

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

MEASURE NUMBER: HB 3339 **STATUS:** Original
SUBJECT: Unemployment insurance benefits for unemployment due to lockout resulting from a labor dispute
GOVERNMENT UNIT AFFECTED: Employment Department
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REVIEWED BY: Michelle Deister
DATE: May 10, 2007

	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES: See Comments		

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: This measure eliminates the statutory restriction that unemployed claimants are disqualified from receiving unemployment insurance benefits if they are unemployed due to a labor dispute and are locked out work by their employer.

To put the potential frequency and cost associated with this measure in historic perspective, the Employment Department reported the following:

- The last labor dispute involving a lockout occur in 2005-2006 in which eight unemployment insurance claims were filed. The previous labor dispute was in 2004 when 51 claims were filed;
- The Department's unemployment claim data from the years 2001 to 2006 that were adjudicated for eligibility under current labor dispute disqualification law shows that on *average* of 204 new unemployment insurance claims per year would have occurred if this measure's requirement was in place at that time.
 - Assuming an average unemployment insurance benefit of \$260 per week for 12 weeks for the aforementioned 204 claims, the cost to the Department's Unemployment Insurance Trust Fund (UITF) would have been \$636,480 per year or \$1.3 million per biennium.
 - Payments from the UITF would have resulted in the loss of approximately \$162,000 in interest income per biennium from the Fund.
 - The Department would have incurred program administrative expenses of approximately \$45,445 per biennium.
 - All the aforementioned costs would have been funded with Federal Funds.

The fiscal impact of this measure on the Employment Department, however, is indeterminate for the following reasons: the frequency of labor dispute lockouts, the duration of any lockouts, the number of potential unemployment insurance claims, and the amount of such claims are unknown.