



Senate Interim Committee on Labor and Business

Oregon Employment Department - COVID-19 Pandemic Update

David K. Gerstenfeld, Acting Director
Gerhard Taeubel, Acting PFMLI Division Director

December 8, 2020



QualityInfo.org

6.7%

U.S. unemployment rate in November
Decline from 6.9% in October

245
THOUSAND

U.S. total nonfarm payroll jobs
added in November



-9.8
MILLION

Net nonfarm job loss in the U.S. from
February 2020 to November 2020

6.9%

Oregon unemployment rate in October
Decline from 7.9% in September



14.2
THOUSAND

Oregon total nonfarm payroll jobs
added in October

-153
THOUSAND

Net nonfarm job loss in Oregon from
February 2020 to October 2020



2.0

Percentage point difference between the unemployment
rate for women (7.9%) and men (5.9%) in Oregon

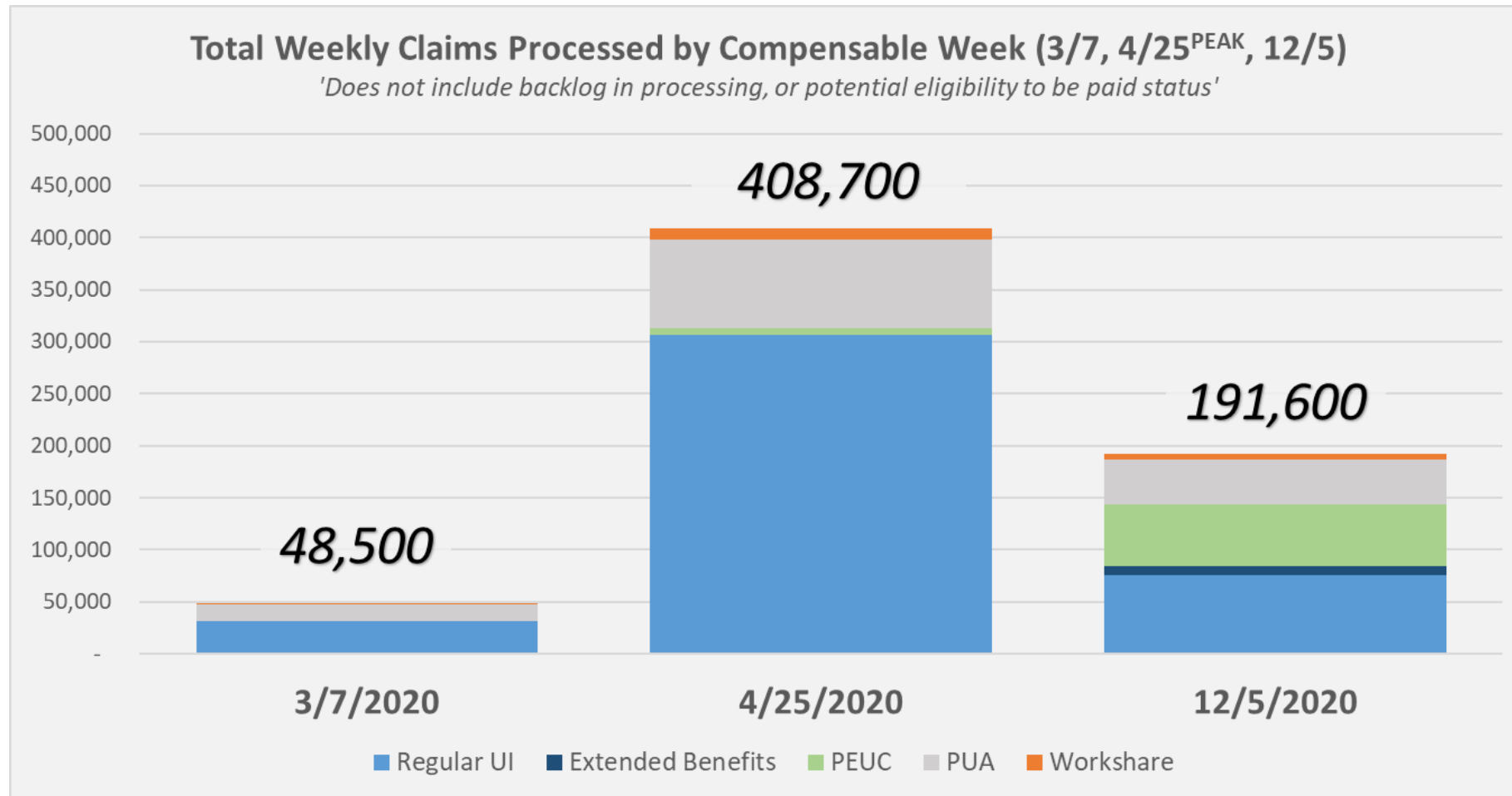
After COVID-19 Black, Indigenous, and People of Color (BIPOC) made up a larger share of continued claims for regular unemployment insurance than they did on average in January – March 2020. This trend has continued through September 2020.

