76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session **MEASURE: SB 637**
STAFF MEASURE SUMMARY

Joint Committee on Ways and Means

Carrier – House: Rep. Nathanson
Carrier – Senate: Sen. Verger and Sen. Rosenbaum

Revenue: **Revenue statement issued**
Fiscal: **Fiscal statement issued**

Action: Do Pass
Vote: 22 – 0 – 3
House
Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, Kotek, McLane, Nathanson, Richardson, Thatcher, Whisnant
Nays:
Exc: Nolan, G. Smith
Senate
Yeas: Bates, Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Thomsen, Whitsett, Winters
Nays:
Exc: Verger
Prepared By: Michelle Deister, Legislative Fiscal Office
Meeting Date: March 18, 2011

WHAT THE MEASURE DOES: Allows Oregon to pay Extended Benefits (EB) for any week when rate of insured unemployment is at least 6.5 percent and the average rate of total unemployment in Oregon for most recent three-month period is at least 110 percent of average for any corresponding three-month period ending in three preceding years. Applies to weeks of unemployment ending on or before December 31, 2011, or date established in federal law. Declares emergency, effective on passage.

This change allows Oregon to take advantage of additional federal funds available for extended benefits.

ISSUES DISCUSSED:
- Implications of exhaustion of benefits
- Time sensitive nature of the bill

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Extended Benefits are additional federally funded weeks of unemployment benefits paid during periods of high unemployment as provided by Congress. Currently, the EB formula compares the current unemployment rate to the prior two years. The formula requires the current insured unemployment rate to exceed five percent and exceed 120 percent of the average rates for the corresponding period in the last two years. In December 2010, Congress authorized states to modify their formulas to avoid dropping out of EB and agreed to continue paying 100 percent of the cost of EB through the 2011 calendar year. Senate Bill 637 changes the formula for EB to require the current insured unemployment rate to exceed 6.5 percent and exceed 110 percent of the average rates for the corresponding period in the last three years.

The Employment Department has indicated that no additional expenditure limitation or position authority is required to implement SB 637 in the 2009-11 biennium, because the Department has limited duration position authority that was granted in the Legislatively Adopted 2009-11 budget. Approximately 44 full time Business and Employment Specialist Two positions were planned to be unscheduled on May 1, 2011 because of declining workload due to operational efficiencies that include a decrease in the time it takes to process claims and separation reviews because of IT improvements, less turnover in limited duration positions, and continued federal extensions (which take less time to process than initial claims or claims for succeeding programs). At the same time, the actual initial claims have been lower than originally forecast in May of 2009. However, the Department plans to utilize these positions and associated federal funds expenditure limitation to administer extended benefits under this bill, should it become law.