

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

January 29, 1985

The meeting of the Business and Labor Committee was called to order by Chairman Bob Pavlovich on January 29, 1985 at 8:00 a.m. in Room 312-2 of the State Capitol.

ROLL CALL: All members were present.

HOUSE BILL NO. 284: Hearing commenced on House Bill 284. Representative Hal Harper, District #44, sponsor of the bill, stated that the purpose of House Bill 284 is to make the unemployment trust fund solvent. This is a very sensitive issue and a compromise was reached between the employment security advisory council members. The bill is intended to remove the specter of bankruptcy from the states' unemployment trust fund by increasing the tax on employers, changing the method of computing the experience rating, changing benefit amounts, providing for disqualification if an employee leaves work without good cause attributable to his employment. A surtax of up to .3% of total wages would be applicable for two years only.

Proponent Dave Wanzenried, Commissioner of the Department of Labor and Industry explained that House Bill 284 is not perfect, but rather a compromise package. Mr. Wanzenried distributed to committee members Exhibits 1 through 6. The state is currently in debt to the federal government the sum of 8.5 million dollars. Last year 15 million was owed, which resulted in an interest payment of \$840,000. An estimate of 1.8 million dollars will be the interest payment for this year if nothing is done. If the 8.5 million is not paid back to the federal government by November 20, 1985, the federal government will reduce the tax credit to the state by .3%. There are currently seven rate classes for eligible employers. House Bill 284 would raise the number of classes to ten. We are running at a deficit and are using the Highest tax schedule, explained Mr. Wanzenried. By increasing the taxable wage base, more responsibility will be placed upon deficit employers. If House Bill 284 is passed as is, the fund will have a positive balance by January of 1986. If no action is taken, we will continue to borrow money from the federal government, continue to make interest payments and we will lose a portion of our federal tax credit, stressed Mr. Wanzenried.

Proponent Jim Hughes, representing Mountain Bell, served as a member of the governor's advisory council. Mr. Hughes distributed to committee members Exhibit 7, which is attached hereto. Mr. Hughes explained that House Bill 284 is a fair compromise and that it does not solve all the problems concerning the unemployment fund, but this is a start.

Proponent Forrest Boles, representing the Montana Chamber of Commerce, served as a member of the governor's advisory council. Mr. Boles supplied written testimony which is attached hereto as Exhibit 8.

Proponent Phil Strobe, representing the Montana Tavern Association and the Montana Innkeepers Association, stated that House Bill 284 is worthy of passing as is. Mr. Strobe is opposed to the amendments as proposed by Mr. Boles. Exhibit 9 was distributed to committee members by Mr. Strobe. A deficit employer receives more benefits than have been paid in. It is the mainstream businesses that support and subsidize those deficit employers who create unemployment. By passing House Bill 284 in whole, these deficit employers contributions will be more equal to their benefits drawn, added Mr. Strobe.

Proponent George Allen, representing the Montana Retail Association, submitted written testimony which is attached hereto as Exhibit 10.

Proponent Roland Pratt, representing the Montana Restaurant Association, offered his support of House Bill 284. Mr. Pratt explained that in passing House Bill 284, all are giving up a little, but also receiving something in return.

Proponent H. S. Hanson, representing the Montana Technical Council, stated that a surcharge is equitable. Mr. Hanson agrees with the percentages shown, but does not agree with the base salary. He suggested the lowest salary group be used and that the percentages be raised to those that are causing the deficit.

Proponent Riley Johnson, representing the National Federation of Independent Businesses, presented testimony as outlined on the Witness Statement attached.

Proponent Jim Murray, representing the Montana AFL-CIO, does not support the bill with great enthusiasm. Mr. Murray suggested to the committee that they defer action on all other employment insurance bills that may be received, until House Bill 284 is in to play. Mr. Murray did not agree with the revision of the disqualification portion of the law. He feels that this will be discriminating against women. The taxable wage base should be kept at the lowest possible figure, explained Mr. Murray.

Proponent Gene Phillips, representing the Bozeman Committee on Legislative Affairs, stressed his concern regarding the 56 million dollar reserve that will be created by passing House Bill 284. Mr. Phillips feels that this amount is excessive.

Proponent Roger Young, representing the Great Falls Chamber of Commerce, agrees with the Montana Chamber of Commerce amendments that were presented by Mr. Forrest Boles.

Proponent Casey Emerson, a small manufacturer from Bozeman, stated that the difference between the amount collected and the amount paid out, is due to invalid claims. Claims are being paid and paid for long periods of time which is overburdening the resources. Mr. Emerson suggested that an amendment to regulate invalid claims be studied.

Proponent Anne Brodsky, representing the Women's Lobbyist Fund, supplied written testimony which is attached hereto as Exhibit 11. .

Opponent Chad Smith, representing the Unemployment Compensation Advisors, does agree to the need for tax adjustment. The two major problems he has with House Bill 284 is that it over finances the current deficit. This is unnecessary and serious consideration should be given to Mr. Boles' amendment regarding the ratio fund to wages. The other problem is that House Bill 284 places the burden on Montana seasonal industries. Mr. Smith explained that it is better to underestimate than to overestimate. The state can always borrow money from the federal government at 10% interest per year. We should collect only the amount that is needed and not over tax the employer. Mr. Smith suggested that the committee defer action on House Bill 284 until House Bill 418 is heard. A combined increase of 101% will be assessed to some employers, which will make these employers uncompetitive. Mr. Smith asked the committee to delete Sections 2 and 5 and on page 1 to change the word total to taxable.

Opponent Keith Olsen Executive Director of the Montana Logging Association, submitted written testimony which is attached hereto as Exhibit 12.

In closing, Representative Harper explained that this is a very complicated issue and an argument could be raised for and against every section in the bill. The time and effort that has gone into House Bill 284 should be considered. The taxable wage base must not be lowered, the main problem is that this is too low. The federal government recommends that the reserve in each trust account be 1 1/2 times the benefits paid out each year. The 56 million equals one year of benefits paid out. Representative Harper pleaded with the committee to pass House Bill 284 with no amendments.

Representative Schultz asked Mr. Phil Strobe and Mr. Roland Pratt, if the \$11,800 taxable wage base would meet many of the employees that they represent. Both answered that it would reach approximately 70-80 percent.

Representative Brandewie suggested to Mr. Jim Hughes that this is not an ordinary insurance plan. Individuals are not required to present show of need before collecting unemployment benefits and that only a segment of the community benefits from unemployment insurance.

Representative Kadas asked Mr. George Allen if his main concern is that mainstream employers are subsidizing seasonal employers. Mr. Allen explained that the subsidy is excessive. By enacting House Bill 284, the subsidy will still exist, but this will help to narrow the gap.

Chairman Pavlovich explained to the committee that House Bill 264 would be placed in a subcommittee. Representative Driscoll will chair the committee with Representatives Brown, Nisbet, Wallin, Schultz and Jones serving.

ADJOURN: There being no further business before the committee, the meeting was adjourned at 11:00 a.m.


Representative Bob Pavlovich
Chairman

DAILY ROLL CALL
 BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date: January 29, 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	✓		

HOUSE BILL 284

AN ACT MAKING THE UNEMPLOYMENT TRUST FUND SOLVENT

Section 1. This section authorizes a surtax to pay off principal on loans from the federal government. The rate of the surtax may not exceed .3%. This surtax will enable the Department of Labor and Industry to pay off all monies owed the federal government by January 1986. The authority for the surtax expires on June 30, 1987.

Section 2. Section 2 changes the taxable wage base from 75% to 80% of the annual wage and eliminates the \$200 per year ceiling on tax increases.

Sections 3 and 4. An employer's "experience factor" determines the rate at which unemployment insurance taxes will be paid. The factor is computed based on benefits drawn from and contributions paid into the employer's account. Currently, only figures for the last three years are used to calculate the experience factor. Sections 3 and 4 make benefit charges and contributions payments accumulative in the experience factor calculation throughout the life of the business. This will cause the rates to drop for stable employers that have had a small amount of benefits charged against their accounts.

Section 5. Section 5 modifies the unemployment insurance tax rate structure. It provides for 10 rate classes replacing the 7 existing rate classes. Rate classes for deficit employers would be increased from 6 to 10 classes. The maximum average tax rate is increased from 3.0% to 3.2%. See Attachment 1. (The Job Service assessment (39-51-404(4)) of .1% is in addition to the actual tax paid.) The reserve ratio has been changed to require a greater balance before triggering to a lower rate schedule.

Section 6. Section 6 requires a claimant with a transitional claim (claim spanning two benefit years) to wait a week between benefit years. Benefits would not be paid during the waiting week. See Attachment 2. Montana is the only state in the country which does not provide for a waiting week between benefit years.

Section 7. Section 7 reduces the maximum of an individual's weekly benefit amount from 50% to 49% of his/her average weekly wage. This change would reduce benefit expenditures by approximately \$1.3 million in fiscal year 1986. In addition, the maximum weekly benefit amount is proposed to be frozen at the 1984 level through January 3, 1987.

Section 8. An employee may currently receive unemployment insurance benefits if he/she can show "good personal cause" for leaving his/her employment. Section 8 would require a claimant to demonstrate that the cause of separation from employment is attributable to employment in order to qualify for benefits. This change would reduce benefit expenditures by approximately \$2.5 million in fiscal year 1986.

Section 9. This section permits the department to make rules for this act like it does for other laws it implements.

Section 10. This section puts this act in the law which applies to the rest of unemployment insurance.

Section 11. This section would make the temporary surtax and the new contribution rate schedules effective this calendar year.

Section 12. Because the year for determining benefit rates begins July 1 of every year, this section makes the benefit changes proposed by this act effective July 1, 1985. This section also provides for the termination of the surtax on June 30, 1987 and makes the tax sections effective upon passage.

SCHEDULE OF CONTRIBUTION RATES*

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)	(.0145)	(.0140)	(.0130)	(.0120)	(.0110)	(.0095)	(.0075)	(.005)	(.....)	
1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.7	2.9	3.1	
CONTRIBUTION RATES FOR ELIGIBLE EMPLOYERS										
Rate Class										
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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Rate 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

* SB95 seeks to clarify that .1% of the above rates collected from employers is set aside for the Job Service Administrative Fund.

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)	(.....)
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	1.9	2.1	2.3	2.5	2.7	2.9	3.1	3.3	3.5
1																			
2																			
3																			
4																			
5																			
6																			
7																			
8																			
9																			
10																			

CONTRIBUTION RATES FOR DEFICIT EMPLOYERS

Rates for Unrated Employers	2	2.2	2.4	2.6	2.8	3	3.2	3.4	3.6	3.8	4	4.2	4.4	4.6	4.8	5	5.2	5.4	5.6	5.8	6	
1																						
2																						
3																						
4																						
5																						
6																						
7																						
8																						
9																						
10																						

*The schedule of contribution rates shown above does not include the .1% Job Service Administrative Fund Tax which is in addition to the above rates.

