Vision

An Oregon where meaningful work enables the state's diverse people and businesses to realize their full potential, creating prosperity in every community

Mission

Support Business · Promote Employment

- Support economic stability for Oregonians and communities during times of unemployment through the payment of unemployment benefits
- Serve businesses by recruiting and referring the best qualified applicants to jobs, and provide resources to diverse job seekers in support of their employment needs
- Develop and distribute quality workforce and economic information to promote informed decision-making

Values

Integrity	Respect	Community
We are trusted to keep our word, always acting with honesty and courage.	We value diverse perspectives, assume good intent, and act with compassion.	We foster a sense of belonging for our employees, partners, and customers, creating positive impacts where we live and work.

State of Oregon Employment Department

Operating Principles

- We are conscientious stewards of public resources.
- We are accountable for our actions and we admit when we are wrong.
- We are inclusive and transparent in our decision-making.
- We seek out and form effective alliances to address community needs.
- We promote a positive, safe, and learning environment.
- We work hard, and we're not afraid to laugh.

Goals

- Continually advance our partnerships and systems to provide innovative services to Oregon's diverse people and businesses
- Engage with communities across the state to maximize awareness and use of public workforce resources
- Foster an inclusive and fair work environment where employees feel valued and supported in reaching their full potential
- Invite and retain talented, diverse people to help us exceed our customers' expectations

Goals and Outcomes

Continually advance our partnerships and systems to provide innovative services to Oregon's diverse people and businesses

- Employees, partners, and customers have ready access to the consistent, reliable information they need to efficiently accomplish their goals.
- Our services are increasingly accessible, through the improved and expanded use of technology.
- Our services are personalized, interactive, and swift, so that we exceed customer expectations every time.
- Customers easily understand the services available to them and their responsibilities for receiving those services, because we clearly communicate using language, methods, and levels of detail most helpful to them.
- We anticipate how the world of work is changing and lead an effective transition to the jobs and careers of the future.

Engage with communities across the state to maximize awareness and use of public workforce resources

- The public and policymakers have high-quality, objective, and timely information with which to make informed decisions.
- Traditionally underserved populations have the support, resources, and services to reach their full potential.
- Tools and materials that clearly describe the services of the workforce system are readily available for all audiences.
- We are recognized as the foremost source of employment information in Oregon.
- All partners, including tribal governments, state agencies, educational institutions, and state and local workforce development boards, value our wisdom and engage us in their business strategies.

Goals and Outcomes

Foster an inclusive and fair work environment where employees feel valued and supported in reaching their full potential

- Our vision, mission, values, and operating principles guide our daily activities and decisions.
- All employees have opportunities for growth and development.
- All individuals have the opportunity to lead from where they are.
- Our leaders invite diversity of thought, honor all voices, and encourage new perspectives.
- We are a learning organization that takes informed risks, learns from our failures, and values innovation.
- All employees take accountability for actively contributing to a positive work culture and helping one another achieve greatness.

Invite and retain talented, diverse people to help us exceed our customers' expectations

- We have a strategy for our successful future and we develop and hire people who can implement it.
- Our customers are better served because our employees represent their diverse communities and interests.
- Our organization is resilient because we hire, retain, and promote motivated and contributing individuals.
- We recognize changes in workplace trends, embracing new approaches that serve both business goals and employee needs.

State of Oregon Employment Department

Oregon Employment Department
2019-2025 Strategic Plan

Vision

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State of Oregon Employment Department

Background and Introduction

Usage, Costs, and Administration of Oregon House Bill 2005 (2019): PFMLI Program

In 2019, HB 2005 created a new paid family and medical leave insurance (PFMLI) program in Oregon. This followed several years of discussions about creating such a program, including a year-long legislative workgroup that in 2018 examined possible approaches to creating a PFMLI program and reviewed the programs of other states.

Dr. Jeff Hayes of the Institute for Women's Policy Research modeled how these programs might work in Oregon, including projected usage and costs. The PFMLI program that HB 2005 ultimately created differs significantly from those that Dr. Hayes previously examined. Changes include different benefit amounts, different minimum earning requirements to become eligible for benefits, and the addition of options to assist small businesses, such as the ability for them to either not pay their portion of payroll contributions, or to receive small business assistance grants.

Seven other states and Washington D.C. have some sort of paid family and medical leave insurance program. Of those, only five are currently paying benefits, and Washington State, whose program is most similar to Oregon's, only started paying benefits in January of 2020. The other states that are paying benefits had existing state temporary disability programs that evolved to provide coverage for family and medical leave situations.

There is a lot of variation between states' PFMLI programs and limited data is available from which to make projections. As other jurisdictions begin to pay benefits, we will get information to help us refine projections about usage and costs of Oregon's PFMLI program.

Even before more information becomes available, it is important to get a preliminary analysis of Oregon's PFMLI program as enacted by HB 2005. Accordingly, the department contracted with Dr. Hayes to analyze the program designed in HB 2005, using a range of assumptions. This foundational work will help the department refine projections as we move closer to 2022, when contributions first begin accruing. As more information becomes available, the actuary the Employment Department hired will continue to refine program projections and use those to help the department with setting the annual PFMLI payroll contribution rate.

