



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0652 - Revise unemployment insurance law relating to benefit duration (Galloway, Steven)

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other	(\$7,441,718)	(\$7,940,067)	(\$8,078,162)	(\$8,292,669)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 652 reduces the full weeks of Unemployment Insurance Benefits an individual is eligible for from 28 weeks to 20 weeks and removes the Ratio of Total Base Period Earnings above 2.5. This legislation impacts unemployment insurance benefits paid.

FISCAL ANALYSIS

Assumptions:

1. HB 652 reduces the amount of unemployment insurance (UI) benefit weeks an individual is eligible for resulting in less benefits being paid out and will result in a long-term savings to the UI trust fund.
2. The Department of Labor & Industry (DLI) assumes, based on historical UI data, that 4.1% of UI claim disbursements are for claims over 20 weeks in duration in FY 2024-2027.
3. DLI assumes that the yearly UI trust fund projections of disbursements, based off wage growth, unemployment, and employment data, along with the percent of benefits paid to claims over 20 weeks in duration, can be used to determine the reduction in benefit disbursements resulting from HB 652.

4. Assuming 4.1% of UI benefits are reduced year over year when reducing claim duration from 28 weeks to 20 weeks, DLI can also assume the UI trust fund will see a related increase in this same amount in each year.
5. DLI assumes the difference between the UI trust fund projection without a change in benefit duration and the UI trust fund projection with a change in benefit duration would be the reduction in benefits paid in any given year.
6. By reducing benefit duration from 28 weeks to 20 weeks, DLI assumes the total benefit reduction would be \$7,441,718 in FY 2024, \$7,940,067 in FY 2025, \$8,078,162 in FY 2026 and \$8,292,669 in FY 2027.
7. There will be programming costs in the new UI benefits system to include the changes in HB 652 that can be incorporated into the project scope at no additional cost.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
Benefits	(\$7,441,718)	(\$7,940,097)	(\$8,078,162)	(\$8,292,669)
TOTAL Expenditures	<u>(\$7,441,718)</u>	<u>(\$7,940,097)</u>	<u>(\$8,078,162)</u>	<u>(\$8,292,669)</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	(\$7,441,718)	(\$7,940,067)	(\$8,078,162)	(\$8,292,669)
TOTAL Funding of Exp.	<u>(\$7,441,718)</u>	<u>(\$7,940,067)</u>	<u>(\$8,078,162)</u>	<u>(\$8,292,669)</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$7,441,718	\$7,940,067	\$8,078,162	\$8,292,669

Technical Notes:

1. Extended Benefits are available to workers who have exhausted regular unemployment insurance benefits during periods of high unemployment. The basic Extended Benefits program provides up to 13 additional weeks of benefits when a state is experiencing high unemployment. If Montana were to trigger the “on” indicator to extended benefits (EB), the amount of EB payable to claimants during an economic downturn would be reduced to 10 weeks maximum.

 _____ Sponsor's Initials	<u>2/27/23</u> _____ Date	 _____ Budget Director's Initials	<u>2-27-23</u> _____ Date
---	---------------------------------	---	---------------------------------