TRANSITIONAL CLAIMS

1984

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				

Claimant files a claim effective 1-8-84.

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.

December

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

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		

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

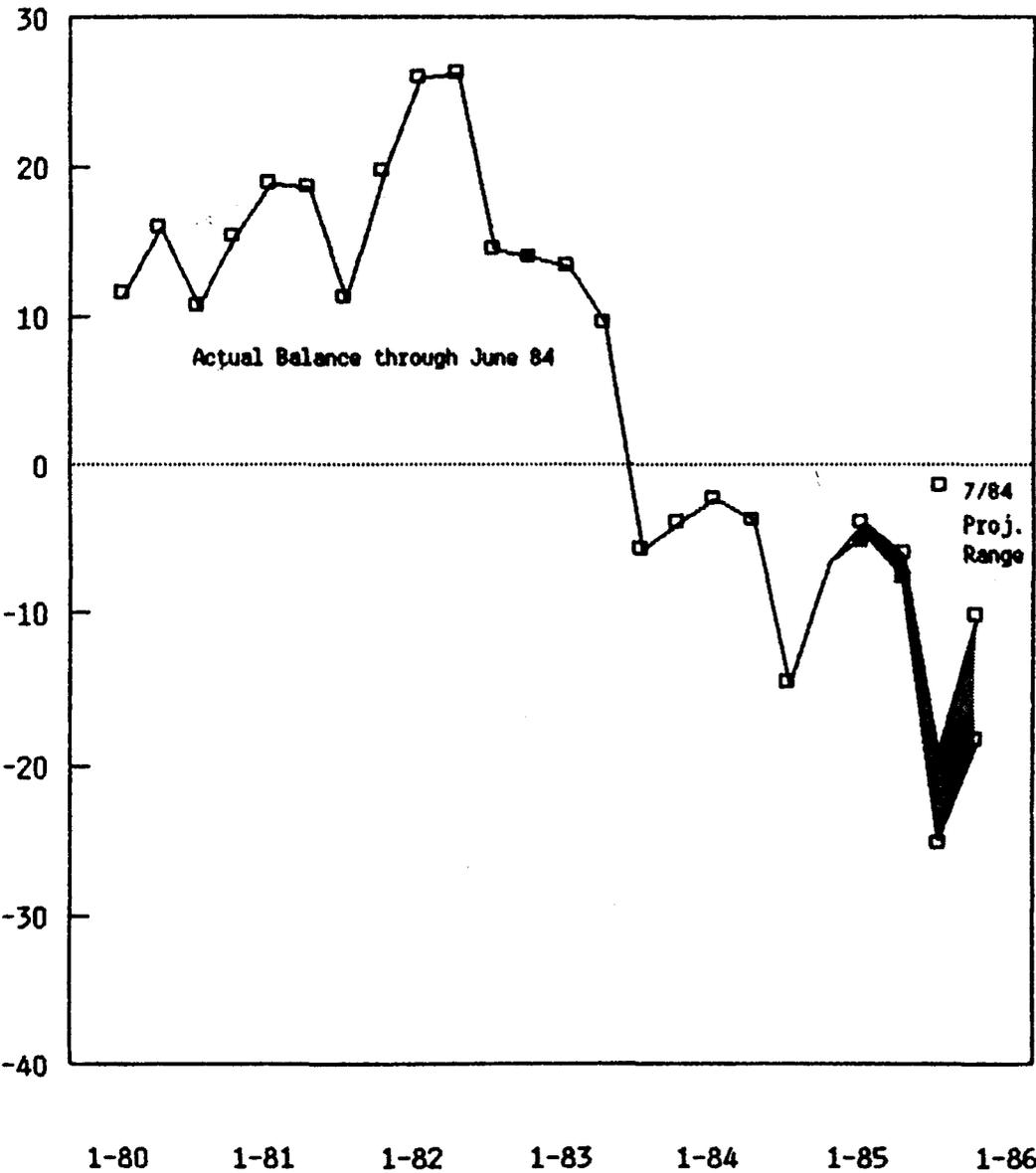
This claim is termed a "transitional claim". The claimant is in a compensable status, that is, being paid benefits, at the end of his prior benefit year and may continue to receive benefits without interruption to serve a waiting week at the beginning of his second benefit year.

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.

UI Trust Fund Balance

Exhibit 2
 January 29, 1985
 HB 284
 Submitted by:
 Dave Wanzenried

Trust Fund Balance in Millions of Dollars



PROJECTED TRUST FUND BALANCE
 (Actual through June 84)

Month	Balance	Projection
JUNE, 83	(\$ 4.0M)	with
JULY, 83	(\$ 1.6M)	Poor
AUGUST, 83	\$ 0.9M	Economy
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)	(\$10.6M)
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	(\$10.6M)	(\$18.8M)

State Fiscal Year Qtrs.

Updated Projection July 1984

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	---	12.0	12.8	15.9

Average Annual Shortfall '85 - '87:

Mininum = 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%.

must raise to 5.9

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	21.0
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	∅	+2.5	+2.5
FREEZE OR REDUCE MAXIMUM BENEFITS	III-K	FREEZE AT FY85 MAX. 705 THRU 12/86	∅	+2.1	+1.5
ELIMINATE 15% PROVISION FOR MIN. BENEFITS	III-L	NO	∅	+	+
REQUIRE WAITING WEEK-TRANSITIONAL CLAIMS	III-M	YES	∅	∅	∅
REDUCE WEEKLY BENEFIT AMOUNT	III-P	49%	∅	+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	36.4
	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

PRESENT SCHEDULE
UNEMPLOYMENT INSURANCE CONTRIBUTION RATES

Exhibit 3
January 29, 1980
HB 284

AS OF JANUARY 1, 1980

Submitted by:
Dave Wanzanried

	SCHED. I	SCHED. II	SCHED. III	SCHED. IV	SCHED. V	SCHED. VI	SCHED. VII	SCHED. VIII	SCHED. IX	SCHED. X
Un Ratio Fund to Total Wages	(.0150)	(.0145)	(.0140)	(.0130)	(.0120)	(.0110)	(.0095)	(.0075)	(.005)	(.....)
Average Tax Rate	1.2	1.4	1.6	1.8	2	2.2	2.4	2.6	2.8	3

Rate Class

CONTRIBUTION RATES FOR ELIGIBLE EMPLOYERS

1	.1	.2	.4	.6	.8	1	1.2	1.4	1.6	1.8
2	.3	.5	.7	.9	1.1	1.3	1.5	1.7	1.9	2.1
3	.6	.8	1	1.2	1.4	1.6	1.8	2	2.2	2.4
4	.9	1.1	1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.7
5	1.2	1.4	1.6	1.8	2	2.2	2.4	2.6	2.8	3
6	1.5	1.7	1.9	2.1	2.3	2.5	2.7	2.9	3.1	3.3
7	1.8	2	2.2	2.4	2.6	2.8	3	3.2	3.4	3.6

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

1	2.1	2.3	2.5	2.7	2.9	3.1	3.3	3.5	3.7	3.9
2	2.3	2.5	2.7	2.9	3.1	3.3	3.5	3.7	3.9	4.1
3	2.5	2.7	2.9	3.1	3.3	3.5	3.7	3.9	4.1	4.3
4	2.7	2.9	3.1	3.3	3.5	3.7	3.9	4.1	4.3	4.5
5	2.9	3.1	3.3	3.5	3.7	3.9	4.1	4.3	4.5	4.7
6	3.1	3.3	3.5	3.7	3.9	4.1	4.3	4.5	4.7	4.9

PROPOSED
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)	(.....)
Average Tax Rate	1.4	1.6	1.8	2	2.2	2.4	2.6	2.8	3	3.2

Rate Class

CONTRIBUTION RATES FOR ELIGIBLE EMPLOYERS

1	0	.1	.3	.5	.7	.9	1.1	1.3	1.5	1.7
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

1	3.2	3.4	3.6	3.8	4	4.2	4.4	4.6	4.8	5
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	6.6
10	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4

TRUST FUND MINIMUM BALANCE
REQUIRED TO BE IN SCHEDULE
(IN MILLIONS):

PRESENT LAW:

FOR CY 85	\$ 43.50	\$ 42.05	\$ 40.60	\$ 37.70	\$ 34.80	\$ 31.90	\$ 27.55	\$ 21.75	\$ 14.50	(.....)
FOR CY 86	\$ 49.50	\$ 47.85	\$ 46.20	\$ 42.90	\$ 39.60	\$ 36.30	\$ 31.35	\$ 24.75	\$ 16.50	(.....)
FOR CY 87	\$ 54.00	\$ 52.20	\$ 50.40	\$ 46.80	\$ 43.20	\$ 39.60	\$ 34.20	\$ 27.00	\$ 18.00	(.....)

PROPOSED LAW:

FOR CY 85	\$ 78.30	\$ 75.40	\$ 71.05	\$ 65.25	\$ 58.00	\$ 49.30	\$ 39.15	\$ 27.55	\$ 14.50	(.....)
FOR CY 86	\$ 89.10	\$ 85.80	\$ 80.85	\$ 74.25	\$ 66.00	\$ 56.10	\$ 44.55	\$ 31.35	\$ 16.50	(.....)
FOR CY 87	\$ 97.20	\$ 93.60	\$ 88.20	\$ 81.00	\$ 72.00	\$ 61.20	\$ 48.60	\$ 34.20	\$ 18.00	(.....)

Unemployment Compensation Fund Becoming Solvent Means Paying More

By Evelyn Pyburn
The Employment Security Advisory Council has submitted recommendations to the governor as to how the state can put its Unemployment Compensation Fund back into the black.

Governor Ted Schwinden appointed the council last April, following aborted attempts in the 1981 and 1983 Legislatures to deal with the ever-growing gap and mounting deficit of the fund.

The Council's recommendations include the imposi-

tion of a surtax, the raising of the taxable wage base, raising the "deficit" tax rate and some curbing of benefits.

Governor Schwinden has sent a letter to all Montana legislators endorsing the Council's recommendations, according to David E. Wanzenried, Commissioner of the Montana Department of Labor and Industry.

"The package represents significant concessions that were absent before," commented Wanzenried.

The recommendations do represent a consensus of the Council according to a council member, James Hughes, Director of Government Relations for Mountain Bell, but other aspects of the issue that were not addressed by the council because of their "divided interests," such as strikers' benefits, are also likely to be presented to the Legislature from other quarters, predicted Hughes.

