

Senate Committee on Labor and Business

Employment Department

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Federal-state partnership

- If Oregon conforms to federal requirements:
 - Oregon employers receive a 5.4% credit toward their federal payroll (FUTA) taxes. This saves Oregon employers over \$500 million a year in FUTA taxes
 - U.S. Department of Labor provides an administrative grant to operate the UI program (covers about 70% of the cost of administering UI)
- States must use 'experience rating' to determine employers' Unemployment Insurance (UI) tax rates
- States' top UI tax rate cannot be lower than 5.4%

Taxpaying Employers

Most employers

Pay UI taxes based on their payroll

Can get 'relief of charges' in some circumstances

Reimbursing Employers

State of Oregon

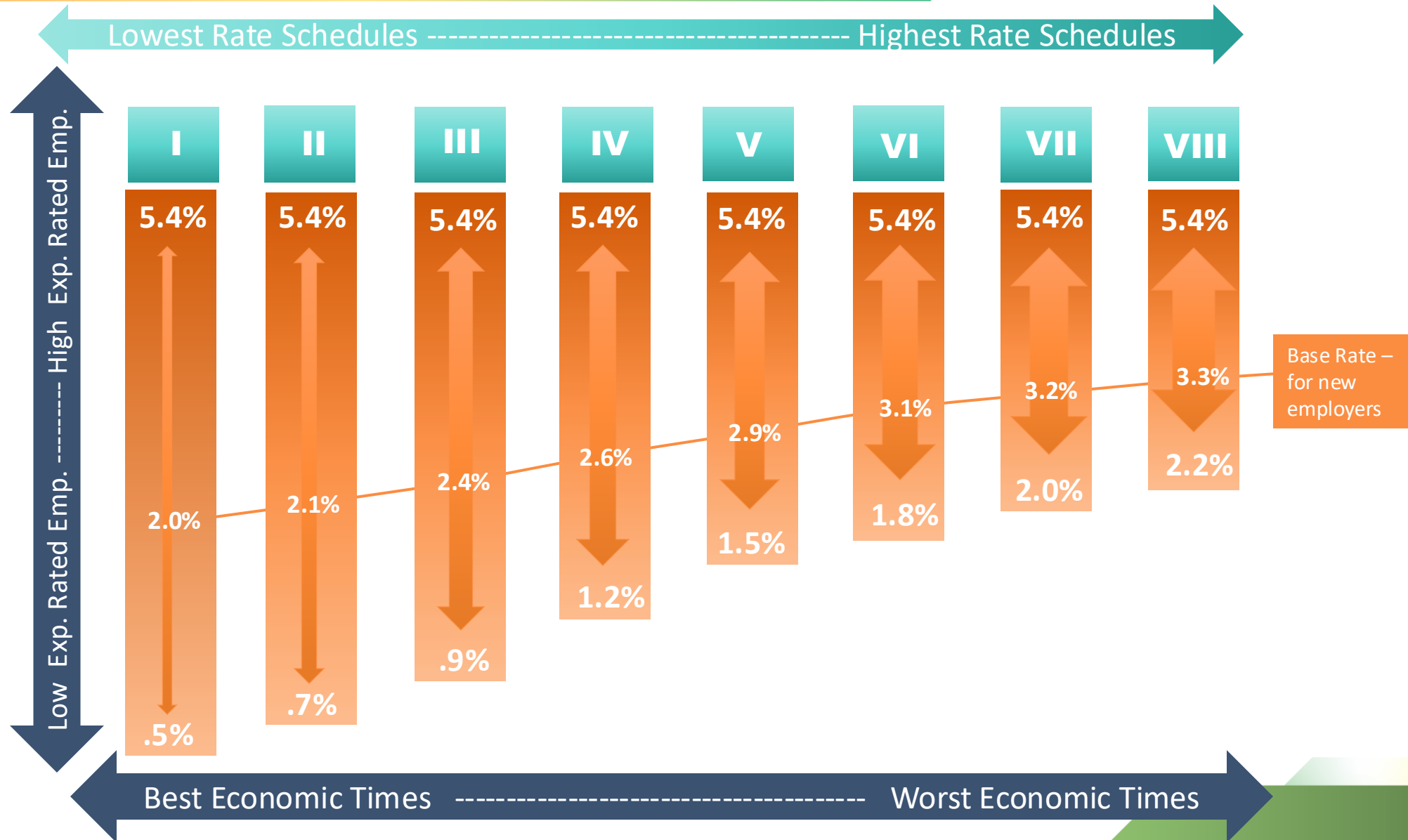
'Political subdivisions,' nonprofits, and Tribes may elect to be reimbursing

