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

MEASURE NUMBER: SB 463 STATUS: Original

SUBJECT: Allows unemployment insurance benefits for certain part-time workers.

GOVERNMENT UNIT AFFECTED: Employment Department

PREPARED BY: Robin LaMonte **REVIEWED BY:** Michelle Deister **DATE:** February 21, 2009 - Corrected

EXPENDITURES:	<u>2009-2011</u>	<u>2011-2013</u>
Personal Services	\$ 2,402,435	\$ 3,053,738
Services and Supplies	\$ 466,755	\$ 602,340
Total Administrative Expense – Federal Funds	\$ 2,869,190	\$ 3,656,078
Unemployment Benefits – UI Trust Fund – Other Funds	\$ 20,874,029	\$ 30,362,223
Total Fiscal Impact – All Funds	\$ 23,743,219	\$ 34,018,301
REVENUES:	<u>2009-2011</u>	<u>2011-2013</u>
Unemployment Insurance Administration – Federal Funds	\$ 1,399,841	\$ 1,831,076
Unemployment Insurance Trust Fund Interest – Other Funds	\$ (764,952)	\$ (3,465,285)
Reimbursable Assessments – Other Funds	\$ 1,878,663	\$ 2,732,600
Total Revenue – All Funds	\$ 2,513,552	\$ 1,098,391
POSITIONS / FTE:		
	33/22.21	37/28.03

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 463 expands eligibility for Unemployment Insurance (UI) by authorizing benefits for part-time workers seeking only part-time work. Under current law, this eligibility only extends to claimants with a permanent, long-term disability that limits the hours the claimant can work. Other part-time workers must seek and accept either full or part-time work in order to be eligible. Oregon employers pay UI taxes for part-time workers.

The Employment Department (OED) estimates that 7,000 UI claimants per year will seek payments under this provision. The total annual cost for these benefits is estimated at \$15,181,112.

OED estimates that the workload related to processing these additional claims, including manual research, will require 33 additional positions (22.21 FTE). Services, supplies, and equipment costs, including \$15,000 in one-time information technology vendor cost, are \$466,755 Federal Funds. Staffing

costs, including \$112,131 in one-time information technology development cost, are \$2,402,435. The total administrative cost, assuming a January 1, 2010 effective date, is \$2,869,190 Federal Funds for the 2009-11 biennium.

The Federal government reimburses the State of Oregon for certain expenses related to the administration of the UI program. OED assumes that \$1,399,841 Federal Funds will be received as reimbursement for 2009-11 expenses.

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 \$764,952 in interest earnings in 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 \$1,878,663 Other Funds in Reimbursable Assessments from these employers.