

**BUDGET REPORT AND MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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**Action:**

**Action Date:**

**Vote:**

**Prepared By:** Art Ayre and Michelle Lisper, Department of Administrative Services

**Reviewed By:** Linda Ames, Laurie Byerly, and Michelle Deister, Legislative Fiscal Office

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Agencies: Various

Biennium: 2015-17

## **Budget Summary**

	<b>2013-15 Legislatively Approved Budget</b>	<b>2015-17 Current Service Level</b>	<b>2015-17 Committee Recommendation</b>	<b>Committee Change from 2013-15 Leg. Approved</b>	
				<b>\$ Change</b>	<b>% Change</b>
<b><u>Bureau of Labor and Industries</u></b>					
General Fund	\$ -	\$ -	\$ 402,879	\$ 402,879	
<b><u>Department of Human Services</u></b>					
General Fund	\$ -	\$ -	\$ 1,015,574	\$ 1,015,574	
<b><u>Oregon Health Authority</u></b>					
General Fund	\$ -	\$ -	\$ 3,094	\$ 3,094	
Total	\$ -	\$ -	\$ 1,421,547	\$ 1,421,547	

## **Position Summary**

### **Bureau of Labor and Industries**

Authorized Positions	0	0	3	3
Full-time Equivalent (FTE) positions	0.00	0.00	2.25	2.25

## **Revenue Summary**

The Bureau of Labor and Industries (BOLI) is authorized to assess civil penalties for violations of sick leave law as contemplated in Senate Bill 454. However, BOLI is not able to predict revenue from penalties at this time due to a lack of long-term history with sick leave ordinances, the discretion of the Commissioner in assessing penalties, and the potential difference between the amounts assessed versus eventually collected.

## **Summary of Human Services Subcommittee Action**

Senate Bill 454 requires most employers having ten or more employees to implement a sick time policy allowing an employee to earn, accrue, donate or use up to 40 hours of paid sick time per year. Most employers who employ fewer than ten employees are required to implement an unpaid sick time policy. Employers located in Portland are required to comply with the same provisions, except they would be required to provide up to 40 hours of paid sick time if they have six or more employees.

This bill appropriates \$1,421,547 General Fund for three agencies: BOLI, the Department of Human Services (DHS), and the Oregon Health Authority (OHA). There is also a Federal Funds expenditure component for DHS and OHA that will be accounted for those agencies' respective budget bills or an omnibus reconciliation bill, if needed.

The State of Oregon employs about 1,675 temporary employees (in various agencies) for three or more months during a biennium, who do not currently receive sick leave. Based on average wages and average hours worked by these employees, the cost to all agencies combined is estimated to be \$1.0 million total funds during the 2015-17 biennium. Those appropriations or expenditure limitations have not been included in this bill. However, as agencies incur these costs they may return to the Emergency Board or a future legislative session to request any associated budget adjustments.

The Subcommittee also discussed potential fiscal impacts to public universities, K-12 schools, and community colleges.

#### Bureau of Labor and Industries

Senate Bill 454 requires subject employers to maintain certain records related to the accrual and use of sick time by employees, and to provide written notice to employees of the requirements of sick time law. BOLI will be responsible for processing and investigating complaints regarding paid sick time provisions and enforcement of the law with employers found to be out of compliance. Utilizing its experience with enforcing the City of Portland's sick time ordinance as a base line, BOLI anticipates an additional 440 complaints, approximately 15.0 percent of which would result in a formal investigation.

The Subcommittee approved \$145,081 General Fund for a Training and Development Specialist 2 limited duration position (0.75 FTE) for the 2015-17 biennium to respond and assist in employer compliance inquiries and efforts. The Department anticipates that many employers will have questions about the new sick leave law, generating inquiries with the Technical Assistance for Employers program at BOLI and requiring revisions to training materials, handbooks, and website information.

The Subcommittee approved \$125,005 General Fund for one permanent full-time Civil Rights Field Representative 2 position (0.75 FTE) for additional anticipated workload related to complaints and investigations. Finally, \$132,793 General Fund was approved for one permanent full-time Compliance Specialist 2 position (0.75 FTE) in the Wage and Hour Division for related investigations.