Share of Continued Claims by Race and Ethnicity, Oregon							
	'Before Pandemic' January - March 2020 Average Share of Continued Claims	Share of continued claims by month during the pandemic					
		April 2020	May 2020	June 2020	July 2020	Aug 2020	Sep 2020
<u>Race</u>							
Black, Indigenous, and People of Color (BIPOC)*	7.9%	8.3%	9.1%	9.7%	10.0%	10.3%	10.0%
White	81.4%	74.1%	73.6%	72.9%	72.7%	72.3%	72.6%
Information Not Available	10.7%	17.5%	17.3%	17.4%	17.3%	17.4%	17.3%
<u>Ethnicity</u>							
Hispanic or Latino	12.3%	9.9%	10.2%	10.3%	10.3%	10.4%	10.1%
Not Hispanic or Latino	87.7%	90.1%	82.7%	82.6%	82.7%	82.6%	82.7%
Information Not Available	0.0%	0.0%	7.2%	7.1%	7.0%	7.0%	7.2%

* BIPOC is defined here as claimants identifying as Black or African American, Asian, American Indian or Alaska Native, or Native Hawaiian or other Pacific Islander.

Source: Oregon Employment Department and Bureau of Labor Statistics

Weekly continued claims for unemployment benefits remain historically high as the pandemic continues into the tenth month.



Benefits impact during pandemic

- **March 15 – August 22: over \$4 billion in benefits**
- **March 15 – November 28: \$6.1 billion in benefits – as much as in the prior decade**

	As of August 22	As of December 5
Regular UI	\$1.3 billion	\$1.9 billion
FPUC	\$2.4 billion	\$3.0 billion
LWA	--	\$363 million
PUA	\$127 million	\$371 million
PEUC	\$58 million	\$266 million
Work Share	\$54 million	\$84 million

People claiming and paid

March 15 through November 30, 2020

Unemployment Insurance

- 588,400 people applied
- 414,000 people paid
- 70,500 received PUA
- 92,700 have non-valid UI claim
- 15,900 disqualified from UI
- 27,000 haven't claimed weeks

PUA

- 223,400 people applied
- 77,200 people paid
- 49,800 received UI
- 2,600 cancelled
- 27,000 excess earnings

