

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2624 **STATUS:** A Engrossed
SUBJECT: Defines “economically distressed worker training” and expands Unemployment Insurance benefits to “eligible economically distressed workers”.
GOVERNMENT UNIT AFFECTED: Employment Department, Department of Community Colleges and Workforce Development
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REVIEWED BY: Michelle Deister, Steve Bender
DATE: May 1, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
Employment Department		
Personal Services	\$ 475,542	\$ 135,869
Services and Supplies	\$ 60,473	\$ 17,278
Total Administrative Expense – Federal Funds	\$ 536,015	\$ 153,147
Unemployment Benefits – UI Trust Fund – Other Funds	\$ 8,643,600	\$ 2,469,600
Total Fiscal Impact – All Funds	\$ 9,179,615	\$ 2,622,747

	<u>2009-2011</u>	<u>2011-2013</u>
REVENUES:		
Unemployment Insurance Trust Fund Interest – Other Funds	\$ (388,760)	\$ (935,890)
Reimbursable Assessments – Other Funds	\$ 777,924	\$ 222,264
Total Revenue – All Funds	\$ 389,164	\$ (713,626)

POSITIONS / FTE:

	6/4.36	6/125
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EFFECTIVE DATE: The bill takes effect on the 91st day after adjournment sine die.

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.

ANALYSIS: HB 2624 expands eligibility for Unemployment Insurance (UI) benefits to economically distressed workers who are currently eligible for UI benefits, and who have been employed in work paying less than 110 percent of the minimum wage during their entire base year. The bill directs the Employment Department (OED) and the Office of Community Colleges and Workforce Development (CCWD) to consult on the adoption of rules, including the procedures for periodic review and continued approval for eligible distressed worker training programs. The bill sunsets the program on January 2, 2012 and directs OED to report to the Legislature on the program by no later than March 1, 2011.

Expanding eligibility could result in increased UI expenditures, which will affect the balances available in the UI Trust Fund. This could have an effect on employer tax rates.

OED estimates that 2,400 claimants would be eligible for UI benefits under the provisions of this bill per year.

OED estimates that the workload related to processing these additional claims will require 6 additional positions (4.63 FTE) in the 2009-11 biennium. Services, supplies, and equipment costs are \$60,473 Federal Funds. Staffing costs are \$475,542 Federal Funds. The total administrative cost is \$536,015 Federal Funds for the 2009-11 biennium. Costs and staffing requirements will be reduced in the 2011-13 biennium, since the program sunsets on January 2, 2012.

The UI Trust Fund earns interest on its fund balances. OED estimates that the increased expenditures from the Fund from this bill will result in a loss of \$388,760 Other Funds in interest earnings in the 2009-11 biennium and \$935,890 Other Funds in the 2011-13 biennium.

Certain employers do not pay the UI tax, but instead reimburse the UI Trust Fund when an employee makes a UI claim. Based on historical experience, OED assumes that the UI Trust Fund will receive \$777,924 Other Funds in Reimbursable Assessments from these employers in 2009-11 and \$222,264 Other Funds in the 2011-13 biennium.

The Department of Community Colleges and Workforce Development (CCWD) indicates that the workload impact of this measure is part of its normal business, and that there would be no additional fiscal impact from the measure.