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Apprentices and Unemployment Insurance (SB 1544)

Background: Unemployment insurance benefits are available to apprentices in programs that do their associated classroom instruction in consolidated blocks of time during the normal work week. In these programs, apprentices come off the job for one to six weeks per year (depending on the craft) to receive their related instruction. In the case of union programs, the training is paid for by the union and its signatory contractors; it is provided at no cost to the apprentice or taxpayer. However, apprentices receive no wages from their employer while they are attending school full time at a training center. During this time, apprentices must rely on Unemployment Insurance as their only income. Apprentices are required to participate in their related instruction and cannot advance in their program or return to work without finishing the required training each year. After training is completed each year, apprentices return to work for the same employer and no longer need unemployment insurance.

Problem: Current law limits apprentices who must come off the job for associated training to five weeks of unemployment insurance in a benefit year, rather than the full 26 weeks available to workers who have been laid off (ORS 657.357). This is particularly problematic for apprentices in the Portland Sheet Metal Program who have six weeks of required training in the 1st and 2nd years of their five-year apprenticeship program. These apprentices are also subject to the waiting week, which means for two years of their apprenticeship, they have two weeks of required training in which they do not get any unemployment insurance or wages.

The five-week limitation can also be problematic for any other craft that does consolidated training and decides to shift the training dates from year to year – if the training is moved to an earlier point in the year, apprentices may not be able to claim unemployment insurance for the training done in the next year because it will technically fall in the same benefit year as the previous year's training; a benefit year and a calendar year are not the same - the benefit year is a 12 month period beginning the week the initial unemployment claim (or unemployment application) is filed.

Proposed Solution: The simplest way to correct this problem for both sheet metal apprentices and other crafts with consolidated training is to increase the number of weeks that unemployment insurance is allowable for apprentices from 5 weeks to 10 weeks (as contained in LC 58). This will ensure that 1st and 2nd year sheet metal apprentices are able to claim the full six weeks they are required to be in training (minus the waiting week) and will allow for other crafts who have up to 5 weeks of required training to shift training dates from year to year without jeopardizing unemployment insurance benefits for their apprentices.

Minimal Fiscal Impact: This change will benefit all programs with consolidated training and allow them to shift their training dates from year to year. However, the Portland Sheet Metal JATC is the only program that currently requires more than five weeks of training. Initial indications from the Employment Department are that the proposed change will have a negligible impact on the Unemployment Insurance Fund and employers' insurance rates. Once these apprentices graduate from their programs, they will have a secure employment future and will earn \$40-\$56 an hour in wages and benefits.