

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 454 - A

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Requires all employers to implement paid sick time for employees.

Government Unit(s) Affected:

Bureau of Labor and Industries (BOLI), Department of Human Services (DHS), Department of Administrative Services (DAS), Oregon Health Authority (OHA), Cities, Counties, Special Districts

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
General Fund	\$1,655,847	\$1,961,243
Lottery Funds	\$24,663	\$32,884
Other Funds	\$337,088	\$449,450
Federal Funds	\$2,407,268	\$3,209,490
Total Funds	\$4,424,865	\$5,653,067
Positions	3	2
FTE	2.25	2.00

Summary of Revenue Impact

	2015-17 Biennium	2017-19 Biennium
Federal Funds	2,407,268	3,209,490
Total Funds	\$2,407,268	\$3,209,490

Local Government Mandate:

This bill may affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

Beginning January 1, 2016 the bill would require most employers having six 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 six employees are required to implement a sick time policy. Paid sick time is given the definition of time off from work while being compensated at the regular rate of pay without reductions in benefits; and sick time, that is not paid, is given the definition of time off from work.

The Commissioner of the Bureau of Labor and Industries (BOLI) is directed to adopt rules for determining the number of employees employed by an employer, as well as adopt rules and create a template pertaining to employers providing written notice of certain requirements of this Act to their employees. The Commissioner of BOLI is also directed to enforce this legislation; including but not limited to investigating violations and assessing civil penalties.

Due to the state-wide expansion of sick leave policies, BOLI anticipates the need for a permanent Civil Rights Field Representative 2 position to process additional complaints of sick leave violations. This

position is estimated at 0.75 FTE and \$126,121 General Fund in the 2015-17 biennium and 1.00 FTE and \$166,673 General Fund in the 2017-19 biennium. In order to investigate allegations of non-compliance with sick leave, BOLI anticipates the need for an additional permanent Compliance Specialist 2 position. This position is estimated at 0.75 FTE and \$133,908 General Fund in the 2015-17 biennium and 1.00 FTE and \$177,058 General Fund in the 2017-19 biennium. Additionally, a limited-duration Training and Development Specialist 2 position is needed to handle increased phone calls, update printed materials, develop content for the website as well as conduct state-wide trainings. This position is estimated at 0.75 FTE and \$142,850 General Fund in the 2015-17 biennium. Costs associated with rule making, printing new training materials, and updates or changes to computers systems are minimal and absorbable within existing parameters of the BOLI budget. BOLI is not able to predict potential penalty revenue should SB 454 become law, due to the discretionary nature of the Commissioner's penalty authority and the potential difference between what might be assessed versus actually collected.

The State of Oregon employs roughly 1,675 temporary employees for three or more months, which do not currently receive sick leave, throughout the biennium. Based on temporary employees' average wages, average hours worked, and average employment length, the statewide cost for a full biennium is estimated and broken down by fund type as follows: \$312,400 General Fund, \$449,450 Other Funds, \$32,884 Lottery Funds and \$172,449 Federal Funds per biennium. Any additional workload or IT programming costs associated with updating the state payroll system for these temporary employees are anticipated to be minimal and absorbable within agencies existing budgets.

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 up to 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 combined impact to DHS and OHA for these home care workers and personal support workers is estimated to cost \$1.02 million General Fund and \$2.28 million Federal Funds in the 2015-17 biennium and \$1.31 million General Fund and \$3.04 million Federal Funds in the 2017-19 biennium. The current timeline to transition the home care workers' payments to the BSI Trust aligns with the effective date of the bill; therefore costs associated with updates to the payroll system are anticipated to be minimal.

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 the Oregon Developmental Disabilities Services or 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 six employees, 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.