

Unemployment Insurance 101

Unemployment Insurance (**UI**) benefits are partial income replacement when workers become unemployed through no fault of their own. The purpose of UI benefits is to support workers who have lost their jobs in order to soften the impact of job losses on communities. In Oregon, the state and federal UI programs are administered by the Employment Department. The division is responsible for collecting employer taxes to fund the program, determining the eligibility of filed claims, discouraging fraud and paying benefits to eligible customers in an accurate and timely manner.

Congress enacted the UI program as part of the Social Security Act (**SSA**) in 1935, in response to the Great Depression. The program is a federal-state partnership with oversight from the U.S. Department of Labor (**DOL**). The SSA provides grants to states with UI laws that meet federal requirements for administering the UI program and overseeing benefit payments. States are permitted to use this federal funding only for the administration of UI programs.

Oregon's UI Program:

- Helps maintain purchasing power in communities where workers have been laid off to help prevent secondary unemployment of workers who provide goods and services.
- Helps keep the skilled labor force in the locality. For workers, it means they may receive partial wage replacement income until they become re-employed. For employers, it means maintaining access to a more qualified workforce.
- Softens economic slowdowns. Since the program was created, the U.S. has experienced several major economic recessions. Unemployment insurance is important in recession recovery because it helps prevent sharp drops in consumer spending—one of many tools in preventing possible full-scale economic depressions.

Financing

Regular UI benefits are paid out of the UI Trust Fund. Regular UI benefits are funded by employers subject to Oregon's unemployment laws; workers do not contribute to this fund. Private employers pay taxes directly to the State of Oregon on an annual rate schedule. Political subdivisions and non-profit employers may choose to pay the tax or reimburse the Oregon UI Trust Fund dollar-for-dollar for benefits paid. Government entities must reimburse the fund.

In Oregon, the statutory formula for establishing the annual rate schedule is tied to the solvency of the UI Trust Fund, it is set in such a way to finance benefits over a period of business cycles while remaining solvent. There are eight UI tax schedules set in statute. Each September, OED determines

which tax schedule will go into effect for the following calendar year, and notices are mailed to employers in November on the upcoming year's tax schedule. Due to the self-balancing formula, Oregon was one of the few states that maintained a solvent Trust Fund during the Great Recession and, thus far, has been solvent during the COVID-19 pandemic.

In addition to state unemployment taxes, most employers also pay a federal tax according to the Federal Unemployment Tax Act (**FUTA**). The FUTA tax rate is 6 percent on the first \$7,000 of an employee's wages. Employers can take a credit against the FUTA tax for amounts paid into state unemployment funds, as long as state UI laws are consistent with federal requirements—as they can in Oregon. The maximum allowable credit is 5.4 percent, resulting in a net payable FUTA tax rate of 0.6 percent on the first \$7,000 for each employee. These funds are collected by the Internal Revenue Service (IRS) to fund some of the administrative costs of the Oregon Employment Department and UI programs throughout the country.

When Can a Customer File for Unemployment?

Anyone may file a regular UI claim and potentially be eligible for benefits at any time if they meet the definition of being unemployed. In Oregon, a customer is unemployed any week they work fewer than 40 hours and earn less than their weekly benefit amount (the maximum amount of UI benefits they are eligible to receive on a weekly basis for partial wage replacement).

For regular UI claims, a customer can only qualify if they meet both monetary and non-monetary requirements. To meet the monetary requirements, a customer must have enough subject work and earnings to qualify for a valid claim. To meet the non-monetary requirements, the reason the customer separated from work must be permissible by law, and they must meet the subsequent ongoing weekly eligibility requirements. Monetary and non-monetary eligibility are determined by the facts of each claim applied under unemployment law according to Oregon Administrative Rules and department policies.

During the COVID-19 pandemic, workers who are out of work due to COVID-19 and who are not eligible for regular UI benefits in Oregon or any other state, may file a PUA claim (see PUA section for more information).

How Can a Customer File a Claim?

New regular UI claims can be filed by using the department's Online Claim System (OCS) on our website at <https://employment.oregon.gov/ocs> or by calling the UI contact center at 877-345-3484. When filing a new regular UI claim, a customer needs to be ready to provide their complete work

history for the past 18 months including employer names, addresses, phone numbers, and dates of employment.

