Legislative Fiscal Office
83rd Oregon Legislative Assembly
2025 Regular Session

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Bill Title: Relating to unemployment insurance benefits for employees unemployed due to a labor dispute.

Government Unit(s) Affected: Employment Department, Statewide - Legislative Branch, Statewide - Judicial Branch, Statewide - Executive Branch, Cities, Counties, School Districts, Special Districts, Public Universities, Community Colleges, Metro, TriMet, Oregon Health and Science University

Summary of Fiscal Impact
Costs related to this measure are indeterminate at this time - see explanatory analysis.

Measure Description
Under current law, an individual is disqualified from receiving unemployment insurance (UI) benefits for any week that the Oregon Employment Department (OED) determines that the unemployment is due to an active labor dispute at the individual's place of employment. The measure specifies that a worker is eligible for waiting week credit and six weeks of benefits if the labor dispute is the result of a lockout, but not a labor strike. The measure provides that an individual who is otherwise eligible for UI benefits is disqualified for benefits for the two weeks of an active strike but is allowed waiting week credit and up to six weeks of UI benefits thereafter.

The measure provides an exception to requirements that back pay to resolve a strike not be reduced by the amount of UI benefits the individual received, allowing pay for strike resolution to be reduced for the period the strike was in effect. The measure prohibits OED from waiving recovery of overpaid benefits subject to repayment or deduction as a result of the individual receiving back pay from an employer to resolve a strike.

The measure specifies that UI benefits received by school and education service district employees for weeks during a labor dispute shall count toward the employee's total compensation in an applicable collective bargaining agreement. The districts must deduct from the employee's future wages the amount of UI benefits received.

The measure requires OED to submit an annual report to interim legislative committees related to employment on the incidence of strikes before and after the effective date of this measure, specifically reporting on the number of claims submitted by striking workers and the amount of UI benefits paid to claimants.

Fiscal Analysis
The measure specifies that an individual who is otherwise eligible for UI benefits from OED is not disqualified for UI benefits or waiting week credit for six weeks following the first two weeks that OED finds the individual is unemployed because of a lockout but is disqualified in the event of a strike. This change will have an impact on the balance of the UI Trust Fund and reimbursing public employers that are required to reimburse the UI Trust Fund.

Employment Department
As of March 2025, the balance of the UI Trust Fund was $6.4 billion.

Based on a 10-year historical analysis, OED anticipates an additional 2,433 weeks of benefits paid at average weekly cost of $629 to employees of reimbursing employers, resulting in an additional $1.5 million of benefit payments in the 2025-27 biennium. Since these benefits will be reimbursed to the UI Trust Fund, there will be a net zero impact on the UI Trust Fund. For taxpaying employers, OED anticipates an additional 2,823 weeks of benefits paid at an average weekly cost of $629. The net impact of these benefit payments and associated lost interest earnings is an estimated $1.8 million decrease to the balance of the UI Trust Fund in the 2025-27 biennium.

In the 2027-29 biennium, OED anticipates an additional 3,285 weeks of benefits paid at average weekly cost of $688 to employees of reimbursing employers, totaling $2.3 million in benefit payments, which will be reimbursed to the UI Trust Fund. For taxpaying employers, OED anticipates an additional 3,812 weeks of benefits paid at an average weekly cost of $688. The net impact of these benefit payments and associated lost interest earnings is an estimated $2.5 million decrease to the balance of the UI Trust Fund in the 2027-29 biennium.

OED administrative and operational expenses, including the annual reporting requirement are anticipated to be minimal.

Public Employers
While the measure concerns eligibility for employees of both reimbursing employers and tax-paying employers, this fiscal impact is primarily concerned with the impact to reimbursing employers, which comprises all state agencies and most local governments. Reimbursing employers are billed by OED for benefits paid by OED to eligible employees who claim benefits.

The impact to reimbursing employers is indeterminate and depends on whether they have employees who are represented by a collective bargaining unit (only those so represented are able to strike), the extent to which reimbursing employers will include back pay in their strike settlement agreement, and the extent to which the employer reduces the back pay by the amount of benefits received. For reimbursing employers whose employees are represented by a collective bargaining unit, the fiscal impact will also depend on how many employees go on strike and how long that strike lasts. Between 2015 and 2024, OED tracked an average of two strikes per year among more than 2,400 reimbursing employers in Oregon. During that 10-year span, a total of 1,196 employees went on strike for an average of 8.6 weeks per strike. Based on this data, the estimated additional benefits required to be paid by reimbursing employers totals $1.5 million in the 2025-27 biennium and $2.3 million in the 2027-29 biennium. UI benefits paid by reimbursing employers are not anticipated to be more than what would have otherwise been paid for employee wages. However, this is an additional cost for employers that have temporary labor costs to maintain critical services during a strike.

Since the measure expands UI benefits to striking employees and since striking employees often receive back pay as a part of a collective bargaining agreement, it is possible that striking employees could receive more than 100% of their wages between UI benefits and back pay. However, the measure specifies that back pay related to resolving a strike specific to school districts or education service districts must be reduced by the amount of back pay to account for the UI benefits received by the employee during the strike. School districts and education service districts would need to reduce the amount of back pay to account for the UI benefits the employee received during the strike. The process of deducting benefits from future wages is anticipated to have an administrative impact on school districts and education service districts but will be dependent on the number of affected district employees. For other employees, the measure provides that back pay paid by an employer to an employee to resolve a strike can be reduced from benefits during the period for which the back pay was paid or awarded. The measure also provides that overpaid benefits resulting from employer back pay to an employee to resolve a strike are liable to be repaid to the UI Trust Fund, and that OED may not waive recovery of the

overpayment. Overpayments caused by employer back pay to an employee to resolve a labor dispute will be recoverable through collection activity.

Relevant Dates
The measure takes effect on January 1, 2026.

The measure sunsets the provisions that permit an individual otherwise eligible for UI benefits to receive UI benefits when OED finds the individual is unemployed is because of a strike at the factory, establishment, or other premises at which the individual is or was last employed, or at which the individual claims employment rights by union agreement, on January 1, 2036.

The annual reporting requirement for OED sunsets on January 2, 2038.