

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 242**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office**Only Impacts on Original or Engrossed
Versions are Considered Official**Prepared by: Krista McDowell
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Date: 2/4/2015**Measure Description:**

Expands causation requirement for offset of federal moneys against liquidated state debt to include situation in which debtor failed to report earnings, to report earnings accurately or to make contributions to Unemployment Compensation Trust Fund.

Government Unit(s) Affected:

Employment Department

Summary of Expenditure Impact (Employment Department):

	2015-17 Biennium	2017-19 Biennium
Other Funds	352,484	352,484
Total Funds	\$352,484	\$352,484
Positions	4.00	4.00
FTE	2.50	2.50

Summary of Revenue Impact (Unemployment Insurance Trust Fund):

	2015-17 Biennium	2017-19 Biennium
Non-Limited Other Funds	-24,067	126,360
Total Funds	-\$24,067	\$126,360

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:

Funding for SB 242 is anticipated in the Governor's Budget for the Oregon Employment Department (OED) in Policy Option Package (POP) 111. The bill authorizes OED to intercept tax refunds of individuals who have overpaid unemployment insurance (UI) benefits due to the misreporting of earnings, and of those who fail to pay UI taxes. The bill would also adjust Oregon's short time compensation/work share program so that an individual cannot be denied work share benefits solely because of a change in the reduction of hours from what was previously specified in the employer's work share agreement.

Changes to expand reporting on overpaid UI benefits are estimated to add \$466,957 in collections returned to the UI Trust Fund for the 2015-17 biennium and the collections would decrease by an estimated \$386,101 in the 2017-19 biennium. Changes to the work share program are assumed to decrease the UI Trust Fund by an estimated \$491,024 in the 2015-17 biennium and increase the fund by \$512,461 in 2017-19 biennium.

Three permanent seasonal part-time positions and one permanent full-time position are anticipated to be needed to handle the additional seasonal workload, as well as implement program changes and administer the work share plans. The seasonal positions include two Office Specialist 1 positions (1.0FTE) and one Revenue Agent 1 position (.50 FTE) for an estimated cost of \$185,825 per biennium.

The full-time position is for a Compliance Specialist 2 (1.0 FTE) at an estimated cost of \$166,659 per biennium. Additionally, implementation of the bill will require one-time information technology (IT) programming updates, which are assumed to be absorbable within the existing parameters of OED's budget.

The Legislative Fiscal Office notes that failure to amend the statues contained in SB 242 may result in non-conformity with federal law which could subject the state to financial sanctions, as well as require Oregon employers to pay additional federal unemployment taxes.

The Legislative Fiscal Office believes this measure warrants a subsequent referral to the Joint Committee on Ways and Means Committee for consideration of this measure's budgetary impact