

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2669

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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Prepared by: Matt Stayner  
Reviewed by: Daron Hill, Steve Bender, Paul Siebert, Susie Jordan  
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### **Measure Description:**

Extends certain employee protections to persons performing work for educational purposes.

### **Government Unit(s) Affected:**

Bureau of Labor and Industries (BOLI), Judicial Department, Oregon University System (OUS),  
Statewide

### **Summary of Expenditure Impact:**

Please see analysis

### **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:**

The measure extends and creates an "employment relationship" with an employer for an individual if that person is performing work for educational purposes whether paid, unpaid, or receiving any other form of compensation or benefit for the work. The employment relationship created under the measure provides certain protections from prohibited actions on the part of the employer, allowing an individual who alleges a violation of the provisions to either file a civil action against the employer or to make a formal complaint to the Bureau of Labor and Industry as detailed in statute, depending on the particular section violated.

The measure primarily affects the Oregon University System (OUS), the Oregon Judicial Department (OJD), and the Bureau of Labor and Industry (BOLI). The fiscal impact to each are discussed below.

#### Oregon University System

The fiscal impact to OUS includes increased costs of Employment liability insurance of an estimated 40% per year, resulting in \$150,000 in additional expenditures, an increase in staff by 4.0 FTE to address training and complaints at an estimated cost of \$50,000 a year per FTE for a total of \$200,000, investigation and defense of an estimated 50 claims each year for a total of \$2,500,000, and settlement of an estimated 15 valid claims (30% of claims investigated) each year at an average settlement of \$75,000 for a total of \$1,125,000. The annual grand total cost estimated by OUS would be \$3,975,000 for a total biennial impact of just under \$8 million.

#### Oregon Judicial Department

The fiscal impact to OJD is divided between Circuit Court Operations and Appellate Court Operations. The measure covers 15 separate sections of prohibited employer actions. 10 of those sections provide a person aggrieved by the unlawful practice to initiate a civil action in circuit court. Each circuit court civil case cost to OJD is \$357. OJD anticipates that between five and ten cases would be filed each year under the provisions of the measure for a biennial cost of up to \$7,140.

The remaining five sections that the bill extends protections for are addressed by BOLI through an administrative process and through a contested case process. The contested case proceedings are administrative law proceedings with judicial review in the Court of Appeals. OJD assumes the cost for

judicial review to be approximately three times the average circuit court per-case cost or \$1,071 per-case, but with far fewer (2-4) cases each biennium for a total cost of up to \$4,284

Bureau of Labor and Industry

As noted in the section above detailing the fiscal impact to the Oregon Judicial Department, five sections for which the bill extends protections to employees are addressed by BOLI through an administrative process and through a contested case process. The administrative process includes acceptance of a complaint from a person or the initiating of a complaint by the department. BOLI is authorized to investigate the complaint, take steps to settle the matter, prepare formal charges if the matter cannot be settled otherwise, and conduct a contested case hearing. The costs of these actions vary greatly on a case-by-case basis. BOLI believes that the number of these cases would be infrequent, but is unknown and therefore the fiscal impact to BOLI is indeterminate.