

# Memorandum

PREPARED FOR: Senator Taylor  
DATE: February 1, 2024  
BY: Whitney Perez, LPRO Analyst  
RE: Summary of Senate Bill 1514



**LPRO**  
LEGISLATIVE POLICY  
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In response to a request made by Senator Taylor, Chair of the Senate Committee on Labor and Business, this memorandum provides a summary of Senate Bill 1514 (sustainability of Paid Leave Oregon) as well as a comparison of the measure with existing law. SB 1514 was requested by the Senate Interim Committee on Labor and Business. Currently, there are no amendments to SB 1514.

## **Senate Bill 1514**

### **Sustainability of the Paid Leave Oregon Fund**

Senate Bill 1514 addresses the sustainability of the Paid Family and Medical Leave Insurance Fund (fund) that maintains the Paid Leave Oregon program. This fund consists of contributions made to the program by employers and employees and from penalties, fees, revenues, and any other money deposited or credited to the account. [ORS 657B.430\(2\) \(2021\)](#). [ORS 657B.150 \(2021\)](#), as amended by [Section 6, Chapter 292, Oregon Laws 2023](#), sets forth the contributions that employers and employees must make to the fund. The total rate of contributions is determined by the Director of the OED and may not exceed one percent of the employee's wages up to the annual limit (also called "taxable maximum") of the Social Security contribution and benefit base. (The 2024 base is \$168,600, which means that the rate of contributions cannot exceed \$1,686 for this year.)

Employers and employees began making contributions in January 2023. The Paid Leave Oregon program began providing benefits to employees and assistance grants to employers in September 2023.

Existing law has a few measures in place to address issues that may arise regarding sustainability of the Paid Leave Oregon Fund.

- [ORS 657B.050\(4\) \(2021\)](#) provides that benefits are only payable to the extent that moneys are available in the fund and that the state is not liable for any amount exceeding this limit.
- [ORS 657B.150\(8\) \(2021\)](#) requires the Director to set contribution rates in a manner that both minimizes volatility of the contribution rate and ensures that the fund balance contains an amount not less than six months' worth of projected expenditures.
- [Senate Bill 31 \(2023\)](#) required the Director to determine whether the fund was solvent to provide anticipated benefits and anticipated grant moneys to be awarded on or after September 3, 2023. SB 31 established procedures to be taken if the Director determined that the fund was not solvent. If the Director

determined the fund was solvent, payments would begin. Payments began in September of 2023. SB 31 does not provide further direction as to sustainability of the fund and sunsets on September 3, 2026.

SB 1514 allows the Director of OED to make changes to the Paid Leave Oregon program if the Director determines that the fund balance does not contain money sufficient for six months of anticipated expenditures. If program changes are made, OED is required to provide advance notice to the public. Program changes would go into effect the following fiscal quarter. Employees who had already applied for benefits prior to the effective program changes would remain eligible for the original program benefits for the remainder of their benefit year.

**Table 3: Senate Bill 1514 Proposed Program Changes that the Director of OED May Implement in Any Combination, in the Following Order:**

Existing Benefit	Proposed Change	Limitation
Maximum weekly benefit amount of 120% of the state average weekly wage. <a href="#">ORS 657B.050(2)(a) (2021)</a> .	Change maximum weekly benefit amount down to 100% of the state average weekly wage. <sup>1</sup>	N/A
For employees whose average weekly wages exceed 65% of the state average weekly wage, the benefit is computed as the sum of 65% of the state average weekly wage plus 50% of the employee's average weekly wage that exceeds 65% of the state average weekly wage. <a href="#">ORS 657B.050(1)(b) (2021)</a> .	Change wage replacement benefit for wages exceeding 65% of the average weekly wage down to 40% of the average weekly wage. <sup>2</sup>	N/A
12 weeks of paid leave for the following purposes: Family Leave, Medical Leave, or Safe Leave. Plus, an additional two weeks of leave benefits for limitations	Change weeks of paid leave to a maximum of 10 weeks for all leave types except bonding leave. See <a href="#">Section 11, Chapter 292, Oregon Laws 2023</a> . Bonding leave remains at 12	OED may use this option only if forecasting determines that the first two program

<sup>1</sup> This program change is a range; OED has discretion to reduce the maximum weekly benefit to less than 120%, but not less than 100% of the average weekly wage.

<sup>2</sup> This program change is a range; OED has the discretion to reduce the wage replacement to not less than 40% of the employee's average weekly wage that is greater than 65% of the average weekly wage.



related to pregnancy, childbirth, or a related medical condition. <a href="#">ORS 657B.020(1) and (3) (2021)</a> .	weeks. Retain additional two weeks of benefits for pregnancy or childbirth related condition.	change options are not sufficient.
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If OED uses any of the above program changes to address sustainability, the program change(s) would remain effective for up to five years. Once the program change has elapsed, the original applicable benefit to the Paid Leave Oregon program applies.

Starting July 1, 2023, OED is required to report to the Legislative Assembly once a biennia for three consecutive biennia. [Section 51, Chapter 700, Oregon Laws 2019](#). SB 1514 will extend the current reporting requirement to five consecutive biennia and require the OED report to include information on its sustainability forecasting and any program changes. Finally, SB 1514 will have an emergency clause.

