

Unemployment Insurance

Senate Committee on Business
and Transportation

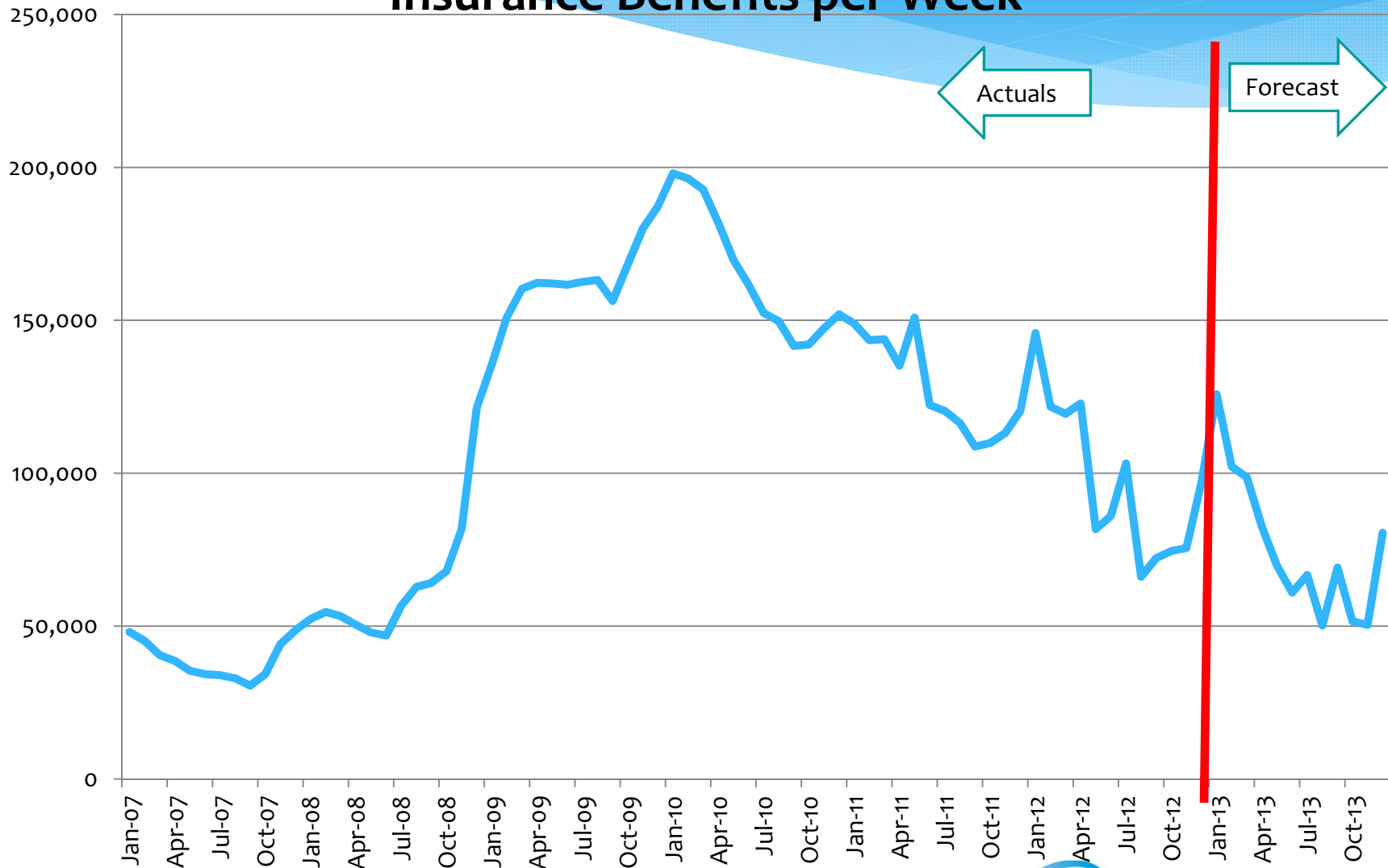
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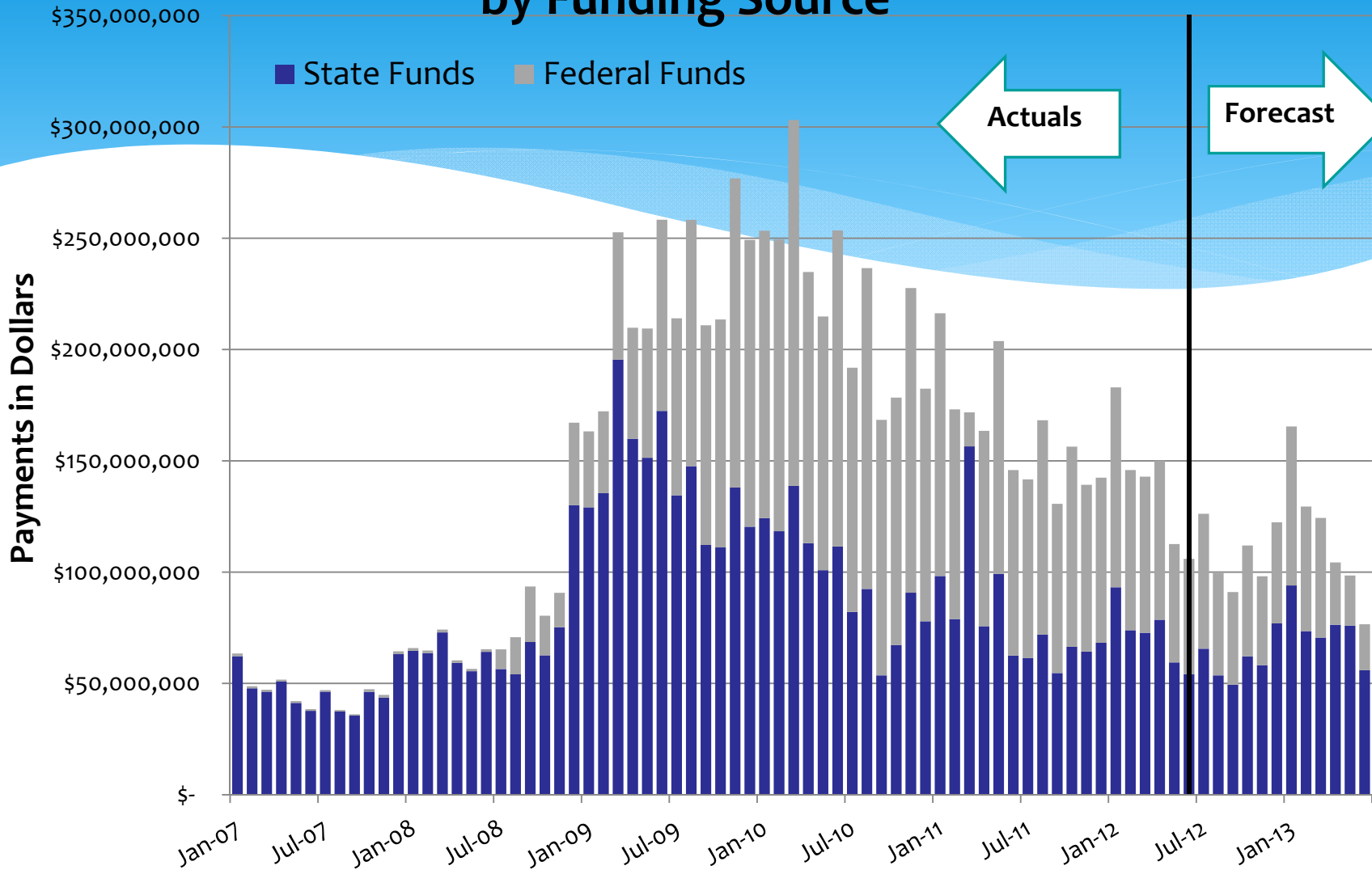
Unemployment Insurance is a Federal – State partnership

