

To: Senate Labor and Business  
From: Alicia Temple, Oregon Law Center  
Date: April 6, 2021  
Re: SB 172

Chair Riley and members of the committee:

On behalf of the Oregon Law Center I respectfully request your support for SB 172 -3, to make modest changes to the collection of unemployment insurance benefit overpayments.

OLC's mission is to achieve justice for low-income communities in Oregon by providing a full range of the highest quality civil legal services. The vast majority of our clients have incomes at or below the federal poverty level, and work hard to provide basic necessities for themselves and their family. The crises of the past year have exacerbated the challenges for our low-income community, and an increasing number of our clients are forced to make terrible choices between paying for rent, food, health care, or other necessities.

The circumstances of this past year have brought unemployment insurance benefits to the forefront. These benefits have been a lifeline for OLC clients in an incredibly challenging time. But the process has not been easy.

We all know how difficult accessing UI benefits has been. Legislators heard from their constituents who were waiting, who couldn't get through the phone lines, who received confusing and conflicting information. OLC was inundated with individuals who were struggling to receive benefits: who were confused, frustrated and increasingly desperate. While people waited, they were incurring late fees, putting things on credit cards with high interest rates, overdraft fees, doing whatever they could to make ends meet. The unfortunate reality is that it is really expensive to not have money, and far too many Oregonians learned that this past year.

That brings us to overpayments. This conversation comes while we are still in this crisis. OLC was first concerned about the way money can be collected for overpayments last April. We knew that increased reliance on UI, the constantly changing rules and programs, the lack of materials available in languages other than English, and simply the mass confusion about the system, would mean a significant increase in accidental overpayments, and those are a huge burden for our low-income clients. Imagine that you were laid off from work, waited months to get benefits while falling behind on your bills, finally received them and used them to pay off some of those bills and maybe make a dent in your credit card. But then a few months later you are assessed an overpayment, and the money stops completely because OED is offsetting your benefits.

SB 172 -3 makes a few modest policy changes to ease the harm caused by the collection of overpayments on people who can't afford it. This bill does not intend to make any changes to overpayments that is commonly thought of as fraud, where someone intentionally

mislead the agency. It only affects non-claimant fault, so things like agency errors, and the unintentional errors category where someone did make a mistake, but not on purpose.

The key changes to overpayments in SB 172 -3 are:

- **Creates an equity and good conscious waiver process for “unintentional error” overpayments**, so that if collecting the overpayment would be against “equity and good conscious”, the standard currently used in non-claimant errors, the agency can instead waive all or part of it.
- **Gives OED the authority to lower the offset rate for overpayments taken from benefits.** Based on feedback from OED, the bill provides permissive authority to make changes, and we expect there will be rulemaking to determine what changes will be made. This is crucial to OLC clients so that the overpayment can still be paid back, but instead of taking 100% and leaving individuals with no benefits to live off, OED could spread out the repayment and take only 50% at a time. The permissive language also leaves room for when modernization happens and technology allows, more detailed changes could be made.
- **Shorten the recovery period for unintentional errors to 5 years**, so that mistakes someone made in filling out a confusing form can’t follow them for years to come in the form of debt collections or tax garnishments.
- **Require overpayment notices to include information regarding appeal and waivers.** Currently the notices people get are really confusing. It is important that clients know upfront what type of overpayment they are being assessed, what options they have to appeal it, what the consequences are and what waivers may be available to them.

Thank you for your time. I respectfully request your support for SB 172 -3, to ease the burden on low-income Oregonians who have relied on unemployment insurance.