

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 191-A

Carrier – House: Rep. McKeown

Carrier – Senate: Sen. Hansell

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 25 – 0 – 1

House

Yeas: Barker, Buckley, Frederick, Freeman, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc: Hanna

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Meeting Date: June 21, 2013

Agency

Employment Department

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
Federal Funds	\$	0 \$	0 \$	869,000 \$	100%

Position Summary

Authorized Positions	0	0	7	7
Full-time Equivalent (FTE) positions	0.00	0.00	4.28	4.28

Summary of Revenue Changes

Senate Bill 191 requires that the existing 15 percent penalty on fraudulently obtained Unemployment Insurance overpayments be redirected from the Employment Department’s Special Fraud Control Fund to the Unemployment Insurance Trust Fund, ensuring conformity with federal legislation and reducing the department’s Other Funds Special Fraud Control revenues by \$438,000 per year.

The maximum penalty on fraudulently obtained overpayments is increased from 15 percent to 30 percent and any revenues from penalties in excess of 15 percent will be deposited into the Special Fraud Control Fund. The Department estimates it will receive \$200,000 in Other Funds revenue from penalties in excess of 15 percent, partially offsetting the lost revenue due to redirection of the existing penalty.

The bill also increases the period for recovery of overpayments paid in error rather than due to fraud from 52 weeks to five years, resulting in an estimated additional \$170,000 Other Funds revenue annually that will also be directed to the Unemployment Insurance Trust Fund.

Summary of Transportation and Economic Development Subcommittee Action

Senate Bill 191 increases the maximum penalty the Oregon Employment Department may impose on overpayments of Unemployment Insurance benefits made due to false statements, misrepresentation or nondisclosure of material facts from 15 percent to 30 percent. The bill directs payment of the existing 15 percent penalty to the Unemployment Insurance Trust Fund rather than to the Employment Department’s Special Fraud Control Fund to comply with federal requirements. Any revenues from penalties imposed in excess of 15 percent will be deposited into the Special Fraud Control Fund. The bill applies to overpayment decisions issued on or after October 1, 2013. The bill also increases the period during which the department may recover benefits paid in error rather than due to fraud from 52 weeks to five years. The bill has an emergency clause and takes effect on passage.

The bill includes \$869,000 Federal Funds expenditure limitation and seven positions (4.28 full-time equivalent) to complete information systems tasks related to the implementation of SB 191 and additional reporting requirements and analysis required by federal mandates. Positions include two limited duration Information Systems Specialist 8 (0.76 full-time equivalent), one permanent Information Systems Specialist 7 (1.00 full-time equivalent), one limited duration Information Systems Specialist 7 (0.63 full-time equivalent), and three limited duration Information Systems Specialist 6s (1.89 full-time equivalent). The Ways and Means Committee will be reviewing the department's information systems staffing and expenditures in the context of its total budget.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 191-A

**Oregon Employment Department
Bill McGee 503-378-2078**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0	0.00
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0	0.00
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>										
010-10 Unemployment Insurance										
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 767,000	\$ 0	\$ 0	0	7	4.28
Services and Supplies	\$ 0	\$ 0	\$ 0	\$ 0	\$ 102,000	\$ 0	\$ 0	0	0	0.00
TOTAL ADJUSTMENTS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 869,000	\$ 0	\$ 0	0	7	4.28
SUBCOMMITTEE RECOMMENDATION *	\$ 0	\$ 0	\$ 0	\$ 0	\$ 869,000	\$ 0	\$ 0	0	7	4.28
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%