- Oregon employers pay taxes into Oregon's Unemployment Insurance (UI) Trust Fund
- Regular UI benefits are paid out of the UI Trust Fund
- U.S. Department of Labor provides an administrative grant for operating the UI Program
- As long as Oregon conforms to federal requirements, Oregon employers have reduced federal payroll (FUTA) taxes

Number of People Receiving Unemployment Insurance Benefits per Week



Unemployment Insurance Total Benefits Paid by Funding Source



Weeks of UI Benefits Available to Claimants

Benefit Type	Funding Source	Maximum Weeks of Benefits Available		
		Peak During Recession	March - December 2012 (benefit extensions decrease)	2013
Regular	State	26	26	26
Emergency UI	Federal	53	63 to 33	37
Extended Benefits	Federal	20	20 to 0	0
Total		99	99 to 59	63

Challenges Facing the UI System

- More long-term unemployed workers
- Multiple changes to UI laws and programs
- Adjusting to decreasing workload and funding
- Benefit payment integrity

Payment Integrity - a National Challenge

- Improper payment rates for July 2011 – June 2012 ranged from 3.4 – 30.1%. Oregon's was 10.12%, near the national average of 9.08%
- Contributing factors:
 - Difficulty getting accurate, complete eligibility information quickly
 - High volume of weekly benefits – over 100,000 claims and \$26 million in benefits in early January 2013
 - Increased complexity caused by extensions
 - Reliance on manual work processes and outdated technology
 - Increased pressures for fraud
- Many initiatives to improve payment integrity completed; many more underway