Online Claim System (OCS)

For customers who file either regular UI or PUA claims, the OCS provides the ability to:

- Claim a week of benefits;
- View the status of their most recent weekly claim report;
- Change an address;
- Apply for or change a direct deposit account;
- File a new claim;
- View the balance and expiration date of a claim;
- View weekly payments for the last 12 months including each week's payment details;
- Access 1099G tax forms for the last three years; and
- Reset Personal Identification Number (PIN).

Customers on regular UI may also use the OCS to restart an existing claim (after a break in reporting due to a return and subsequent lay off from work). Customers can access most of these functions by entering in their SSN and PIN, however a few functions also require their CID (Customer Identification) number.

What Happens after a Customer Files a Claim?

When a customer submits an application for regular UI, department staff process it and identify whether or not an adjudicator needs to perform an investigation based on what was reported. If the customer is monetarily eligible and no adjudication of the claim is required, benefit payments are automatically issued for the corresponding weekly claims filed. If the customer reports that they had a job separation (such as voluntarily quitting a job or being fired) or other information which could potentially interfere with their ongoing eligibility for benefits, then their claim is internally queued for an investigation.

If an administrative decision is issued to deny UI benefits, the customer has the right to appeal the decision (if applicable, their employer also has the right to appeal).

Appeals

When a customer is denied benefits (or a customer is allowed regular UI and their employer disagrees), either party has 20 days from the date the administrative decision was issued to submit a

timely request for a hearing with the Office of Administrative Hearings (OAH). Hearings may be requested via mail, fax, email, or using the online form.

OAH hearings are held telephonically, and are presided over by an Administrative Law Judge (ALJ). Prior to the hearing, all parties have the opportunity to submit any evidence and during the hearing, have an opportunity to testify. After the hearing is held, the ALJ makes their own decision based on the information and facts provided by the parties involved. Anyone who disagrees with an OAH decision regarding eligibility for regular UI benefits can submit a timely request for a review to the Employment Appeals Board (EAB) within 20 days from the date the OAH decision was issued.

If a customer (or an employer) fails to submit a request for a hearing or a request for review within 20 days, then the request is considered untimely, and they will need to demonstrate they had good cause to submit it late, before the underlying issue will be considered by the OAH or the EAB.

Subsequent timely appeals require a petition for judicial review in the Oregon Court of Appeals filed within 30 days from the date the EAB decision was issued.

Determining Benefit Amount

The weekly benefit amount (WBA) for regular UI customers is calculated based on one point two five percent (.0125) of the total amount they earned in wages subject to UI. If not a multiple of \$1, all weekly benefit amounts are computed to the next lower multiple of \$1.

The maximum WBA a customer can receive per week in regular UI or PUA benefits is sixty-four percent (0.6400) of the state average covered weekly wage for the preceding calendar year.

The state average weekly covered wage is the amount calculated by dividing the total wages paid by subject employers during the year by 52 times the average monthly employment reported by subject employers for the year.

The minimum amount a customer can receive in regular UI benefits is 15 percent (0.1500) of the state average weekly covered wage for the preceding calendar year.

The maximum amount a customer can earn before receiving a reduction in their weekly benefit amount was increased to \$300 during the COVID-19 pandemic as a result of Senate Bill 1701 (2020 Second Special Legislative Session). Although SB 1701 increased the threshold for the amount a customer could earn and still receive benefits, customers with WBAs less than \$300 receive no benefits if they earn \$300 or more in a week.

What is a Benefit Year?

Filing a valid claim establishes a benefit year. In Oregon, the benefit year is the 52-week period starting with the first effective week of the claim. The benefit year is the period of time within which the customer may receive regular UI benefits based on his/her employment during the base year.

Once a benefit year is established, the base year for the claim remains the same for the duration of the benefit year. It does not change with each calendar quarter. Oregon claims always expire on a Saturday.

When an initial regular UI claim is filed, a customer is sent a Wage and Potential Benefit Report. This report lists the wages reported in the base year and the weekly benefit amount (WBA) and the maximum benefit amount (MBA) the customer may receive on their claim if otherwise eligible.

How do Earnings Affect a Weekly Claim?

For regular UI, a customer is required to report all work they do and their gross earnings for that work each week claimed. If a customer works less than 40 hours, grosses less than their weekly benefit amount, and is otherwise eligible, the customer can receive at least part of the weekly benefit amount.

