



Testimony: Paid Family and Medical Leave

Submitted by: Ryan Mann, Legislative Director

As the legislature considers the creation of a paid medical and family leave program, we have been asked how Treasury would manage a fund if the program involves state administration of the insurance program. The short answer is that funds managed by Treasury are invested at the direction of Oregon Investment Council, in consultation with the Director of the fund, and in accordance with statutory guidance.

In the case of House Bill 3031, for example, the fund(s) would be invested in consultation with the Director of the Department of Business and Consumer Services. We would advise several minor changes to section 17 of HB 3031 to make the language more consistent with existing statutes. Treasury welcomes the opportunity to work with the committee(s) on these changes to ensure we are able to effectively manage the fund(s) for the desired purpose and intent.

These conversations may lead to additional changes, but at a minimum Treasury would advise making the following amendments to the bill:

1. The following should be added to Section 17(1) with regard to investment authority for the fund: "The fund may be invested in accordance with the terms of ORS 293.701 to 293.875."
2. Section 17(3) should be edited to clarify the responsibilities of DCBS with regard to operational management of funds and direction to Treasury with regard to needed cash flows, versus the actual investment management of funds.
3. If the bill were amended to place investment authority with the Treasurer, we recommend amending Section 17(5) to provide fee for service to pay for the administrative expenses. For example: "Expenditures from the fund may not be used for purposes other than carrying out the provisions of sections 1 to 19 of this 2019 Act and to pay the administrative costs and expenses of the State Treasurer."

Using SAIF as an example, ORS 656.605 states: "Moneys in the fund shall be invested in the same manner as other state moneys and investment earnings shall be credited to the fund." This language (or something similar) does not appear in HB 3031.