Attached is a copy of Dr. Hayes' report regarding PFMLI as enacted in Oregon. Some important points to keep in mind:

- These projections involve many different variables, with lots of assumptions, so there is a broad range of possible outcomes.
- As we get more recent data, and see how PFMLI programs more similar to Oregon's are used, we will be able to refine these projections.
- Under all of the projections, if the maximum possible payroll contribution rate is used, the PFMLI fund is expected to have sufficient funds to pay benefits to workers and small businesses, fund the administration of the program, and repay the initial startup costs while maintaining the statutory six month's reserve.
- Under the most extreme forecast scenario, the PFMLI fund still has the statutorily required reserves after five years, but the amount of the fund does decline over time and would eventually fall under that threshold.

David Gerstenfeld, February 28, 2020

Usage, Costs, and Administration of Oregon House Bill 2005 (2019):

Paid Family and Medical Leave Insurance Program

February 17, 2020

State of Oregon

Contract 20-060
For Actuarial Services

Jeff Hayes, PhD

Program Director, Job Quality and Income Security

Institute for Women's Policy Research

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Contents

Introduction

The Oregon legislature created a new paid family and medical insurance program (PFMLI) in 2019. This report will (1) update the program cost estimates made during the legislative process to reflect the policy design elements adopted by the state legislature as HB 2005 and signed by the governor and (2) examine aspects of program finances projected over the first several years of the program. The first step in projecting the costs of benefits is to estimate the baseline usage and benefit values to be paid using the IWPR-ACM simulation model. The most recent version is based on the 2012 FMLA Employees survey collected by Abt Associates under contract to the U.S. Department of Labor for the behavioral estimates and the Census Bureau's 2013-2017 American Community Survey (ACS) for the size and composition of the Oregon work force (Clayton-Matthews and Albelda 2017). The model results for existing state programs are routinely compared with administrative data from the states to ensure that the simulation model is accurately replicating results for number of claims, amount of benefits, and duration of benefit receipt. The most recent comparison done is for 2017.

The simulation model's strategy for estimating the usage and cost of a paid leave program is to use the reported behaviors of the workers in the FMLA survey at the national level and, using multivariate statistical models, simulate predicted leave behaviors and characteristics on workers with similar characteristics working in Oregon in the American Community Survey. Where it is not possible to estimate base estimates for leave taking behavior on data in the FMLA employee survey, the analyst can use their judgement and apply reasonable assumptions about unknown aspects of behavior in the presence of a paid leave program. Leaves are simulated for each leave taking reason – (1) the employee's own serious health condition, (2) maternity-related disability, (3) bonding with a new child, caring for a (4) spouse, (5) child, or (6) parent experiencing a serious health condition. Using published research on intimate partner violence in the United States, additional calculations of the costs for safe leave in Oregon are added to the simulation model estimates for family and medical leave to calculate total program costs.

The model is centered on the decisions eligible workers are expected to make when experiencing covered events. The simulated leave history estimates who will experience a covered event, who would decide to take leave, would their employer provide wage continuation, etc. and assumes that worker would choose the higher benefit when comparing employer-provided and program benefits for which they are eligible. The model assumes that most employers who offer paid leave benefits before the program begins will continue to provide benefits, although some might coordinate with the public benefits by topping up partial wages to full wage replacement or provide additional weeks.

Baseline models

For the model-based estimation, the benefit formula is specified as 100 percent of usual weekly wages up to $635 (65 percent of Oregon's 2017 average weekly of $976) and 50 percent of higher wages up to a weekly maximum benefit of $1171 (120 percent of the 2017 average weekly wage).[1] The minimum weekly benefit is $50 (5 percent of the 2017 average weekly wage). Benefits may be received for up to 12 weeks for a worker's own health needs, maternity-related disability,[2] bonding with a new child, or providing care for a family member or significant other. Benefits are paid from the onset of the health condition or caregiving need.

To estimate the usage and cost of benefits, the share of eligible workers who would claim program benefits when experiencing a qualified health or care need is benchmarked to administrative data on California, Rhode Island, and New Jersey concurrent to the ACS state-level data for each. This level of program usage is then applied to the data for Oregon with the state-specific program design parameters in HB 2005 so that we are predicting program usage and costs under a mature program with worker experience and increased awareness within the workforce. Oregon's initial claims may come in lower as the program is becoming established; however, the benefit claiming levels based on state programs with 4-13 years of experience in providing comprehensive paid family and medical leave benefits applied here should approximate Oregon's experience if plans for robust program outreach in the state are a success. To get at the range of likely usage and costs, lower and higher estimates were also run that included benefit claiming rates among eligible workers that are 10 percent lower and higher, respectively, relative to the initial estimate. Self-employed workers are included in the lower, middle, and higher estimates at 33 percent, 50 percent, and 66 percent participation respectively. Self-employed workers most likely to experience a qualified event are also considered as most likely to elect to participate. That is, we tried to account for adverse selection into program participation among the self-employed.

Each column in Table 1 represents an independent run of the simulation model. The IWPR-ACM model, like other simulation models, employs randomization within the estimated decisions, such as how long a benefit claim might last, and show small differences across the columns by chance. This is typical of modeling techniques based on simulation.

Table 1 shows the initial low, middle, and high results from the simulation model. The labor force and dollars are based on 2017 from the ACS data. The three levels of usage and costs

[1] The 2013-2017 American Community Survey is the most recent 5-year file released by the U.S. Census Bureau. In creating the 5-year file, the Census Bureau adjust the income measures, including earnings, to the latest year included. The benefits are based on estimated weekly earnings and also in 2017 dollars.

