From the Desk of Representative Lucetta Elmer

Lucetta Elmer

VOTE NO on SB 916B

Protect Integrity of Oregon's Unemployment Insurance Program

Employers pay 100% of unemployment taxes. Public employers, including cities, counties and school districts, typically reimburse the state for benefits paid to former employees. The increased costs of providing unemployment benefits for workers on strike would be spread among all employers, consumers, and local taxpayers.

First State to Require Public Employers to Pay for Strikes

No other state that has passed a law allowing striking workers to collect unemployment insurance would extend those benefits to public employees. Only 13 states permit public employees to strike legally and Oregon is one of those states. The impact to taxpayer-funded operations is untested.

Contradicts the Purpose of Unemployment Insurance

Unemployment insurance is designed to support people who find themselves out of work through **no fault of their own**. Striking workers voluntarily choose to stop working as part of a dispute. This bill likely violates

Contact: Paloma Sparks palomasparks@oregonbusinessindustry.com 541-337-4740
Scott Winkels swinkels@orcities.org 503-720-8384

the requirements of the Social Security Act and could result in serious consequences from the federal government.

Hurts Oregon Schools and Local Governments

Public employers reimburse the UI trust fund rather than paying UI taxes. If school districts have to pay out UI benefits out of their budgets, which could amount to millions of dollars, they will have to make cuts to staffing or programs, or the state will have to step in to fill those budget holes. Local governments don't have the ability to stop providing services, so they will also have to adjust their budgets to cover the cost of replacing striking workers and the cost of reimbursing the UI trust fund.

Creates Imbalance in the Collective Bargaining Process

Strikes are, by their very nature, intended to inflict maximum pain on employers so that they will accede to union demands. Despite statements by proponents, strikes are costly for both sides and usually unions try to exert social and market pressures on employers well beyond the loss of their workforce. If SB 916B were to pass, the state itself will be imposing additional financial burdens on employers.

Strains Health Care Systems and Puts Patients in the Middle

Strikes are especially challenging for hospitals and health care systems. SB 916 will expose hospitals and health systems to additional, more frequent, and longer strikes leading to increased costs, and decreased access for patients. Many hospitals and health systems are already struggling financially and now is not the time to add additional costs to an already overburdened health care system.

Would Prolong Strikes and Lead to More Frequent Strikes

Customarily, unions establish a strike fund to help their members make ends meet if a work stoppage is likely to be called during contract negotiations. SB 916B would remove or reduce labor unions' obligation to take care of its own striking members, shifting that burden to employers and taxpayers. With striking workers receiving employer-funded benefits meant for people who are unemployed, there would be less urgency to sit at the bargaining table and do the hard work of compromise. This will lead to longer strikes and make strikes a more frequent tool of negotiation.

Puts Oregon's Unemployment Insurance Trust at Risk

Providing unemployment benefits to striking workers will strain the fund. The trust fund is built to handle layoffs due to economic downturns, not labor disputes. OED's fiscal is misleading – it assumes the average payout even though most union members would be eligible for the maximum and assumes that the average length of a strike will be what is paid out. However, the PPS strike in 2023 lasted 25 days, the Albany teachers went on strike for 21 days, and the recent Providence strike lasted 46 days. Just the two strikes in 2024 would have resulted in UI payouts of over $20 million and exceeds the estimated weeks of benefits provided in the fiscal statement.

Contact: Paloma Sparks palomasparks@oregonbusinessindustry.com 541-337-4740
Scott Winkels swinkels@orcities.org 503-720-8384

Would Raise Unemployment Insurance Payroll Taxes on Oregon Employers

Employers fund the unemployment insurance system through payroll taxes, and if benefits are extended to striking workers, those employers will pay more. In turn, those employers would have less to invest in wages and benefits, need to raise prices or both.

Further Erodes Oregon Competitiveness

Washington recently passed a similar bill but only allowed benefits after the strike exceeded 2 weeks, capped benefits at six weeks and sunset the law in 2035. Governor Newsom vetoed a California bill, noting it could hurt their trust fund. Connecticut's Governor has also indicated an intent to veto their bill should it pass. Several other states have declined to pass similar legislation.

Amendment Does Nothing to Address Concerns

The amendment adopted does not address concerns. It would cap benefits at 8 weeks but **only** when UI tax rates are at their highest. Those tax rates happen when the state is going into or emerging from a recession – the last time tax rates were at that level unemployment was 6.7%. It is highly unlikely that workers would choose to go on strike during a recession.

VOTE NO on Unemployment Insurance Benefits for Striking Workers

Contact: Paloma Sparks palomasparks@oregonbusinessindustry.com 541-337-4740
Scott Winkels swinkels@orcities.org 503-720-8384