

2010 Special Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3655 **STATUS:** Original
SUBJECT: Authorizes an emergency extension of unemployment insurance benefits
GOVERNMENT UNIT AFFECTED: Employment Department
PREPARED BY: Robin LaMonte
REVIEWED BY: Michelle Deister
DATE: February 2, 2010

EXPENDITURES:	<u>2009-2011</u>	<u>2011-2013</u>
UI Benefits Trust Fund (Nonlimited Federal Funds)	\$ 5,116,000	\$
UI Benefits Trust Fund (Nonlimited Other Funds)	\$ 18,644,000	\$
Personal Services (Federal Funds) See Comments	\$	\$
Services & Supplies (Federal Funds) See Comments	\$	\$
Total Nonlimited Other & Federal Funds	\$ <u>23,760,000</u>	\$ <u> </u>

REVENUES:	<u>2009-2011</u>	<u>2011-2013</u>
UI Benefits Trust Fund (Nonlimited Federal Funds)	\$ 5,116,000	\$
UI Benefits Trust Fund (Nonlimited Other Funds)	\$ 594,000	\$
UI Benefits Trust Fund Interest (Nonlimited Other Funds)	\$ (1,045,000)	\$ (1,752,000)
UI Administration (Federal Funds) See Comments	\$	\$
	\$	\$
	\$ <u>4,665,000</u>	\$ <u>(1,752,000)</u>

POSITIONS / FTE: See Comments

EFFECTIVE DATE: The bill includes an emergency clause and is effective on passage.

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

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 3655 authorizes the emergency extension of unemployment insurance benefits to a period “that begins at least 14 days after the effective date of this act and ending on the date that the Director of the Employment Department (OED) stops payments of Oregon emergency benefits...”. The Director will end payments when the remaining balance of \$19 million in the UI Trust Fund has been expended. The bill also adjusts the maximum Oregon emergency benefits that can be received.

Because UI Trust Fund payments are nonlimited, OED does not require an expenditure limitation increase for this bill. OED will have administrative costs of approximately \$117,844 Federal Funds for

staffing required to implement this bill. However, the 2009 Legislature (in HB 2203 and HB 2483) provided sufficient Federal Funds expenditure limitation and position authority for this workload, and no additional adjustments are required.

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 \$1,045,000 Other Funds in interest earnings in the 2009-11 biennium, and \$1,752,000 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 \$594,000 Other Funds in Reimbursable Assessments from these employers in the 2009-11 biennium.