The Council was reluctant to tamper with the over-all structure of the Unemployment Compensation

program, according to Hughes, saying that the deficit has been growing due, in large part, to the "extraordinary circumstances encountered by the state's economy during the past few years."

"We tried to deal with the paying back of the federal loans as a problem separate from that of making the fund solvent on an on-going basis," he said. "We felt that it didn't make sense to mess with what has otherwise been essentially a workable

(Continued on Page 6)

Unemployment Fund Filling the Gap

(Continued from Page 1)

program."

The council, comprised of 17 members, representing business, labor, and both sides of the legislature has agreed:

—the charging of 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, but

limited to a maximum of .3 percent of total wages. The surtax would be sunsetted in 1987.

—the raising of the taxable wage base, currently at 75 percent of the average annual wage with a maximum increase of \$200 per year. The recommendations would increase that limit to 80 percent of the average annual wage base. (The cur-

rent taxable wage base is \$8,400, which would become \$8,600 in 1985, under current law. The proposed change would elevate that figure to \$11,800, retroactively to Jan. 1, 1985, and indexing would be eliminated.)

—increasing the average tax rate, currently at 3.1 percent to 3.3 percent and increasing the maximum tax rate for deficit employers from 4.4 percent to 6.5 percent.

The package of recommendations also includes some curbs to benefits, which include among others:

—a "freeze" on the maximum weekly benefit for the period between July 1, 1985 and December 31, 1986. Currently the law provides that the maximum weekly benefit amount may not exceed 60 percent of the state's average weekly wage. That amount is projected to increase to \$178 for fiscal year 1986 and to \$190 for fiscal year 1987. The freeze would hold the figure at the current \$170.

—the disqualification as being eligible for benefits those employees who quit "with good personal cause." Currently under state law such employees may still draw benefits. The new recommendations require that the cause of separation from employment be attributable to the claimant's employment in order to qualify for benefits.

—reducing the weekly

benefit amount to 49 percent of the claimant's average weekly wage during their base period. Currently benefits equal 50 percent.

The surtax and rate increases will hit hardest the "higher paying employers," pointed out Hughes, who added, "This acts as a sort of balance to other inequities," referring to the fact that many of these are the employers whose employees account for the largest drain in benefits.

However, among those paying the higher rates are also new businesses, who must do so for the first three years in business, until they earn an "experience rating."

Cash flow problems with the unemployment compensation fund is nothing new, according to Wanzenried. The state has frequently had to make temporary loans from the federal government to meet benefit demands, during periods when the demands exceeded payments into the fund.

Those periods are usually during winter months when employment and payments into the fund drop and the numbers of unemployed and their subsequent demand for benefits increase.

Augmenting the situation, however, during the past few years has been the unusual demands placed on the fund as a result of poor economic conditions in the state and major cutbacks in employment due to business failures.

Underscoring the problem deficits, is a change in federal policy which now requires states to pay interest on the money borrowed for unemployment insurance.

The interest rate charged usually hovers around 10 percent, according to Wanzenried.

In 1983 Montana had to borrow \$7.8 million from the federal government to meet demands on the fund. In 1984 the state had to borrow an additional \$7.2 million, making a grand total of \$15 million.

The state has since paid \$680,000 in interest incurred on the 1983 loan and has repaid the principle of the 1984 loan, the interest on which the federal government forgave.

The state's ability to repay the 1984 loan is due to the lull of an open winter last year, which resulted in higher than usual employment—a situation not to be counted on in the future, pointed out Hughes.

Looking ominously before the state, however, is the repayment of the 1983 prin-

cipal of \$7.8 million. According to Wanzenried, federal law requires the repayment of the principle within two years, making it due in 1985.

If the state fails to do something to rectify the current situation, according to Wanzenried, the federal government will reduce the Montana FUTA tax credit by .3 percent per year, applying the \$4 million generated to the principle of the loan.

The .3 percent reduction would reduce the states 2.7 percent rating, to 2.4 percent. Montana employers "save" \$36 million annually as a result of the current rating, according to Wanzenried.

But repaying the principle of the 1983 loan is not all that will be confronting the state.

The fund will probably have to borrow additional

money from the federal government before the end of the 1985 fiscal year.

In fact, if the state does nothing to change the current situation, the Council's projections are that the state's unemployment compensation fund could be in debt from \$10.7 million to \$18.7 million by the end of fiscal year '85, depending on economic conditions—and by the end of 1987's fiscal year from \$23.4 million to \$47.4 million.

However, under the proposed recommendations, the fund is projected to be out of the red by 1986—minus between \$4.6 million and \$12.6 million, again depending on economic conditions by the end of fiscal year '85.

By the end of fiscal year 1987 the fund is projected to be operating in the black between \$12.4 million and \$36.4 million, under the proposed recommendations.



Submitted by:
Dave Wanzenried

Significant Provisions of State Unemployment Insurance Laws, January 6, 1985

PREPARED FOR READY REFERENCE, CONSULT THE STATE LAW AND STATE EMPLOYMENT SECURITY AGENCY FOR AUTHORITATIVE INFORMATION

State	BENEFITS									COVERAGE Size of firm (1 worker in specified time and/or size of payroll) ¹⁵	TAXES 1985 Taxable wage base
	Qualifying wage or employment (number x wba or as indicated) ¹	Wait-ing week ²	Computation of wba (fraction of hqw or as indicated) 1/3/	Wba for total unem- ployment ⁴		Earnings disre- garded ⁵	Duration in 52-week period		Benefit for total un- employment ⁷		
				Min.	Max.		Proportion of base- period wages ⁶	Min. ⁸			
Ala.	1-1/2 x hqw; not less than \$774.01	0	1/24	\$22	\$120	\$15	1/3	11+	26	20 wks.	\$ 8,000
Alaska	\$1,000; wages in 2 qtrs. ⁷	1	3.8-0.95% of annual wages, + \$24 per dep. up to \$72	38-62	188-260	3/4 wages over \$50	Weighted schedule of bpw in relation to hqw	716	726	Any time	21,800
Ariz.	1-1/2 x hqw; \$1,000 in HQ.	1	1/25	40	115	\$15	1/3	12+	26	20 wks	7,000
Ark.	35 x wba; wages in 2 qtrs.	1	1/52 of 2 highest qtrs up to 66-2/3% of State aww ¹⁷	40	154	2/5	1/3	12	26	10 days	7,500
Calif	8 wks. employment at \$20 & BP wages of \$900 or total BP wages of \$1,200	1	1/24-1/33	30	166	Lesser of \$25 and 25% of wages	1/2	712+	726	Over \$100 in any qtr.	7,000
Colo.	40	1	60% of 1/26 of claim- ant's 2 highest qtrs up to 50% of State aww	25	206	1/4 wba	1/3	7+-13	26	13 wks or \$500 in CQ	8,000
Conn.	40	0	1/26, up to 60% of State aww + \$10 per dep. up to 1/2 wba or 5 deps.	15-22	180-230	2/3 wages	Uniform	726	726	20 wks.	7,100
Del.	36	0	1/78 of 3 highest qtrs of BP, up to 66-2/3% of State aww ^{13,17}	20	165	Greater of \$10 or 30% of wba	1/2	18	26	20 wks.	8,000
D.C.	1-1/2 x hqw; not less than \$900; \$300 in 1 qtr.	1	1/23 + \$5 per dep. up to \$20 ¹⁷	26	206 ⁴	1/5 wages	1/2	17	26	Any time	8,000
Fla.	20 wks. employment at average of \$20 or more	1	1/2 claim- ant's aww	10	150	\$5	1/2 wks. employment	10	26	20 wks.	7,000

State	BENEFITS									COVERAGE Size of firm (1 worker in specified time and/or size of payroll) ¹⁵	TAXES 1985 Taxable wage base
	Qualifying wage or employment (number x wba or as indicated) ¹	Waiting week ²	Computation of wba (fraction of hqw or as indicated) <u>1/3/</u>	Wba for total unemployment ⁴		Earnings disre-garded ⁵	Duration in 52-week period				
				Min.	Max.		Proportion of base-period wages ⁶	Benefit weeks for total unemployment ⁷			
								Min. ⁸	Max.		
Ga.	1-1/2 x hqw	1 ²	1/25	\$27	\$125	\$8	1/4	4	26	20 wks	\$ 7,000
Hawaii	30; 14 wks employment	1	1/25 up to 66-2/3% of State aww	5	194	\$2	Uniform	7 ²⁶	7 ²⁶	Any time	15,100
Idaho	1-1/2 x hqw; not less than \$1,144.01 in 1 qtr.; wages in 2 qtrs.	1	1/26 up to 60% of State aww	45	173	1/2 wba	Weighted schedule of bpw in relation to hqw	10	26	20 wks. or \$300 in any quarter	15,000
Ill.	\$1,600; \$440 outside HQ	1	48% of claimant aww in 2 highest qtrs. up to 48% of State aww ¹²	51	161-209	1/2 wba	Uniform	26	26	20 wks.	8,500
Ind.	1-1/4 x hqw; not less than \$1,500; \$900 in last 2 qtrs.	1	4.3% of high qtr. wage credits ³	40	84-141	Greater of \$3 or 20% of wba from other than BP employer	1/4	9+	26	20 wks.	7,000
Iowa	1-1/4 x hqw; 3.5 of State aww in HQ; 1.75% of State aww outside HQ	0	<u>3/12/</u>	22-27	143-176	1/4 wba	1/3	11+	26	20 wks.	11,200
Kans.	30; wages in 2 qtrs.	1	4.25% of hqw up to 60% of State aww	43	175	\$8	1/3	10	26	20 wks.	8,000
Ky.	1-1/2 x hqw; 8 x wba in last 2 qtrs; \$750 in 1 qtr. and \$750 in other qtrs.	0	1.185% of BP wages up to 55% of State aww	22	140	1/5 wages	1/3	15	26	20 wks.	8,000
La.	1-1/2 x hqw	1	1/20-1/25 ^{13,17}	10	205	Lesser of 1/2 wba or \$50	2/5	12	26	20 wks.	7,000
Maine	2 x annual aww in each of 2 qtrs. & 6 x annual aww in BP	1	1/22 up to 52% of State aww +\$5 per dep. to 1/2 wba	22-27	139-208	\$10	1/3	7+-22	26	20 wks.	7,000

