



COALITION OF
OREGON SCHOOL
ADMINISTRATORS



OAESD
OREGON ASSOCIATION OF
EDUCATION SERVICE DISTRICTS

May 19, 2025

Speaker Fahey, Majority Leader Bowman, House Republican Leader Drazan, and Members of the Oregon House of Representatives:

We write today to express our significant concerns with SB 916A. We made good faith efforts to negotiate amendments on the Senate side, but the more that we learn about the logistics of implementation for school districts, the more it becomes clear that SB 916A could be harmful to school district and ESD budgets. We want to share some perspective on how the bill could impact district budgeting, and also dive into the specific implementation challenges. When it comes to implementation, the details matter.

As many of you are already aware, on average 85% of a school district's budget goes toward personnel costs. We appreciate the use of the updated current service level calculation for 25-27, which more accurately accounts for recent salary trends and resulted in an identified need of \$11.4 billion for the State School Fund. We recognize what a significant portion of the state's resources K-12 receives, but we believe—and trust that you'll agree—our students and educators are worth it. However, we also know that we have a shared responsibility for cost containment as we move forward with economic uncertainty.

The single biggest driver of district cost growth is salary and benefit increases. Districts are showing up at the bargaining table in good faith to settle contracts that maintain current staffing, programs, and services to students within the constraints of their publicly funded budget. No one in a school district—neither educators, school board members, or administrators—wants students to miss out on instructional time. Just as we believe districts are bargaining in good faith, we also believe that educators aren't eager to strike. However, SB 916A does implicitly raise the stakes by mitigating the risk for bargaining units that may be considering a strike.

In the face of an increased risk of a strike, districts will be under tremendous pressure to settle contracts that are not financially sustainable. One outcome of this is that it puts increased pressure on the state's general fund as those salary increases get calculated into future State School Fund roll-up costs. Another is that when districts bargain contracts they can't actually afford, they have to make up the difference through cuts, which will be felt most acutely by students. Balancing the budget will result in fewer staff, larger classes, a loss of programming, or even a reduction in school days in extreme cases.

In addition to our big-picture concerns about what SB 916A could mean for districts and the Legislature with regard to the State School Fund, we also want to share the specific ways in which implementation of SB 916A proves nearly impossible. The amendments adopted in the Senate included a provision to ensure that school districts and education service districts (ESD) would not pay an employee's full compensation *plus* the cost of any UI benefits they received. As we have spent more time discussing the logistics entailed in this bill with the Employment Department and local district staff, there are a number of issues that have been raised.

- **If a worker claims UI during a strike, it would impact *any* employer they had worked for in the preceding 15 months.**

Unemployment benefits paid are attributable to employers based on their share of the worker's base year wages. This means that if a bargaining unit goes on strike and workers claim UI, the cost of any benefits paid would be spread across *all employers* the members of the bargaining unit might

have worked for in the prior five quarters. For example:

- Some teachers pick up summer jobs while school is not in session. Let's say a teacher works for a local restaurant over the summer and the following school year the teacher's bargaining unit goes out on strike. Not only would the district be invoiced for the UI benefits paid (based on the percentage of base year wages earned from the district), but the restaurant would have a portion of the teacher's claim attributed to their account, impacting their unemployment insurance experience rating, which is used to calculate their tax rate.
- A teacher leaves District A for a job in a neighboring district. Six months later, the teachers' union at the new district goes on strike and that teacher claims UI benefits. Because the teacher hasn't been in the new district very long, only a portion of their base year wages were earned from the new district (in this example, 30%) with the majority coming from their employment in District A (the other 60%). The employing district experiencing the strike would be billed for 30% of any benefits paid to the teacher while out on strike; District A would receive an invoice for 60% of the benefits paid to the teacher while they were on strike in a neighboring district.

It is deeply problematic that a school district navigating their own budget challenges could be billed for the cost of another district's strike.

- **Benefits received and benefits charged are not the same.**

As described above, a striking employee could receive \$836 per week in UI benefits, but those benefits could be charged to multiple employers' accounts. The current version of SB 916A states that "benefits received" by an employee of a school district or ESD will count toward their total compensation and be deducted from future wages, not just the amount charged to the employing district/ESD. This language ensures that the employee does not make more than 100%, which the proponents agreed was not their goal with the legislation. However, this poses a couple of issues:

- OED can only share with employers information about benefits charged to their account. The Department must have individual claimant permission to share information about benefits they *received* that were attributed to another employer's account. Federal UI confidentiality regulations prohibit OED from providing districts with this information—and this requirement cannot be preemptively waived for striking workers. If an employee refused to grant permission, there is no way that the district could obtain the full UI benefits information to accurately determine compensation.
- If the language were amended to *benefits charged* to the school district/ESD, that would ensure that districts could comply with the law without OED needing any additional employee permissions. However, it would also mean that employees who had benefits charged to additional employers, would retain that portion of UI benefits paid, plus their salary from the district.
- In neither of the above situations is there a way for a previous employer to recoup their costs associated with a former employee claiming UI while on strike elsewhere.

- **The process for addressing back pay exposes employers to significant financial risk.**

If a district agrees to issue workers full back pay for the period of a strike (which may be done to ensure makeup instructional days, continuation of benefits and/or to provide immediate financial relief to the striking workers), the process and challenges are as follows:

- Once OED is informed of back pay, they would conduct an investigation into the UI claim. The larger the strike the more employees who had been issued back pay, the longer it would take OED to work through the individual investigations.
- Once OED determines that back pay issued by the employer had resulted in more than 100% compensation, creating an overage payment of UI benefits, OED would notify the worker of that determination. The worker would then have 20 days to appeal the decision.
- An appeal could draw the process out longer as there are three levels of appeal – assuming the worker does not appeal and is willing to repay the UI benefits OED says efforts to collect repayment typically take 30-60 days.
- The district would not receive a credit until OED is able to collect the repayment. If repayments are not voluntary and require garnishments that would delay the time for the district to be credited. This also means that if OED is unable to collect the repayment (e.g., it becomes a bad debt), the district will never receive a credit.

Districts cannot afford to reimburse the Unemployment Compensation Trust Fund and wait to be credited for clawbacks that may or may not ever materialize.

We know it may feel like this information is coming rather late. We have been committed throughout this process to negotiating in good faith and to sharing challenges as we identify them. It has taken us time to really work through discussions regarding implementation with our members and with the Department. For example, the issue regarding multiple employers being impacted by a strike in one district only recently came to light via discussions about other aspects of the bill.

While we appreciate the time that proponents put into working with the Employment Department in advance of the session, employers who would need to implement it have not had that same opportunity. We have worked diligently to understand and attempt to mitigate the impact of the proposed legislation on school districts and their budgets.

A few other states have passed similar legislation, but none of them grant public employees a legal right to strike. We can't look to them for answers on how this would impact school districts and ESDs as public employers. That leaves school districts in mid-May with a bill that is not at all ready for primetime.

At a time when many districts are facing budget reductions and announcing layoffs, SB 916A would add pressure to already difficult contract negotiations. The implementation challenges make it impossible to say with confidence that schools and services for students won't be harmed by this bill.

Please oppose SB 916A

Our organizations urge you to vote NO on SB 916A. It creates additional pressure and uncertainty in the bargaining and budgeting process, which in turn impacts a district's ability to plan services for students. That's a risk our students and schools simply can't afford.