<u>Issues</u> →	Missing earnings records Determining correct claim	Missing, late or inadequate information	Missing, late, inadequate or false information	Recouping overpayments
Claim filed →	Claim validity and amount determined →	Employer information obtained →	Weekly claim certifications filed →	Benefits paid
<u>Strategies</u> →	SB 252 HB 2242	SB 192 Electronic communication with employers	SB 191 Weekly work search reports Jail data	SB 191 SB 259

- * SB 191 – Federal conformity change to fraud penalty; additional fraud penalty; extends time to offset certain debts
- * SB 192 – Federal conformity about employer charging, Work Share and Self Employment Assistance
- * SB 252 – Increases minimum penalty for repeated late employer payroll reports
- * SB 259 – Permits recovery of some overpayments through federal income tax refunds
- * HB 2242 – Housekeeping bill regarding alternate base year period

Combating Overpayments

- Preventing overpayments from taking place is a priority
- Detecting overpayments quickly when they do happen stops ongoing overpayments and increases recovery
- Recovering overpaid benefits through voluntary payments, offsets of future benefits and tax refunds, liens, garnishments and other methods – this protects the UI Trust Fund and the integrity of the program

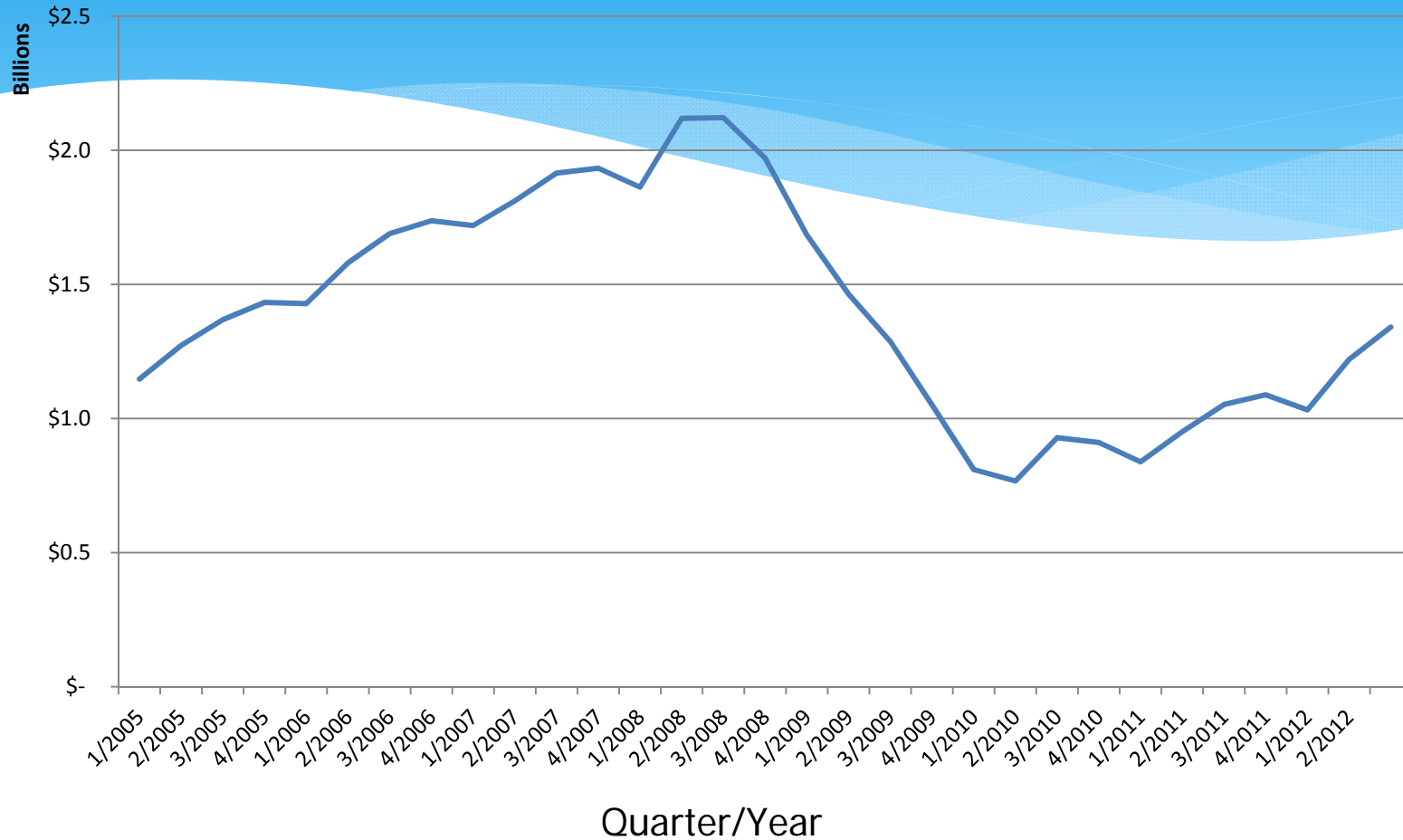
Recently Implemented Initiatives

- Electronic communication with employers to more quickly obtain information about work separations and claimant eligibility
- Claimants report their work search each week
- Checking jail records each week
- Internal process improvements

