



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: March 16, 2022

TO: Interim Budget Committee – Section A

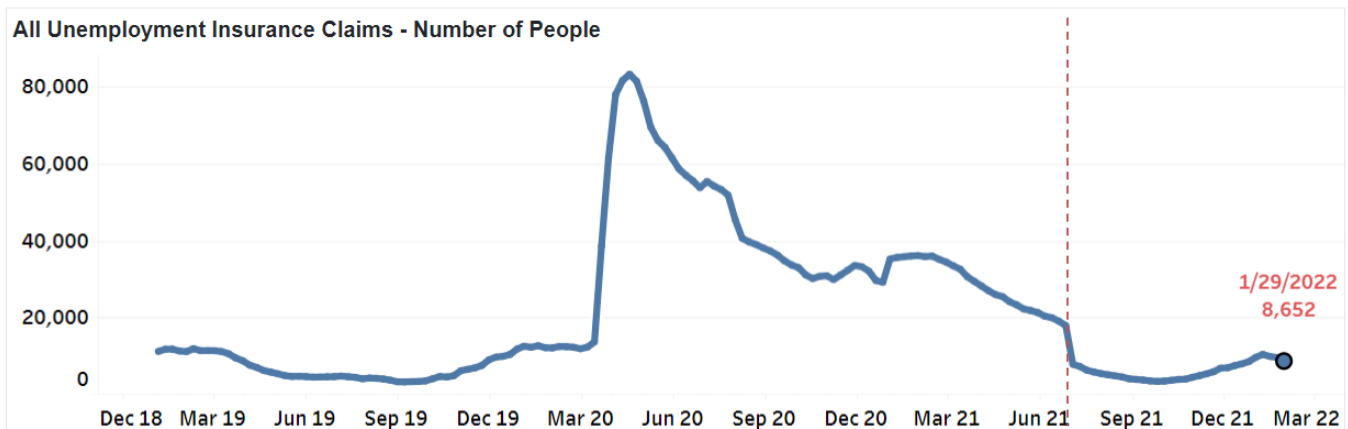
FROM: Molly DelCurto, Fiscal Analyst

RE: Impacts Of Ending the Federal Unemployment Insurance Programs

During the COVID-19 pandemic, the federal government created the following unemployment insurance programs:

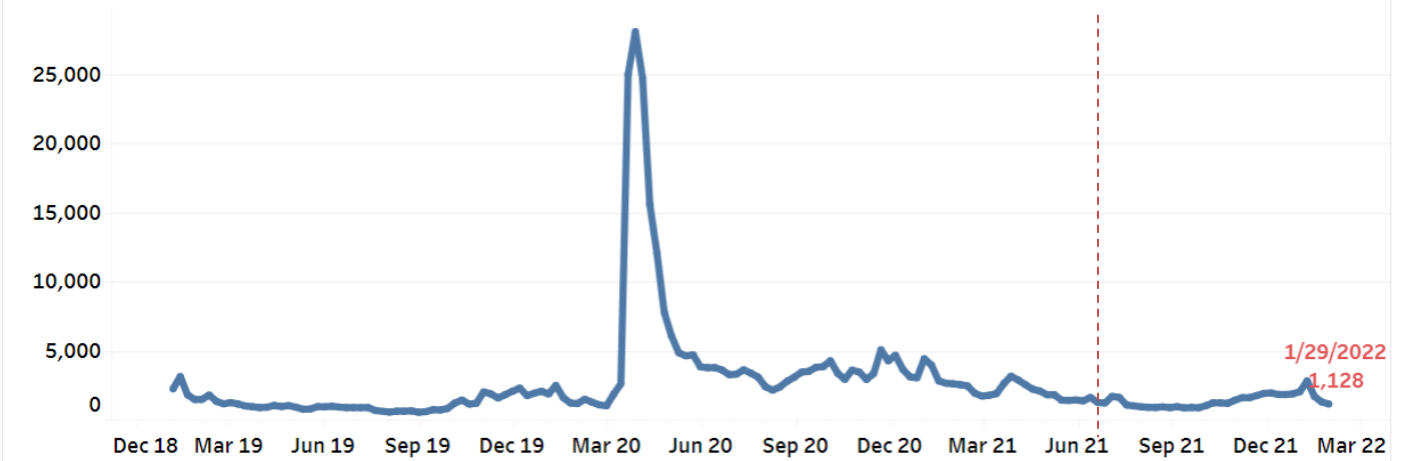
- Federal Pandemic Unemployment Compensation (FPUC) – Provided an additional \$300 a week
- Pandemic Unemployment Assistance (PUA) – Extends unemployment benefits to self-employed, freelancers, and independent contractors who would not regularly be eligible
- Pandemic Emergency Unemployment Compensation (PEUC) – Extends unemployment insurance benefits, including the additional \$300 a week FPUC payment, for up to 53 weeks

