



Senate Committee On Labor and Business

Senator Taylor, Representative Grayber, Representative Bowman, Senator Campos, Senator Manning Jr

Dear Members of the Committee,

We write today in opposition to SB916 A which would extend unemployment benefits to striking workers.

We empathize with workers and families in distress due to a labor dispute. People suffer during these disputes, and we do not like that.- but it is still a choice. Until today, the Unemployment Trust Fund has always been intended to support workers who lose their job through no fault of their own. SB 916A does not meet this simple litmus test. The UI Trust Fund is a longstanding social compact between businesses and workers. Prior to SB 916A, both business and labor were vanguards of the integrity of the fund. Employers pay into Oregon's UI fund – and they pay a lot. To be clear, employees and workers do not pay into this fund. It is exclusively employer paid. Oregon's employer paid UI taxes have always been among the highest in the nation to avoid the prospect of having to borrow UI funds from the Federal Government.

The flaws of SB 916A are many, but we'll focus on a few that resonate most with our local business communities.

- 99.9% of our local businesses will never experience any labor problems, much less a labor dispute. SB 916A would have tens of thousands of Oregon small businesses subsidize the labor disputes of the few, mostly very large, business organizations.
- SB 916A will not reduce pressure on Oregon's already expensive UI system, it will increase the pressure. It will have the effect of putting upward pressure on the self-adjusting tax tables.



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- SB 916A will mitigate the economic risk associated with a strike and will change incentives. Naturally, people will follow incentives. There will be more strikes and strikes will drag on longer. This will have impacts on the cost to Oregon employers.
- Finally, for many decades up until this moment, Oregon’s unemployment system has avoided becoming a political football because the two primary stakeholders – businesses and their workers – have historically agreed that the integrity of the UI system was the primary objective, far more valuable than any individual UI diversion that did not meet the underlying premise of the UI system. Up until now – we have both opposed UI “diversions” in lock step.

With the passage of SB 916A, that compact is now broken. Now that labor will succeed in pushing their first major “diversion” of unemployment funds to their political cause, the door has been opened.

The business community will have every expectation that the legislature will approve our subsequent requests to use UI funds for issues that are important to our members.

The better outcome is to foreclose on that possibility altogether and table SB 916A and keep the integrity of our UI system going for another 50 years.

Respectfully submitted,

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