HB 3398 STAFF MEASURE SUMMARY

Carrier: Rep. Holvey

House Committee On Rules

Action Date:	06/01/21
Action:	Do Pass.
Vote:	4-3-0-0
Yeas:	4 - Fahey, Holvey, Salinas, Smith Warner
Nays:	3 - Bonham, Drazan, Zika
Fiscal:	Fiscal impact issued
Revenue:	Revenue impact issued
Prepared By:	Melissa Leoni, LPRO Analyst
Meeting Dates:	5/20, 6/1

WHAT THE MEASURE DOES:

Delays implementation requirements for paid family and medical leave program. Extends deadlines for Employment Department to adopt rules, submit reports to Legislative Assembly, and reimburse General Fund moneys for start-up costs. Changes start date for employer and employee contributions to January 1, 2023. Changes start date for benefit payments to September 3, 2023. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Oregon Employment Department (OED) staffing dedicated to paid family and medical leave insurance program (PFMLI)
- Agency focus on unemployment insurance (UI) and expertise of PFMLI staff in UI programs
- Ability to implement program under current and proposed timelines
- Agency communication with Legislative Assembly around timelines and staffing
- Technology system approvals
- Decision in 2019 to house program at OED
- Department accountability

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Family and medical leave is protected time off from work to recover from a serious illness, care for a family member who is ill, or bond with a new child. More than half of Oregon workers are eligible for unpaid, protected family and medical leave benefits under the federal Family and Medical Leave Act of 1993 (FMLA) and the Oregon Family Leave Act (OFLA).

House Bill 2005 (2019) created an insurance program to provide employees with a portion of wages while on family, medical, or safety-related leave. The program is administered by the Oregon Employment Department (OED). The measure also appropriated General Fund moneys for start-up costs that OED must reimburse by January 2023.

Beginning January 1, 2022, employers will pay 40 percent of contributions and employees will pay 60 percent, which combined cannot exceed one percent of the worker's wages. Employers with fewer than 25 employees are exempt from the obligation to pay their 40 percent share. If they opt to contribute, they may apply for a grant to offset the cost associated with a worker on leave.

Beginning January 1, 2023, employees will be eligible for 12 weeks of insurance benefits per year, with an additional two weeks of benefits for pregnancy-related leave. An employee can take a total of 16 weeks a year under this program in any combination of paid leave and unpaid OFLA leave (18 weeks if pregnancy-related leave is also taken). Benefits will be based on the worker’s average weekly wage with a cap set at 120 percent of the state’s average weekly wage (approximately $1,215). Employees who have worked at least 90 days will have job protection when on leave. An employee may use vacation or sick time to supplement insurance, up to 100 percent of wages, with the employer’s consent. An employer, with the Department’s approval, may provide leave benefits through an equivalent plan.

House Bill 3398 delays implementation dates for the program, including changing the start date for employer and employee contributions from January 1, 2022 to January 1, 2023; benefit payments from January 1, 2023 to September 3, 2023; and employer assistance grants from January 1, 2023 to June 30, 2023. The measure also delays the OED General Fund repayment date from January 1, 2023 to June 30, 2023.