The state of Montana chose to end these benefits on June 27, 2021, approximately two months earlier than the federal end date in September 2021. The following charts show the impact on those receiving unemployment insurance benefits and those applying to receive unemployment insurance benefits.



The red dotted line represents when the federal unemployment insurance programs ended in Montana. On June 26, 2021 there were 17,849 people receiving unemployment insurance claims. The number of people receiving claims dropped to 7,814 on July 3, 2021. This sharp reduction is attributed to the end of the PUA, as many self-employed individuals no longer were eligible for unemployment insurance.

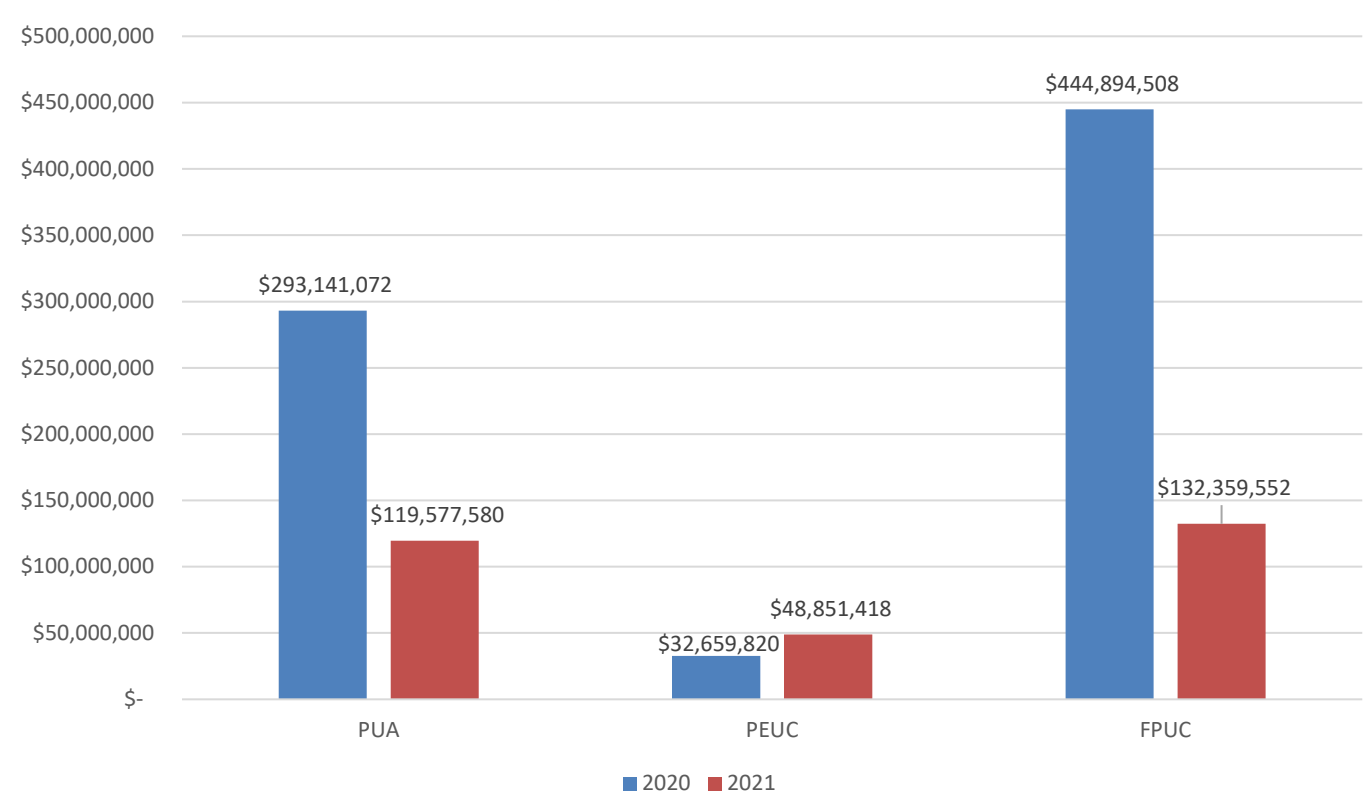
Initial Unemployment Insurance Claims - Number of People



