



Legislative Fiscal Office
 83rd Oregon Legislative Assembly
 2025 Regular Session

Prepared by: Michael Graham
 Reviewed by: John Borden, Michelle Deister
 Date: February 3, 2025

Bill Title: Relating to the reduction of unemployment benefits due to disqualification; prescribing an effective date.

Government Unit(s) Affected: Employment Department, Judicial Department

Summary of Fiscal Impact

| 2025-27 Biennium | General Fund | Lottery Funds | Other Funds | Federal Funds | Total Funds |
|----------------------------|--------------|---------------|---------------------|---------------|---------------------|
| Employment Department | \$ - | \$ - | \$ 1,327,589 | \$ - | \$ 1,327,589 |
| Total Fiscal Impact | \$ - | \$ - | \$ 1,327,589 | \$ - | \$ 1,327,589 |

| 2027-29 Biennium | General Fund | Lottery Funds | Other Funds | Federal Funds | Total Funds |
|----------------------------|--------------|---------------|---------------------|---------------|---------------------|
| Employment Department | \$ - | \$ - | \$ 1,651,558 | \$ - | \$ 1,651,558 |
| Total Fiscal Impact | \$ - | \$ - | \$ 1,651,558 | \$ - | \$ 1,651,558 |

- By increasing the amount of unemployment benefit payments, the measure is projected to marginally decrease the balance of Oregon’s Unemployment Insurance Trust Fund in the 2025-27 and 2027-29 biennia.

Measure Description

Under current law, when an individual is disqualified from unemployment benefits for cause (ORS 657.176), the individual must receive wages equal to or greater than their established weekly benefit amount before they can receive further unemployment benefits. When an individual reestablishes unemployment benefit qualification, the maximum benefit amount the individual can receive in the benefit year is reduced by eight times the individual’s weekly benefit amount. The measure eliminates the reduction of an individual's maximum unemployment benefit amount by eight times the individual's weekly benefit amount after the individual is disqualified from the receipt of benefits for cause and has not earned at least four times the individual's weekly benefit amount.

Fiscal Analysis

By removing the reduction in the maximum unemployment benefit amount, individuals who are currently disqualified from receiving benefits in some weeks would be eligible to receive benefits in those weeks. Consequently, the measure will increase the estimated benefits paid out of Oregon’s Unemployment Insurance (UI) Trust Fund, which in turn will reduce the balance of the UI Trust Fund. The measure is projected to increase benefits payments from the UI Trust Fund by \$1.3 million in the 2025-27 biennium and \$1.7 million in the 2027-29 biennium. This assumes:

- The measure will take effect on October 6, 2025.
- Exhausted claims with disqualifying separations will constitute about 0.4% of all weeks claimed.

- The UI Trust Fund will pay an additional 3,058 weeks of benefit payments in the 2025-27 biennium and an additional 3,487 weeks of benefit payments in the 2027-29 biennium.
- Had disqualification not occurred, claimants would have been eligible for up to 37.5% more weeks of compensation (i.e., 22 total weeks of benefits)
- Reimbursing employers would provide benefit payments, partially offsetting the increase in benefits paid out of the UI Trust Fund.
- The reduction to the UI Trust Fund balance also assumes lost interest income that would otherwise have been realized.

As of December 31, 2024, the balance of the UI Trust Fund was \$6.4 billion Other Funds Non-Limited. If the measure were to become law, the UI Trust Fund would have a projected ending balance of \$7.9 billion in the 2025-27 biennium and \$9.2 billion in the 2027-29 biennium, which represents a reduction of about 0.03 percent of the UI Trust Fund balance under current law.

Although the measure would require reconfiguration of the UI claim system (Frances Online), the measure is not anticipated to increase the Oregon Employment Department's administrative costs. Removing the reduction in the maximum unemployment benefit amount may reduce the staff time required to monitor claims and make administrative decisions.

The measure is anticipated to have a minimal fiscal impact on the Oregon Judicial Department.

Relevant Dates

The measure takes effect 91 days after adjournment sine die.