



July 24, 2020

Joint Ways & Means Subcommittee on Transportation & Economic Development
Paid Family & Medical Leave Insurance Program Budget Reduction
Submitted by Courtney Helstein on behalf of Family Forward Oregon

Co-Chairs Roblan and Meek, and Members of the Committee -

Thank you for the opportunity to submit testimony on the proposed cuts to the Oregon Employment Department for implementation of the paid family and medical leave insurance program. It has been almost a year since Oregon's historic paid family and medical leave program was signed into law, and as we face a global health pandemic, it is increasingly clear how essential this program is to the health, wellbeing and economic stability of Oregon workers and their families. Your actions last year acknowledged how much Oregon's families need support during important family health events and transitions. While none of us could have anticipated that we'd find ourselves in a global health and economic crisis a year later, it is programs like paid family and medical leave that will ensure our families are economically more stable and better able to meet their caregiving needs; something Oregon's families need now more than ever.

Family Forward has been actively involved in paid family and medical leave implementation and sits on the Advisory Committee as well as all workgroups related to rule making and implementation. We will continue to be an active partner in making sure that this program is set up in an efficient and cost-effective way that results in a program that works well for employees and employers alike.

A top priority is also making sure that we have a program that is ready to meet its implementation timelines to begin payroll collections in 2022 and begin administering benefits in 2023. This is already a long timeline for a program Oregonians need now. In fact, Washington was able to implement its program in an even shorter timeframe. It is imperative to keep implementation on-track and on-time – it's important for the Oregonians who need this time and economic security as soon as possible, for our economy as a whole, and for the program's ability to pay back its General Fund loan on time.

At this point, our understanding is that the proposed cuts to the paid family leave budget will not impact that timeline; furthermore, we understand that, with exception of the \$4 million for an information technology (IT) solutions vendor, most of the proposed cuts are more accurately described as agency savings rather than implementation delays. The \$4 million represents potential costs that the agency is not expected to incur this biennium if they can streamline IT solutions with Unemployment Insurance modernization, which is still an open question. Therefore, we expect there may be IT needs to fund in the future and that the legislature may need to revisit this issue.

Going forward, we urge the Legislature to do everything in its power to keep this timeline on track and to analyze any proposed budget cuts against keeping to this timeline and against an equity framework. The Legislature prioritized equity principles in the bill passed to create this program —



setting the benchmarks to make Oregon's program the most inclusive and equitable program in the country; especially for those who need this program most and may struggle most to access it. It is critical that we maintain that focus as this program is implemented, abiding by the values established by this body when it passed. Therefore, we also urge you to reject any calls to privatize the administration of PFML in Oregon under the guise that it will be "easier" or "faster" or "cheaper". No other state has outsourced the administration of their program to private corporations, and that should not start in Oregon. These are benefits that Oregonians are using their wages to pay for, and they deserve a program that is transparent, accountable to them, easy to navigate, and that is maximizing their investments for their paid family and medical leave benefits.

It is critical that there be:

- **No profit-making motive to deny the claims of those paying into the program;**
- **No incentive to charge disparate contribution rates by gender;**
- **No incentive to pad the cost of running the program to make more profits, costing Oregonians more in higher rates;**
- **No incentive to reduce accessibility to support or outreach for employees and employers, to drive down applications;**
- **No reason to find other ways to increase costs or compromise benefits.**

How to implement this program is clear: a publicly owned and administered program is the best way to ensure public oversight and accountability. Furthermore, the implementation timeline for the program must stay on track — especially given how clearly Oregonians need this program *right now*. We believe the budget reductions being discussed today can largely be attributed to cost savings (or potential cost savings) by the agency, and appreciate their focused financial stewardship of our state's resources. However, we will strongly oppose any budget reductions or other efforts that will slow the implementation timeline.

A lot has changed in the past year, but this crisis has underscored the importance of workers having the time they need to care for themselves and their families - as well as to strengthen the economic security of Oregonians and of our economy overall.

Time *to* Care OREGON

Testimony on Reductions to Paid Family and Medical Leave Implementation Budget
Ways and Means Subcommittee on Transportation and Economic Development
July 24, 2020

As you know, the Time to Care coalition worked hard over the past several years to pass a strong and comprehensive paid family and medical leave insurance program. The coalition is a diverse group of over 40 labor, community, business and public health organizations who came together to create a paid family and medical leave program in Oregon. In 2019, we became the eighth state to pass such a program and we are very proud of that work, especially as we are thrown into a global health pandemic nobody was expecting. The need to support caregiving more fully and to implement a comprehensive, equitable and inclusive paid family and medical leave program could not be clearer than it is today.

Since passage, the coalition has been actively involved in the program's implementation with several members participating on the advisory committee and workgroups. Ultimately, we all want to see a strong and inclusive program that works well for Oregonians, their families and employers; and which prioritizes being implemented in ways that ensure those Oregonians who most need this program will have access to it, regardless of their income, type of work they do, language they speak, type of family they're a part of, or any other potential barrier to access. While the Oregon Paid Family and Medical Leave Insurance program will not be fully up and running until 2023, it is more clear than ever that implementing this program is essential to the health and well-being of all Oregonians and to the strength of our economy.

As a coalition our biggest priority is to make sure that the implementation timeline for paid family and medical leave stays on track to begin collecting contributions on January 1, 2022 and administering benefits on January 1, 2023. This is important not only for the roll-out of the program that Oregonians desperately need, but also enables timely repayment of the start-up loan to the General Fund. We cannot risk slowing down this implementation timeline, which is already one full year more generous than the timeline Washington achieved in implementing its program. At this point, our understanding is that the proposed cuts to the paid family leave budget will not impact that timeline; furthermore, we understand that, with exception of the \$4 million for an Information Technology (IT) solutions vendor, the proposed cuts are more accurately described as agency savings rather than implementation delays. The \$4 million represents potential costs that the agency is not expected to incur this biennium, but we expect there may be IT needs in the future and that the legislature may need to revisit this issue.

We also urge you to reject any calls to privatize the full administration of PFMLI in Oregon under the guise that it will be "easier" or "faster" or "cheaper". No other state

has privatized the administration of this social insurance program precisely because over the short- and long-term administration of public benefits by private corporations is more costly, less transparent, less accountable to the public, and harder for people seeking benefits to navigate. For our coalition, how to implement this program is clear: a publicly-owned and administered program is the best way to ensure public oversight, transparency and accountability. While we understand that the implementation process may look different in light of COVID-19, we stand ready to think strategically and creatively about how to conduct outreach and seek engagement from impacted communities, and stay on track for a fully implemented state-run program by 2023.

We need to prioritize making sure the implementation timeline stays on track and isn't delayed. If the agency can achieve this and find cost savings, we support that – but we will stand in strong opposition to any efforts or budget reductions that will slow the implementation timeline. It is clear now, more than ever before, that Oregonians, their families and employers need paid family and medical leave insurance.



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