

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

MEASURE NUMBER: HB 2992

STATUS: Original

SUBJECT: Provides emergency unemployment insurance benefits to individuals who have exhausted regular benefits.

GOVERNMENT UNIT AFFECTED: Employment Department

PREPARED BY: Robin LaMonte

REVIEWED BY: Michelle Deister

DATE: April 21, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
Personal Services	\$ 17,670	
Services and Supplies	\$ 2,240	
Total Administrative Hearings Office – Other Funds	\$ 19,910	
Personal Services	\$ 90,161	
Services and Supplies	\$ 19,910	
Total Administrative Expense – Federal Funds	\$ 110,071	
Unemployment Benefits – UI Trust Fund – Other Funds	\$ 576,300	
Total Fiscal Impact – All Funds	\$ 706,281	

	<u>2009-2011</u>
REVENUES:	
Unemployment Insurance Trust Fund Interest – Other Funds	\$ (52,826)
Office of Administrative Hearings – Other Funds	\$ 19,910
Total Revenue – All Funds	\$ (32,916)

POSITIONS / FTE:

6/0.89

EFFECTIVE DATE: The bill includes an emergency clause and is effective on passage.

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 2992 provides for 15 weeks of emergency Unemployment Insurance (UI) benefits, beginning May 2, 2009 and ending on August 15, 2009 for claimants who have exhausted regular benefits for the week ending December 6, 2008 or later. These benefits are not chargeable to taxing or reimbursing employers.

The Employment Department (OED) notes that, according to the U.S. Department of Labor, the provision that reimbursing accounts not be charged for these emergency benefits would constitute a violation of federal law and would put Oregon in danger of losing certification for Federal Unemployment Tax (FUTA) credits for employers, and could lead to the loss of OED's administrative grant of \$104.2 million Federal Funds per biennium. This language exempting reimbursing employers was included in legislation the last time the state provided an emergency extension of benefits (2005), but this provision was either unnoticed or ignored by the U.S. Department of Labor.

OED estimates that 2,550 UI claimants would seek UI benefits under this bill. The total annual cost for these benefits is estimated at \$576,300 Other Funds.

OED estimates that the workload related to processing these additional claims, including associated computer changes, will require 6 additional limited duration positions (0.89 FTE). Services, supplies, and equipment costs are \$19,910 Federal Funds. Staffing costs are \$90,161 Federal Funds. The total administrative cost is \$110,071 Federal Funds for the 2009-11 biennium.

OED also estimates an increase in UI hearings. This will increase the cost for the Office of Administrative Hearings by \$19,910, Other Funds. These costs will be charged back to OED and reimbursed out of its Federal Funds.

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 \$52,826 in interest earnings in the 2009-11 biennium.