



Oregon

Tina Kotek, Governor

Employment Department

875 Union St NE

Salem, Oregon 97311

(503) 947-1394

TTY-TDD 711

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www.Employment.Oregon.gov



Senator Aaron Woods, Co-Chair
Representative David Gomberg, Co-Chair
900 Court Street NE,
H-178 State Capitol
Salem, Oregon 97301-4048

RE: Employment Department Follow-up to January 24, 2023, Paid Leave Oregon Presentation to the Joint Committee on Ways and Means Subcommittee on Transportation and Economic Development

Dear Co-Chairs:

Thank you very much for inviting the Oregon Employment Department (OED) to share information about the implementation of Paid Leave Oregon at the January 24th informational hearing. We appreciate your ongoing support as we build a vital program that will benefit Oregon workers, families, and businesses. We look forward to continuing to work with you as Paid Leave Oregon becomes fully operational.

At the hearing, Representative Cate had questions about the solvency target of the Paid Leave Oregon Trust Fund. ORS 657B.150 establishes the solvency target, directing the annual contribution rate to be set so that, while not exceeding the maximum permitted 1%, it both minimizes rate volatility over time and provides six months' worth of projected expenditures. That dollar figure will change over time as we gather more historical data upon which we can make more accurate future projections. In addition, Paid Leave Oregon has several statutory 'self-adjusting' aspects. For example, the amount of wages that the contribution rate applies to will adjust annually based on the Consumer Price Index, and the minimum and maximum weekly benefit amounts will change to reflect changes in the weekly average wage for all Oregonians.

Based on the current projections, here is the solvency target (six months' work of projected expenditures) for the next few years:

2023	2024	2025
\$424,083,953	\$448,383,069	\$500,811,564



Oregon

We are just now, since the start of 2023, at the point when contributions are starting to accrue, and we anticipate the first major collections of those amounts starting the end of April. This is the time when employers are required to file their payroll reports and make contributions to Paid Leave Oregon. Because we are starting with no money in the trust fund, and due to some other factors specific to the first year of rolling out benefits, current projections have us ending the 2023 yearly cycle under the six-month solvency target; however, we expect to reach that goal by 2025. There are still lots of variables at play, and OED will continue to closely monitor projections and adjust them as Paid Leave Oregon rapidly gains more information.

We will continue to keep the Legislature informed about the implementation and operation of Paid Leave Oregon, including the solvency of its trust fund.

We look forward to providing more information about the program to you in the future. As always, feel free to let us know if you have any additional questions or concerns for the present as well.

Sincerely,

David Gerstenfeld
Acting Director, Oregon Employment Department

cc: Amanda Beitel, Legislative Fiscal Office
Michelle Deister, Legislative Fiscal Office