

House Committee on Business and Labor

April 12, 2023

**SB 31 – Solvency****Summary**

SB 31 A-Engrossed makes statutory changes to Paid Leave Oregon law for precautionary purposes. This bill was not requested by the Oregon Employment Department, but we support the idea of being prepared for unlikely events.

The bill require the department to analyze the Paid Leave Oregon contributions and equivalent plan fees received before benefits and assistance grants begin being paid on September 3, 2023 to determine if the program will be solvent prior to issuing benefits and assistance grants.

Paid Leave Oregon has an actuary that analyzes, on a regular basis, the Paid Leave Oregon Trust Fund for anticipated contributions, benefit applications, assistance grants, and equivalent plans based on a number of factors. Just to name a few factors; 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 electing to participate in the program; and Economic and Revenue forecasted numbers.

The department will have a better understanding how close our assumptions are when we begin receiving the first quarter contributions that are due May 1, 2023.

In the case there isn't enough Paid Leave Oregon Trust Funds available, this bill would allow the department to pause benefit payments before they begin. If the department determines the Trust Fund to be insolvent, benefits will be paused for a quarter and then be reevaluated again.

SB 31 A-Engrossed is another statutory tool, in the unlikely event things do not look solvent, to address the situation.

For more information about this testimony, contact

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