

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2624 **STATUS:** Original
SUBJECT: Defines “economically distressed worker training” and expands Unemployment Insurance benefits to “eligible economically distressed workers”.
GOVERNMENT UNIT AFFECTED: Employment Department, Department of Community Colleges and Workforce Development
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REVIEWED BY: Michelle Deister, Steve Bender
DATE: March 3, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
Employment Department		
Personal Services	\$ 822,557	\$ 1,431,125
Services and Supplies	\$ 145,984	291,968
Total Administrative Expense – Federal Funds	\$ 968,541	\$ 1,723,093
Unemployment Benefits – UI Trust Fund – Other Funds	\$ 8,597,734	\$ 18,758,692
Total Fiscal Impact – All Funds	\$ 9,566,275	\$ 20,481,785

	<u>2009-2011</u>	<u>2011-2013</u>
REVENUES:		
Unemployment Insurance Administration – Federal Funds	\$ 332,398	\$ 600,463
Unemployment Insurance Trust Fund Interest – Other Funds	\$ (286,853)	\$ (1,718,686)
Reimbursable Assessments – Other Funds	\$ 773,796	\$ 1,688,282
Total Revenue – All Funds	\$ 819,341	\$ 570,059

POSITIONS / FTE:

	13/6.26	11/6.81
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EFFECTIVE DATE: January 1, 2010

GOVERNOR’S BUDGET: This bill is not anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: HB 2624 expands eligibility for Unemployment Insurance (UI) benefits to economically distressed workers who are receiving specified training. The bill defines economically distressed workers and economically distressed worker training. Expanding eligibility could result in increased UI expenditures, which will affect the balances available in the UI Trust Fund, and which could have an effect on employer tax rates.

The Employment Department (OED) estimates that 2,098 claimants would be eligible for UI benefits under the provisions of this bill in the first year of the 2009-11 biennium. Approximately 4,196 claimants would be eligible per year thereafter. The cost for the first year is estimated at \$4,346,036, and would be \$8,692,072 per year thereafter.

OED estimates that the workload related to processing these additional claims, including manual research, will require 13 additional positions (6.26 FTE). Services, supplies, and equipment costs are \$145,984 Federal Funds. Staffing costs, including \$106,995 in one-time information technology development cost, are \$ 822,557. The total administrative cost, assuming a January 1, 2010 effective date, is \$968,541 Federal Funds for the 2009-11 biennium.

The Federal government reimburses the State of Oregon for certain expenses related to the administration of the UI program. OED assumes that \$ 332,398 Federal Funds will be received as reimbursement for 2009-11 expenses.

The UI Trust Fund earns interest on its fund balances. OED estimates that the increased expenditures from the Fund from this bill will result in a loss of \$ 286,853 in interest earnings in the 2009-11 biennium.

Certain employers do not pay the UI tax, but instead reimburse the UI Trust Fund when an employee makes a UI claim. Based on historical experience, OED assumes that the UI Trust Fund will receive \$773,796 Other Funds in Reimbursable Assessments from these employers.

The Department of Community Colleges and Workforce Development (CCWD) indicates that the workload impact of this measure is part of its normal business, and that there would be no additional fiscal impact from the measure.