

Major State Special Revenue Profile

EMPLOYMENT SECURITY ACCOUNT (02258)

Statutory References:

[39-51-409, MCA](#) (1993)

Fund Purpose and Restrictions:

Funds may be appropriated to the Department of Labor & Industry for payment towards unemployment insurance benefits, as well as the principal, interest, and redemption premium from employment security revenue bonds. The funds may also be appropriated for use of expenses incurred for the following:

- Administration of the unemployment insurance program
- Collecting money deposited into the account
- Employment offices, including providing services to business communities
- Apprenticeship and training programs
- Displaced homemaker programs
- Department research and analysis for employment, wage, and economic data
- Department functions related to collective bargaining, prevailing wage, and wage and hour laws

Fiscal Snapshot

Employment Security Account Fund Balance (in Millions)								
Fund Balance	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Beginning Fund Balance	\$4.9	\$4.1	\$5.0	\$6.2	\$7.1	\$6.5	\$9.9	\$13.8
Revenue	\$18.6	\$19.2	\$20.4	\$21.0	\$21.5	\$24.5	\$28.1	\$27.5*
Expenditures	\$19.4	\$18.3	\$19.2	\$20.1	\$22.5	\$21.0	\$24.2	\$23.1*
Prior Year Adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0
Ending Fund Balance	\$4.1	\$5.0	\$6.2	\$7.1	\$6.5	\$9.9	\$13.8	\$18.2

*based on revenue estimates and budgeted expenses

Significant Historical Changes (by fiscal year)

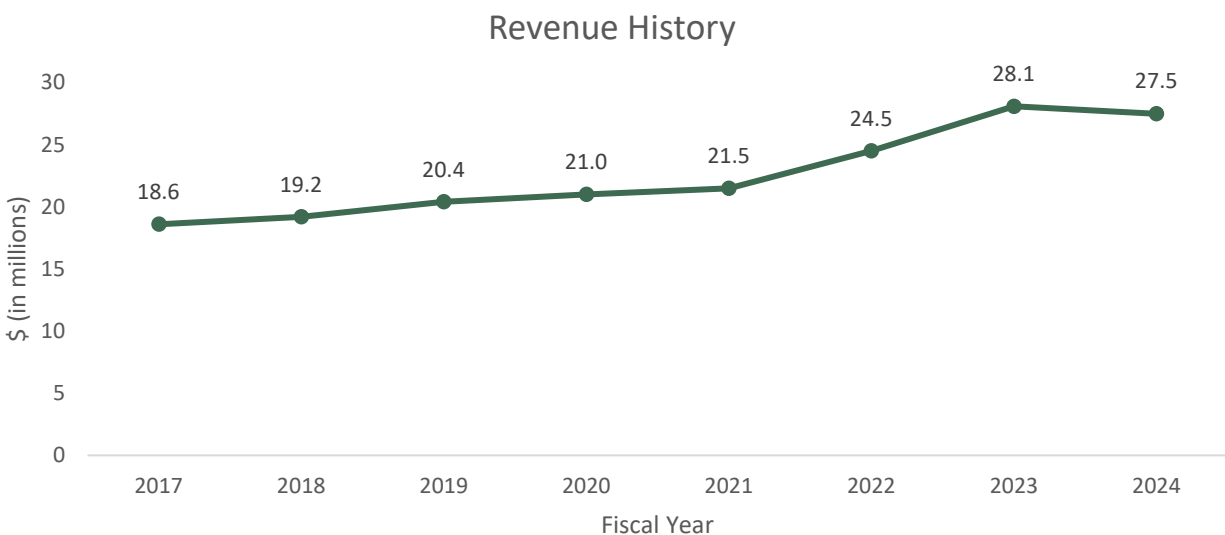
- 1993 Enacted an administrative assessment of 0.1% on all taxable wages and 0.05% for employers covered by an experience rating (SB 270)
- 1999 Increased assessment to 0.13%, applicable to all taxable wages (HB 282)
- 2005 Established that funds deposited may be appropriated to the Department of Labor & Industry for payment of benefits and certain expenses (HB 159)
- 2007 Increased the tax rates by 0.05% and allowed funds within this account to be applied to unemployment insurance administrative expenses (HB 790)
- 2009 Added language for funds to be appropriated to principal, interest, and redemption premium payments for employment security revenue bonds as a way to fund the UI tax modernization project and associated costs (HB 10)
- 2019 Inserted reimbursement to private employers for workers' compensation premium increases due to student work-based learning programs (HB 732)
- 2023 Repealed termination provision on 2019 amendment for the aforementioned reimbursement (HB 702)

Dependent Agencies:

The Department of Labor & Industry

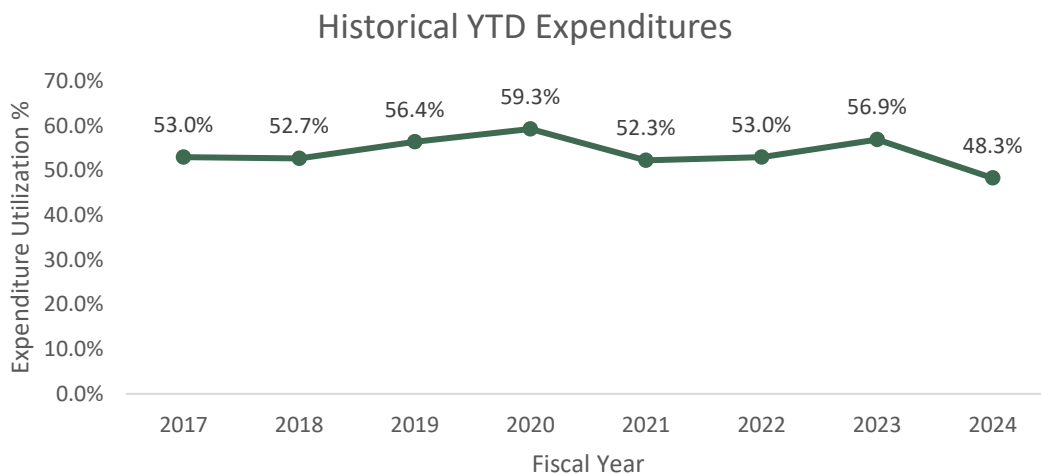
REVENUE SOURCES:

[39-51-404, MCA](#): Revenues on the employment security account are provided through assessments and investment income as outlined in statute. The assessment revenue is from an administrative tax paid by employers; this assessment is a statutorily set percent of all taxable wages paid by the employer, and the percentage of the tax is dependent on the classification of the employer.



HISTORICAL UTILIZATION:

This fund has previously been used for personal services and operating expenses primarily within the Workforce Services and Unemployment Insurance Divisions. This fund is not currently being used for unemployment insurance benefits. Smaller programs within the Employment Standards Division (previously the Employment Relations Division) and the Commissioner's Office have been funded with this account as well. The chart below shows the percent expended of the budgeted funds for this account as of the end of February of each fiscal year.



Reasons for Expenditure Growth/Change:

Revenues within the Employment Security Account (ESA) have grown sharply due to an increase in the taxable wage base within the state, as well as total wages which are covered under Unemployment Insurance. Expenditures have not grown at the same rate as the taxable wage base, which has caused the ending fund balance to increase. The Department of Labor & Industry has contracted with an actuary to study this fund.

