

Oregon unemployment tax rates soar

Small businesses hit with cost increase based on COVID-19-related layoffs

By James Day
Mid-Valley Media via AP StoryShare

CORVALLIS — Corvallis restaurant owner Bob Van Vleet has struggled to keep his head above water during the coronavirus pandemic. Now he’s worried that an unexpected jump in state unemployment tax rates could drag Oregon businesses like his under.

Van Vleet took over the University Hero sandwich shop on Fifth Street in downtown Corvallis in 2003. The 1988 Oregon State University business graduate added a growler operation in 2013.

The eatery serves an eclectic mix of downtown workers, city of Corvallis and Benton County employees, students, OSU staffers and folks who show up during soccer season to watch European and World Cup matches.

He has hired hundreds of OSU students over the years to work the cash register, make the sandwiches and fill the pints and growlers in the beer operation. The walls of the shop are festooned with historical photos of OSU sports teams, helmets of the Pac-12 teams, the words to the OSU fight song and thank-you notes from community groups and non-profits that have received donated sandwiches from the shop.

When the coronavirus



Andy Cripe/Mid-Valley Media via AP StoryShare

Bob Van Vleet in late November 2020 explains how higher unemployment tax rates are hitting his and other businesses at University Hero, his downtown Corvallis sandwich and growler operation.

hit in March, Van Vleet tried to make a go of it with just takeout orders but then decided to shut down completely and lay off his staff. He was closed for nearly two months, reopening May 9, when state orders allowed him to resume more normal operations.

On Nov. 13 Gov. Kate Brown instituted her “freeze,” which again forced Van Vleet to survive on takeout only. On that same day the Oregon Employment Department sent Van Vleet — and thousands of other business owners statewide — a letter with notification of rate changes for employers who pay into the state’s unemployment insurance fund.

The letters are routine.

They hit the mailboxes of employers about this time every year. But the news this year was different.

Because Van Vleet had had significant layoffs during the year, his “experience rating” had gone up. And a higher experience rating means your rates will go up.

“Every employer has an experience rating that is a factor to determine an employer’s unemployment insurance tax rate,” said Pat O’Connnor, a regional economist with the Oregon Employment Department.

“That is pretty straightforward. If you don’t have many layoffs, your experience rating is better and results in a lower tax rate. If you are an employer with a lot of layoffs, it impacts

their experience rating and results in a higher tax rate.”

In Van Vleet’s case, a \$125 monthly expense has increased to approximately \$470 per month. And because unemployment rates work on a three-year rolling cycle, Van Vleet’s experience rating (and its financial impacts) will stick with him well into the future, no matter how the economy performs.

“This is a punch in the gut for us and hundreds if not thousands of other businesses like ours,” Van Vleet said. “It will probably be the final straw that breaks the back of hundreds of businesses that are barely hanging on. With the rolling three-year average that they use to calculate our tax rate, this will haunt us for at least three to four more years, for something we had no control of.”

Cassandra Pairis, a payroll specialist at Rodney T. Rice CPA in Albany, handles Van Vleet’s accounting work. Her phone has been ringing off the hook as dozens of her clients received similar letters from the state. Almost all of the clients she has heard from are restaurants.

“It’s definitely a trend of many more businesses facing a higher rate,” she said. “And it’s not going up just a little bit. It’s going up a lot. They weren’t prepared for it to go up that much.”

CASES

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Saturday’s single-day total of 1,669 cases also was a record high, though the Oregon Health Authority cautioned a surge in reported cases was possible due to disruptions in the normal reporting process caused by the Thanksgiving holiday.

Oregon reported 1,314 COVID-19 on Monday, bringing the state total to 75,431. Another seven died from the virus, increasing the statewide death toll to 912.

Union County’s positivity rate for COVID-19 tests has zoomed up as well.

According to the Oregon Health Authority, there were 201 electronic laboratory reports in the county the week of Oct. 25, with 15 positive for a rate of 7.5%. The week of Nov. 1 saw 167 tests with another 15 positive for a rate of 9%. That increased to a positivity rate of 15.4% the week of Nov. 8, with 43 positive results out of 279 reports. And the week of Nov. 15 — the most recent for available data — saw the rate hit 18.5% with 65 positive results out of 352 reports.

Wallowa County’s positivity rate in that span decreased, from 9.7% in late October (seven out of 72 reports) to 1.9% in mid November (one out of 52 reports).

Grande Ronde Hospital, La Grande, is among

the hospitals the OHA reported has COVID-19 patients.

And La Grande remains the center for cases in the county, according to zip code data from last week’s report, with 580 cases, or 3,420.8 cases per 100,000.

Union had 32 cases, or 1,294 cases per 100,000; Cove had 21 cases, or 1,264.3 cases per 100,000; and Elgin had 30 cases, or 1,141.6 cases per 100,000.

The Oregon Health Authority was expected to evaluate each of Oregon’s counties Monday to determine where to categorize them in the state’s new “data-driven framework” for setting restrictions on social activity. The most severe restrictions possible for Union County are all but a certainty. To avoid placement into the “extreme risk” category, Union County would have needed to record fewer than 60 cases of COVID-19 in the weeks since Nov. 15. However, according to OHA, the county recorded 203 positive cases in that time, firmly cementing it as an extreme risk county.

Oregon Gov. Kate Brown said as she announced the new framework last week the approach would give each county more control over its own destiny. To reach the lowest level of restrictions, a county must record no more than 30 cases during the preceding 14 days and must see no more than 5% of COVID-19 tests come back positive.



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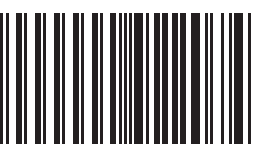


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