Total

- 664,700 applied
 - 490,100 paid (74%)
-

Historically about two-thirds of people who apply can receive benefits

Adjudication remains a top priority

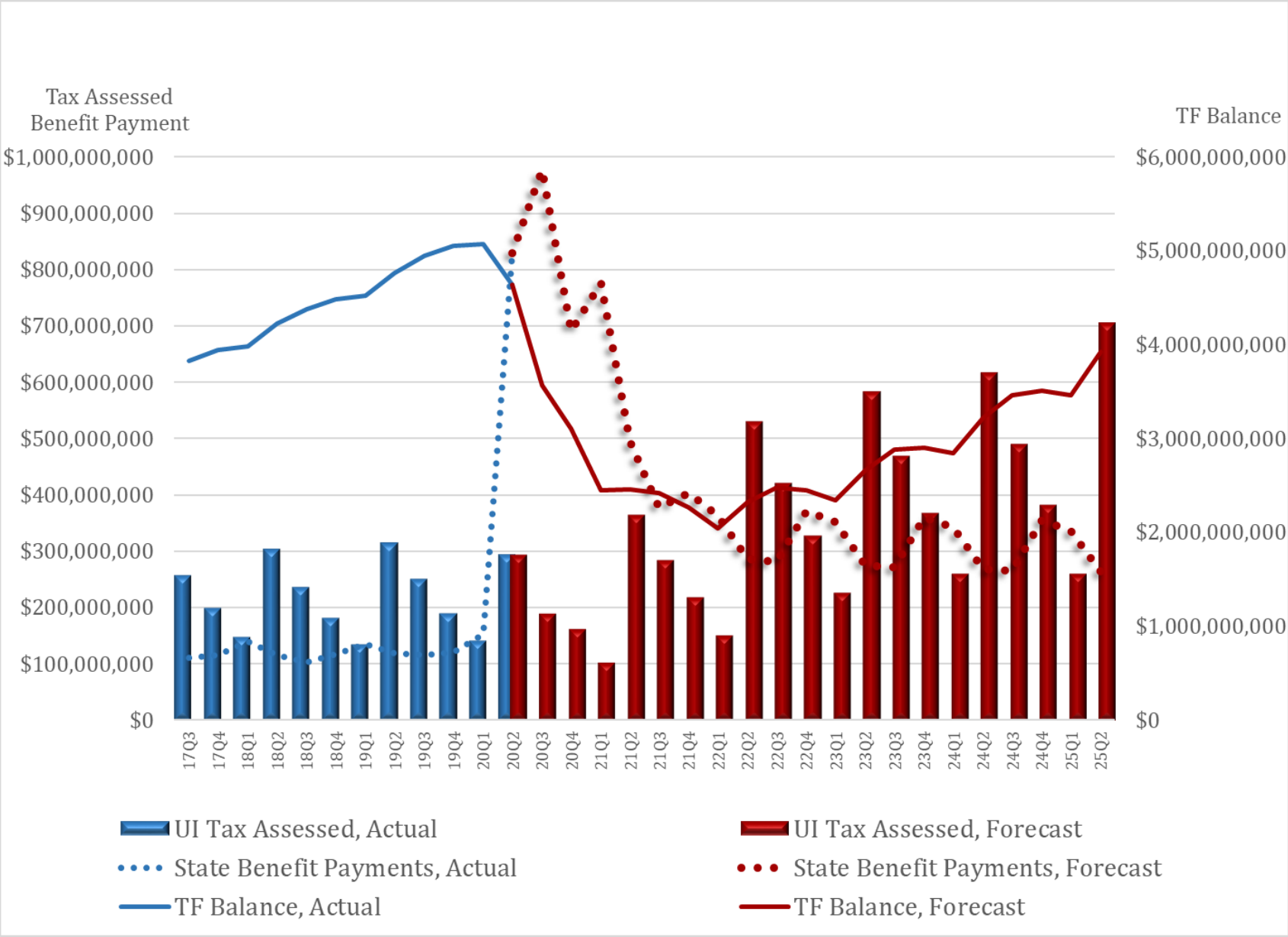
- As of Sept. 30, about 52,000 people had claims that required adjudication
- As of December 4, 2020, of those 52,000, about 13,600 remain
 - Includes people receiving benefits pending adjudication
 - Includes where adjudication impacts only one week