[2] An additional two weeks are available under certain cases for a complicated pregnancy followed by bonding leave. In the model estimates below, very few -- just over 1 percent of the leaves taken around childbirth – claimed benefits for more than 12 weeks.

reflect (1) a range of estimates around the baseline take up rates from benchmarking the simulation model to California and Rhode Island administrative reports for 2017 and (2) a range of participation levels for self-employed workers. Across columns, the self-employed are assumed to participate at higher or lower levels similar to other workers. That is, when more wage and salary workers are using the benefit program then more self-employed will opt to participate. Within each of the columns, the estimates attempted to incorporate adverse

Table 1. Estimated Benefit Usage and Costs for Oregon HB-2005 (2019)

	Low*	Middle**	High***
Share of Workers Eligible for Benefits	97%	97%	97%
Number of Leaves Taken & Receiving Program Benefits			
Own Health	87,428	95,129	102,932
Maternity & Bonding	43,345	49,488	54,452
Family Care	11,476	11,896	11,930
Total	142,249	156,513	169,315
Weeks Receiving Program Benefits			
Own Health	7.6	7.5	7.6
Maternity & Bonding	7.5	7.5	7.4
Family Care	3.3	3.3	3.3
All Reasons	7.7	7.7	7.8
Average Weekly Benefit	$610	$614	$616
Benefit Cost ($millions)			
Own Health	$398.8	$437.8	$483.5
Maternity & Bonding	$194.6	$220.6	$240.4
Family Care	$19.4	$20.5	$20.4
Safe Days (Non-Medical -- see Table 2)	$1.3	$1.3	$1.3
Total Benefit Cost ($millions)	$614.1	$680.1	$745.7
Administrative (5 percent, $millions)	$30.7	$34.0	$37.3
Total Cost ($millions)	$644.8	$714.2	$782.9
SS-OASDI Taxable Earnings (ACS 2017 $Millions)	$83,050.5	$83,978.5	$84,906.0
Cost as a Percent of ACS SS-OASDI Earnings	0.78%	0.85%	0.92%

Source: Estimates based on IWPR-ACM Family Medical Leave Simulation Model, 2012 FMLA Employees survey and 2013-2017 American Community Survey. (16 Nov 2019, 5 replicates.)

For 2017, the average weekly wage is $976 (BLS Quarterly Census of Employment and Wages) and OASDI Taxable Wage Maximum is $127,200.

* Low -- 10 percent lower benefit claiming by eligible workers experiencing a qualified event, one- third of self-employed participate.

** Middle -- Benefit claiming by eligible workers experiencing a qualified event similar to CA and RI, half of self-employed participate

*** High -- 10 percent higher benefit claiming by eligible workers experiencing a qualified event, two- thirds of self-employed participate.

selection where the self-employed most likely to experience a covered event are more likely to elect to enroll in the state program.

Overall, the number of claims ranged from about 142,000 to 169,000 in a calendar year. The average weekly benefit is just over $600 in each of the three estimates. The cost of program benefits paid to eligible workers experiencing a qualified event ranges from $614 million to $746 million or 0.78 percent to 0.92 percent of taxable payroll when including 5 percent of benefit costs for administration costs based on levels California and Rhode Island reported in recent years. (More information below.)

Safe Leave

Oregon HB 2005 includes "safe leave" among the reasons to use the new program. Previous laws in Oregon have required employers to provide safe leave, but did not require that the time be paid:

> 659A.272 Employer required to provide leave. Except as provided in ORS 659A.275, a covered employer shall allow an eligible employee to take reasonable leave from employment for any of the following purposes:
>
> (1) To seek legal or law enforcement assistance or remedies to ensure the health and safety of the employee or the employee's minor child or dependent, including preparing for and participating in protective order proceedings or other civil or criminal legal proceedings related to domestic violence, harassment, sexual assault or stalking.
>
> (2) To seek medical treatment for or to recover from injuries caused by domestic violence or sexual assault to or harassment or stalking of the eligible employee or the employee's minor child or dependent.
>
> (3) To obtain, or to assist a minor child or dependent in obtaining, counseling from a licensed mental health professional related to an experience of domestic violence, harassment, sexual assault or stalking.
>
> (4) To obtain services from a victim services provider for the eligible employee or the employee's minor child or dependent.
>
> (5) To relocate or take steps to secure an existing home to ensure the health and safety of the eligible employee or the employee's minor child or dependent. [2007 c.180 §3; 2011 c.687 §2]

HB 2005 provides a mechanism to provide at least partial wage replacement to workers who need to take time off work to secure the safety of themselves or their families.

The federal Family and Medical Leave Act does not provide unpaid job protected safe leave, therefore the FMLA 2012 Employees' survey does not provide behavioral data for the simulation model to estimate usage and costs for these reasons. The time taken for medical care for the worker's own serious needs or those of a family member resulting from physical and mental health needs arising from domestic violence should be covered within the estimates in Table 1; these would be reasons (2) and (3) in the list above. Table 2 combines estimates from other research on the impacts of intimate partner violence with the simulation model results to estimate the additional usage and costs of safe leave benefits.