State	BENEFITS									COVERAGE Size of firm (1 worker in specified time and/or size of payroll) ¹⁵	TAXES 1985 Taxable wage base
	Qualifying wage or employment (number X wba or as indicated) ¹	Waiting week ²	Computation of wba (fraction of hqw or as indicated) <u>1/3/</u>	Wba for total unemployment ⁴		Earnings disregarded ⁵	Duration in 52-week period				
				Min.	Max.		Proportion of base-period wages ⁶	Benefit weeks for total unemployment ⁷			
								Min. ⁸	Max.		
Md.	1-1/2 x hqw; \$576.01 in 1 qtr; wages in 2 qtrs.	0	1/24 + \$3 per dep. up to \$12	25-28	4175	\$35	Uniform	26	26	Any time	\$ 7,000
Mass.	30; not less than \$1,200	1	1/21-1/26 up to 57.5% of State aww, + \$6 per dep. up to 1/2 wba ³	14-21	196-294	40% not less than \$10 nor more than \$30	36%	9+-30	30	13 wks.	7,000
Mich.	20 wks. employment at 30 x State min. hourly wage ¹⁰	0	65% of claimant's after tax earnings (ATE) up to a maximum of 58% of State aww. ¹⁷	54	197	Up to 1/2 wba ⁵	3/4 wks. employment	15	26	20 wks. or \$1,000 in CY	9,000
Minn.	15 wks. employment at 30% of State aww	91	<u>12/</u>	52	198	\$25	7/10 wks. employment	11	26	20 wks.	10,300
Miss.	40; \$780 in 1 qtr. wages in 2 qtrs.	1	1/26	30	115	\$5	1/3	13+	26	20 wks.	7,000
Mo.	1-1/2 x hqw; \$300 in 1 qtr; wages in 2 qtrs.	91	4.5%	14	120	\$10	1/3	10	26	20 wks.	8,000
Mont.	20 wks. employment at \$50 or more	1	1/2 claimant's aww up to 60% of State aww	42	171	1/2 wages in excess of 1/4 wba	Weighted schedule of bpw in relation to hqw	8	26	Over \$500 in current or preceding year	8,600
Neb.	\$600; \$200 in each of 2 qtrs.	1	1/17-1/24	12	120	1/2 wba	1/3	17	26	20 wks.	7,000
Nev.	1-1/2 x hqw	0	1/25, up to 50% of State aww	16	162	1/4 wages	1/3	12+	26	\$225 in any qtr.	11,100
N.H.	\$1,700; \$800 in each of 2 qtrs.	0	1.8-1.2% of annual wages	26	141	1/5 wba	Uniform	26	26	20 wks.	7,000
N.J.	20 wks. employment at 15% of aww; or 12 x aww	91	60% of claimant's aww + d.a. up to 56-2/3% of State aww	20	4203	Greater of \$5 or 1/5 wba	3/4 wks. employment	15	26	\$1,000 in any year	10,100

State	BENEFITS									COVERAGE Size of firm (1 worker in specified time and/or size of payroll) ¹⁵	TAXES 1985 Taxable wage base
	Qualifying wage or employment (number X wba or as indicated) ¹	Waiting week ²	Computation of wba (fraction of hqw or as indicated) <u>1/3/</u>	Wba for total unemployment ⁴		Earnings disregarded ⁵	Duration in 52-week period				
				Min.	Max.		Proportion of base-period wages ⁶	Benefit weeks for total unemployment ⁷			
								Min. ⁸	Max.		
N.Mex	1-1/4 x hqw	1	1/26; not less than 10% nor more than 50% of State aww	\$30	\$150	1/5 wba	3/5	19	26	20 wks. or \$450 in any qtr.	\$10,000
N.Y.	20 wks. employment at minimum average of \$80 or more 10	11	67-50% of claimant's aww	40	180	11/	Uniform	26	26	\$300 in any qtr.	7,000
N.C.	1-1/2 x hqw not less than 6 x State aww	1	1/52 of 2 highest qtrs up to 66-2/3% of State aww ¹²	15	167	10% aww in 2 highest qtrs.	Weighted schedule of bpw in relation to hqw	13-26	26	20 wks.	8,700
N.Dak	1-1/2 x hqw	1	1/52 of the 2 highest qtrs; up to 65% of the State aww	60	185	1/2 wba	Weighted schedule of bpw in relation to hqw	12	26	20 wks.	10,700
Ohio	20 wks. employment at 37 x min. hourly wage	9	1/2 claimant's aww + d.a. of \$1-\$86 based on claimant's aww and number of dep. ^{3,16,17}	10	147-233	1/5 wba	20 x wba; wba for each credit wk. in excess of 20	20	26	20 wks.	8,000
Okla.	1-1/2 x hqw; not less than \$3,000 in BP; \$7,000	1	1/25 up to 66-2/3% of State aww <u>18/</u>	16	197 <u>18/</u>	\$7	50% of taxable wage	20+ ¹⁴	26 ¹⁴	20 wks.	7,000
reg.	18 wks; not less than \$1,000 in BP	1	1.25% of bpw up to 64% of State aww	47	204	1/3 wba	1/3	7+ ⁷	26 ⁷	18 wks. or \$225 in any qtr.	13,000
Pa.	37 + - 40; \$800 in HQ and \$1,320 in BP; at least 20% of bpw outside HQ	1	1/23-1/25 up to 66-2/3% of State aww + \$5 for 1 dep; \$3 for 2d	\$35-40	224-232 <u>18/</u>	Greater of \$6 or 40% wba	At least 16 credit wks. for min., 18 for max.	16	26	Any time	8,000
P.R.	40 x wba not less than \$280; \$75 in 1 qtr.; wages in 2 qtrs.	1	1/11-1/26; up to 50% of State aww	7	95	wba	Uniform	⁷ 20	⁷ 20	Any time	All Wages

State	BENEFITS									COVERAGE Size of firm (1 worker in specified time and/or size of payroll) ¹⁵	TAXES 1985 Taxable wage base
	Qualifying wage or employment (number X wba or as indicated) ¹	Waiting week ²	Computation of wba (fraction of hqw or as indicated) $\frac{1}{3}$	Wba for total unem-employment ⁴		Earnings disregarded ⁵	Duration in 52-week period				
				Min.	Max.		Proportion of base-period wages ⁶	Benefit weeks for total un-employment ⁷			
						Min. ⁸		Max.			
R.I.	20 wks. employment at \$67 or more; or \$4,020	1	55% of claimant's aww up to 60% of State aww, + \$5 per dep. up to \$20	37-42	\$174-194	\$5	3/5 wks. employment	12	26	Any time	\$10,600
S.C.	1-1/2 x hqw; not less than \$900; \$540 in 1 qtr.	1	1/26 up to 66-2/3% of State aww	21	125	1/4 wba	1/3	14	26	20 wks.	7,000
S.Dak.	\$728 in HQ; 30 x wba outside HQ	1	1/26 up to 62% of State aww ¹⁷	28	129	1/4 wages up to wba	1/3	18+	26	20 wks.	7,000
Tenn.	40; \$754.01 in highest 2 qtrs.	1	1/25-1/31 of average 2 highest qtrs	30	120	\$30	1/4	12	26	20 wks.	7,000
Tex.	1-1/2 x hqw not less than \$500 or 2/3 FICA tax base	91	1/25 ¹⁶	29	189	Greater of \$5 or 1/4 wba	27%	12+	26	20 wks.	7,000
Utah	1-1/2 x hqw; bpw of 8 x State aaw	1	1/26 up to 60% of State aww	46	186	3/10 wba	27%	10	26	\$140 in CQ in current or preceding CY	12,100
V.I.	26+-30; not less than \$99 in 1 qtr. and wages in 2 qtrs.	1	1/23-1/25 ¹³	15	130	1/4 wages in excess of \$5	Uniform	26	26	Any time	8,000
Vt.	20 wks. employment at \$35 or more	1	1/2 claimant's aww for highest 20 wks up to 60% of State aww ¹⁷	18	146	\$15 +\$3 for each dep. up to 5	Uniform	26	26	20 wks.	8,000
Va.	50; wages in 2 qtrs.	0	1/50 of the 2 highest qtrs.	54	150	\$25	1/3	12	26	20 wks.	7,000

State	BENEFITS									COVERAGE	TAXES
	Qualifying wage or employment (number X wba or as indicated) ¹	Waiting week ²	Computation of wba (fraction of hqw or as indicated) <u>1/3/</u>	Wba for total unemployment ⁴		Earnings disregarded ⁵	Duration in 52-week period				
				Min.	Max.		Proportion of base-period wages ⁶	Benefit weeks for total unemployment ⁷			
								Min. ⁸	Max.		
Wash.	680 hours	1	1/25 of average of 2 highest qtrs. wages up to 55% of State aww ¹⁷	\$51	\$185	1/4 wages in excess of \$5	1/3	16+- 30	30	Any time	\$10,000
W.Va.	\$1,150 and wages in 2 qtrs.	1	1.5-1.0% of annual wages up to 70% of State aww	18	225	\$25	Uniform	28	28	20 wks.	8,000
Wisc.	18 weeks employment at 30% of State aww	0	50% of claimant's aww up to 66-2/3% of State aww ¹⁷	37	196	67% wages over \$20 ⁵	8/10 wks. employment	1-14+	26	20 wks.	9,500
Wyo.	5% of State aaw in HQ and 8% of State aaw in BP	1	4% of hqw up to 55% of State aww <u>18/</u>	34	183	Greater of \$15 or 1/2 wba	3/10	12-26	26	\$500 in current or preceding CY	9,500

¹Weekly benefit amount abbreviated in columns and footnotes as wba; base period, BP; base-period wages, bpw; high quarter, HQ; high-quarter wages, hqw; average annual wage, aaw; average weekly wage, aww; benefit year, BY; calendar quarter, CQ; calendar year, CY; dependent, dep.; dependents allowances, da.; minimum, min.; maximum, max.; quarter, qtr.; week, wk.

²Unless otherwise noted, waiting period same for total or partial unemployment. In Ga. no waiting week if claimant unemployed not through own fault.

³When States use weighted high-quarter, annual-wage, or average weekly-wage formula, approximate fractions or percentages figured at midpoint of lowest and highest normal wage brackets. When da provided, fraction applies to basic wba. In States noted variable amounts above max. basic benefits limited to claimants with specified number of dep. and earnings in excess of amounts applicable to max. basic wba.. In Ind. da. paid only to claimants with earnings in excess of that needed to qualify for basic wba and who have 1-4 depts.. In Iowa, and Ohio claimants may be eligible for augmented amount at all benefit levels but benefit amounts above basic max. available only to claimants in dependency classes whose hqw or aaw are higher than that required for max. basic benefit. In Mass. for claimant with aaw in excess of \$66 wba computed at 1/52 of 2 highest quarters of earnings or 1/26 of highest quarter if claimant has no more than 2 quarters work.

⁴When 2 amounts given, higher includes da.. Higher for min. wba includes max. allowance for one dep.. In D.C., Md., and N.J., same max. with or without dep.

⁵In computing wba for partial unemployment, in States noted full wba paid if earnings are less than 1/2 wba; 1/2 wba if earnings are 1/2 wba but less than wba.