The benefits cliff

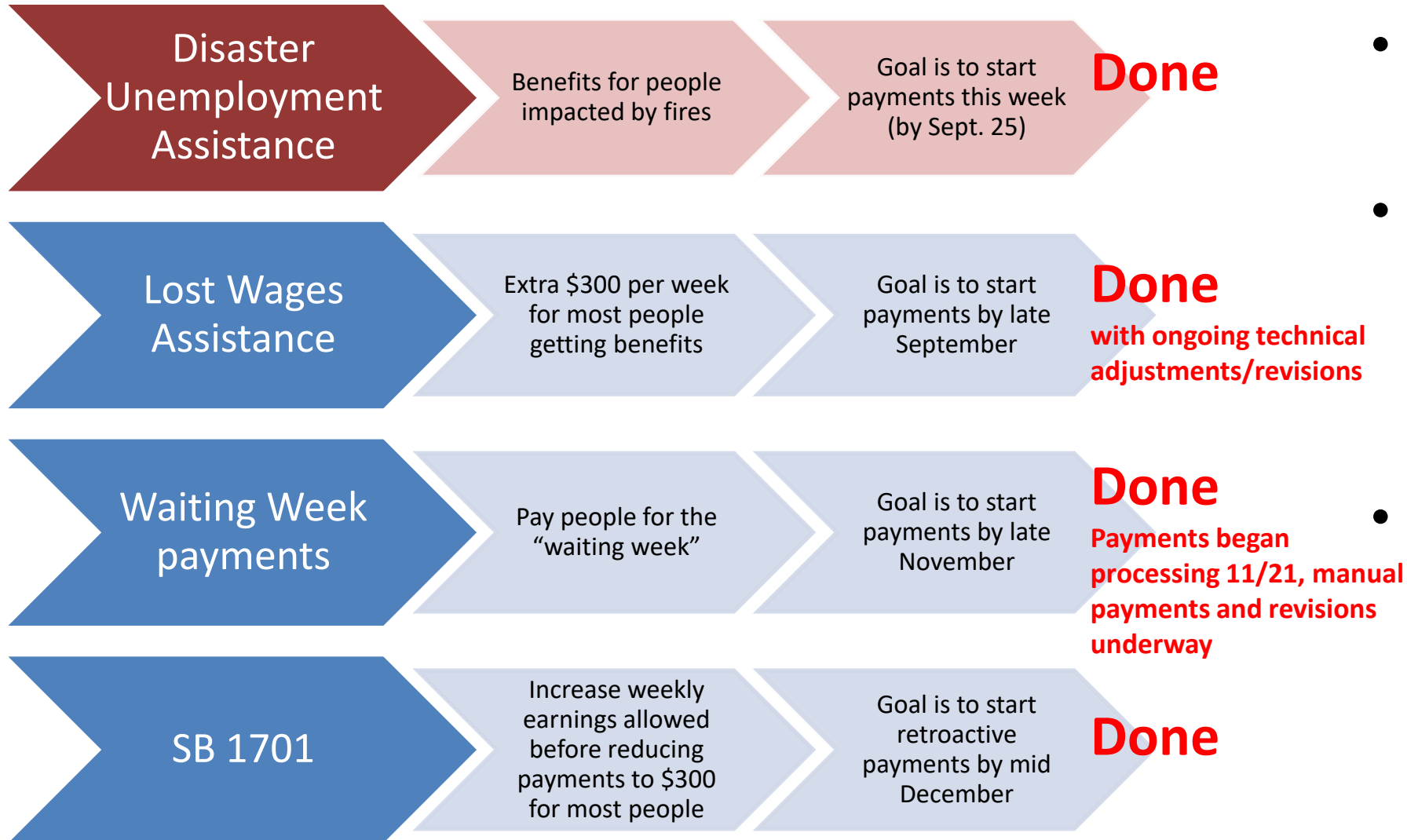
- Effective December 13, 2020 – Extended Benefits program offers 13 weeks of benefits instead of 20 weeks
- The week ending December 26, 2020 is the last week covered by the PUA and PEUC programs
- About 70,000 people will lose benefits by the end of the year
- Discussions, but no decisions, about further federal action

UI Trust Fund

- Oregon’s trust fund balance is \$3.85 billion. Down from \$5.1 billion in early March.
- UI trust funds typically see their low points a year or two after the onset of a recession.
- 21 states currently are borrowing \$43 billion to pay regular UI benefits.
- Oregon will be in Schedule IV for 2021 - the baseline UI tax schedule.
- Oregon is projected to be in schedule VIII, the highest UI tax schedule, for several years starting in 2022. Projections are very volatile, though.



Very rough timeline



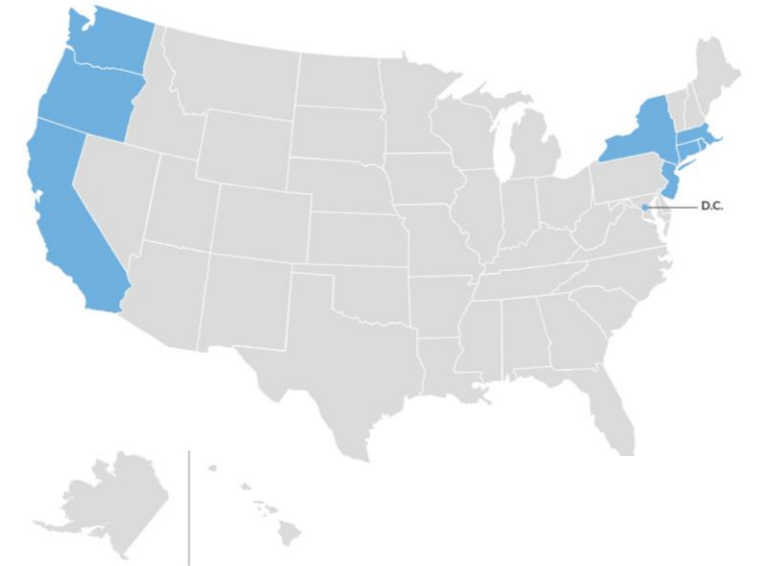
- Very preliminary estimates
- Any new programs or other program changes would change this timeline
- Unexpected system needs could also impact these estimates

