

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1701 - 1

80th Oregon Legislative Assembly – 2020 2nd Special Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Haylee Morse-Miller
Reviewed by: Michelle Deister
Date: August 10, 2020**Measure Description:**

Provides that unemployed individual receiving unemployment insurance benefits who has earnings from less than full-time employment may earn greater of \$300 or one-third of individual's weekly benefit amount before individual's weekly benefit amount is reduced.

Government Unit(s) Affected:

Employment Department (OED)

Summary of Fiscal Impact:

Costs related to the measure are anticipated to be minimal - See explanatory analysis.

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
Other Funds - Nonlimited	43,000,000	25,800,000
Federal Funds - Nonlimited	1,150,000	688,000
Total Funds	\$44,150,000	\$26,488,000

Summary of Revenue Impact:

	2019-21 Biennium	2021-23 Biennium
Other Funds - Nonlimited	-1,400,000	-672,000
Federal Funds - Nonlimited	1,150,000	688,000
Total Funds	-\$250,000	\$16,000

Analysis:

SB 1701 - 1 relates to persons receiving unemployment insurance (UI) benefits who are also employed less than full-time. Currently, weekly UI benefits are reduced for Oregonians in this category once a person earns either ten times the minimum hourly wage or one-third of the individual's weekly benefit amount from their job, whichever is greater. Under this measure, these Oregonians may now earn either \$300 or one-third of their weekly benefit amount from their job, whichever is greater, before their weekly UI benefits will be reduced. This measure includes an emergency clause and takes effect on passage, and applies to benefits paid until January 1, 2022. After January 1, 2022, the UI benefits formula for part-time employees returns to the current method of calculation.

The Oregon Employment Department (OED) administers the UI Trust Fund. This measure is projected to increase UI benefit payments from the UI Trust Fund by approximately \$44,150,000 in the 2019-21 biennium and \$26,488,000 in the 2021-23 biennium. This assumes that this measure is effective September 1, 2020, and that 5,600 additional people would become eligible for benefits under this measure.

Because the UI Trust Fund is expended as Other Funds - Nonlimited, this measure will not require any adjustment to the OED biennial budget. This measure is expected to have a minimal administrative cost to implement which can be absorbed by current agency resources. This includes approximately 290 hours of time spent on re-

programming the UI benefits system, at an approximate cost of \$14,548 in Personal Services and \$3,979 in Services and Supplies. This work will temporarily take staff away from other ongoing IT projects.

OED reports that this measure will result in a loss of interest on funds in the UI Trust Fund. The agency projects that this measure will result in a loss of revenue of \$1.4 million in 2019-21 and \$672,000 in 2021-23.

The combined effects of the UI Trust Fund balance and the high benefit payment period are projected to not change the UI tax schedule in the coming years. However, this change may affect individual employers' Experience Rating, as employers will be subject to more charges, which can result in a higher tax rate for non-reimbursing employers, even though their employee may still be working for them.