

FISCAL IMPACT OF PROPOSED LEGISLATION

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

Measure: HB 3178

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Michelle Deister
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Measure Description:

Temporarily removes condition for being deemed "unemployed" that individual's weekly remuneration for part-time work must be less than individual's weekly unemployment insurance benefit amount.

Government Unit(s) Affected:

Employment Department (OED)

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:

HB 3178 temporarily changes the definition of "unemployed." Currently, for an individual to be considered unemployed they must be working less than full-time (generally 40 hours in a week) and earning less than their Weekly Benefit Amount (WBA). The measure would enable claimants to be considered unemployed even if they earn more than their WBA as long as they do not work full time. With passage of this measure, individuals earning over their WBA would only experience a reduction in their benefits if they earn \$300 over their WBA, based on the current earnings disregard per SB 1701 from the Second Special Session of 2020. This proposed change would only apply to weeks prior to January 2, 2022. The measure has an emergency clause and applies to weeks beginning on or after the effective date of the act through January 2, 2022.

To comply with the provisions of this measure the Employment Department (OED) would have to update its mainframe. In addition, OED anticipates an increase in workload for the Office of Administrative Hearings. OED reports that this work can be absorbed with existing resources. Note that if programs such as Pandemic Unemployment Assistance (PUA) for non-traditional UI claimants are continued, the number of people receiving federally funded benefits would increase, and the workload for OED would increase.

With passage of the measure, OED anticipates three types of Unemployment Insurance (UI) Trust Fund impact: (1) an increase in the amount paid on current weekly claims; (2) an increase in new claims filed; and (3) an increase in the number of individuals transitioning from Work Share to regular benefits. Ultimately, the impact of this measure on the UI Trust Fund will depend on the economic conditions. However, as a frame of reference, OED estimates an increase of approximately \$73.2 million in state benefits paid, \$19.8 million in reimbursed benefits, and \$1.6 million in federal benefit payments, for a total impact of approximately \$94.6 million Federal Funds of additional benefits to be paid. Further, the department is anticipating \$1.8 million is lost interest revenue as a result of this measure.

Although passage of this measure would have a significant UI Trust Fund impact, OED does not anticipate an impact on the baseline UI tax schedule projection nor on employer payroll nor the taxable wage base, and therefore would not impact UI tax contributions. Passage of the measure can potentially impact employer experience rating and tax rates for individual employers starting in 2022 (for rates to be in effect 2023) due to the increase in benefit payments and the benefit ratio for some employers. However this impact is indeterminate, at this time.