

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 725

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

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Measure Description:

Authorizes Director of the Employment Department to waive recovery of benefits paid due to nonclaimant error if director finds recovery of benefits would be against equity and good conscience.

Government Unit(s) Affected:

Employment Department

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 725 authorizes the Director of the Employment Department to waive recovery of benefits when they were paid erroneously if director finds that the recovery of benefits would be against equity and good conscience. The bill also allows an administrative law judge to reopen a hearing upon a benefits claim if a party shows good cause for failing to appear.

The bill includes an emergency clause. The fiscal impact assumes that the bill will be effective July 1, 2011.

If all waiver requests for overpayments were approved, the Employment Department estimates there could be up to 1,072 waiver requests approved per year. Assuming this level of waiver requests were approved, this would cost the unemployment insurance trust fund up to \$2,090,000 Nonlimited Other Funds each biennium. Certain employers do not pay the UI tax, but instead reimburse the UI Trust Fund when an employee makes a UI claim. Waivers on overpayments could cost \$209,000 Nonlimited Other Funds for reimbursing employers each biennium. These costs would be reimbursed. The net cost to the trust fund, including lost interest of \$95,555, could be \$1,976,555 Nonlimited Other Funds in 2011-13. In 2013-15, the net cost to the trust fund, including lost interest of \$233,517, could be \$2,114,517 Nonlimited Other Funds.

Potential Other Funds expenditures in 2009-11 relate to costs for the Office of Administrative Hearings for up to \$33,134 Other Funds for reopened hearings, and expenses for the Unemployment Insurance Division related to waivers and reopened cases for up to \$49,498 Other Funds. In 2013-15, these costs could be \$47,912 Other Funds for the Unemployment Insurance Division and \$31,548 Other Funds for the Office of Administrative Hearings. OED would use overtime and temporary help to address this workload. Office of Administrative Hearings costs will be recovered through service charges.