

# House Committee on Labor and Workplace Standards

Oregon Employment Department

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# 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 events

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

## Meet Weekly Eligibility Requirements

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

# Unemployment Insurance - Income Replacement

Income		Unemployment Insurance Benefits			
Base Year	Weekly Pay*	Weekly	Maximum	% of Weekly Pay	WBA benchmark
\$15,680	\$301	\$196	\$5,096	65%	Minimum WBA claim
\$45,360	\$872	\$567	\$14,742	65%	Current Average claim
\$66,880	\$1,286	\$836	\$21,736	65%	Maximum WBA Claim
\$80,000	\$1,538	\$836	\$21,736	54%	-
\$100,000	\$1,923	\$836	\$21,736	43%	-

- **Weekly Pay:** Base year divided by 52 weeks
- **Weekly Benefit Amount (WBA):** 1.25% of base year wages
- **Maximum Benefit Amount (MBA):** lesser of 26 times weekly benefit amount or 1/3 of base year wages

\*Rounded down to nearest whole dollar.

# 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 50-70% of the cost of administration)

States must use '**experience rating**' to determine employers' Unemployment Insurance (UI) tax rates

The top UI tax rate cannot be lower than 5.4%

# Taxpaying and Reimbursing Employers

## Taxpaying Employers

Most employers

Pay UI taxes based on their payroll

Can get 'relief of charges' in some circumstances

## Reimbursing Employers

State of Oregon

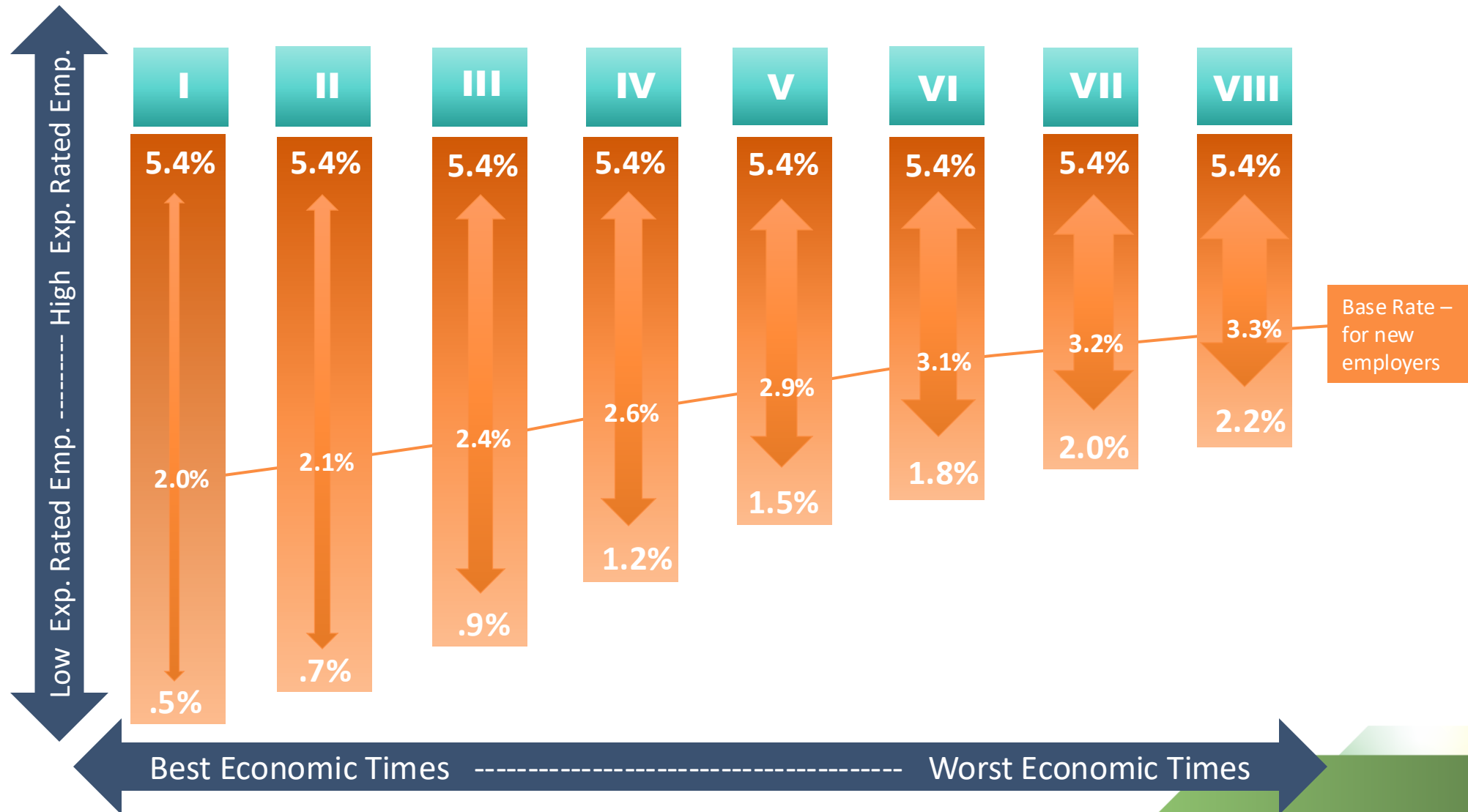
'Political subdivisions,' nonprofits, and Tribes may elect to be reimbursing

