

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

MEASURE NUMBER: SB 196 **STATUS:** Original
SUBJECT: Increases Unemployment Insurance fraud disqualification penalties
GOVERNMENT UNIT AFFECTED: Employment Department
PREPARED BY: John F. Borden
REVIEWED BY: Michelle Deister
DATE: February 1, 2007

	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES:		
See Comments	\$	\$
	<u>2007-2009</u>	<u>2009-2011</u>
REVENUES:		
See Legislative Revenue Impact Statement		
Other Funds (civil penalties and interest income)	\$ 1,473,000	\$ 2,118,200
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 increases the penalties for unemployment insurance (UI) fraud. This is done by increasing the number of weeks of disqualification from 26 to 52 and imposing a 15% penalty on the amount of benefits an individual received but was not entitled. Current law allows the Director of the Employment Department the discretion to waive or reduce any part of the penalty. Penalties and interest would be deposited in the Department’s Special Fraud Control Fund (SFCF), which is an interest-bearing fund.

The Legislative Revenue Impact for this measure estimates that the Department will receive \$1.5 million in Other Funds for the 2007-09 biennium and \$2.1 million Other Funds for the 2009-11 biennium.

Although this measure would increase the cash balance of the SFCF, the Department does not intend to increase prevention, investigation, and collection efforts above currently budgeted levels in the Governor’s recommended budget for the 2007-09 biennium. The Department does, however, plan to propose increased expenditures during the 2009-11 or 2011-03 biennia. Therefore, this measure is anticipated to have a minimal expenditure impact, after factoring in minor computer program and penalty processing costs. Absent an increase in Other Funds expenditure limitation, the Department will be unable to expend this SFCF revenue. According to the Department, the funds are not available for transfer to another fund.