



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0812.01: Generally revise unemployment laws relating to non-professional employees of educational institutions**

Primary Sponsor: Denise Joy Status: As Introduced

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

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
Other	\$22,249,157	\$32,090,130	\$32,951,610	\$32,951,610
Revenues				
Other	\$20,749,114	\$29,926,650	\$30,730,050	\$30,730,050
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

HB 812 provides unemployment insurance benefits to non-instructional school employees between academic terms. Any increase in benefits would be offset by higher unemployment rates charged to employers.

FISCAL ANALYSIS

Assumptions

Department of Labor and Industry

1. HB 812 allows for certain nonprofessional employees of education institutions to receive unemployment benefits between educational terms.
2. The department estimates the potential workload increase will not require additional staff, as the department typically receives numerous inquiries or claims filed by school employees between school terms, even though these employees are not eligible for benefits under the current law.
3. Based on reportable wage data there are 42,962 employees within the Montana school system which includes the Montana School for the Deaf and Blind (MSDB) and the Montana University System (MUS).
4. Data indicates 67% of the school employees are instructional (certified or professional) and 33% are non-instructional.
5. Based off the employer ratings, of the total 42,962 school employees, 32,584 are estimated Montana School Unemployment Insurance Program (MSUIP) which are reimbursable employers, 9,535 employees work for governmental employers, and 843 employees work for private experience rated employers.
6. Of the 33%, it is determined that 14,358 employees qualify as non-professionals and would be eligible to collect unemployment insurance.

7. The typical duration between academic terms is 11 weeks. Thus, the total number of weeks that unemployment insurance benefits could be collected is 10 weeks (11 weeks, less one non-paid waiting week).
8. It is estimated that 65% of the eligible employees would apply for benefits in the first year with increased utilization to 75% in the following years as awareness increases.
9. For purposes of this fiscal note, the department estimates an average annual wage of \$31,268, which computes to a weekly benefit amount of \$297 per week.
10. The growth rate for the weekly benefit amount is estimated at 1.5% annually for FY 2026 and FY 2027 and it increases to a 3% growth rate in FY 2028 and FY 2029.
11. It is calculated by multiplying the benefit payment of \$297 x 10 weeks x eligible nonprofessional employees which is estimated at 65% who would file for benefits, by employer classification. The participation rate is estimated to increase to 75% in FY 2027 through FY 2029.
12. There are three types of school accounts. Each has a different impact on school costs as a result of HB 812.
13. Reimbursable: The department estimates the total benefit payment from the UI Trust Fund for reimbursable employers is \$20,749,144 in FY 2026, \$29,926,650 in FY 2027, \$30,730,050 in FY 2028-2029.
 - a. School districts that have chosen this status with the Department of Labor & Industry (DLI) will see increased costs. Reimbursable accounts are charged dollar for dollar for any benefits paid to former employees and are billed monthly. Approximately 90% of the school wages are from reimbursable accounts. The revenues shown in the Fiscal Impact section are from reimbursable employers who will begin making payments to the Unemployment Insurance Trust Fund shortly after the effective date of this bill.
14. Governmental: The department estimates the total benefit payment from the UI Trust Fund for the Governmental account type is \$598,146 in FY 2026, \$862,710 in FY 2027 and \$885,870 in FY 2028 and FY 2029.
 - a. There will not be an impact on governmental employer rates until FY 2027 due to the timing of calculations affecting governmental rate schedules. Governmental rates would not be impacted until this bill's changes in 2025 affect the July 1, 2026, rates. Governmental rate changes are effective on July 1st of each year (the beginning of the state fiscal year). The agency is unable to determine the impact on a governmental account or the impact on the entire governmental tax rate schedule because an increase in the governmental account rates is dependent upon the volume of claims charged to the governmental accounts.
15. Experience Rated: The department estimates the total benefit payment from the UI Trust Fund for experience rated employers is \$901,867 in FY 2026, \$1,300,770 in FY 2027, and \$1,335,690 in FY 2028 and FY 2029.
 - a. These accounts are similar to Governmental accounts except they are for private entities. There will be no impact to the accounts of experience rated employers until calendar year (CY) 2026. Benefits paid from this bill's effective date through September 30, 2025, will become part of the computation process to determine the tax rate schedule for 2026 and could impact the accounts of individual employers. Individual accounts are evaluated annually based on benefits charged and taxes paid, and a determination will be made on whether existing rates will continue, or new rates will be imposed for each calendar year. The agency is unable to determine the impact to the entire experience rated tax rate schedule due to the unknown volume of benefits paid and the trust fund balance. The agency is unable to determine the impact to individual accounts because an increase in individual account rates is dependent upon the volume of claims charged to the individual account.
16. The department estimates the total benefit payment from the UI Trust Fund is \$22,249,157 in FY 2026, \$32,090,130 in FY 2027, \$32,951,610 in FY 2028-2029.

