

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

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**MEASURE NUMBER:** SB 462

**STATUS:** A Engrossed

**SUBJECT:** Provides for an alternate definition of "base year" for the purpose of determining eligibility for Unemployment Insurance.

**GOVERNMENT UNIT AFFECTED:** Employment Department

**PREPARED BY:** Robin LaMonte

**REVIEWED BY:** Michelle Deister

**DATE:** February 26, 2009

<b>EXPENDITURES:</b>	<u><b>2009-2011</b></u>	<u><b>2011-2013</b></u>
Personal Services	\$ 1,459,032	\$ 1,396,516
Services and Supplies	\$ 342,486	\$ 342,486
Total Administrative Expense – Federal Funds	<u>\$ 1,801,518</u>	<u>\$ 1,739,002</u>
Unemployment Benefits – UI Trust Fund – Other Funds	\$ 15,074,032	\$ 16,078,967
Total Fiscal Impact – All Funds	<u>\$ 16,875,550</u>	<u>\$ 17,817,969</u>

<b>REVENUES:</b>	<u><b>2009-2011</b></u>	<u><b>2011-2013</b></u>
Reimbursable Assessments – Other Funds	\$ 1,356,663	\$ 1,447,100
Unemployment Insurance Trust Fund – Other Funds – Federal Stimulus Package – See Comments		

<b>POSITIONS / FTE:</b>	20/16.65	19/15.98
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**EFFECTIVE DATE:** The amendment adds an emergency clause, and the effective date becomes July 1, 2009

**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.

**ANALYSIS:** SB 462 expands eligibility for Unemployment Insurance (UI) benefits by authorizing the use of an alternate base year (ABY) for calculating benefits. This would affect UI claimants who are currently ineligible for benefits because of insufficient earnings in the currently defined base year, which is the first four of the last five completed calendar quarters preceding the filing of the initial claim.

The federal stimulus law requires the ABY, and other UI provisions that already exist in Oregon law, for Oregon to become eligible for the additional \$85 million in Federal Funds for UI benefits.

The Employment Department (OED) estimates that 17,000 UI claimants per year are ineligible for benefits because of insufficient wages or hours worked in the base year. Another group of claimants would receive benefits earlier under the ABY provisions. Combined, approximately 6,079 additional claimants per year would become eligible for UI benefits under the ABY provisions. The total annual cost for these benefits is estimated at \$8,039,484.

OED estimates that the workload related to processing these additional claims, including manual research, will require 20 additional positions (16.65 FTE). Services, supplies, and equipment costs are \$342,486 Federal Funds. Staffing costs, including \$62,699 in one-time information technology development costs, are \$1,459,032. The total administrative cost is \$1,801,518 Federal Funds for the 2009-11 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 \$1,356,663 Other Funds in Reimbursable Assessments from these employers.