reasons.
3. The difference of \$1,700,000 in average benefit charges between the two periods is attributed in whole to the denial of benefits to noncertified school employees between academic terms and during vacations or holidays.
4. The average weekly benefit amount (WBA) in SFY85 was \$120 and projected to be \$151 (25% increase) SFY96 and \$158 (31% increase) in SFY97. The percent of increase in the WBA applied to the \$1,700,000 difference would result in \$2,125,000 additional benefit charges in SFY96 and \$2,227,000 additional benefit charges in SFY97.
5. Individual school districts cost ratio's will begin to change in the second year of the biennium, however, the .4% rate will remain the same for the 96/97 biennium.

FISCAL IMPACT:

Expenditures: There is a potential for \$2,125,000 increased benefit payments to noncertified school employees in SFY96 and \$2,227,000 in SFY97.

Revenue: School districts and state/local government entities comprise a group of employers with their own experience rated tax structure - separate from other experience rated employers. If, due to passage of HB34, benefit charges increase above the current amount of contributions, the tax rate for individual schools will increase to replenish this part of the UI trust account. Depending upon the amount of benefit charges, the tax rate for all school districts and state/local governments will increase to a higher level to replace the benefits paid. If this bill were approved the tax rate is projected to increase to the next higher level in SFY98/99.

 1-5-95
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


DAN HARRINGTON, PRIMARY SPONSOR DATE

Fiscal Note for HB0034, as introduced

HB 34

(continued)

Net Impact:	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Unemployment Insurance Fund	(\$2,125,000)	(\$2,227,000)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES: The proposal will not raise state and local government unemployment insurance tax rates in the 96/97 biennium but higher unemployment insurance costs would occur in subsequent bienniums as rates increase to replenish the trust fund.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION: The ratio of total benefit charges to total wages will increase by the 98/99 biennium enough to raise the average rate for Governmental Entities from .4% to .5% which would translate to increased unemployment costs to all state and local governmental entities beginning in 98/99 biennium. This would result in increase state general fund costs in the 1999 biennium.

TECHNICAL NOTES: