



TO: Senate Committee on Labor and Business

FROM: Stacy Michaelson, Government Affairs Administrator, East Multnomah County Schools

RE: SB 496 - Opposition

DATE: February 2, 2021

Chair Riley, Members of the Committee:

For the record, my name is Stacy Michaelson, and I represent the six school districts in East Multnomah County. This includes: Centennial, Corbett, David Douglas, Gresham-Barlow, Parkrose, and Reynolds, as well as Multnomah ESD. I am submitting testimony today in opposition to SB 496.

While my districts understand that this past year highlighted many challenges with our current unemployment insurance system, we do not believe that SB 496 is the appropriate solution. If there is a concern about the time it takes for claims to be reviewed and adjudicated by the Employment Department, we think those issues should be handled by ensuring that the Employment Department has the tools they need to evaluate and process claims timely.

Instead of addressing the issues employees experienced during the pandemic, we see SB 496 as part of an ongoing effort to slowly increase the number district employees who are able to claim UI benefits during summer breaks. If UI for these employees is something the state wants to fund, that would be a different conversation. But the bill as written would add food service workers to those eligible to claim UI during the summer, with local school districts on the hook financially for employees who may choose to do so. This is challenging for a few reasons.

Not only does SB 496 pose a financial impact to districts, but it is hard to quantify exactly what that impact may be. This is due to not knowing how many employees may choose to claim UI benefits over the summer and/or how many weeks they may qualify for based on the need to meet UI filing requirements. These unknowns would make it very challenging for districts to budget for this change. In a time when financial resources are already stretched thin due to the pandemic and associated costs, this sort of unknown cost to districts is an additional challenge.

The focus on food service workers may be a particularly heavy lift for districts. Most of our nutrition program budgets run on very tight margins and they are distinct from a district's general fund budget, with a large portion of dollars coming through federal school meals programs. Our districts have questions about the ability to use their federal funds to cover the cost of potential UI claims. If this is not possible (as we suspect) that leaves districts potentially

reducing the food service workforce, if it is known that the cost of each employee may increase, or needing to cover the cost for these new UI benefits out of their general fund.

We have also been made aware of an intent to amend the bill to make all ESD employees eligible for UI benefits over the summer break. Similarly, it is challenging to quantify what this cost would be, without an estimate of how many employees are likely to utilize this option. However, we do know that it would represent a greater impact for ESDs than more narrow change proposed in the bill as drafted. It is important to keep in mind that when ESD employee expenses go up, that is factored into the service costs that local component districts pay in their local service plan.

Given this uncertain fiscal impact, our districts have significant concern about this legislation. We therefore respectfully ask you not to adopt an amendment making all ESD non-instructional staff eligible for UI benefits during the summer, and also urge you to not move SB 496 out of committee.

Thank you.