

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

MEASURE NUMBER: HB 3483

STATUS: A Engrossed

SUBJECT: Provides that eligible economically distressed workers in approved training may not be denied unemployment insurance benefits under specified circumstances, and extends unemployment insurance benefits beginning October 4, 2009 through January 2, 2010 to employees who have exhausted unemployment insurance benefits.

GOVERNMENT UNIT AFFECTED: Employment Department

PREPARED BY: Michelle Deister

REVIEWED BY: Robin LaMonte

DATE: June 23, 2009

	2009-2011	<u>2011-2013</u>
EXPENDITURES:		
UI Trust Fund (Other Funds)	\$ 38,643,600	\$ 556,400
Personal Services (Federal Funds)	\$ 475,542	\$ 135,869
Services and Supplies (Federal Funds)	\$ 60,473	\$ 17,278
Total All Funds	\$ 39,179,615	\$ 709,547

	2009-2011	<u>2011-2013</u>
REVENUES:		
UI Trust Fund Interest (Other Funds)	\$ (3,277,166)	\$ (3,874,907)
Reimbursable Assessments (Other Funds)	\$ 3,477,924	\$ 50,076
Total Other Funds	\$ 200,758	\$ (3,824,831)

POSITIONS / FTE:

6/4.36

6/1.25

EFFECTIVE DATE: This 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: The dash 2 amendments replace the bill, and serve to expand eligibility for Unemployment Insurance (UI) benefits to workers who have been employed in work paying less than 110 percent of the minimum wage during their entire base year who are enrolled in training programs approved by the Employment Department and Department of Community Colleges and Workforce Development. The bill specifies that a base year employer's account may not be charged for benefits paid to eligible workers in training, and limits the total benefits available for distressed workers in training to \$9.2 million. The bill requires the Employment Department to issue a report on the program by March 1, 2011 to the Legislative Assembly, and sunsets the program on January 2, 2012. Beginning in October 2009 through January 2, 2010, the bill also extends UI benefits to workers who have exhausted benefits, providing for total payments under the extension of no more than \$30 million.

The Employment Department estimates that the provisions related to distressed workers in training being eligible for UI will result in 2,400 additional claimants per year, requiring an additional 4.36 FTE to

process these additional claims, and verify training and participation in 2009-11, and 1.25 FTE for the 2011-13 biennium (this provision is repealed on January 2, 2012).

The provisions of the bill relating to benefit extensions (sections 8-9) are for the period October 4, 2009 – January 2, 2010, and UI benefit payments are capped at \$30 million. No additional FTE is assumed for these provisions of the bill.

The UI Trust Fund earns interest on its fund balances. The Employment Department estimates that the increased expenditures from the fund will result in a loss of \$3,277,166 Other Funds in interest earnings in the 2009-11 biennium, and \$3,874,907 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 \$3,477,924 Other Funds in reimbursable Assessments from these employers in 2009-11 and \$50,076 Other Funds in the 2011-13 biennium.

Community Colleges and Workforce Development (CCWD) – CCWD anticipates no fiscal impact, as rule making activities referenced in the bill can be accommodated within the normal course of the agency's business.