

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

MEASURE NUMBER: HB 3500 **STATUS:** Original
SUBJECT: Creates the Oregon Emergency Jobs Program in the Department of Community Colleges and Workforce Development and provides that economically distressed workers enrolled in specified training may not be denied unemployment benefits.
GOVERNMENT UNIT AFFECTED: Employment Department, Department of Community Colleges and Workforce Development
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DATE: June 11, 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	\$ 38,643,600	\$ 2,469,600
Total OED Fiscal Impact – All Funds	\$ 39,179,615	\$ 2,622,747
Dept of Community Colleges and Workforce Development		
Personal Services	\$ 82,590	\$
Services and Supplies	\$ 5,000	\$
Special Payments (UI Trust Fund Diversion) – Other Funds	\$ 50,712,410	\$
Total CCWD Fiscal Impact – Other Funds	\$ 50,800,000	\$ 0
Total Expenditures – All Funds	\$ 89,979,617	\$ 2,622,747

	<u>2009-2011</u>	<u>2011-2013</u>
REVENUES:		
Employment Department		
Unemployment Insurance Trust Fund – Other Funds	\$ -50,800,000	\$
Unemployment Insurance Trust Fund Interest – Other Funds	\$ -3,277,166	\$ -4,036,026
Reimbursable Assessments – Other Funds	\$ 3,477,924	\$ 222,264
Total Revenue – All Funds	\$ -50,599,242	\$ -3,813,762

POSITIONS / FTE:		
Employment Department	6/4.36	6/1.25
CCWD – See Analysis	6/3.00	2/2.00

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 3500 creates the Oregon Emergency Jobs Program in the Department of Community Colleges and Workforce Development and provides that economically distressed workers enrolled in specified training may not be denied unemployment benefits. The bill directs the Employment Department (OED) and the Department 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 these programs on January 2, 2012.

Note – This fiscal impact only partially reflects the cost of the bill. Approximately \$3.4 million will be paid out of Federal Funds available to CCWD for special payments (\$3.1 million) and operating expense (\$0.3 million).

The bill creates the Oregon Emergency Jobs, Training and Support Account in CCWD and diverts seventy-five one-hundredths of a percent of wages subject to the Unemployment Insurance (UI) tax, up to a maximum of \$50.8 million into the Account. CCWD will use the moneys in the Account to award grants to public bodies, private nonprofit agencies and local workforce investment boards to provide eligible Oregonians with temporary employment. CCWD indicates that the funds will be distributed as shown in the table below.

Summary of Special Payment Distribution	
	Emergency Jobs Funding
Local Workforce Areas	25,284,890
Non-Profits	2,000,000
Student Assistance Commission	4,927,520
DHS for post-TANF aid	3,500,000
State Agencies (Parks, Forestry, etc.)	15,000,000
Total Distribution	50,712,410

Employment Department (OED)

OED estimates that the workload related to processing 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 \$3,277,166 Other Funds in interest earnings in the 2009-11 biennium and \$4,036,026 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 \$222,264 Other Funds in the 2011-13 biennium.

Community Colleges and Workforce Development (CCWD)

HB 3500 creates the permanent Career Readiness Certification Program in CCWD. The budget for CCWD includes \$3.35 million of Federal Funds for this Program. CCWD will use \$297,023 of these funds for personal services, but needs two permanent positions, an Operation & Policy Analyst 3 and a Program Analyst 3 (2.00FTE), to be established to implement the Career Readiness Certification Program.

CCWD will also need 4 limited duration positions (1.00 FTE) to implement the other provisions of this bill. CCWD has Federal Stimulus funds available to partially offset the \$123,823 in personal services cost, and will only need \$85,590 Other Funds from the UI diversion. CCWD will also need \$5,000 Other Funds primarily for Attorney General costs related to the development of administrative rules. The total CCWD administrative cost is \$87,590 Other Funds.