Line A uses the estimate of women working in Oregon and meeting the HB 2005 eligibility criteria, (865,936) as the baseline population at risk. Using the 2015 National Intimate Partner and Sexual Violence Survey (NISVS), D'Inverno, et al. (2019) estimate a 12 month prevalence 0.4 percent for missing at least one day of work as a result of sexual violence, physical violence, and/or stalking by an intimate partner for U.S. women nationally. Line B applies this national prevalence rate to the population of eligible working women in Oregon and estimates that 3,464 Oregon women would miss at least one day of work for issues of intimate partner violence or stalking each year.[3] Many of these women would likely need leave to seek medical care for injuries resulting from violence; the time for medical leaves should be included in the usage and cost estimates for own health and family care. To estimate the share of leaves taken by Oregon survivors for medical versus other reasons, Table 2 uses the share of costs from intimate partner violence based on national data from medical expenses, 59 percent, from Table 1 in Peterson, et al. (2018a): Row C of Table 2 shows that these data estimate that 2,044 instances of leave resulting from intimate partner violence would be taken in a calendar year in Oregon for medical needs and row D shows 1,420 instances of leave would be taken for all other reasons such as seeking legal assistance or relocation. Peterson, et al. (2018b) estimate that the average number of lost work days per incident for women is 7.6 days (row E) and the average daily benefit for all eligible workers in Oregon is $120 from the IWPR-ACM simulation model (row F). Row G estimates that the additional cost for safe days taken for non-medical reasons will add about $1.3 million in benefit costs per year in Oregon or about 0.0015 percent of taxable payroll to the benefit costs.

[3] The overall 12-month prevalence rate for men's experience of intimate partner violence and/or stalking is lower than women's. However, D'Inverno, et al. (2019) are unable to report a reliable estimate for the prevalence of intimate partner violence that results in missed work due to small sample sizes.

Table 2: Estimating the Non-Medical Usage and Costs of Safe Leave Under HB 2005

A	OR Eligible Women	865,936	IWPR-ACM simulation model estimate
B	0.4 percent IPV and missed at least one day of work (12 month prevalence)	3,464	Table 1 in D'Inverno, et al. (2019)
C	Medical cases (based on share of lifetime IPV costs -- 59 percent)	(2,044)	Table 1 in Peterson, et al. (2018a)
D	Safe leaves taken for all other reasons	1,420	
E	Lost days	7.6	Table 1 in Peterson, et al. (2018b)
F	Daily benefit	$120	IWPR-ACM simulation model estimate
G	Benefit Costs	$1,295,163	Benefit Costs = D * E * F

This estimate may be low as no estimate for the prevalence rate of leave taking by men for intimate partner violence is available from the national data. On the other hand, the usage and cost estimate might be high as it assumes that all working women impacted by intimate partner violence that causes leave from work for reasons other than for serious medical needs will claim benefits; the simulation model expects that some workers will use employer-provided paid leave that may be sick days, vacation, or other paid time off allocations.

Administrative Cost Calculation

Table 1 included an estimate for the costs for routine, on-going program administration estimated as 5 percent of benefits paid. Both California and Rhode Island routinely report their total program expenditures broken down benefits paid and administrative expenses for their unified programs that provide paid family and medical leave. Table 3 shows that in 2017, both states reported that administrative costs were just over 4.5 percent of the disbursements paid as benefits; this was rounded to 5 percent to allow for slightly higher costs as Oregon rolls out its program for the first few years.

Table 3: Program Expenditures for Paid Family and Medical Leave Programs in California and Rhode Island, 2017 ($Ms)

	California	Rhode Island
Total Disbursements	$6,313.4	$190.6
Net Benefits	$6,038.4	$182.3
Administration & Misc. Disbursements	$275.0	$8.3
Admin/Benefits Ratio	4.55%	4.54%

Sources: California Employment Development Department *May 2019 Disability Insurance (DI) Fund Forecast*, Table 1 and Rhode Island Department of Labor and Training *Statistical and Fiscal Digest 2017*, page 12. Dollars in millions.

Benefit Projections 2022-2027

To project the estimated costs from Table 1 to 2022 (program revenue collection begins) and 2023 (benefit payments begin) through 2027, several assumptions were made. For the program usage and benefits, costs are assumed to grow from both increases in Oregon's labor force and the growth of per capita income (Tables 4 and 5, respectively); these were taken from the Oregon Department of Administrative Services Economic forecasts for December 2019.[4]

Table 4 shows that when revenue collection begins, the annual growth in Oregon's labor force will have slowed from 2 percent in 2017-2018 to 1.06 percent in 2021-22. Growth is projected to slow further over the first 5 years paid family and medical leave benefits are available.

Table 4: Forecast Growth in Oregon Employment, 2017 to 2027

	N (1000s)	Percent Change since previous year
2017	1,847.1	--
2018	1,884.0	2.00%
2019	1,911.9	1.48%
2020	1,939.1	1.43%
2021	1,967.4	1.46%
2022	1,988.2	1.06%
2023	2,003.2	0.75%
2024	2,017.0	0.69%
2025	2,033.6	0.83%
2026	2,051.1	0.86%
2027	2,066.8	0.77%

Source: Historical Annual and Quarterly Data Tables, 1990-2029 (https://www.oregon.gov/das/OEA/Documents/employment-annual.xls) accessed December 29, 2019.

Table 5 reports the projections for income growth in Oregon. Aggregate income from labor (the first three columns) is projected to grow at over 5 percent annually between now through the start of revenue collection. This slows somewhat over the first 5 years paid family and medical leave benefits are available. This growth in aggregate labor income is used to project changes in program revenues starting in 2022. On a per capita basis, income in Oregon is expected to grow between 3-4 percent annually for most years during the start-up and early years that program benefits are available. It is this growth rate, along with growth in the labor force that is used to project increases in benefit usage and program costs between 2023 and 2027.