What is a Waiting Week?

After filing a new regular UI claim, customers are required by law to “wait” a week they have claimed, and would otherwise be eligible to receive a benefit payment, without receiving payment before they can receive payments for other weeks they claim. All customers must serve a waiting week before any regular benefits can be paid on a claim but only have to serve one waiting week per claim (52 weeks).

Governor Kate Brown waived the requirement for customers to serve the waiting week in April 2020 for the duration of the COVID-19 state of emergency. All customers who filed an initial claim after the Governor declared the State of Emergency may receive payment for the waiting week.

Pandemic Unemployment Assistance (PUA)

PUA is a federal unemployment benefit program created in response to the COVID-19 pandemic. It is for individuals who are self-employed, contract workers, and other workers who are not eligible for regular benefits.

Under the CARES Act, PUA benefits were available starting the week of Feb. 2, 2020 and ending the week of Dec. 26, 2020. Under the recently passed Continued Assistance Act (CAA), PUA benefits are available from Dec. 27, 2020, to the week ending March 13, 2021. The CAA provides additional PUA benefits for a total of 50 weeks.

With the CAA, a new phase-out program was created. If a customer receives a PUA payment for the week ending March 13, 2021, and they still have weeks left on their claim, they may be eligible to participate in a phase-out period. That means they may continue filing weekly claims and receiving PUA through the week ending April 10, 2021.

Who qualifies for PUA?

For PUA claims, there are no specific monetary requirements: a customer may qualify if they are out of work due to COVID-19 and are not eligible for any other unemployment benefits. To meet the ongoing week-to-week eligibility requirements for PUA, a customer must certify that they continue to be out of work due to COVID-19 and are ready to return to work as soon as they can.

When a customer submits an application for PUA benefits, department staff process it to determine if the customer is first potentially eligible for regular UI, and if they are out of work due to COVID-19. If the customer meets the eligibility requirements, benefit payments are automatically issued for the applicable weekly claims filed. If the customer is potentially eligible for regular UI, they are referred to the UI Contact Center for processing. If the customer is not eligible for regular UI, but is not out of work due to COVID-19, the department sends a letter to confirm their application was rejected. If a letter is issued to reject PUA benefits, the customer has the right to appeal the decision.

New PUA claims can be filed by using the OCS, by calling the PUA contact center 833-410-1004, by mailing an application to the department at P.O. Box 14165, Salem, OR 97311, or by submitting it via the PUA fax line at 503-371-2893. When filing a new PUA claim, a customer needs to be ready to confirm the direct reason they are unemployed as a result of the COVID-19 pandemic and provide information that the department can use to determine they are not eligible for regular UI.

Special Unemployment Programs

The **Work Share** program provides an alternative to employers who are facing the prospect of laying off employees by providing partial unemployment benefits to supplement the reduced wages of qualified employees whose work hours are reduced. Employers must apply for the program. Each employee must have worked for the Work Share employer full-time for six months, or part-time for 12 months, before receiving Work Share benefits.

The **Self-Employment Assistance (SEA)** program is an option for customers who have been identified as likely to run out of benefits before returning to work. Qualifications for the program include having a viable business idea, the willingness to work full-time in developing the business and the ability to obtain financial backing needed to start and sustain the business until it is self-supporting. Enrolled customers can attend self-employment counseling and training programs and engage in self-employment activities on a full-time basis and are required to complete both a written business plan and a market feasibility study. The department partners with Oregon's Small Business Development Center to make training and guidance on entrepreneurship available to customers participating in the **SEA** program.

Individuals may also receive benefits if their unemployment was the direct result of:

- A major disaster - **Disaster Unemployment Assistance**;
- From foreign trade entering U.S. markets or production being shifted to other foreign countries - **Trade Act Program**; and
- Eligible dislocated workers can be approved by the department to attend school and receive benefits at the same time through the **Training Unemployment Insurance (TUI)** program. Customers who are eligible for TUI can receive an extension of benefits. The program does not pay for training but waives the availability and work search requirements while the customer attends school full-time.

Most of these programs are federally funded or administered thru collaborative efforts with other organizations.

Learn More

You can learn more about these and all programs at <https://unemployment.oregon.gov>.