

**SB 496 A STAFF MEASURE SUMMARY**

**Carrier:** Rep. Grayber

**House Committee On Business and Labor**

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**Action Date:** 05/05/21

**Action:** Do Pass the A-Eng bill.

**Vote:** 6-5-0-0

**Yeas:** 6 - Clem, Evans, Fahey, Grayber, Holvey, Witt

**Nays:** 5 - Bonham, Boshart Davis, Breese-Iverson, Bynum, Post

**Fiscal:** Fiscal impact issued

**Revenue:** Has minimal revenue impact

**Prepared By:** Jan Nordlund, LPRO Analyst

**Meeting Dates:** 4/26, 5/3, 5/5

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**WHAT THE MEASURE DOES:**

Removes prohibition on payment of unemployment insurance (UI) benefits to employees of educational institution providing school food preparation and early intervention services, prekindergarten services, and support for such services for weeks of unemployment commencing during period between two successive academic years or terms. Declares emergency, effective September 1, 2021.

**ISSUES DISCUSSED:**

- Inconsistent treatment depending on who work is performed for
- Education Service Districts (ESDs) are not considered educational institutions
- Potential budgetary impacts
- Applies to approximately 5,300 employees
- Early indication that U.S. Department of Labor will find this proposal in compliance with federal regulations

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

The unemployment insurance (UI) program has special provisions that apply to people who work for educational institutions, generally restricting employees from receiving UI benefits during school breaks, including summer break. Federal law affords little flexibility to states in applying those laws to employees performing instructional, research, or principal administrative work, but provides greater flexibility on their application to people who perform other types of services, such as bus drivers, janitorial workers, and school nurses. Failure to maintain conformity with federal UI laws could compromise the state's receipt of federal UI administrative grants and lead to a denial of federal tax credits for businesses that pay Oregon's unemployment insurance tax.

Oregon law currently exempts individuals providing janitorial and operational or facilities maintenance services on behalf of an educational institution from the general prohibition of UI benefits for school workers for weeks of unemployment commencing between academic years or terms.

Senate Bill 496-A adds workers providing food preparation and service, early intervention services and support, and prekindergarten services and support to the exemption, allowing those workers to seek regular UI benefits for any week of unemployment, even for weeks that begin during two successive academic years or terms, regardless of whether they have a reasonable assurance of returning to work. If the measure is enacted, and the U.S. Secretary of Labor serves notice that any provision of the state's UI law fails to conform with applicable federal law, the nonconforming provisions or rules will no longer have any force or effect.