⁶States noted have weighted schedule with percent of benefits based on bottom of lowest and highest wage brackets.

⁷Benefits extended under State program when unemployment in State reaches specified levels; Alaska, Calif., by 50%; Conn. by 13 weeks. Oreg. (until June 29, 1985), by 25%. In Hawaii benefits extended by 13 weeks when a manmade or disaster causes damage to either the State as a whole or any of its counties and creates an unemployment problem involving a substantial number of persons and families. In P.R. benefits extended by 32 weeks in certain industries, occupations or establishments when special unemployment situation exists. Benefits also may be extended during periods of high unemployment by 50%, up to 13 weeks, under Federal-State Extended Compensation Program.

⁸For claimants with min. qualifying wages and min. wba. When two amounts shown, range of duration applies to claimants with min. qualifying wages in BP; longer duration applies with min. wba; shorter duration applies with max. possible concentration of wages in HQ; therefore highest wba possible for such BP earnings. Wisc. determines entitlement separately for each employer. Lower end of range applies to claimants with only 1 week of work at qualifying wage; upper end to claimants with 18 weeks or more of such wages.

⁹Waiting period compensable if claimant unemployed after 9 consecutive weeks, Mo.; when benefits are payable for third week following waiting period, N.J.; after benefits paid equaling 3 x wba, Tex.; after any 4 weeks in BY, Minn.; after 3d week of total unemployment, (for CY's 1984 and 1985 no benefits will be paid for the waiting week) Ohio.

¹⁰Or 15 weeks in last year and 40 weeks in last 2 years of aaw of \$80 or more, N.Y.; 14 weeks of employment and BP wages equal to 20 x the State aww, Mich.

¹¹For N.Y., waiting period is 4 effective days accumulated in 1-4 weeks; partial benefits 1/4 wba for each 1 to 3 effective days. Effective days: fourth and each subsequent day of total unemployment in week for which not more than \$180 is paid.

¹²To 55% State aww if claimant has nonworking spouse; 62.4% if he has dep. child, Ill.; 1/19-1/23 up to 65% of State aww for claimants with dep., Iowa; 60% of first \$85, 40% of next \$85, 50% of balance of individual's aaw; max. set at 66-2/3%, Minn. 60% of aww if fund ratio is less than 5.5%; however, the max. wba may not be less than the max. in effect for the previous year, N.C.

¹³Up to 66-2/3% of State aww, La.; up to 50% of State aww, V.I.; 63% until July 1985, Del.

¹⁴Duration can be as low as 10 wks. for individuals with only one BP ER, Okla.

¹⁵\$1,500 in any CQ in current or preceding CY. unless otherwise specified.

¹⁶Max. amount adjusted annually: by same percentage increase as occurs in State aww (Ohio) by \$7 for each \$10 increase in average weekly wage of manufacturing production workers (Texas).

¹⁷Beginning July 1, 1985, the max. will be computed at 60 percent of the 1984 State aww; beginning January 1, 1986, 66-2/3 percent of the 1984 State aww and beginning July 1, 1986, 66-2/3 percent of the State aww for the preceding CY, Ark.. The min. and max. wba's are frozen indefinitely, La. and Wisc.. The max. wba is frozen until July 1985, Del., and Wash.; until January 1986, D.C. and Ohio; until June 1986, Vt.; until January 1987, Mich.; and indefinitely, S.Dak.

¹⁸The wba may be reduced by 5% depending on the solvency of the fund, Pa.; wba's over \$90 will be reduced to 85% of the computed amount when revenues in the fund are inadequate to pay benefits, Wyo.; the greater of \$197 or 60%, 57.5%, 55%, 52.5% or 50% of State aww of the second preceding CY depending on the condition of the fund, Okla.

CONTRIBUTIONS PAID, BENEFIT CHARGES, AND NUMBER OF EMPLOYERS
BY INDUSTRY

1983 and 1984 Rating Periods

Industry	1983 Rating Period			1984 Rating Period		
	10-1-79 through 9-30-82		No. of Employees Total	10-1-80 through 9-30-83		No. of Employees Total
	Contributions Paid	Benefit Charges		Contributions Paid	Benefit Charges	
Retail Trade	23,797,682.25	8,475,636.05	5,803	25,008,356.19	9,444,934.20	5,901
Services	18,990,187.55	9,256,482.05	6,358	20,799,750.03	11,597,149.84	6,686
Transportation, Communication	9,972,374.03	3,925,268.94	1,059	10,736,520.22	6,220,281.43	1,152
Wholesale Trade	10,529,726.44	4,813,282.09	2,004	10,668,811.20	5,668,657.01	1,985
Finance Insurance & Real Estate	6,755,574.15	1,271,936.83	1,825	7,226,907.56	1,595,414.47	1,873
Agriculture, Forestry & Fishing	1,261,062.15	427,370.76	439	1,411,370.89	659,738.53	500
Non-Classified	250,094.41	97,191.00	161	293,584.23	174,275.20	168
Mining	10,560,900.35	11,697,172.70	734	9,362,598.72	17,660,274.33	691
Manufacturing	16,055,761.00	21,474,989.75	1,085	17,066,200.39	22,134,902.50	1,191
Construction	14,214,041.39	22,269,619.69	2,735	14,943,774.26	26,049,809.64	2,881
	112,387,406.72	83,708,949.86	22,203	117,517,873.69	101,205,437.15	23,028
		2,846				3,259

Exhibit 6
January 29, 1985
HB 284
Submitted by:
Dave Wanzenried

Noncharged Benefits for 1983 Rating Period (10-1-79 through 9-30-82) 23,970,654.25

Noncharged Benefits for 1984 Rating Period (10-1-80 through 9-30-83) 24,986,073.02

UNEMPLOYMENT TAX AND BENEFIT POLICIES
PERTINENT CALCULATIONS UNDER CURRENT LAW

A. AVERAGE WAGES

$$\begin{aligned} 1. \text{ Average annual wage} &= \frac{\text{total wages covered by unemployment insurance}}{\text{total employees covered by unemployment insurance}} \\ &= \$14,888.71 \text{ (for CY 1983)} \end{aligned}$$

$$\begin{aligned} 2. \text{ Average weekly wage} &= \frac{\text{Average annual wage}}{52} \\ &= \$286.32 \text{ (for CY 1983)} \end{aligned}$$

B. TAXES

$$\begin{aligned} \text{Taxable wage base} &= 75\% \text{ of average annual wage but limited to} \\ &\quad \text{grow by no more than \$200 per year under current law.} \\ &= \$8,600 \text{ (for CY 1985)} \\ &= \$11,200 \text{ (without \$200 limitation)} \end{aligned}$$

C. BENEFITS

$$\begin{aligned} 1. \text{ Maximum weekly benefit amount} &= \text{Average weekly wage} \times .60 \\ &= \$171.00 \text{ (for FY 1985)} \end{aligned}$$

$$\begin{aligned} 2. \text{ Average weekly benefit amount (calendar year)} &= \frac{\text{Total benefits paid}}{52} \\ &= \$124.00 \text{ (for CY 1984)} \end{aligned}$$

$$\begin{aligned} 3. \text{ Minimum weekly benefit amount} &= \text{Average weekly wage} \times .15 \\ &= \$42.00 \text{ (for FY 1985)} \end{aligned}$$

Exhibit 7
January 29, 1985
HB 284
Submitted by:
Jim Hughes

STATE OF MONTANA
OFFICE OF THE GOVERNOR
EXECUTIVE ORDER NO. 5-84

EXECUTIVE ORDER CREATING THE
EMPLOYMENT SECURITY ADVISORY COUNCIL

I, Ted Schwinden, Governor of the State of Montana, by virtue of the authority vested in me in accordance with section 2-15-122, MCA, do hereby create the Employment Security Advisory Council. This council shall replace the Employment Security Division Advisory Council established in 1981 by the Commissioner of the Department of Labor and Industry.

I. PURPOSE

The Council shall advise the Department of Labor and Industry in the formulation of unemployment insurance and job service policies and legislation.

Specifically, the council shall review the unemployment insurance benefit and tax system, its current deficit, and recommend a legislative solution to the Governor prior to the 1985 Legislature.

II. COMPOSITION

The council shall consist of 17 members who shall serve at the pleasure of the Governor. The name and addresses of the appointed members are:

Business

Forrest H. Boles
P.O. Box 1730
Helena, MT 59624

James R. Hughes
560 N. Park, Rm 401
Helena, MT 59601

George E. Allen
P.O. Box 440
Helena, MT 59624

Robert A. Durkee
P.O. Box 851
Helena, MT 59624

Dennis C. Elder
Drawer 7
Bonner, MT 59823

John S. Romasko
P.O. Box B
East Helena, MT 59635

Labor

Fred Sides
Box 1642
Gt. Falls, MT 59401

Marlynn A. Kuder
P.O. Box 144
Kalispell, MT 59901

Jerry L. Driscoll
4344 Stone
Billings, MT 59101

Howard Rosenleaf
P.O. Box 1297
Anaconda, MT 59711

Don Judge
Box 1176
Helena, MT 59624

Jim Roberts
Box 3745
Butte, MT 59701

Public/Legislative

Rep. Hal Harper
#9 Comstock Rd.
Helena, MT 59601

Rep. Gene Donaldson
3890 Helberg Dr.
Helena, MT 59601

Sen. David Fuller
1030 Sierra Rd. West
Helena, MT 59601

Sen. Gary C. Aklestad
Box 32
Galata, MT 59444

Gordon E. Bollinger
1705 Butte Avenue
Helena, MT 59601

Mr. Bollinger shall serve as Chairman.

III. COMPENSATION

Council members shall be compensated by the Department of Labor and Industry as provided by section 2-15-122(5), MCA.

IV. STAFF ASSISTANCE

The Council shall be staffed by the Department of Labor and Industry as directed by the Commissioner of the Department.

V. DURATION

This Council shall exist for a period of two years from the effective date of this order unless extended by executive order. This order is effective immediately.

GIVEN under my hand and the GREAT SEAL of the State of Montana, this 1st day of April, in the year of our Lord, One Thousand Nine Hundred and Eighty-Four.


TED SCHWINDEN, Governor

ATTEST:

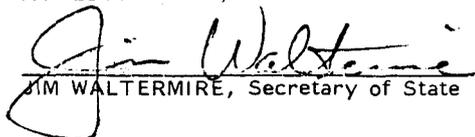

JIM WALTERMIRE, Secretary of State

Exhibit 8
January 29, 1985
HB 284
Submitted by:
F.H. Boles



MONTANA CHAMBER OF COMMERCE

P. O. BOX 1730

HELENA, MONTANA 59624

PHONE 442-2405

Testimony
in support of
HB 284 with minor changes
by
F. H. Boles, President
Montana Chamber of Commerce
January 29, 1985

Mr. Chairman, members of the Committee, I am Forrest H. Boles, President of the Montana Chamber of Commerce. The Montana Chamber of Commerce generally supports HB 284. It is important, though, to review the impacts of the changes in the UC system contained in this legislation and consider a relatively minor amendment to insure that excessive UC taxes are not collected from Montana employers once our current deficit situation is taken care of.