Do not pay UI payroll taxes

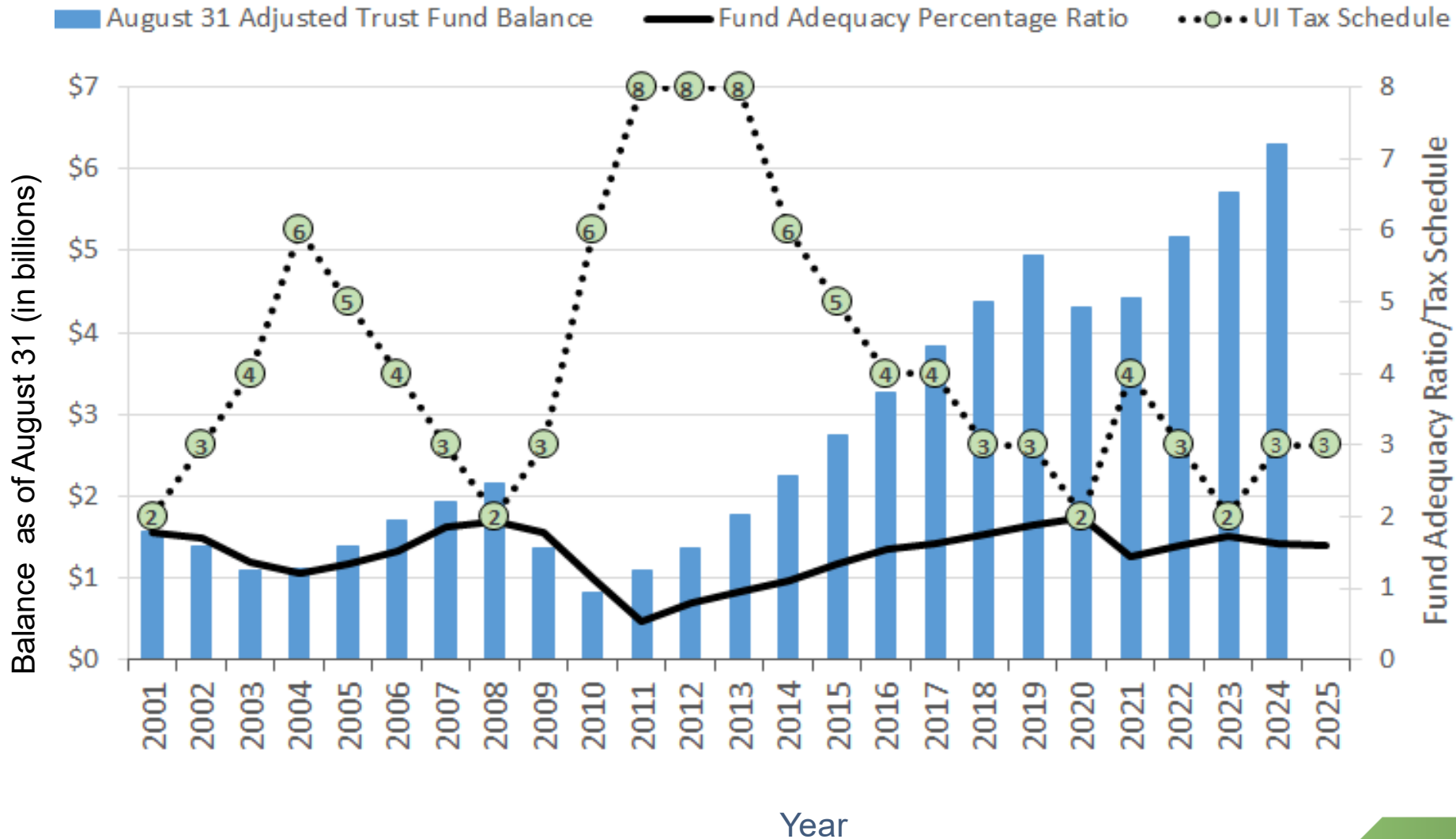
Reimburse the UI Trust Fund 100% for UI payments

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



# Implementation of SB 916A

- Law would take effect on **January 1, 2026**
- **Timeline for UI benefits:**
  - First week of strike: Striking workers are disqualified from benefits
  - Second week of strike: Regular waiting week
  - Third week of strike: Claimants can receive benefits
- **Backpay treated as a non-waivable overpayment**
  - Voluntary repayment is preferred
  - If voluntary repayment is not made, other collection methods will be used

# Fiscal Impact - 10 Year Lookback Period

- **Assumptions:**
  - Average strike duration of 8.6 weeks
  - 888 employees on strike each week, with all employees receiving benefits
  - 45% of workers from reimbursing employers and 55% from taxpaying employers
- **Estimated benefits:**
  - \$2.6 M for taxpaying employers for 2025-2027 biennium
  - \$2.1 M for reimbursing employers for 2025-2027 biennium
- **No projected change to UI tax schedules**

# Fiscal Impact - 3 Year Lookback Period

- **Assumptions:**
  - Average strike duration of 6.3 weeks
  - 2,805 employees on strike each week, with all employees receiving benefits.
  - 53% of workers from reimbursing employers and 47% from taxpaying employers
- **Estimated benefits:**
  - \$5.3 M for taxpaying employers for 2025-2027 biennium
  - \$5.9 M for reimbursing employers for 2025-2027 biennium
- **No projected change to UI tax schedules**

**Thank you**