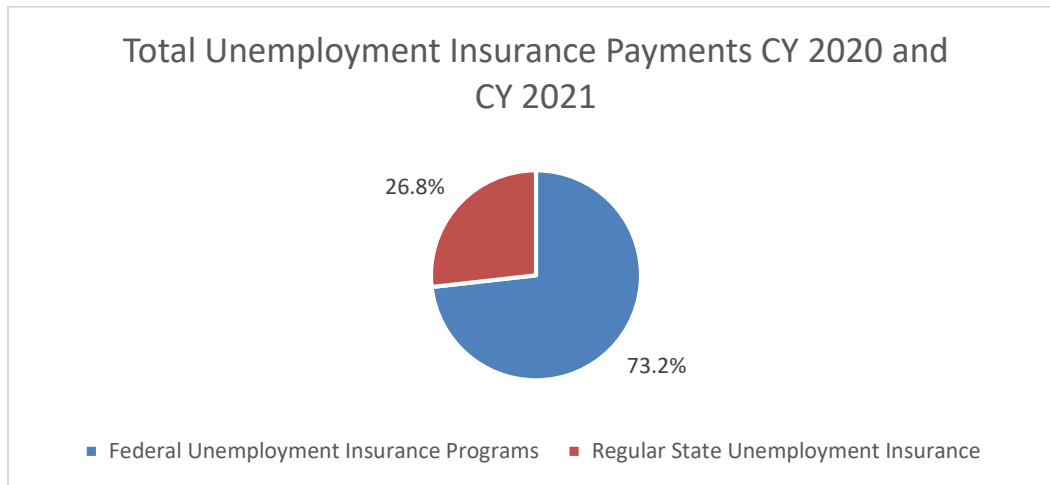
The number of people making initial claims was not affected by the end of federal unemployment insurance programs. On June 26, 2021 there were 1,202 filing initial claims. After the federal unemployment insurance programs ended it was reported that on July 3, 2021, 1,608 people filed an initial claim.

The federal government provided the funding for all additional unemployment insurance programs. No state special revenue or general fund was used to make these payments. The bar chart below displays the total payments made for the PUA, PEUC, and FPUC programs in calendar year 2020 and 2021.

Total Federal Unemployment Insurance Benefit Payments



The pie chart below shows the distribution between payments made for regular unemployment insurance from the state unemployment insurance trust fund and all other federally funded programs in calendar years 2020 and 2021.



Over 70.0% of all unemployment insurance payments were for federally funded insurance programs including the FPUC, PUA, and PEUC. The remaining 26.8% of the payments were for regular UI disbursements from the state unemployment insurance trust fund. However, it's important to note that the unemployment insurance trust did receive over \$300.0 million from the federal coronavirus relief funds, which are not included in the above chart, to offset the cost of the state unemployment insurance program due to the pandemic.