UI Trust Fund

17. The department estimates the total revenue from benefit payment from the UI Trust Fund for reimbursable employers is \$20,749,144 in FY 2026, \$29,926,650 in FY 2027, \$30,730,050 in FY 2028-2029.

Program	Total Employees	Non-certified (MSBD & MUS actual non-certified)	65% of employees will apply for UI	FY 2026 benefits \$298/week at 8 weeks	75% of employees will apply for UI	FY 2027 benefits \$297/week at 10 weeks	FY 2028 benefits \$306/week at 10 weeks	FY 2029 benefits \$306/week at 10 weeks
Reimbursable MSUIP	32,584	13,390	8,704	\$20,749,144	10,043	\$29,926,650	\$30,730,050	\$30,730,050
Governmental Univ System	9,419	351	228	\$ 543,910	263	\$ 784,485	\$ 805,545	\$ 805,545
Governmental MSDB	116	35	23	\$ 54,236	26	\$ 78,225	\$ 80,325	\$ 80,325
Experience rated- Private Schools	843	582	378	\$ 901,867	437	\$ 1,300,770	\$ 1,335,690	\$ 1,335,690
Total	42,962	14,358	9,333	\$ 22,249,157	10,769	\$ 32,090,130	\$ 32,951,610	\$ 32,951,610

Office of Public Instruction

18. HB 812 allows nonprofessional employees of educational institutions to claim unemployment benefits. This bill may have a financial impact on school districts but there is no fiscal impact to OPI.

Commissioner of Higher Education

19. The Montana University System has 3,029 classified employees, 324 of whom are seasonally employed and may apply for benefits if this bill is enacted.

20. There are 15 weeks between the 2 academic terms, assuming the bill is enacted as of July 1, 2026 there would be 8 weeks in the first fiscal year.

Fiscal Analysis Table**Department of Labor and Industry**

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Benefits	\$22,249,157	\$32,090,130	\$32,951,610	\$32,951,610
TOTAL Expenditures	\$22,249,157	\$32,090,130	\$32,951,610	\$32,951,610
<u>Funding of Expenditures</u>				
Other	\$22,249,157	\$32,090,130	\$32,951,610	\$32,951,610
TOTAL Funding of Expenditures	\$22,249,157	\$32,090,130	\$32,951,610	\$32,951,610
<u>Revenues</u>				
Other	\$20,749,114	\$29,926,650	\$30,730,050	\$30,730,050
TOTAL Revenues	\$20,749,114	\$29,926,650	\$30,730,050	\$30,730,050
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
Other	(\$1,500,043)	(\$2,163,480)	(\$2,221,560)	(\$2,221,560)

Effect on County or Other Local Revenues or Expenditures**Department of Labor and Industry**

1. HB 812 will create additional school district costs for non-professional employees allowed to collect unemployment insurance. The actual cost has not been determined.

Significant Long-Term Impacts**Department of Labor and Industry**

1. The increased benefit charges may trigger higher contribution rates for governmental and experience rated school employers in the future.

Sponsor's Initials

Date

Budget Director's Initials

3/4/2025

Date