2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 966 **STATUS:** A Engrossed
SUBJECT: Creates the Family Leave Benefits Insurance Program to provide benefits to employees taking family leave. Establishes the Family Leave Benefits Insurance Account, continuously appropriates funds in the Account to the Bureau of Labor and Industries, and requires employers to pay premiums withheld from employee earnings into the account.
GOVERNMENT UNIT AFFECTED: Bureau of Labor and Industries, Department of Revenue, Employment Department, Department of Administrative Services, Department of Higher Education; Oregon Health & Sciences University; and local government
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DATE: April 30, 2009

	2009-2011	2011-2013
EXPENDITURES:		
Bureau of Labor and Industries – Other Funds	$ 13,212,366	$ 42,619,832
Department of Revenue – General Fund	$ 358,527	$ 303,002
Employment Department – Federal Funds	$ 976,859	$ 625,051
Oregon Health & Sciences University – Other Funds	$ 155,000	$ 60,000
Total – All Funds	$ 14,702,752	$ 43,607,885

REVENUES: See Revenue Impact from Legislative Revenue Office

	2009-2011	2011-2013
POSITIONS / FTE:		
Bureau of Labor and Industries	14/11.34	37/36.50
Department of Revenue	0/0.22	0/0.22
Employment Department	11/4.51	10/4.38

EFFECTIVE DATE: The bill includes an emergency clause and is effective on passage. Employees can file claims for benefits on or after January 1, 2012.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: SB 966 creates the Family Leave Benefits Insurance Program (Program) to provide benefits to employees taking family leave. The bill establishes the Family Leave Benefits Insurance Account (Account), continuously appropriates funds in the Account to the Bureau of Labor (BOLI) and Industries, and requires employers to pay premiums withheld from employee earnings into the account. The bill establishes procedures and requirements for employers to file reports with the Department of Revenue (DOR) and establishes a new payroll tax of 2 cents per hour. The tax would be remitted to BOLI each quarter through the combined reporting process shared by DOR, the Department of Consumer and Business Services and the Employment Department (OED).

It is not clear from the provisions of this bill how the start up costs for state agencies would be funded.

The fiscal impact to BOLI involves establishing a new program, processing an estimated 31,868 claims per year, and making an estimated $20 million in annual payments. This will require an estimated 14 positions in 2009-11 to establish the program, and 37 positions in 2011-13 for the ongoing program. Costs in 2011-13 include an estimated $30.1 million in benefit payments.

The fiscal impact to the DOR relates to the requirement that employers file reports on the hours worked and the amounts due on the combined reporting form with the Department of Revenue and to transfer funds to BOLI, and includes one-time information system modification costs.

The fiscal impact to OED includes information system modification costs and employer notification costs, and ongoing costs related to the combined reporting process, including gathering data regarding individual withholding amounts per employee, calculation of tax and remittance due BOLI.

The fiscal impact for state agencies is indeterminate, but considered minimal. The Department of Administrative Services (DAS) would be required to reprogram state financial systems to implement the new payroll withholding requirement. DAS would also modify state family and medical leave policies to reflect the new program. Once DAS has completed this work, all other state agencies using DAS services should be able to implement the law with very little fiscal impact.

The Department of Higher Education, Oregon Health and Sciences University, and local government would have costs similar to DAS for information system modifications, system set-up, and compliance, plus recurring administrative costs.