As you know, this legislation would impose a nearly 40% increase in taxes on those employers who pay their employees more than \$11,800 a year regardless of their employment record or demands on the trust fund. In addition, employers paying the maximum tax rate (currently 4.4%) would have their tax rate increased by very nearly 50%. These are dramatic, significant changes and generate additional income to the fund that will, if the economy continues as projected, restore the fund to a high degree of solvency in two short years. In addition, employers will be asked to pay a surtax on total wages to meet the requirements of interest and principle payments on an annual basis for any outstanding loans the state may have with the federal government.

As an employer representative on the Employment Security Advisory Council that developed the recommendations largely contained in this legislation and as a representative of business interests across the state I have participated in dozens and dozens of meetings on this issue over the last two years. Employers recognize the need for additional revenues for the UC trust fund. They are strong in their position, however, that excessively high balances not be generated. The new schedule of ratio of fund to total wages raises significantly the balances required in the fund to "trigger down" from schedule to schedule to give employers the benefit of lower tax rates. Retaining the current fund ratio percentages would have little impact on the program as a whole but would help alleviate employers concerns regarding excessive fund balances. I suggest that the committee consider on Page 6, Lines 19 and 20 and on Page 8, Lines 17 and 18 that the ratio of fund to total wages in existing law, that is .0150 in Schedule 1, .0145 in Schedule 2 and so on through Schedule 9 at .0050 be retained and the suggested new ratio percentages,

Testimony
F. H. Boles
HB 284
January 29, 1985
Page 2

that is .0270 in Schedule 1 and .0260 in Schedule 2 and so forth through .0095 in Schedule 8, not be adopted.

I feel it important to bring the concerns of employers regarding excessive trust fund balances to the Committee. Certainly you have the option of changing the taxation levels to deal with that concern. The proposed changes I outlined are one way of doing it.

Thank you for your attention.

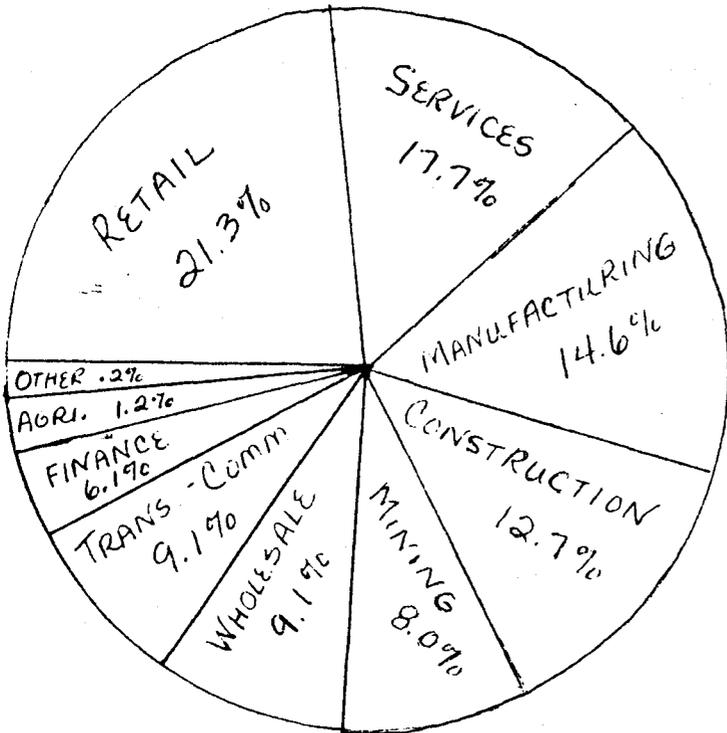
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UNEMPLOYMENT INSURANCE

OCTOBER 1980 - SEPTEMBER 1983

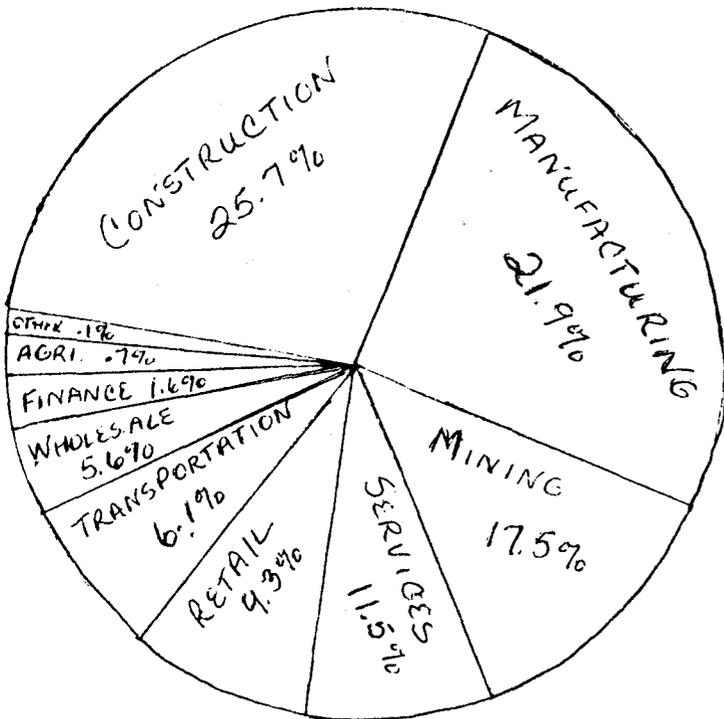
PERCENT BY INDUSTRY

Exhibit 9
 January 29, 1985
 HB 284
 Submitted by:
 Phil Strope



ANALYSIS OF CONTRIBUTIONS
OCT.'80 - SEPT'83

Manufacturing.....	14.6%
Construction.....	12.7%
Mining.....	8.0%
TOTAL	35.3%



ANALYSIS OF BENEFITS PAID
OCT'80 - SEPT'83

Construction.....	25.7%
Manufacturing.....	21.9%
Mining.....	17.5%
TOTAL	65.1%

Figures supplied by the State of Montana, Department of Labor & Industry.
 Reprinted from report prepared by the Montana Innkeepers Association
 attorney, Philip W. Strope.

MIKA

ACCOUNT NUMBER	BUSINESS NAME	AMOUNT	DATE
075015	Atlantic Richfield Co.	- 3,920,612.36	by Phil Cro
084501	St. Johns Paper Co.	- 1,481,004.00	3/22/82
084503	Evans Products Co.	- 1,133,532.42	
087197	Louisiana Pacific	- 807,018.34	
087501	Owl Construction	- 569,731.23	
088004	Zook Brothers	- 491,225.65	
013600	Diamond International Corp.	- 485,844.77	
001943	Hattig Sash & Door Co.	- 476,859.01	
003420	Sletten Construction	- 310,260.81	
003745	Peter Kiewit & Sons Co.	- 308,605.82	
020134	Hilde Construction	- 291,974.03	
028405	Crow Tribe	- 286,055.14	
002909	F B Stoltze Land & Lumber	- 270,307.33	
004300	Midland Foods	- 268,835.70	
079943	Beyers General Constructors Inc.	- 262,503.77	
004400	Poise-Cascade	- 251,751.77	
010774	Wickens Corp.	- 192,697.56	
010547	McIntyre Construction Co.	- 150,561.06	
033706	Boeing Co.	- 148,115.59	
076117	W-I Forest Products Inc.	- 136,531.74	
024908	Fred King Construction Inc.	- 134,927.06	
078610	Wick Building Systems	- 129,290.88	
002958	Superior Building Co.	- 126,792.41	
054243	Dana Corp.	- 121,649.93	
015057	Sverdsten Logging Co. Inc.	- 115,761.47	
017592	McElroy and Wilken	- 114,327.47	
008413	Morrison-Knudsen	- 91,038.36	
002270	Great Western Sugar Co.	- 81,161.51	
025091	Confederated Salish and Kootenai Tribes	- 66,635.31	
003740	Salt Creek Freightways Corp.	- 47,475.44	
050370	Decker Coal Co.	- 41,552.88	
10371		- 13,314,696.55	

NOTES:

1. Increase in Deficit Reserves for these accounts from the 1982 rating period (10-1-79/9-30-81) to the 1983 rating period (10-1-79/9-30-82) is 7,980,217.94.

2. The following are accounts with large Deficit Reserves that are now cancelled:

Account Number	Business Name	4/81-3/82 Deficit Reserve	Date Cancelled
018996	Royal Logging	277,295.66	12/31/81
033473	Wickens Brothers	250,300.56	05/31/82
055710	Rehbein Contracting Inc.	399,215.60	12/31/82
		<u>926,812.02</u>	

3. The benefit charges for Deficit Employers increased 17,385,424.00 from 38,840,595.00 in the 1982 rating period to 56,676,020.00 in the 1983 rating period, or 31.5%.

