

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2660 - 1

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

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

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Measure Description:

Removes prohibition on payment of unemployment insurance benefits to nonprofessional employees of educational institution providing facilities or janitorial services for weeks of unemployment commencing during period between two successive academic years or terms.

Government Unit(s) Affected:

Employment Department (OED), Legislative Assembly-Legislative Counsel (LC), Community Colleges, Public Universities, School Districts

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:

At this time, the ramifications of this measure cannot be fully predicted to school districts, community colleges, and public universities as the impacted population is relatively unknown, nor is it known if the population will apply and be eligible for benefits for reasons beyond the eligibility requirements specified by the legislation. The fiscal impact to the following state agencies is anticipated to be minimal and absorbable within existing budgetary parameters: Employment Department (OED), and Legislative Administration-Legislative Counsel.

As amended by the -1 amendment, the legislation permits unemployment benefits eligibility for certain janitorial staff and facility maintenance staff working for an educational institution that is either a nonprofit, Indian tribe, the state, or a political subdivision of the state. Employers are required to provide employees with information related to UI benefit eligibility if the Employment Department provides this information to the employer. Provisions of the bill which are deemed non-conforming with federal requirements will become nullified. The Director of OED must notify Legislative Counsel if any provisions of the bill are deemed non-conforming.

The unemployment insurance (UI) program is a federal program administered by the Oregon Employment Department (OED) and while the state has flexibility in many aspects of the program, the overall program must remain in conformity with federal requirements. The money used to pay Oregon unemployment insurance benefits come from employers who either pay a tax rate, or they opt to reimburse the UI Trust for actual benefits paid to employees. Most educational institutions elect to reimburse for actual benefits paid.

There is an indeterminate fiscal impact to school districts, community colleges, and public universities associated with reimbursing actual costs to the UI Trust for benefits paid for an unknown number of eligible janitorial and maintenance staff. Community colleges report that the eligible population is estimated at fewer than ten employees for the total of seventeen community colleges; school districts and public universities did not report eligible population estimates. OED has estimated that the maximum total number of newly eligible individuals is 1,602 with an average individual benefit amount of \$4,648 per year.

Affected institutions that currently pay for benefits by a percent tax rate, rather than actual costs, are not anticipated to see an increase in expenses as a result of this particular legislation.