Current and future work

- Combating fraud
- Satisfying Lost Wages Assistance obligations with Fraud Control Funds
- Reinvigorating Employment Department Advisory Council
- Increasing emphasis on reemployment
- Incorporating lessons learned into Modernization
- Improving on recent changes

Oregon joins eight others in having a paid family and medical leave insurance program

Oregon	• Benefits start January 2023	
Connecticut	• Benefits start January 2022	
Massachusetts	• Benefits start January 2021	
Washington DC	• Benefits started July 2020	
Washington	• Benefits started January 2020	
New York	• Benefits started January 2018	✓
Rhode Island	• Benefits started January 2014	✓
New Jersey	• Benefits started July 2009	✓
California	• Benefits started July 2004	✓

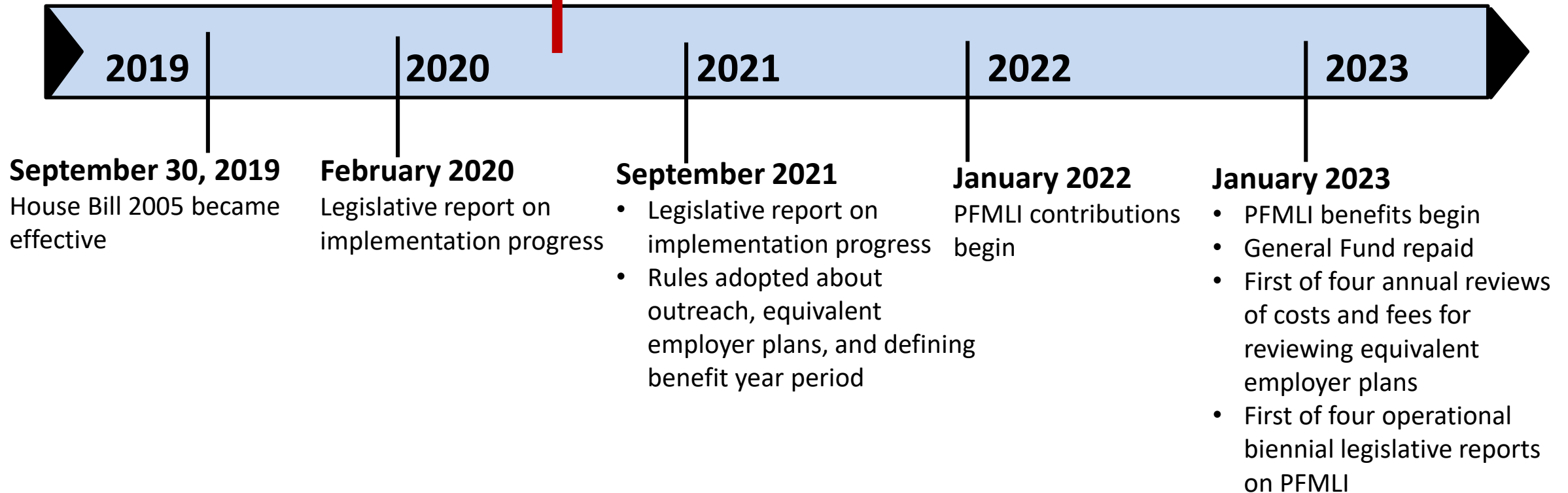


✓ Many evolved from existing state disability insurance programs

Paid Family and Medical Leave Insurance Statutory timelines

HB 2005 (2019)

Now



About the program

Covered Businesses

- Comprehensive coverage
- Federal government is not covered
- Tribal governments and self-employed people can opt to be covered

Covered Workers

- Comprehensive coverage
- Federal workers are not covered
- Independent contractors are not required to be covered
- To receive benefits, must have earned \$1,000 in “base year”

Types of Leave

- Medical Leave - To deal with employee’s own serious health condition
- Family Leave
 - Bond with a new child during first year after birth, adoption, or foster placement
 - Care for family member with a serious health condition
 - “Family” is defined broadly
- Safe Leave - To deal with issues related to domestic violence, harassment, sexual assault, or stalking

About the program

Benefits

- 12 weeks paid leave
- 2 more weeks paid leave for pregnancy, childbirth, and related conditions
- 4 more weeks unpaid leave for OFLA covered conditions
- Benefit amount is based on prior earnings
 - Full wage replacement for people with average earnings up to 65% of the state's average weekly wage
 - Minimum and maximum benefit amounts based on statewide average weekly wage
- Job protection
- Discrimination based on pursuing leave is prohibited
- Health care benefits continue while on leave