[4] https://www.oregon.gov/das/OEA/Pages/forecastecorev.aspx (December 2019)

Table 5: Forecast Growth in Oregon Labor Income, 2017 to 2027

	Wage and Salary ($Bs)	Other Labor Income ($Bs)	Total ($Bs)	Percent Change Since Previous Year	Per Capita ($Ks)	Percent Change Since Previous Year
2017	$101.2	$24.5	$125.7	-	$51.8	-
2018	$107.0	$25.6	$132.6	5.48%	$54.4	4.91%
2019	$113.3	$26.8	$140.1	5.60%	$56.6	4.04%
2020	$119.4	$28.2	$147.5	5.33%	$58.5	3.46%
2021	$125.9	$29.7	$155.6	5.49%	$60.7	3.65%
2022	$132.4	$31.3	$163.7	5.20%	$62.9	3.64%
2023	$138.8	$32.9	$171.7	4.85%	$65.1	3.55%
2024	$145.5	$34.4	$179.9	4.78%	$67.5	3.68%
2025	$152.6	$36.2	$188.7	4.93%	$70.2	3.99%
2026	$160.0	$38.1	$198.1	4.96%	$73.0	3.98%
2027	$167.6	$40.0	$207.7	4.83%	$75.8	3.87%

Source: Historical Annual and Quarterly Data Tables, 1990-2029 (https://www.oregon.gov/das/OEA/Documents/income-annual.xls) accessed December 29, 2019.

Table 6 projects the low, middle, and high program costs shown in Table 1 expressed in 2017 dollars to the first 5 years paid family, medical, and safe leave benefits are available, 2023-2027 adjusting for labor force and per capita income growth in Oregon. In the lower cost scenario (lower benefit claiming and participation for self-employed workers) costs increase from $878 million in 2023 to $1,055 million in 2027. In the middle cost scenario (benefit claiming on par with existing programs in California and Rhode Island and participation for half of self-employed workers) costs increase from $973 million in 2023 to $1,169 million in 2027. In the higher cost scenario (higher benefit claiming and participation for self-employed workers) costs increase from $1,067 million in 2023 to $1,281 million in 2027.

Table 6: Projected Program Costs (Benefits and Administration), 2023-2027

	Low*	Middle**	High***
2023	$878.3	$972.8	$1,066.5
2024	$916.9	$1,015.5	$1,113.3
2025	$961.3	$1,064.8	$1,167.3
2026	$1,008.2	$1,116.7	$1,224.3
2027	$1,055.3	$1,168.9	$1,281.4

Source: Calculations based on IWPR-ACM Family Medical Leave Simulation Model Estimates (Table 1), 2012 FMLA Employees survey and 2013-2017 American Community Survey. (16 Nov 2019, 5 replicates.)

* Low -- 10 percent lower benefit claiming by eligible workers experiencing a qualified event, one-third of self-employed participate.

** Middle -- Benefit claiming by eligible workers experiencing a qualified event similar to CA and RI, half of self-employed participate

*** High -- 10 percent higher benefit claiming by eligible workers experiencing a qualified event, two-thirds of self-employed participate.

Baseline Revenue Projections 2022-2027

HB 2005 specifies that program revenues will be based on up to one percent of wages earned up to an annual maximum, $132,900. (A rate set below the maximum, one percent, will result in a proportional reduction in program revenues. A contribution rate set at 0.80 percent of taxable payroll would produce 80 percent of the revenue that would be generated by the maximum one percent.) The taxable maximum is scheduled to increase each year according to changes in the CPI-U All Items for the Western Region.[5] Table 7 shows the forecast taxable maximum for the paid family and medical leave program as specified in HB-2005 inflated using the projected CPI-U All Items for the Western Region from 2019 to 2027 and the maximum contribution to be paid per worker at the cap.

Table 7: Projected Taxable Maximum and Maximum Contribution at One Percent of Taxable Wages

	Taxable Maximum Cap	Maximum Contribution
2019 (HB 2005)	$132,900	$1,329
2022	$142,842	$1,428
2023	$146,612	$1,466
2024	$150,317	$1,503
2025	$153,942	$1,539
2026	$157,654	$1,577
2027	$161,465	$1,615

Source: Calculations using changes in *CPI, West Region (1982-84=100)* from Historical Annual and Quarterly Data Tables, 1990-2029 (https://www.oregon.gov/das/OEA/Documents/other-annual.xls) accessed December 29, 2019.

Revenue forecasts were calculated by estimating the taxable payroll for workers in Oregon using the 2018 American Community Survey to calculate total wage and self-employment earnings up to the 2018 Social Security OASDI maximum, $128,400. Growth through 2027 was projected using the annual growth rates for labor income in Oregon (Table 5). Taxable wages range from a low in 2022 across all three scenarios of $109.3 billion to a high of $141.9 billion in 2027 (Table 8). At one percent of taxable payrolls, program revenues range from $1,093 million in 2022 to $1,419 million in 2027.

[5] $132,900 was the taxable maximum for Social Security OASDI payroll taxes in 2019. Using the regional CPI annual adjustments will mean that the OASDI taxable maximum and the Oregon paid family and medical leave taxable maximum may diverge over time.