Do not pay UI payroll taxes

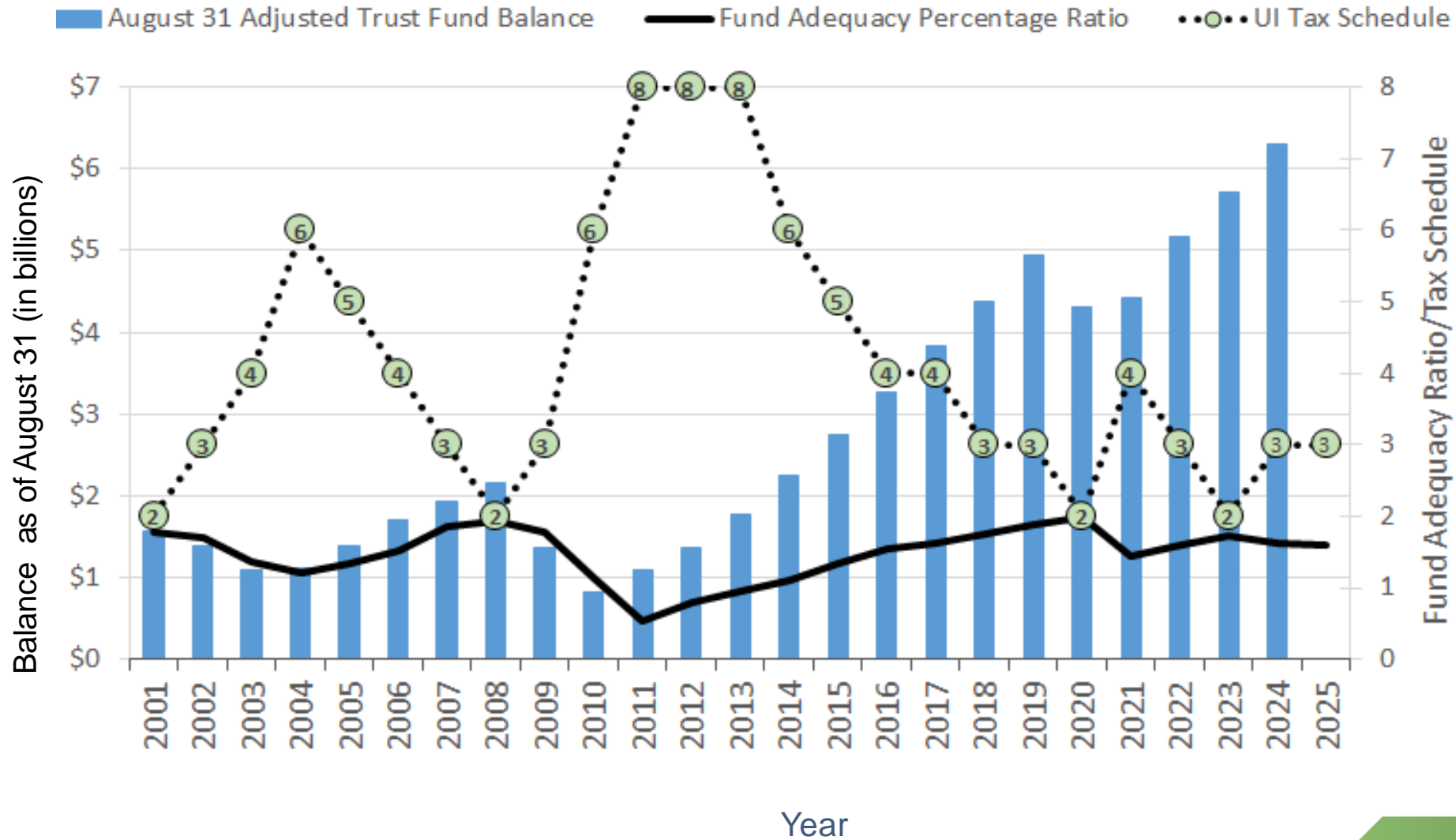
Reimburse the UI Trust Fund 100% for UI payments

Cannot get 'relief of charges'

Oregon's UI Tax Rate Schedules



Oregon's Unemployment Insurance Trust Fund is Solvent



The UI tax schedule is determined by the **Fund Adequacy Percentage Ratio** (ORS 657.459).

Oregon's schedules are designed to provide sufficient reserves to cover 18 months of a recession. Schedule 4 is the equilibrium (145%-170% ratio).

Tax rates are sent to individual businesses in mid-November (ORS 657.485)

Experience rating

- Federal law requires UI tax rates to be based on experience rating
- Experience rating does not change the tax schedule, it determines the rate within a schedule
- Experience rating is UI benefit charges divided by taxable payroll (ORS 657.462)
 - Relief of charges is when some benefits are not included in this computation
- Experience rating is based on charges and payroll for the 12 prior calendar quarters

UI Eligibility Overview

Enough recent work

- Earned \$1,000 or worked 500 hours during the 'base period'. Benefit amounts are based on these earnings

No disqualifying circumstances

- Quitting or not accepting work without 'good cause'
- Being fired for misconduct
- Prior UI fraud

Meet Weekly Eligibility Requirements

- Able to work
- Available to work
- Actively seeking work

Questions