

## **HB 3024 – Elimination of 8-times reduction penalty for Unemployment Insurance (UI) benefits due to disqualification**

### **Summary**

The Oregon Employment Department (OED) is seeking support for the passage of House Bill (HB) 3024 which would eliminate the 8-times reduction penalty for Unemployment Insurance benefits. Under current law, when a person is fired for misconduct, quits their job without good cause, refuses a job without good cause, or fails to apply for suitable work, and they apply for UI benefits, they are disqualified. HB 3024 does not change this.

To requalify for UI benefits, that same person must go back to work and earn 4 times their weekly benefit amount (currently no less than \$196 but no more than \$836 per week) before they can requalify. But the total amount of benefits they are potentially eligible to receive is also reduced by 8 times their weekly benefit amount (usually equivalent to 8 weeks of benefits) due to their previous disqualification. This means that instead of being able to receive up to 26 weeks of benefits in a 52-week period, the person would only be eligible to receive 18 weeks during the same timeframe.

Passage of HB 3024 would only remove the additional 8-week penalty disqualified individuals receive after requalifying for UI benefits. Many of Oregon's UI laws were enacted in the 1940s and some have not been updated since that time. The requirement for the additional disqualification has existed since that time but has not been reconsidered in many years. However, based on analysis by the Department, the 8-times penalty for disqualification is an Oregon-specific provision. Secondary penalties like this are not required by law in most other states or are only included as an additional penalty due to fraud.

While OED believes the 8-times penalty was likely originally intended to deter people from quitting or refusing work, it no longer appears to serve this purpose. We do not believe that the 8-week reduction has a bearing on a person's behavior or effort to stay in the job, and it does not help them find a new job more quickly if they lose a subsequent job for a qualifying reason. If anything, the 8-week reduction potentially creates greater financial hardship for them and contributes to their instability further while they look for a new job.

Additionally, this penalty only impacts approximately 0.4 percent of UI benefit claims (about 400 people), but it adds administrative complexity. When applying the penalty, OED has to examine a larger group of UI claims to determine who the penalty applies to, which contributes to delays in administration.

If HB 3024 is passed into law, OED estimates that approximately 1,200 people will get their benefits or eligibility decision about 3 weeks faster. While we also estimate there would be \$1.3 million less money in the UI Trust Fund in the 2025-27 biennium, this is a small percentage compared to the overall revenue in the fund. Also, it does not appear that elimination of this penalty poses any risk of impacting projected UI tax schedules in the foreseeable future.

We request your support for HB 3024 to eliminate the 8-week penalty for disqualification because it reduces the safety net that UI benefits are designed to provide for individuals, their families, and communities. OED believes that the passage of HB 3024 will help streamline business processes, increase efficiency in adjudication, and improve customer service without creating a significant impact for the UI Trust Fund.

For more information about this testimony, contact  
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