1984 EMPLOYERS WITH NEGATIVE RESERVES OF OVER \$100,000

EMPLOYER NAME

INDUSTRY

CONTRIBUTIONS

BENEFIT CHARGES

RESERVE

EMPLOYER NAME	INDUSTRY	CONTRIBUTIONS	BENEFIT CHARGES	RESERVE
ATLANTIC-RICHFIELD COMPANY	MINING	\$ 2,518,493	\$ 9,747,218	(7,228,725)
ST. REGIS PAPER COMPANY, A CORP.	MANUFACTURING	\$ 894,755	\$ 1,818,775	(924,020)
LOUISIANA PACIFIC	MANUFACTURING	\$ 370,206	\$ 1,198,434	(828,228)
DIAMOND INTERNATIONAL CORPORATION	MANUFACTURING	\$ 209,768	\$ 845,012	(635,244)
ZOOK BROTHERS CONSTRUCTION COMPANY <i>sent out</i>	CONSTRUCTION	\$ 53,519	\$ 532,463	(478,944)
MIDLAND FOODS INCORPORATED	MANUFACTURING	\$ 89,323	\$ 564,458	(475,135)
HILDE CONSTRUCTION COMPANY INCORPORATED	CONSTRUCTION	\$ 220,771	\$ 626,963	(406,192)
W-I FOREST PRODUCTS INCORPORATED	MANUFACTURING	\$ 98,138	\$ 473,955	(375,817)
SLETTEN CONSTRUCTION COMPANY	CONSTRUCTION	\$ 249,851	\$ 595,965	(346,114)
BEYERS GENERAL CONSTRUCTORS INCORPORATED	CONSTRUCTION	\$ 170,713	\$ 502,882	(332,169)
HUTTIG SASH & DOOR COMPANY	MANUFACTURING	\$ 202,214	\$ 503,782	(301,568)
DANA CORPORATION	MANUFACTURING	\$ 126,374	\$ 415,016	(288,642)
PETER KIEWIT SONS COMPANY	CONSTRUCTION	\$ 176,611	\$ 434,449	(257,838)
UNION BOILER COMPANY <i>sent out</i>	CONSTRUCTION	\$ 124,106	\$ 333,095	(208,989)
WICK BUILDING SYSTEMS	MANUFACTURING	\$ 132,752	\$ 338,440	(205,688)
CLARK BROTHERS CONTRACTORS	CONSTRUCTION	\$ 101,125	\$ 302,604	(201,479)
CROW TRIBE CONTRACTS & ADMINISTRATION	SERVICES	\$ 223,825	\$ 421,357	(197,532)
MEYER CONSTRUCTION COMPANY	CONSTRUCTION	\$ 118,643	\$ 303,621	(184,978)
MCINTYRE CONSTRUCTION COMPANY	CONSTRUCTION	\$ 112,323	\$ 282,121	(169,798)
WICKES CORPORATION	MANUFACTURING	\$ 66,786	\$ 227,391	(160,605)
MOLEN DRILLING COMPANY INCORPORATED	MINING	\$ 76,140	\$ 235,219	(159,079)
MORRISON KNUDSEN COMPANY INCORPORATED	CONSTRUCTION	\$ 118,534	\$ 275,267	(156,733)
BOISE CASCADE	WHOLESALE TRADE	\$ 104,873	\$ 261,124	(156,251)
NORTHWEST ERECTION INCORPORATED	CONSTRUCTION	\$ 8,888	\$ 159,637	(150,749)
MARONICK E. P. CONSTRUCTION	CONSTRUCTION	\$ 54,036	\$ 202,420	(148,384)
GREAT WESTERN SUGAR COMPANY	MANUFACTURING	\$ 249,198	\$ 392,865	(143,667)
OWL CONSTRUCTORS	CONSTRUCTION	\$ 2,904	\$ 146,458	(143,554)
MORGEN & OSWOOD CONSTRUCTION COMPANY	CONSTRUCTION	\$ 43,224	\$ 186,462	(143,238)
MODERN MACHINERY COMPANY INCORPORATED	WHOLESALE TRADE	\$ 73,003	\$ 215,063	(142,060)
NATIONAL CENTER FOR APPROPRIATE TECHNOLOGY	SERVICES	\$ 41,701	\$ 181,837	(140,136)
SUNRISE CONSTRUCTION COMPANY INCORPORATED	CONSTRUCTION	\$ 62,259	\$ 200,653	(138,394)
COMBUSTION ENGINEER INCORPORATED	CONSTRUCTION	\$ 398,346	\$ 529,965	(131,619)
SPRING CREEK COAL COMPANY	MINING	\$ 151,275	\$ 282,265	(130,990)
F. H. STOLTZE LAND LUMBER COMPANY	MANUFACTURING	\$ 204,875	\$ 334,763	(129,888)
BARRY O'LEARY INCORPORATED	MANUFACTURING	\$ 95,234	\$ 224,093	(128,859)
W. R. GRACE & COMPANY CORPORATION	MINING	\$ 156,638	\$ 282,832	(126,194)
AMERICAN COMPANY INCORPORATED	CONSTRUCTION	\$ 31,327	\$ 156,555	(125,228)
FRED KING CONSTRUCTION INCORPORATED	MANUFACTURING	\$ 36,508	\$ 161,184	(124,676)
RAMSEY CONSTRUCTION & FABRICATION COMPANY	CONSTRUCTION	\$ 240,521	\$ 364,771	(124,250)
VOLK CONSTRUCTION INCORPORATED	CONSTRUCTION	\$ 75,295	\$ 198,137	(122,842)
CANYON LOGGING COMPANY	MANUFACTURING	\$ 92,706	\$ 214,810	(122,104)
COP CONSTRUCTION COMPANY INCORPORATED	CONSTRUCTION	\$ 106,062	\$ 227,233	(121,171)
MOELROY & WILKEN	MANUFACTURING	\$ 40,929	\$ 160,235	(119,306)
URECO INCORPORATED	CONSTRUCTION	\$ 28,861	\$ 143,050	(114,189)
DIX CORPORATION	CONSTRUCTION	\$ 45,604	\$ 157,760	(112,156)
GRACE DRILLING COMPANY	MINING	\$ 124,883	\$ 237,039	(112,156)
SVERDSTEN LOGGING COMPANY INCORPORATED	MANUFACTURING	\$ 30,122	\$ 140,239	(110,117)
MONTANA FOREST PRODUCTS	MANUFACTURING	\$ 11,355	\$ 118,404	(107,049)
STRUCTURAL SYSTEMS INCORPORATED	CONSTRUCTION	\$ 32,877	\$ 138,266	(105,389)
WEST MONTANA TRACTOR COMPANY INCORPORATED	WHOLESALE TRADE	\$ 27,584	\$ 131,771	(104,187)
RAKES GEORGE INCORPORATED	CONSTRUCTION	\$ 47,251	\$ 149,505	(102,254)
TOTAL		\$ 9,073,309	\$ 27,277,883	(18,204,574)



Exhibit 10
January 29, 1985
HB 284
Submitted by:
George Allen

Executive Office
P.O. Box 440
34 West Sixth
Helena, MT 59624
Phone (406) 442-3380

TESTIMONY
HB 284

Mr. Chairman and Members of the Committee:

My name is George Allen. I am a registered lobbyist for the Montana Retail Association and I am here today in support of HB 284.

As you know, our trust fund balance is in trouble. It is imperative that we do something this year to correct the problems we have with the unemployment insurance fund.

Our present law is very unfair and inequitable. I'd like to call your attention to the attached graph which shows three industries contribute about one-third of the total fund and make claims against that fund in excess of two-thirds. At the same time you can see the amount contributed by the retail industry and the small claims that we make against the fund.

I guess if you wanted to build a totally fair contributions schedule you would tax total salaries and reduce the percentage. At the present time there is a large group of employers in the state who are paying unemployment insurance tax on 100% of their payroll, while we see others paying on 30% or 40% of their payroll. The political reality of taxing total wages is just not possible.

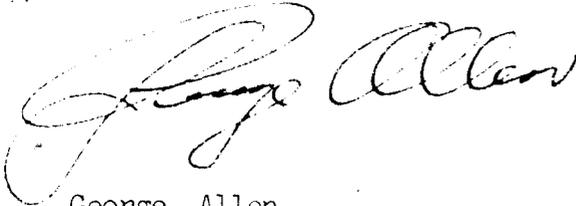
After having hundreds of hours of debate, traveling thousands of miles and holding many, many meetings, the bill you have before you today is a good compromise. There are obviously things we would have liked to have had in the bill that are not there. I'm sure there are going to be some attempts to amend the bill to satisfy the special interest. I sincerely hope you will resist the attempts to amend this bill with one exception.

The bill calls for a balance in schedule 5 to be in the neighborhood of \$56,000. Our present law requires an average balance of \$33,000. If the new rate schedule is adopted, this will generate sufficient funds and move

quickly enough so there is no need for that large balance sitting in the state coffers.

The technical part of this bill has been adequately explained by Mr. Wanzenried. The one thing that I would like to emphasize is, what we have here is a compromise bill, it's been adequately debated, we strongly recommend it's passage.

respectfully

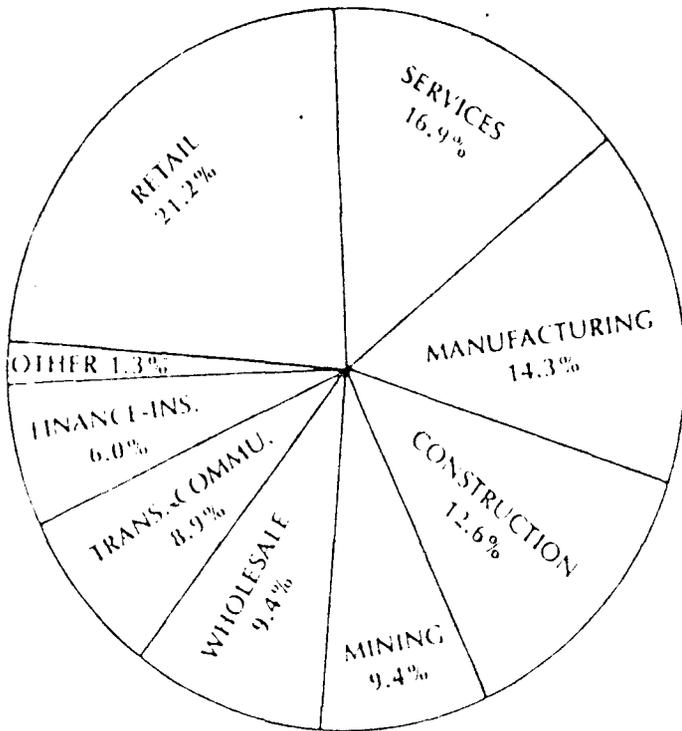
A handwritten signature in cursive script, appearing to read "George Allen". The signature is written in dark ink and is positioned above the typed name.

George Allen
Executive Vice President
Montana Retail Association.

UNEMPLOYMENT INSURANCE

APRIL 1979 - MARCH 1982

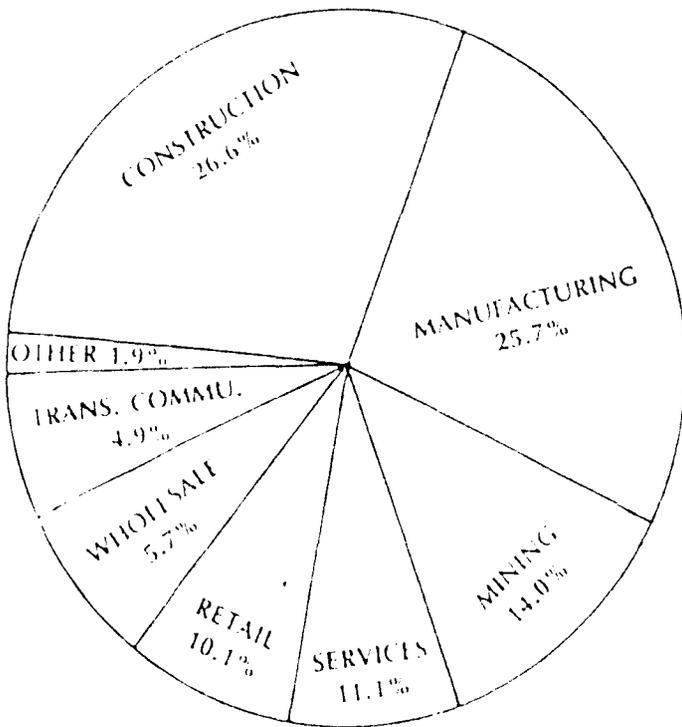
PERCENT BY INDUSTRY



Analysis of Contributions

Apr. '79-Mar. '82

Manufacturing	14.3%
Construction	12.6%
Mining	9.4%
Total	36.3%



Analysis of Benefits Paid

Apr. '79-Mar. '82

Construction	26.6%
Manufacturing	25.7%
Mining	14.0%
Total	66.3%

FIGURES SUPPLIED BY THE STATE OF MONTANA, DEPT. OF LABOR & INDUSTRY.
REPRINTED FROM REPORT PREPARED BY MONTANA RETAIL ASSOCIATION.