Table 8: Baseline Projected Taxable Wages and Program Revenue ($Ms)

	Taxable Wages -- Baseline			Program Revenue (Using Maximum 1 Percent of Taxable Wages) Assuming 1.5 percent Delayed Receipt and 0.5 percent Declared Uncollectible Based on OR 2018 UI Tax Performance System		
	Low*	Middle**	High***	Low*	Middle**	High***
2022	$109,328	$110,605	$111,881	$1,071.5	$1,084.0	$1,096.5
2023	$114,634	$115,972	$117,310	$1,123.5	$1,136.6	$1,149.7
2024	$120,115	$121,518	$122,919	$1,177.2	$1,191.0	$1,204.7
2025	$126,031	$127,503	$128,974	$1,235.2	$1,249.6	$1,264.0
2026	$132,282	$133,827	$135,371	$1,296.5	$1,311.6	$1,326.7
2027	$138,668	$140,287	$141,906	$1,359.0	$1,374.9	$1,390.8

Source: Calculations based on the 2018 American Community Survey for taxable earnings of covered workers and inflated using growth in total labor income (Table 4) from Historical Annual and Quarterly Data Tables, 1990-2029 (https://www.oregon.gov/das/OEA/Documents/income-annual.xls) accessed December 29, 2019.

* Low -- 10 percent lower benefit claiming by eligible workers experiencing a qualified event, one-third of self-employed participate.
** Middle -- Benefit claiming by eligible workers experiencing a qualified event similar to CA and RI, half of self-employed participate
*** High -- 10 percent higher benefit claiming by eligible workers experiencing a qualified event, two- thirds of self-employed participate.

“Baseline” in this section refers to the revenue based on all taxable wages. In a section below a range of estimates is presented for selected levels of small business opting out of paying the business side contributions provided by HB 2005 to businesses with fewer than 25 employees. Again, a range of estimates is provided as HB 2005 included a mix of options aimed at helping small businesses adapt to the new program flexibly.

Baseline Program Cash Flows

In addition to providing mechanisms for paying benefits and administrative costs, HB 2005 appropriated funds for building the paid family and medical leave insurance program in the 2019 - 2021 biennium. These funds, $15.9 million, are scheduled to be paid back without interest to the General Fund in 2022 (Table 9). In addition, the Legislative Fiscal Office has estimated the amount that is anticipated to finish building the program infrastructure and staff in the 2022- 2023 biennium as $37.9 million. Assuming those funds are made available under the same terms laid out in HB 2005, by the end of 2022, the first year of revenue collection, the paid family and medical leave insurance program will need to transfer $53.8 million to the General Fund. This amount is a bit less than Washington state reports spending on their program's start-up phase,[6] so scenarios costing 15 and 30 percent more for the start-up phase have been included in middle and high cost scenarios.

Table 9: Appropriated and Estimated Start Up Costs ($Ms)

Appropriated, 2019-2021*	$15.9
Estimated, 2022-2023**	$37.9
Total	$53.8
Start Up Costs to be Repaid in 2022	
Low (Total Estimated Above, 2019-2023)	$53.8
Medium (Low estimate + 15 percent)	$61.9
High (Low estimate + 30 percent)	$69.9

*Includes appropriations for both Employment Department and Department of Justice in the bill as enrolled. Bill specifies zero interest on funds.

** Based on Legislative Fiscal Office, *Fiscal Impact of Proposed Legislation Measure: HB 2005 – A* (June 14, 2019).

Table 10 displays the results of the projected costs for benefits and administration (Table 6) and repaying the start-up funds to the General Fund (Table 9) with the revenues generated under the baseline model (Table 8) to estimate the year-end balance of a paid family and medical leave program trust fund. Under the baseline scenarios, the trust fund balances grow over the program's first 5 years of benefit payments.

Table 10: Baseline Trust Fund Balances 2022-2027

	Year-End Trust Fund Balance ($Ms)		
	Low*	Middle**	High***
2022^	$1,017.7	$1,022.1	$1,026.6
2023	$1,264.7	$1,187.8	$1,111.6
2024	$1,527.0	$1,365.1	$1,204.9
2025	$1,802.9	$1,552.0	$1,303.7
2026	$2,093.3	$1,749.0	$1,408.3
2027	$2,399.3	$1,957.3	$1,519.8

* Low -- 10 percent lower benefit claiming by eligible workers experiencing a qualified event, one-third of self-employed participate.

** Middle -- Benefit claiming by eligible workers experiencing a qualified event similar to CA and RI, half of self-employed participate

*** High -- 10 percent higher benefit claiming by eligible workers experiencing a qualified event, two-thirds of self-employed participate.

^Start-up funds repaid in calendar year 2022, also under low-, medium-, and high-cost scenarios shown in Table 8.

[6] Washington appropriated $82 million for start-up costs in fiscal year 2018 to be repaid ($90 million including interest) in fiscal year 2019. Unofficial reports suggest that Washington's Employment Security Department spent about three-quarters of the total amount appropriated before repaying the general fund slightly ahead of schedule.

Table 11 calculates the ratio of the year end trust fund balance (Table 10) to the half of the projected benefit and administration costs paid during that year. If this ratio is 1.0 or greater, then the trust fund balance meets the legislative funding level specified in HB 2005 – "At the end of the period for which the rates are effective, the balance of moneys in the fund is an amount not less than six months' worth of projected expenditures from the fund…" Under the baseline scenarios, the funding level is met.

