MEASURE NUMBER:SB 462STATUS: OriginalSUBJECT:Provides for an alternate definition of "base year" for the purpose of determining eligibilityfor Unemployment Insurance.GOVERNMENT UNIT AFFECTED:Employment DepartmentPREPARED BY:Robin LaMonteREVIEWED BY:Michelle DeisterDATE:February 21, 2009

	2009-2011	2011-2013
EXPENDITURES:		
Personal Services	\$ 1,110,086	\$ 1,396,516
Services and Supplies	\$ 256,864	\$ 432,486
Total Administrative Expense – Federal Funds	\$ 1,366,950	\$ 1,829,002
Unemployment Benefits – UI Trust Fund – Other Funds	\$ 11,054,290	\$ 16,078,967
Total Fiscal Impact – All Funds	\$ 12,421,240	\$ 17,907,969
	<u>2009-2011</u>	<u>2011-2013</u>
REVENUES:		
Reimbursable Assessments – Other Funds	\$ 994,800	\$ 1,447,100

Unemployment Insurance Trust Fund - Other Funds - Federal Stimulus Package - See Comments

POSITIONS / FTE:

20/12.65 19/15.98

EFFECTIVE DATE: The first day of the week that begins 90 days after the effective date of the federal stimulus law. For the purposes of this fiscal impact, the assumed effective date is January 1, 2010.

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 additional federal UI funding, estimated at \$85 million over three years.

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 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 (12.65 FTE). Services, supplies, and equipment costs are \$256,864 Federal Funds. Staffing costs, including \$62,699 in one-time information technology development cost, are \$1,110,086. The total administrative cost, assuming a January 1, 2010 effective date, is \$1,366,950 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 \$994,800 Other Funds in Reimbursable Assessments from these employers.