

# SENATE COMMITTEE ON LABOR AND BUSINESS:

## UNEMPLOYMENT INSURANCE RATES AND ECONOMIC RECOVERY

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# QUICK SNAPSHOT - NFIB

- **NFIB is the nation's leading small business advocacy organization.**
- 300,000 members nationwide
- 6,000 members in Oregon, 60,000+ jobs (pre-COVID-19)
- 90% of NFIB members in Oregon have fewer than 25 employees



# EXAMPLE BUSINESS

**Prior to the pandemic, “G&C Retail” had:**

- 5 store locations in Oregon
- 35 employees
- 2020 UI tax rate of 2.4%
- Stores operating at a profit



# “G&C RETAIL”

## **During the Spring 2020 shutdown:**

- All 5 locations closed for two months by Governor Brown’s executive order – one never reopened.
- All 35 employees were laid, making them eligible for unemployment benefits.



# “G&C RETAIL”

## **Going into the second year of the pandemic:**

- 4 store locations (down 1)
- 29 employees (down 6)
- 2021 UI Tax Rate of 2.9% (up .5 percentage pts.)
- Significant net operating loss for 2020, even with federal assistance from PPP & EIDL grant



# “G&C RETAIL”

## **New Costs & How They Compare:**

- \$2,500/yr increase in UI Taxes for 2021
- \$6,500/yr CAT tax bill due in April 2021
- \$9,000/yr Min. Wage Increase\* on July 1, 2021
- \$1,500/yr PFMLI payroll tax for 2022

\*Minimum Wage Increases result in increased payroll taxes, like UI and PFMLI



# MOVING FORWARD

## Short-term and long-term impacts:

- For “G&C Retail” the jump from Schedule 2 to Schedule 4 represented a \$2,500/year increase in UI Taxes for 2021.
- A jump from Schedule 4 to Schedule 8 in 2022 would result in a much bigger tax bill.



# MOVING FORWARD

## Policy Options:

- Use any future available federal relief dollars to buy-down the next schedule increase.
- Hold employers harmless for the employees they had to lay off to comply with EO's.
- Freeze Exp. Ratings and/or Tax Rate Relief.





# NFIB COVID-19 SURVEY **AUG** 2020

- About one-in-five **(21%)** of small business owners report they will have to close their doors if current economic conditions do not improve over the next six months.
- Another **19%** of owners anticipate they will be able to operate no longer than 7-12 months under current economic conditions. **(40% total)**



# NFIB COVID-19 SURVEY **DEC** 2020

- One-in-four **(25%)** of small business owners report they will have to close their doors if current economic conditions do not improve over the next six months.
- Another **22%** of owners anticipate they will be able to operate no longer than 7-12 months under current economic conditions. **(47% total)**



# SENATE COMMITTEE ON LABOR AND BUSINESS

## QUESTIONS?

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