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August 27, 2020

Oregon State Legislature
Senate Committee on Labor and Business

**Delivered by email this date.
No mailed copy to follow.**

Chair Senator Kathleen Taylor
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Member: Senator Laurie Monnes Anderson
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REGARDING:

- Hearings on the Oregon Employment Department's administration of Unemployment Insurance benefits, including benefits provided under the CARES Act.
- Oregon Employment Dept interpretation of Cares Act and Self-Employed Sole Proprietors

Dear Chair Taylor, Vice-Chair Knopp and Committee Members:

We wish to provide this letter as public comment to the Senate Committee.

I am writing on behalf of my girlfriend, Angela ("Anji") Grainger, expressing a damaging flaw in treatment of self-employed individuals under Oregon's unemployment insurance and its CARES Act pandemic assistance interpretation.

Anji has been a self-employed professional watercolor artist, instructor and juror since April 1, 2013, doing business as Blue Pansy Cottage Arts. You can see some of her work and information about her business on her website: <https://www.bluepansycottage.com/>

In 2019 she reported gross income from her business in excess of \$62,000. Of that, approximately \$2,500 (3.85%) was W-2 income through two 8-day class sessions she taught at the City of Portland's Multnomah Arts Center. The rest was self-employed income pursuant to her regular business operations.

Angela Grainger Self-Employment PUA, CARES Act and State Unemployment

The State Employment Dept. has taken this position: Under the CARES Act, if a self-employed individual also qualifies for “regular” W-2 unemployment, then the individual is excluded from any self-employment unemployment benefits. Essentially, the **State of Oregon is saying she is not self-employed because 3.85 PERCENT of her gross income in 2019 was W-2 income.**

The State has interpreted Federal Unemployment Pandemic Assistance rules as this:

- If you qualify for W-2 Unemployment, then you must use that as the basis for Pandemic Unemployment Assistance. NONE of your self-employment gross revenues count. Your state unemployment benefit is based on your W-2 earnings.
- Therefore the State does not allow any of her gross revenues from her self-employment activities for unemployment benefits calculations even though her self-employment activities created over 96% of her gross revenues.
- As of the attached letter dated August 7, 2020, the State considers her as having exhausted her \$151/week gross unemployment benefit.

We believe the State’s position is an erroneous interpretation of the CARES Act. According to the attached State of Oregon Employment Department’s “Pandemic Unemployment Assistance in Oregon” May 12, 2020, publication, Anji’s weekly benefit should be “1.25 percent of ...total base year earnings....but no more than the maximum weekly benefit (\$648) identified under the PUA.” Under that formula, Anji would qualify for the maximum weekly benefit, approximately \$2,592 per month rather than the \$600/month under the state’s position.

In further damage to her already tenuous financial condition, the State has denied her any continuing benefit under any extension of Federal pandemic assistance. Their stated reason: Since she has exhausted her unemployment benefit, she does not qualify for continuing Federal pandemic assistance!

If our interpretation of the fair intent of Congress’s pandemic emergency financial response is correct, the State’s position will under-compensate Anji by \$30,121 by 12/31/20 if this pandemic continues. In fact, the State has already under-compensated Anji by \$9,457 as of their declaration of the end of her unemployment benefits.

The Covid-19 pandemic has caused the cancellation of all of her 2020 major revenue-generating workshops, art shows, weekly in-studio classes, etc., including inter-state instruction and jury contracts. Absent an opening of the border between the US and Canada within the next couple weeks, she is likely to lose another week-long workshop scheduled for Edmonton, Alberta, Canada in October.

“Gross Revenues” from self-employment income is the same as an employed individual’s “Gross W-2 Income” that would appear on Line 1 of IRS Form 1040. All life’s costs must be paid from that gross revenue. Until this pandemic, Anji had been cash flow positive through her business since May, 2015.

“Cash flow positive” means that she generates enough gross revenue to:

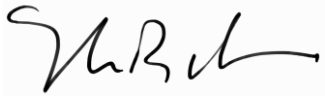
- Pay the mortgage on her home and studio in Bethany, north of Beaverton, Oregon.
- Pay her utilities and insurance on her home and studio.
- Make the monthly payments on her vehicle necessary to transport her works and herself to off-site classes and shows, and the insurance, gas and vehicle maintenance.
- Contribute a miniscule amount to her self-employment IRA.

- Pay her property taxes of \$6,000/year (\$500/month).
- Buy clothes.
- Buy food.
- Pay taxes, health insurance and all health-related costs.
- Cover her business FIXED OVERHEAD that continues in spite of cancellation of her selling season.

What can we do to cure this injustice that threatens Anji's business, perhaps risking default on her home mortgage and her financial future?

We would be happy to meet with you via Zoom or teleconference if that would be helpful.

Thank you for your encouraging response.

A handwritten signature in black ink, appearing to read 'Nick Veroske', written over a light gray rectangular background.

Nick Veroske

On behalf of, and a copy provided to:

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