CONTRIBUTIONS PAID, BENEFIT CHARGES, AND NUMBER OF EMPLOYERS
BY INDUSTRY

1983 and 1984 Rating Periods

Industry	1983 Rating Period			1984 Rating Period				
	10-1-79 through 9-30-82		No. of Employees	10-1-80 through 9-30-83		No. of Employees		
	Contributions Paid	Benefit Charges	Total	Deficit	Total	Deficit		
Retail Trade	23,797,682.25	8,475,636.05	5,803	470	25,008,356.19	9,444,934.20	5,901	522
Services	18,990,187.55	9,256,482.05	6,358	542	20,799,750.03	11,597,149.84	6,686	677
Transportation, Communication	9,972,374.03	3,925,268.94	1,059	128	10,736,520.22	6,220,281.43	1,152	156
Wholesale Trade	10,529,726.44	4,813,282.09	931	50	10,668,811.20	5,668,657.01	985	189
Finance Insurance & Real Estate	6,755,574.15	1,271,936.83	1,825	90	7,226,907.56	1,595,414.47	1,873	122
Agriculture, Forestry & Fishing	1,261,062.15	427,370.76	439	38	1,411,370.89	659,738.53	500	54
Non-Classified	250,094.41	97,191.00	161	10	293,584.23	174,275.20	168	14
Mining	10,560,900.35	11,697,172.70	734	85	9,362,598.72	17,660,274.33	691	182
Manufacturing	16,055,761.00	21,474,989.75	1,085	353	17,066,200.39	22,134,902.50	1,191	375
Construction	14,214,041.39	22,269,619.69	2,735	976	14,943,774.26	26,049,809.64	2,881	968
	112,387,406.72	83,708,949.86	21,130	2,742	117,517,873.69	101,205,437.15	23,028	3,259

Noncharged Benefits for 1983 Rating Period (10-1-79 through 9-30-82) 23,970,654.25

Noncharged Benefits for 1984 Rating Period (10-1-80 through 9-30-83) 24,986,073.02

WOMEN'S LOBBYIST FUND

Box 1099
Helena, MT 59624
449-7917



January 30, 1985

TESTIMONY IN SUPPORT OF HB 284, WITH PROPOSED AMENDMENT

Mr. Chairman and Members of the House Business and Labor Committee:

My name is Anne Brodsky and I am here today to speak on behalf of the Women's Lobbyist Fund (WLF) in support of HB 284 with amendments as I will explain.

The WLF commends the hard work put forth by all those involved in reaching a balanced proposal to eliminate the unemployment insurance trust fund's anticipated deficit. However, the WLF must take objection to Section 8 of the bill because Section 8 places the brunt carried by workers on primarily women workers. Section 8 disqualifies for benefits a person who has left work for good cause not attributable to his or her employment. The reason for our opposition to this provision is that most benefits received under the present "good cause" law that are not attributable to the individual's employment are received under a "quit to follow" situation. The Department of Labor has indicated that for calendar year 1984, 1268 individuals who qualified for u.i. benefits qualified under a "quit to follow" circumstance. Although I could not get any hard and fast statistics on the breakdown by men and women, it is widely known that "quit to follow" situations are most often ones in which a woman quits to follow her spouse if he is relocated.

We all know that women enter the work force for the same reasons that men do: economic need and advancement. Even where there is another earner in the household, working wives are the major reason why many families can stay above the poverty line. Married women are contributing from 25-40% of their families' income. In husband-wife families in 1979, 14.8% were poor when the wife did not work outside the home; 3.8% were poor when she was in the labor force.*

Women in the workforce should not be penalized by having to bear such a large burden in the goal of eliminating the deficit in the unemployment insurance trust fund. We understand that everyone must sacrifice a little in reaching a fair compromise. However, Section 8 of the bill places the brunt carried by workers on primarily women workers.

For these reasons, the WLF urges you to strike Section 8 of the bill and pass HB 284 as amended.

* These statistics are from the Women's Bureau of the U.S. Department of Labor.



MONTANA LOGGING ASSOCIATION

P.O. Box 1716
Kalispell, Montana 59903-1716
406-755-3185

Exhibit 12
January 29, 1985
HB 284
Submitted by:
Keith Olson

HB 284 - testimony provided on 1-29-84

Mister Chairman; members of the committee:

My name is Keith L. Olson - I am employed as the executive director of the Montana Logging Association - I reside in Kalispell.

With all due respect for the primary sponsor of this bill, we must rise in opposition to HB 284 simply because we believe it unjustly *penalizes* ~~discriminates against~~ seasonal employers in basic industries like logging. *which pay decent wages.*

Mr. Chairman, allow me to dispel a myth. Loggers do not create two months of unemployment! What we create is 10 months of very good paying employment.

Granted, weather conditions create a couple of months of unemployment -- and occasionally, high mortgage rates create additional periods of unemployment in the logging industry. However, even our staunchest critics shouldn't hold the logging industry responsible for inclement weather or the financial persuasions of Paul Volcker.

Therefore, allow me to reassure this committee that, given a reasonable opportunity, logging contractors would operate 12 months a year and, thus, would no longer be deficit employers.

We admit the unemployment trust fund is in financial trouble.
We admit something must be done to correct that situation.
We admit that logging contractors are, for the most part, deficit employers.
The question, however, whether this bill is the proper solution.

As proposed, HB 284 will raise the cost of unemployment insurance for each employee in the logging industry from \$378/year to \$767/year. That is an increase of over 100%.

797

I must ask you, who is going to bear the cost of that increase?

Logging contractors cannot ^{pass} ~~simply raise~~ their logging costs. ^{to} consumers.
At the same time you increase our operating costs, the price of lumber may have dropped in Chicago -- or worse yet, we may have lost that share of our traditional market to Canadian lumber imports.

So what are the alternatives for an independent logging contractor?

Are we to simply shut down and lay off our employees? Will that help to make the unemployment trust fund solvent?

Are we to cut the wages of our employees? Is that what this bill is all about?

Are we to tell an ex-employee who just lost his \$11/hour job that he may need to change careers? Perhaps an ex-logger may be able to earn \$11/hour in another industry if he and his wife both got a job.

HB 284 wasn't written for the working man.

Maybe we're looking at this all wrong. Maybe employers in the logging industry should apologize for paying top wages and providing 10 months of employment. This bill certainly suggests that.

Or maybe we should be just as impracticable and propose that the easiest solution to the unemployment trust funds problem is to raise the minimum wage to \$8/hour. Wouldn't that also result in financial solvency?

No, raising the minimum wage to \$8/hour wouldn't work either, because it would force a lot of small businessmen out of business. And that certainly wouldn't be just.

But neither is it just to place the burden of financial solvency upon the backs of seasonal employers in our basic industries.

With all due respect for Rep. Harper and the members of the Governors Unemployment Advisory Council, who worked long and hard to construct this bill, we must urge this committee to amend HB 284 so that it will not result in a surplus in the unemployment trust fund. Surpluses should be built in good economic times, not in hard economic times.

As proposed, HB 284 will ask the employers least able to afford it to bail out Montana's unemployment fund, and we fear, may very well aggravate the funds problem rather than alleviate its insolvency.

WITNESS STATEMENT

NAME Riley Johnson BILL NO. 284
 ADDRESS 491 So. Park Ave. Helena DATE 1-29-85
 WHOM DO YOU REPRESENT? National Federation of Independent Business
 SUPPORT OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NFIB represents 5,500 main street businesses who have subsidized three major industries in Montana for too many years. We are willing to pay our fair share to withdraw the unemployment fund out of its deficit position and to establish the fund on a pay-as-you-go basis. But we are not willing to subsidize other industries. The economic reality is that to remain in business for a small independent business man or woman is a daily struggle to literally make wages and pay our bills - our own bills. We can not afford, nor can our customers, who will ultimately pay the bill, afford, to subsidize other businesses in Montana. NFIB, whose members would pay over 75% to restructure the unemployment fund to reflect more equity as to deficit employees, urges you to pass HB 278. without amendment. The work has been done by a good select group of responsible people.

of Montana, its employers and its employees.
Go he it. Let's get on with our job at hand.

VISITOR'S REGISTER

HOUSE BUSINESS AND LABOR COMMITTEE

BILL House Bill 284

DATE January 29, 1985

SPONSOR Representative Harper

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Riley Johnson	Helena	NFEB	X	
George Allen	Helena	Mt. Retail Assn	✓	
H. Bole	Helena	MT Chamber	Amend	
Dr. Dawson	HELENA	MT TECH. Council	w/Mod.	
Don Allen	Helena	MT Wood Products Assn	w/Amend	
Keith Anderson	Helena	Men's Ex	w/Amend	
Chad Smith	Helena	Unemp Camp adv		✓
Jim Tweed	Gr. Falls	Self-Mktl Industry	✓	
T.M. Collins	Troy	ASARCO, Inc.		✓
Molly Mearns	Helena	MONTANA		
Kevin Cook	Bozeman	Self-Automobile Club	✓	
James [unclear]	Bozeman	Bozeman Fed Affs	✓	
Cathy [unclear]	Bozeman	King Hall Affs	✓	
Anne Brodsky	Helena	Women's Lobbyist Fund	w/Amend	
Ben Hardahl	Helena	Montana Motor Carriers Assn	As Amended	
Roger W Young	Great Falls	Chamber of Commerce	As Amended	
Roland W Pratt	Helena	MT Restaurant Assn	✓	
Jerry Minow	Bozeman	MT Fed of Teachers		
Dave Gossy	Bozeman	Bigs Chamber of Com	Amend	
Jim [unclear]	HELENA	MTN. BELL	✓	
Judy Olson	Helena	MT Nurses' Assoc	w/Amend to Sect. 8	

IF YOU WARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

KEITH OLSON Kalispell MT LOGGING ASSN

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