Contributions

- Start accruing January 2022
- Rate applies to the first \$132,900/year in wages
- Rate set annually by Director; cap of 1% of wages
- Contributions are split between employees (60%) and employers (40%)
- Small employers (fewer than 25 employees) do not have to pay their portion

About the program

Equivalent Employer Plans

- Employers can provide their own plan that provides at least the same benefits
- Employers pay a fee of up to \$250 to department to evaluate if their plan meets the standard
- These employers, and their employees, do not pay contributions to the state plan
- Employers may take contributions from workers, but not more than workers would pay into the state plan
- Benefits are paid under the employer's plan
- Rulemaking needed for "cross over" situations

Small Business Grants

- Available to small employers who opt to pay their share of contributions
- Helps offset costs of hiring temporary replacement workers, and related costs, while covered workers are on leave
- Can cover costs related to up to 10 employees per year, up to \$3,000 per employee

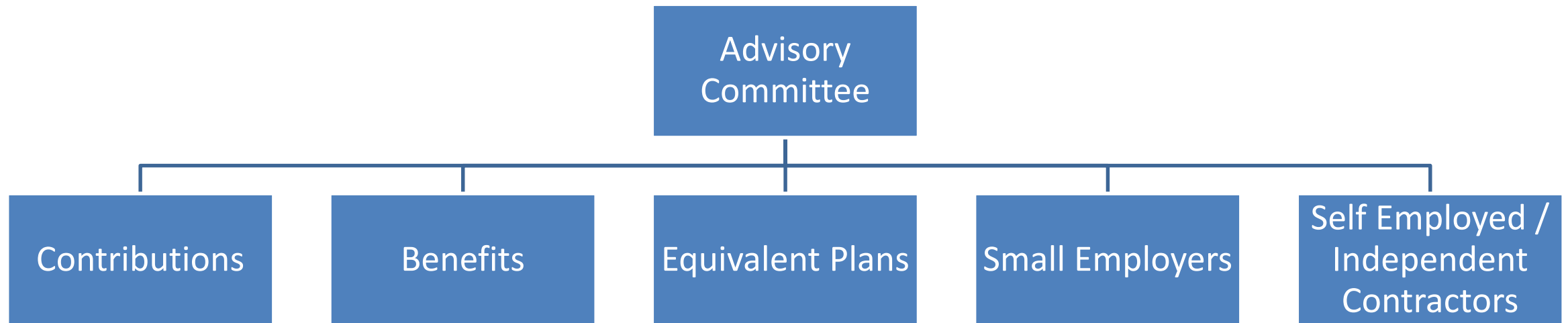
Advisory Committee

- 9 members
- Chaired by Employment Department representative
 - 4 represent employee interests
 - 4 represent employer interests – at least one of those representing small employers
- Advise Director on PFMLI, including implementation, administration, and rulemaking

Some of our progress to date

- Advisory Committee formed; meeting monthly
- State Partners Team formed; meeting quarterly
- Third-party actuarial analysis of projected PFMLI revenues / costs
- Decision that the state administer PFMLI contributions
- Request for Information issued to determine interest in third-party administration of PFMLI benefits
- Planning, staffing, and budget related needs iteratively updated
- Workgroups formed and meeting
- Town Hall listening sessions

The PFMLI Advisory Committee launched several workgroups to focus on particular parts of the program



Virtual Town Halls

- Town Hall Listening sessions (Virtual), recorded and posted
 - October 13th from 2:00pm – 3:00pm – Contributions
 - October 27th from 2:00pm – 3:00pm – Equivalent Plans
 - November 9th from 6:30pm – 7:30pm – Benefits
 - November 13th from 2:00pm – 3:00pm – Small Employers
 - December 8th from 6:30pm – 7:30pm – Self-Employed
- Register for the Town Halls or watch past listening sessions here:
<https://www.oregon.gov/employ/PFMLI/Pages/Town-Halls.aspx>
- Have questions related to these topics? Email us at
paidfamilyandmedicalleave@Oregon.gov

Current and upcoming

- Early draft administrative rules posted on website for public feedback
- Decision on whether to combine PMFLI contributions with UI tax modernization
- Decision on whether benefits are administered by the state or a third party
- Expanding communication and public engagement
- Expanding PFMLI team capacity

Thank You

