



Legislative Fiscal Office
83rd Oregon Legislative Assembly
2025 Regular Session

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Bill Title: Relating to administration of public funds.

Government Unit(s) Affected: Employment Department

Summary of Fiscal Impact

Costs related to the measure are anticipated to be minimal but may require budgetary action - see analysis.

Measure Description

The measure increases the Supplemental Employment Department Administration Fund (SEDAF) allocation out of the unemployment insurance (UI) payroll tax, which the Oregon Employment Department (OED) uses to administer the state UI program. By law, OED may only use SEDAF funds for administrative expenses where federal funding has been reduced, eliminated, or otherwise is not available, and which has not been authorized in OED's legislatively approved budget. Currently, the quarterly dedication to SEDAF is 0.109% of the applicable UI tax rate. The measure increases the quarterly dedication to 0.135%, resulting in an increase to available revenues used to administer the state UI program. The measure does not change the employer tax rate.

The measure also modifies the methodology for reverting unused SEDAF funds to the UI Trust Fund. Currently, unused SEDAF funds that exceed 150% of SEDAF collections for the first quarter of the previous even-numbered year are transferred to the UI Trust Fund. The measure changes this reversion threshold by requiring unused SEDAF funds that exceed one-eighth (1/8th) of OED's legislatively approved budget for the biennium to be transferred to the UI Trust Fund.

Fiscal Analysis

The measure is anticipated to have a minimal fiscal impact on OED. However, the measure will require budgetary adjustments for the expenditure of the increased SEDAF allocation. The measure is anticipated to provide additional revenue for the administration of the state UI program (and other federally funded programs) by changing the percentage of revenue diverted to SEDAF from the UI Trust Fund based on data from the first quarter 2025 UI Trust Fund forecast.

The measure does not change the total amount collected by OED; however, it does change how funding is allocated between SEDAF and the UI Trust Fund. Therefore, an increase in SEDAF administrative revenue will decrease the balance of the UI Trust Fund. As of March 2025, the UI Trust Fund had a balance of \$6.4 billion.

Relevant Dates

The measure takes effect 91 days after adjournment sine die.

The increased SEDAF quarterly allocation applies to calendar quarters beginning on or after April 1, 2025.

The changes to the methodology for reverting unused SEDAF funds to the UI Trust Fund apply to transfers made to the UI Trust Fund for biennia ending on or after June 30, 2025.