

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 489

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

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

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### Measure Description:

Eliminates restrictions on payment of unemployment insurance benefits to certain nonprofessional educational workers.

### Government Unit(s) Affected:

Oregon Employment Department, School Districts, Public Universities, Community Colleges, Confederated Tribes of Grand Ronde, Confederated Tribes of Siletz, Confederated Tribes of Warm Springs, Burns Paiute Tribe, Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, Confederated Tribes of Umatilla Indian Reservation, Coquille Indian Tribe, Cow Creek Band of Umpqua Indians, Klamath Tribes

### Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

### Analysis:

Senate Bill 489 repeals prohibitions on payment of unemployment insurance benefits during school breaks and summer months to certain nonprofessional employees of educational institutions. The measure applies to unemployment weeks beginning on or after the measure's effective date. If the United States Secretary of Labor serves notice that the measure and related provisions violate the Social Security Act or the Federal Unemployment Tax Act, then any nonconforming provisions would no longer be in effect or have any force of law. Upon receiving notice from the United States Secretary of Labor, the director of the Employment Department must notify Legislative Counsel as soon as practicable.

### Oregon Employment Department

The measure is anticipated to have a minimal impact on the administration of the Oregon Employment Department (OED); however, the measure would have a fiscal impact on OED, in that more unemployment insurance (UI) benefits would be paid out of the UI Trust Fund. Assuming that the measure would apply to 18,550 nonprofessional educational service employees, based on average annual earnings for the impacted occupations, for an estimated 7.5 weeks, OED estimates that the measure would increase payments out of the UI Trust Fund by \$1,986,600 total funds nonlimited in 2023-25 and \$2,683,200 total funds nonlimited in 2025-27. This measure is not anticipated to impact the taxable employer rate, because most workers subject to this measure are employed by reimbursing employers.

### Educational Institutions

The measure is anticipated to have a fiscal impact on educational institutions, including school districts, public universities, and community colleges, as they would have to contribute to retirement accounts for nonprofessional educational employees who are eligible to file for unemployment during breaks from school. However, determining the actual cost of unemployment insurance based on rates of pay and actual applications is not practicable. It is also worth noting that most educational institutions are reimbursing employers for purposes of unemployment insurance; meaning that the cost of unemployment benefits for eligible employees is directly paid by the employer on a dollar-for-dollar basis. Any change in unemployment eligibility for nonprofessional employees at educational institutions would have fiscal impact on an educational institution's operations.

**Other Government Units**

The measure is not anticipated to have a fiscal impact on the nine federally recognized Indian Tribes in Oregon.