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## A STRONG VOICE FOR OREGON'S WORKERS

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February 4, 2026

Chair Taylor, Vice-chair Hayden and members of the committee,

Thank you for the opportunity to testify in support of SB 1520. The Oregon AFL-CIO represents over 300,000 workers across the state in every sector and is a voice for all workers in the legislative process. As worker advocates, we helped pass Paid Family and Medical leave to make sure that workers across Oregon are able to take the time they need without fear of losing their job and livelihood.

And while there will likely always be system improvements to be made, it's also very clear that the system is working as intended. Over 200,000 Oregonians have been able to access Paid Family and Medical Leave since the system went online in September 2023.

I want to thank the Oregon Employment Department for their work understanding and proposing solutions to the problem at hand of the new IRS ruling on taxability of benefits. It's clear that SB 1520 is an elegant and cost-effective solution at hand to establish a new internal revenue tracking mechanism within Paid Leave Oregon to ensure employer contributions are not used to fund medical benefits.

This approach changes the program minimally, meaning that the agency would not need general fund resources for reprogramming. Further, it simply requires a clarification to Paid Family Medical Leave statute to ensure the Department may make rules to allocate or restrict money for dedicated purposes. The Department reports that under this approach, the program will remain able to pay all benefits even if employer contributions are not used to pay medical leave benefits.

Alternatively, if action is not taken this legislative session, expensive programming changes would be necessary and we risk incurring a sizable penalty from the Federal Government.

We simply cannot afford not to act on this urgent matter. We encourage you to act swiftly to pass SB 1520 to allow OED to move forward with their recommended policy to ensure that Oregon's Paid Family and Medical Leave system can continue to function.