Table 11: Baseline Ratio of Year End Trust Fund Balance to Six Month of Costs

	Ratio of Year End Trust Fund		
	Low*	Middle**	High***
2023	2.9	2.4	2.1
2024	3.3	2.7	2.2
2025	3.8	2.9	2.2
2026	4.2	3.1	2.3
2027	4.6	3.4	2.4

Small Employers

In general, Oregon employers are expected to pay 40 percent of program costs and employees to pay 60 percent. One of the caveats included is that businesses with fewer than 25 employees are eligible to opt out of paying the employers' portion. This section recalculates revenue estimates for the three scenarios, but assumes that small employers opt out of paying the business contribution to the program, 0.4 percent of taxable payrolls (using the maximum one percent contribution rate). The scenarios estimates are that for the low revenue scenario, two-thirds of small employers will opt out, half opt out in the middle scenario, and only one third in the high revenue scenario shown. This section also estimates the cost of grants to small businesses who pay into the system to help them pay for hiring temporary workers when an employee is out on leave under the new program.

Based on estimates provided by the Oregon Employment Department, in 2018 there were 117,047 employers who reported between 1 and 24 employees. These companies had an average quarterly employment of 528,766 and paid a total of $18,885.05 million in wages for the year. If all opt out of paying the employer side contribution, program revenues would drop by $75.5 million, relative to the baseline above, under the maximum one percent payroll tax. The actual reduction in revenue could be less: Estimating based on data from the Social Security Administration for Oregon, only 89 percent of the total wages paid by Oregon small business would be subject to OASDI payroll taxes (about where HB 2005 sets the maximum earnings for tax purposes) and the reduction in program revenue would only be $67.1 million. For the scenarios shown, in 2018 dollars, small employers opting out of contributing reduces taxable payrolls by $5,036 million for the low revenue scenario (two-thirds opt out), $3,777 million in the middle scenario (half opt out), and $2,518 million in the high revenue scenario (one-third opt out).

Table 12 shows the three revenue scenarios adjusting for three levels of small business participation in program contributions adjusted for state average aggregate income growth. Table 13 shows the program revenues that would be generated at the three levels of small business participation assuming 1.5 percent rate of delayed receipt of their payroll contributions and 0.5 percent declared uncollectible based on Oregon 2018 UI tax performance system rates of collecting unemployment insurance payroll taxes.

Table 12: Estimated Taxable Wages Using Alternative Scenarios for Small Business Participation in Program Revenue

	Taxable Wages – Baseline ($Ms)		
	Low*	Middle**	High***
2022	$99,846.4	$101,121.1	$102,394.9
2023	$104,691.5	$106,028.0	$107,363.7
2024	$109,697.3	$111,097.7	$112,497.3
2025	$115,100.7	$116,570.1	$118,038.6
2026	$120,809.1	$122,351.4	$123,892.7
2027	$126,641.3	$128,258.0	$129,873.8

*Two-thirds of small businesses opt out of their share
** Half of small businesses opt out of their share
*** One-third of small businesses opt out of their share

Table 13: Estimated Program Revenue Using Alternative Scenarios for Small Business Participation at Total Tax Rate of One Percent of Taxable Payrolls

	Program Revenue (1 Percent of Taxable Wages) Assuming 1.5 percent Delayed Receipt and 0.5 percent Declared Uncollectible Based on OR 2018 UI Tax Performance System ($Ms)		
	Low*	Middle**	High***
2022	$978.6	$991.1	$1,003.5
2023	$1,026.1	$1,039.2	$1,052.2
2024	$1,075.1	$1,088.8	$1,102.6
2025	$1,128.1	$1,142.5	$1,156.9
2026	$1,184.0	$1,199.1	$1,214.2
2027	$1,241.2	$1,257.0	$1,272.9

*Two-thirds of small businesses opt out of their share
** Half of small businesses opt out of their share
*** One-third of small businesses opt out of their share

Tables 14 and 15 show the year end paid family and medical leave insurance fund balances in absolute and relative terms, respectively. Under each of these trust fund balances continue to grow (Table 14) and at the end of the first 5 years of benefit availability, the ratio of the fund balance to 6 months of benefits ratio is well over 1, the lowest being 1.4.

Table 14: Estimated Trust Fund Balances Using Alternative Levels of Small Business Contributions to Program Revenues, 2022-2027

	Year End Trust Fund Balance		
	Low*	Middle**	High***
2022^	$924.8	$929.2	$933.6
2023	$1,072.5	$995.5	$919.3
2024	$1,230.8	$1,068.8	$908.6
2025	$1,397.5	$1,146.5	$898.1
2026	$1,573.3	$1,228.9	$888.0
2027	$1,759.2	$1,317.1	$879.5

^Start-up costs to be repaid in 2022 shown in Table 8.
*Two-thirds of small businesses opt out of their share
** Half of small businesses opt out of their share
*** One-third of small businesses opt out of their share

Table 15: Ratio of Year End Trust Fund Balance to Six Month of Costs Using Alternative Levels of Small Business Contributions to Program Revenues, 2023-2027

	Ratio of Year End Trust Fund Balance to Six Month of Costs		
	Low*	Middle**	High***
2023	2.4	2.0	1.7
2024	2.7	2.1	1.6
2025	2.9	2.2	1.5
2026	3.1	2.2	1.5
2027	3.3	2.3	1.4

*Two-thirds of small businesses opt out of their share
** Half of small businesses opt out of their share
*** One-third of small businesses opt out of their share

These scenarios consider matching low cost/low revenue scenarios and high cost/high revenue scenarios, but other outcomes are possible. Even under a worst case scenario (not shown) the trust fund ratio remains above 1 so that the balance exceeds 6 months of anticipated program costs. However, in the worst case scenario the trust fund ratio only stays above 1 because the surplus collected in the first year, before benefits are available, is being spent down to pay program costs. Again, all scenarios assumed that program revenues would be based on 1 percent of taxable wages in the early years of the program.

