Legislative Fiscal Office
83rd Oregon Legislative Assembly
2025 Regular Session

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Date: May 22, 2025

Bill Title: Relating to unemployment insurance benefits for employees unemployed due to a labor dispute.

Government Unit(s) Affected: Employment Department, Statewide - Legislative Branch, Statewide - Judicial Branch, Statewide - Executive Branch, Cities, Counties, School Districts, Special Districts, Public Universities, Community Colleges, Metro, TriMet, Oregon Health and Science University

Summary of Fiscal Impact
Costs related to this measure are indeterminate at this time - see explanatory analysis.

Measure Description
Under current law, an individual is disqualified from receiving unemployment insurance (UI) benefits for any week that the Oregon Employment Department (OED) determines that the unemployment is due to an active labor dispute at the individual's place of employment. The measure amends existing law to specify that an individual who is otherwise eligible for UI benefits is not disqualified for benefits or waiting week credit for any week that OED finds that the individual is unemployed because of a lockout at the factory, establishment, or other premises at which the individual is or was last employed, or at which the individual claims employment rights by union agreement, regardless of UI laws relating to availability to work, actively seeking work, or refusal to accept suitable work. The measure specifies that an individual is disqualified for UI benefits for the first week that OED finds that the unemployment is due to a strike; however, waiting week credit and the total number of weeks an individual is eligible for UI benefits depends on the tax schedule in effect when the strike begins.

The measure includes an exception to the prohibition that back pay paid by an employer, or awarded by a judge or arbitrator, to an individual may not be reduced by the amount of UI benefits that the individual received when the individual received back pay to resolve a strike. The measure provides a process for repayment or deduction of future UI benefits in the event of back pay from an employer to resolve a strike. The measure prohibits OED from waiving recovery of overpaid benefits subject to repayment or deduction because of the individual receiving back pay from an employer to resolve a strike.

The measure specifies that UI benefits charged to a school district or an education service district for weeks during a labor dispute will count toward the employee's total compensation in an applicable collective bargaining agreement. The district shall deduct from the employee's future wages the amount of UI benefits charged to the district.

The measure also amends various statutory definitions to conform with the definitions used in HB 2236 (2025), but only if HB 2236 becomes law.

Fiscal Analysis
The measure makes specified individuals who are on an active strike newly eligible for UI benefits after a two-week waiting period. This change will have an impact on the balance of the UI Trust Fund and reimbursing public employers that are required to reimburse the UI Trust Fund.

Employment Department
As of March 2025, the balance of the UI Trust Fund was $6.4 billion.

Based on a 10-year historical analysis, OED anticipates that an additional 3,338 weeks of benefits paid at average weekly cost of $643 to employees of reimbursing employers, resulting in an additional $2.1 million of benefit payments in the 2025-27 biennium. This assumes the UI tax schedule in effect if a strike were to occur would remain at Fund Adequacy Percentage Ratio 1, 2, 3, or 4, as it has been for the last 10 years. Because these benefits will be reimbursed to the UI Trust Fund by reimbursing employers, there will be a net zero impact on the UI Trust Fund. OED anticipates an additional 3,983 weeks of benefits paid at an average weekly cost of $643 to workers of taxpaying employers, resulting in an estimated decrease to the UI Trust Fund balance of $2.6 million, including lost interest earnings, in the 2025-27 biennium.

In the 2027-29 biennium, OED anticipates an additional 4,502 weeks of benefits paid at average weekly cost of $700 to employees of reimbursing employers, totaling $3.2 million of benefit payments, which will be reimbursed to the UI Trust Fund. For taxpaying employers, OED anticipates an additional 5,371 weeks of benefits paid at an average weekly cost of $700. The net impact of these benefit payments and associated lost interest earnings is an estimated $4 million reduction to the balance of the UI Trust Fund in the 2027-29 biennium.

The measure will otherwise have a minimal administrative impact on OED operations.

Public Employers
While the measure concerns eligibility for employees of both reimbursing employers and tax-paying employers, this fiscal impact is primarily concerned with the impact to reimbursing employers since all state agencies and most local governments are reimbursing employers. The current process for paying UI benefits to employees of a reimbursing employer is as follows: the former employee files for UI benefits with OED; if approved, OED then pays the former employee; OED then sends a bill to the reimbursing employer who previously paid the former employee; and the reimbursing employer pays back OED for the UI benefits paid to the former employee.

The impact to reimbursing employers is indeterminate and depends on whether they have employees who are represented by a collective bargaining unit (only those so represented are able to strike), the extent to which reimbursing employers will include back pay in their strike settlement agreement, and the extent to which the employer reduces the back pay by the amount of benefits received. For reimbursing employers whose employees are represented by a collective bargaining unit, the amount of UI benefits required to be paid to OED will depend on how many employees go on strike and how long that strike lasts. Between 2015 and 2024, OED tracked an average of two strikes per year among more than 2,400 reimbursing employers in Oregon. During that 10-year span, a total of 1,196 employees went on strike for an average of 8.6 weeks per strike. Based on this data, the estimated additional benefits required to be paid by reimbursing employers totals $2.1 million in the 2025-27 biennium and $3.2 million in the 2027-29 biennium. UI benefits paid by reimbursing employers are not anticipated to be more than what would have otherwise been paid for employee wages. However, this is an additional cost for employers that have temporary labor costs to maintain critical services during the strike.

Since the measure expands UI benefits to striking employees and since striking employees often receive back pay as a part of a collective bargaining agreement, it is possible that striking employees could receive more than 100% of their wages between UI benefits and back pay. However, the measure specifies that back pay related to resolving a strike specific to school districts or education service districts must be reduced by the amount of back pay to account for the UI benefits charged to the districts during the strike. School districts and education service districts would need to reduce the amount of back pay to account for the UI benefits they were charged during the strike. The process of deducting benefits from future wages is anticipated to have an administrative impact on school districts and education service districts but will be dependent on the number of affected district employees. For other employees, the measure provides that back pay paid by an employer to an employee to resolve a strike can be reduced from benefits during the period for which the back pay was paid or awarded. The measure also provides that overpaid benefits resulting from employer back pay to an employee to resolve a strike are liable to be repaid to the UI Trust Fund, and that OED may not waive recovery of the overpayment. Overpayments caused by employer back pay to an employee to resolve a labor dispute will be recoverable through collection activity.

Relevant Dates
The measure takes effect on January 1, 2026.