

Senate Committee on Labor and Business**January 11, 2024****Legislative Concept 223 – Paid Leave Oregon Sustainability****Summary**

Thank you for asking Oregon Employment Department (OED) to provide our thoughts on Senate Committee on Labor and Business' Legislative Concept (LC 223) for the 2024 legislative session.

Our understanding of LC 223 is that it makes statutory changes to Paid Leave Oregon law for precautionary purposes. This amendment was not requested by OED, but we support the idea of being prepared for unlikely contingencies.

LC 223 allows the OED Director to make changes to Paid Leave Oregon if the Paid Leave Oregon Trust Fund balance does not contain enough money for at least six months of anticipated expenses. The OED Director will decide which change(s) will be made to the program based on the options available specified in the concept. Paid Leave claimants who have already applied for benefits before the effective date of any program changes will remain eligible for the original program benefits for the remainder of their benefit year. The changes to the program will remain in effect for up to five years. If change(s) are made, OED would be required to report to the Legislative Assembly on trust fund sustainability forecasting and any actions the Director took.

As the statute is currently written, the department will pay benefits up until money is no longer available in the Paid Leave Oregon Trust Fund [ORS 657B.050(4)]. Paid Leave Oregon employs an actuary who regularly analyzes the Paid Leave Oregon Trust Fund for anticipated contributions, benefit applications, assistance grants, and equivalent plans based on several factors. A few of those factors include Unemployment Insurance wage data, percentage of benefits taken by eligible employees in other states with Paid Leave, equivalent plan applications received and anticipated employees included, self-employed individuals choosing to participate in the program, and economic and revenue forecasted numbers.

The current actuarial analysis shows the Paid Leave Oregon Trust Fund contains close to six months of anticipated expenditures. However, Paid Leave Oregon is a very new



program and there is no long-term data to show trends for benefits, assistance grants, and self-employed coverage.

LC 223 is a similar approach to Senate Bill (SB) 31 during the 2023 Legislative Session which had contingency plans to allow OED to delay starting to pay Paid Leave Oregon benefits if the trust fund was not sufficiently solvent. The contingency plan set out in SB 31 was not needed, and while we hope the same will be the case with this concept, it provides some authority to deal with potential issues in case they arise, and we appreciate the legislature preparing in advance for possible future situations.

In the unlikely case that the Paid Leave Oregon Trust Fund does not appear solvent, LC 223 is another statutory tool to help OED address the situation. Like the similar precautionary authority the Legislature gave the OED Director in SB 31, we appreciate advance planning for possible challenges, and we hope that should this be enacted, like SB 31, the contingencies never come to pass.

For more information about this testimony, contact OED_Legislative_Affairs@employ.oregon.gov.