

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass
Vote:	6 - 0 - 0
Yeas:	Edwards, Girod, Monroe, Starr, Thomsen, Beyer
Nays:	0
Exc.:	0
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	2/7

WHAT THE MEASURE DOES: Authorizes Director of Employment Department to impose penalty of up to 30 percent on overpayment of Unemployment Insurance benefits made due to false statement, misrepresentation or nondisclosure of material facts. Directs payment of 15 percent of penalty to Unemployment Compensation Trust Fund and any amount of penalty greater than 15 percent to Employment Department Special Fraud Control Fund. Directs payment of interest on benefits funded by federal government to U.S. Department of Labor. Applies to overpayment decisions of Director issued on or after October 1, 2013. Increases from 52 weeks to five years the period during which Director may recover benefits paid in error. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Conforms with changes to federal law; potential loss of federal funding for noncompliance
- Methods used by Employment Department to combat unemployment fraud
- Some recipients mistakenly provide inaccurate information

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Oregon Employment Department, created in 1933, is charged with supporting economic stability for Oregonians and communities during times of unemployment through the payment of unemployment benefits, generally referred to as Unemployment Insurance (UI). To be eligible to receive benefits, an individual must have earned at least \$1,000 in wages in eligible employment during the first four of the previous five quarters, as well as total wages of at least 1.5 times that of the highest quarter during the same period. Weekly benefits range from \$122 per week to \$524 per week.

Currently, if the Employment Department discovers that an individual has received UI benefits due to false statements (knowingly or unknowingly), misrepresented fact, or failure to disclose material fact, the individual may be required to repay the benefit amount received for which the individual did not qualify, plus a 15-percent penalty. Penalties paid are collected into the Employment Department's Special Fraud Control Fund. Interest on moneys in the fund also accrue to the fund. In addition to being required to repay benefits, the Department may also recoup owed moneys by deducting them from any future UI benefits that would otherwise have been payable to the individual.

Senate Bill 191 increases the minimum 15-percent penalty to up to 30 percent, and specifies that the first 15 percent penalty is to be paid into the Unemployment Compensation Trust Fund; the Special Fraud Control Fund receives all amounts paid above the first 15 percent, plus interest accrued; and interest payable on any portion of benefits funded by the federal government are repaid to the U.S. Department of Labor. The measure also increases the time period during which the Department may collect benefits paid in error from 52 weeks to five years.

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This summary has not been adopted or officially endorsed by action of the committee.