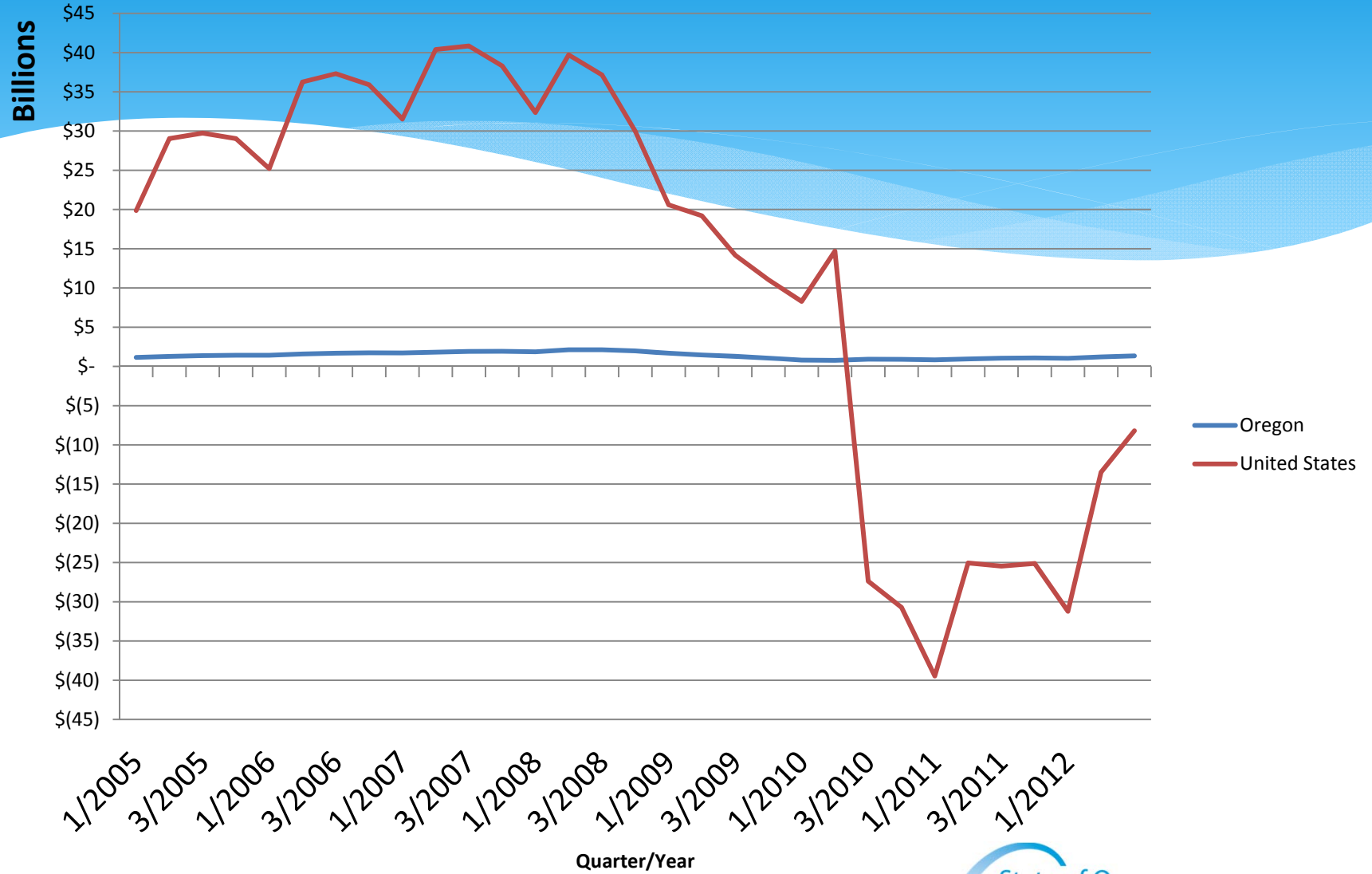
Ongoing Initiatives

- Improved communications with claimants and employers (SB 192)
- Changes to overpayment penalties and collections (SB 191 and SB 259)
- Revise overpayment waiver process and standards
- Plan to expand SIDES to include earnings information

Oregon UI Trust Fund Balance



UI Trust Fund Balances





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