

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2660 - A3

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:

HB 2660 - A3 permits Unemployment Insurance (UI) benefit eligibility for certain janitorial and facility maintenance staff working for an educational institution. Employers are required to provide employees with information related to UI benefit eligibility if the Oregon Employment Department (OED) provides this information to the employer. If provisions of the bill are deemed non-conforming with federal requirements, these provisions will be nullified. The Director of OED must notify Legislative Counsel (LC) if any provisions of the bill are deemed non-conforming.

The UI program is a federal program administered by OED. The money used to pay Oregon UI benefits comes from employers who pay a tax rate or opt to reimburse the UI Trust for actual benefits paid to employees. Most educational institutions elect to reimburse for actual benefits paid. The state has flexibility in many aspects of the program, but the overall program must remain in conformity with federal requirements.

The fiscal impact for OED and LC for implementation of this measure is anticipated to be minimal and absorbable within existing budgetary parameters. Additionally, UI benefit payments are classified as Other Funds-Nonlimited, so increased UI benefit payments do not require adjustments to the OED biennial budget.

There is an indeterminate fiscal impact for the school districts, community colleges, and public universities that reimburse actual costs to the UI Trust instead of paying a tax rate. Community colleges report that the eligible population is estimated at fewer than ten employees for the total of seventeen community colleges. School districts are unable to provide an estimate but can confirm the existence of employees that may be impacted by this legislation. Public universities did not report eligible population estimates; however, a limited number of employees are anticipated to be affected as most janitorial and maintenance staff are either contracted or in classified positions covered by the Service Employees International Union (SEIU) and eligible for leave pay. OED estimates that the maximum total number of newly eligible individuals is 1,602 with an average individual benefit amount of \$4,648 per year, but this eligible population estimate may be high as it also includes some year-round workers who are ineligible for benefits. Overall, the number of janitorial and maintenance staff impacted by this measure is unknown, and it is also unknown if this population will apply and be eligible for benefits for reasons beyond the eligibility requirements specified by the legislation.

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 legislation.