These three positions result in a \$402,879 General Fund appropriation (\$337,030 Personal Services; \$65,849 Services and Supplies).

#### Department of Human Services and Oregon Health Authority

Home care workers and personal support workers, through the Department of Human Services (DHS) and Oregon Health Authority (OHA), currently accrue up to 32 hours of paid time off annually. The bill would increase allowable paid time off by up to 8 hours per employee, for a maximum accrual of 40 hours of paid time off a year. The Home Care Commission is directed to establish a paid sick time policy which is anticipated to distinguish how paid sick time, vacation time and other forms of paid time off will be accommodated. The cost to DHS for these home care workers and personal support workers is estimated to be \$1.0 million General Fund and \$2.3 million Federal Funds in the 2015-17 biennium. The corresponding cost to OHA is only \$3,094 General Fund and \$5,550 Federal Funds. The General Fund appropriations are included in this bill, with the Federal Funds expenditure limitation for each agency to be addressed in other budget bills, if needed.

Local providers that contract with DHS and OHA may incur additional costs associated with this bill, which may result in price increases with the state's contracts for programs, including the Oregon Developmental Disabilities Services and the Aging and People with Disabilities programs. The rates the state pays providers are based on a client's needs using various assessment tools. Some rates include an allowance for personal time off and/or other administrative costs. Some rates, such as nursing facility rates use cost-based reimbursement and rates are set prospectively using retrospective costs. Some employees in nursing facilities are now covered by a union and some home-like settings may have fewer than ten employees (or six employees in Portland), so these employees would be excluded as this bill is written. However some other providers will be affected by the bill and may ask for payment increases in their contracts. The noted uncertainty surrounding this measure's impact to local provider contracts suggests that DHS and/or OHA may need to return to the Emergency Board if budgeted resources prove insufficient to cover the actual costs of these contracts.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**SB 454-B**

Various Agencies  
 Art Ayre - 503-378-3108; Michelle Lisper - 503-378-3195

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<b>Bureau of Labor and Industries</b>									
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
<b>SCR 010 - Commissioner's Office / Support Services</b>									
Personal Services	\$ 120,901	\$ -	\$ -	\$ -	\$ -	\$ -	120,901	1	0.75
Services and Supplies	\$ 24,180	\$ -	\$ -	\$ -	\$ -	\$ -	24,180		
<b>SCR 030 - Civil Rights Division</b>									
Personal Services	\$ 104,171	\$ -	\$ -	\$ -	\$ -	\$ -	104,171	1	0.75
Services and Supplies	\$ 20,834	\$ -	\$ -	\$ -	\$ -	\$ -	20,834		
<b>SCR 040 - Wage and Hour Division</b>									
Personal Services	\$ 111,958	\$ -	\$ -	\$ -	\$ -	\$ -	111,958	1	0.75
Services and Supplies	\$ 20,835	\$ -	\$ -	\$ -	\$ -	\$ -	20,835		
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SUBCOMMITTEE RECOMMENDATION	\$ 402,879	\$ -	\$ -	\$ -	\$ -	\$ -	402,879	3	2.25
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<b>Department of Human Services</b>									
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
<b>SCR 060-08 - Aging and People with Disabilities</b>									
Special Payments	\$ 654,986	\$ -	\$ -	\$ -	\$ -	\$ -	654,986		
<b>SCR 060-09 - Intellectual and Developmental Disabilities</b>									
Special Payments	\$ 360,588	\$ -	\$ -	\$ -	\$ -	\$ -	360,588		
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SUBCOMMITTEE RECOMMENDATION	\$ 1,015,574	\$ -	\$ -	\$ -	\$ -	\$ -	1,015,574	0	0.00
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<b>Oregon Health Authority</b>									
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
<b>SCR 020-01 - Medical Assistance Programs</b>									
Special Payments	\$ 3,094	\$ -	\$ -	\$ -	\$ -	\$ -	3,094		
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SUBCOMMITTEE RECOMMENDATION	\$ 3,094	\$ -	\$ -	\$ -	\$ -	\$ -	3,094	0	0.00
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