

HB 2020 A STAFF MEASURE SUMMARY

House Committee On Labor and Workplace Standards

Action Date: 04/09/25

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 4-3-0-0

Yeas: 4 - Boshart Davis, Elmer, Grayber, Scharf

Nays: 3 - Fragala, Munoz, Nelson

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Erin Seiler, LPRO Analyst

Meeting Dates: 4/2, 4/9

WHAT THE MEASURE DOES:

The measure requires that qualified nonprofit agencies for individuals with disabilities employ individuals with disabilities for not less than 50 percent of the work hours of direct labor required for manufacturing or providing products or services. It describes how a successor service provider can meet the requirement to provide health benefits that are favorable as, or more favorable than, the health benefits the individuals with disabilities received under the contract that was terminated or not renewed.

Detailed Summary:

Permits a successor service provider to reimburse individuals with disabilities employed under the terminated or not renewed contract for the amount the individual pays for COBRA during the period that the new employer does not provide health benefits that are favorable as, or more favorable than, the health benefits the individuals with disabilities received under the contract that was terminated or not renewed.

Requires successor service provider to provide health benefits that are favorable as, or more favorable than, the health benefits the individuals with disabilities received under the contract that was terminated or not renewed at first opportunity to renew health benefits but not later than one year after effective date of new contract.

Requires the Oregon Department of Administrative Services (DAS) to confirm, once each calendar year, that each public agency or qualified nonprofit agency that has terminated or not renewed a contract has included provisions in the new contract

- requiring the employer to reimburse individuals with disabilities employed under the terminated or not renewed contract for the amount the individual pays for COBRA during the period that the new employer does not provide health benefits that are favorable as, or more favorable than, the health benefits the individuals with disabilities received under the contract that was terminated or not renewed; and
- requiring the successor service provider to provide health benefits that are favorable as, or more favorable than, the health benefits the individuals with disabilities received under the contract that was terminated or not renewed at first opportunity to renew health benefits but not later than one year after effective date of new contract.

If DAS determines that a contract does not have the required provisions, it may

- require the public agency and qualified nonprofit to amend the contract to include provisions, and
- impose a civil penalty, in an amount not to exceed \$500, upon each party to the contract for each day the contract is not amended.

ISSUES DISCUSSED:

- Requirements of successor contractors, succession provisions
- Challenges of successor contractors meeting health benefits requirement
- Utilization of COBRA
- Flexibility for successor contractor to work within program timelines and requirements
- Lack of enforcement in the Oregon Forward Program, specifically regarding health benefits
- Limited resources and staff for Oregon Forward Program
- Alignment with Affordable Care Act (ACA)
- Benefits of reducing the ratio work hours
- Role of Oregon Forward Program in moving people with disabilities into a more integrated workplace
- Number of Oregon Forward contractors

EFFECT OF AMENDMENT:

The amendment describes how a successor service provider can meet to requirement to provide health benefits that are favorable as, or more favorable than, the health benefits the individuals with disabilities received under the contract that was terminated or not renewed.

Detailed Summary:

Permits a successor service provider to reimburse individuals with disabilities employed under the terminated or not renewed contract for the amount the individual pays for COBRA during the period that the new employer does not provide health benefits that are favorable as, or more favorable than, the health benefits the individuals with disabilities received under the contract that was terminated or not renewed.

Requires successor service provider to provide health benefits that are favorable as, or more favorable than, the health benefits the individuals with disabilities received under the contract that was terminated or not renewed at first opportunity to renew health benefits but not later than one year after effective date of new contract.

Requires the Oregon Department of Administrative Services (DAS) to confirm, once each calendar year, that each public agency or qualified nonprofit agency that has terminated or not renewed a contract has included provisions in the new contract

- requiring that the employer to reimburse individuals with disabilities employed under the terminated or not renewed contract for the amount the individual pays for COBRA during the period that the new employer does not provide health benefits that are favorable as, or more favorable than, the health benefits the individuals with disabilities received under the contract that was terminated or not renewed; and
- requiring the successor service provider to provide health benefits that are favorable as, or more favorable than, the health benefits the individuals with disabilities received under the contract that was terminated or not renewed at first opportunity to renew health benefits but not later than one year after effective date of new contract.

If DAS determines that a contract does not have the required provisions, it may

- require the public agency and qualified nonprofit to amend the contract to include provisions, and
- impose a civil penalty, in an amount not to exceed \$500, upon each party to the contract for each day the contract is not amended.

BACKGROUND:

The Oregon Forward Program is a state government procurement program managed by the Department of Administrative Services (DAS). The program is intended to encourage and assist individuals with disabilities to achieve maximum personal independence through productive and gainful employment. The program assures an expanded and constant market for Oregon Forward products and services, thereby strengthening an Oregon

HB 2020 A STAFF MEASURE SUMMARY

Forward employee's vocational goals and capacity for self-support.

An Oregon Forward Contractor (OFC) is a non-profit rehabilitation corporation that employs individuals with qualifying disabilities to provide products and services. The DAS Oregon Forward Program is responsible for qualifying a rehabilitation program as an OFC. OFCs must employ individuals with qualifying disabilities for at least 75% of the hours of direct labor across the entire company. An OFC's mission must include providing vocational services that enable employment opportunities for individuals with disabilities.

ORS 279.850 requires state agencies to procure products and services that are included on the Oregon Forward Program Procurement List available on the DAS website. Agencies that seek to procure products or services found on this list must procure through the Oregon Forward Program, provided the product or service meets the agency's quantity, quality, and delivery specifications. The Oregon Forward Program allows an agency to acquire directly from the OFC and does not require a competitive procurement.