

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1571 - 1

80th Oregon Legislative Assembly – 2020 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Meg Bushman-Reinhold
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Date: February 4, 2020**Measure Description:**

Provides state-funded unemployment insurance benefits to individuals who are unemployed due to bankruptcy filed in calendar year 2019 by agricultural cooperative doing business in Oregon.

Government Unit(s) Affected:

Employment Department (OED), Oregon State Treasurer (OST), Legislative Counsel (LC)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
General Fund	\$2,056,416	\$85,005
Total Funds	\$2,056,416	\$85,005
Positions	0	0
FTE	0.00	0.00

Analysis:

SB 1571, as amended by the -1 amendment, creates a new state-funded Unemployment Insurance (UI) program and establishes the State Extended Bankruptcy Benefits Fund in the State Treasury, consisting of moneys appropriated by the Legislative Assembly and recovered amounts deposited into the fund due to overpayments. The Fund would pay additional benefits (Extended Bankruptcy Benefits) to individuals who exhaust regular benefits on their UI claim, and are out of work due to the bankruptcy filing of their most recent employing unit if the employer:

- Is an agricultural cooperative doing business in Oregon; and
- Filed for bankruptcy protection between January 1, 2019 and December 31, 2019.

Eligible individuals could receive benefits for a maximum of an additional 26 weeks. Extended Bankruptcy Benefits (EBB) could not be paid if the individual qualifies for other regular benefits or federal extensions. EBB paid would be charged to an employer in the same manner as regular benefits. Actual costs incurred by the department while administering this act would also be funded through the EBB.

Oregon Employment Department

SB 1571 has a fiscal impact on the Oregon Employment Department. The fiscal impact is based on the following assumptions:

- 1,954 employees impacted, with 267 re-employed, and 1,687 unemployed that will file an initial UI claim for regular UI benefits;
- 455 claimants (27%) would exhaust regular benefits and be eligible for EBB based on current

- exhaustion rates;
- 123 claimants (27%) will exhaust 26 weeks of EBB and 332 individuals (73%) will claim 13 weeks of EBB and then find employment;
- The 455 eligible claimants would file 7,514 weeks of benefits, resulting in 659 non-monetary determinations and 42 appeals;
- Weeks claimed under this program will pay an average weekly benefit amount of \$262.30 based on current benefit payment data;
- No other extension program will go into effect;
- Individuals unemployed due to the bankruptcy of their most recent employer are not receiving benefit payments from UI special programs;
- Administrative needs are calculated based on an average minutes per unit (MPU) using the most current information for providing regular unemployment insurance compensation;
- Current employees, temporary help and overtime will be utilized by the department for the work associated with this extension program;
- Administrative costs cannot be paid by existing funds available to the Employment Department and will be paid by the State EBB Fund established by this bill; and
- The department anticipates recovering \$112,070 based on current recovery data for the regular UI program. These recoveries would be split between the 2019-21 and the 2021-23 biennium.

The administrative costs of this program include processing the initial and weekly claims, performing non-monetary determinations, responding to appeals, investigating and recovering overpayments, modifying claimant wage records to ensure eligibility for the program, support functions, administrative staff and technical services (AS&T), and position-related services and supplies.

Because this is a state-enacted benefit extension, administrative costs are not eligible to be paid with U.S. Department of Labor administrative grant funds, so General Fund is necessary to pay both the benefit payments and administration of the program. For 2019-21, the fiscal impact of one-time and weekly administrative costs is estimated to be \$141,529 General Fund, with no additional positions. For 2021-23, the administrative costs are estimated to be \$141,540 General Fund. Assuming 7,514 weeks of benefits claimed, the Employment Department estimates benefit payments in the amount of \$1,970,922 General Fund. OED expects to recover approximately \$112,070 in overpayments, which would be returned to the General Fund.