2007 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 195 STATUS: Original

SUBJECT: Unemployment benefits disqualification

GOVERNMENT UNIT AFFECTED: Employment Department

PREPARED BY: John F. Borden **REVIEWED BY:** Michelle Deister

DATE: February 19, 2007

		2007-2009		<u>2009-2011</u>
EXPENDITURES: Personal Services – Federal Funds Unemployment Benefits Payments – Other Funds	\$ \$ -	<28,329> <1,155,800>	\$ \$_	<38,135> <1,598,100>
Total Expenditure Impact	\$	<1,184,129>	\$	<1,636,235>
DEVIENTIEC.		2007-2009		<u>2009-2011</u>
REVENUES: Unemployment Trust Funds Interest – Other Funds	\$	+47,200	\$	+217,700
POSITIONS / FTE:		0/0.00		0/0.00

EFFECTIVE DATE: January 1, 2008

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The measure requires a claimant for unemployment insurance to be employed in a job subject to the Federal Unemployment Tax or as a condition for the employer to be eligible to receive an associated tax credit. A claimant will no longer be able to use non-subject wages to end an unemployment insurance disqualification.

The Employment Department estimates that 197 claimants will no longer be eligible for unemployment benefits for an average duration of 15.3 weeks at an average benefit amount of \$252 per week. The reduction would be approximately \$1.2 million for the 2007-09 biennium and \$1.6 million for the 2009-11 biennium. In addition, by reducing benefits paid, the federal Unemployment Trust Fund would accrue additional interest to the state's benefit of \$47,200 for the 2007-09 biennium and \$217,700 for the 2009-11 biennium. The net result would be a reduction in unemployment taxes, assessments, and reimbursements.

Fewer claimants would reduce the Department's federally funded administrative costs by approximately \$28,329 for the 2007-09 biennium and \$38,135 for the 2009-11 biennium. This reduction would not impact full-time equivalents, but reduce the Department's use of overtime and temporary employees. The Department anticipates a few related contested case filings, which if they were to occur, would be paid with Federal Funds from the Unemployment Trust Fund.