Rather than opting out of the employers' contributions to program revenues, small employers who contribute are eligible to apply for assistance for hiring replacement workers to replace the employee temporarily out on leave for more than seven days. The legislation provides the maximum grants that an employer might receive (up to $3,000 for hiring a replacement worker and up to $1,000 for additional expenses incurred) and limits the number of grants that can be received by an employer each year. However, the legislation leaves many of the details for administering these grants to be developed by the department during the implementation phase. Furthermore, how the maximum grant amounts might change over time is not provided.

Table 16 estimates the number of small business grants that would be made in a calendar year. It combined estimates from the simulation model with data taken from the 2012 Family and Medical Leave Act (FMLA) survey collected by Abt Associates under contract to the U.S. Department of Labor to calculate the number of grants that would be claimed in a calendar year. According to Klerman, Daley, and Pozniak (2013), using the data from the survey of worksites only 2.2 percent of worksites that are not covered by FMLA (one of the main elements for FMLA employer coverage is employing 50 or more within a 75 mile radius) hire temporary replacement workers and 0.7 percent hire permanent replacement workers. (When weighted by the number of employees at the worksite, those estimates for hiring replacement workers are 4.2 percent and 1.0 percent, respectively.) Klerman, Daley, and Pozniak (2013) also report that in the survey of leaves taken, the employees reported that, overall, in 13.4 percent

Table 16: Paid Family and Medical Leaves Taken Under the State Program and Eligible for Small Business Grant Support for Hiring Temporary Replacement Workers

		Grant Claims (Ten percent of eligible leaves taken by employees working for small employers are managed by hiring a temporary worker)		
	Benefit Claims Paid	Low*	Middle**	High***
< One week	11,493	NA	NA	NA
2 weeks	9,136	304	457	608
3 weeks	9,882	329	494	658
4+ weeks	1,409	47	70	94
Total	31,920	680	1,021	1,360

* One-third of employers participate in payroll contributions and may be eligible for grants to pay for replacement workers

** Half of employers participate in payroll contributions and may be eligible for grants to pay for replacement workers

*** Two-thirds of employers participate in payroll contributions and may be eligible for grants to pay for replacement workers of cases work was covered by a temporarily hired worker when they were on leave. Using the public release microdata for the 2012 FMLA worker survey, I estimated that 10 percent of leaves taken from small businesses (in these data, defined as under 30 employees) that lasted more than 7 days hired a temporary worker to cover the leave compared to 14 percent of leaves from larger businesses.

The columns of Table 16 look at small business grants across the same range of employer participation in program contributions used above. That is, if one-third of small employers contribute to the program costs, only one-third of small employers would be eligible for grants. The first column of Table 16 shows the estimated number of leaves taken under the HB 2005 by weeks of duration by workers employed by businesses with fewer than 25 employees. Table 16 estimates that for 10 percent of the leaves taken under the new program a replacement worker will be hired to cover the work. The columns to the right calculate the number of small business grants for temporary replacement workers when one-third of the employers contributed program revenue and are eligible for grants, half of the employers contributed program revenue and are eligible for grants, and two-thirds of the employers contributed program revenue and are eligible for grants; low, middle, and high employer participation, respectively. Under these assumptions, 680 to 1,360 grants would be paid to small businesses in Oregon under HB 2005, depending on the share of small businesses contributing the employer share to program revenues. This report has used three levels ranging from one-third to two-thirds participation.

Table 17 estimates what the amount of the small business grants might be under the scenarios described for Table 16 and assuming that the amount of the grants would be the same as the amount of benefits paid up to the maximum combined amount available, $3,000. The program benefit calculated using the adopted formulas mean that the grants would be proportional to the wages paid to the position's incumbent and would base the grant amount on a calculation already being made for benefit administration. It also allows for the chance that, under the rules adopted, a small business might receive a greater share of the maximum grant value when temporarily replacing a higher wage worker taking a shorter leave than if the grant amounts were a flat rate spread uniformly across the maximum benefit period. Under these assumptions, the range of costs to the program for small business grants supporting temporary hires would be $1.7 million when one-third of small businesses contribute to program revenues and are eligible to $3.4 million when two-thirds of small businesses contribute and eligible.

Table 17: Paid Family and Medical Leave Benefits Paid and Estimated Costs Under the State Program and Eligible for Small Business Grant Support for Hiring Temporary Replacement Workers ($Millions)

	Estimated Benefits Paid ($Ms)		Grant Amounts Paid (Amounts equal to estimated benefit paid to workers up to $3,000 maximum, $Ms)		
	All	Up to $3,000 max	Low*	Middle**	High***
< One week	$12.8	$12.0	NA	NA	NA
2 weeks	$34.0	$21.4	$0.7	$1.1	$1.4
3 weeks	$59.5	$26.3	$0.9	$1.3	$1.8
4+ weeks	$9.7	$3.8	$0.1	$0.2	$0.3
Total	$116.0	$63.6	$1.7	$2.6	$3.4

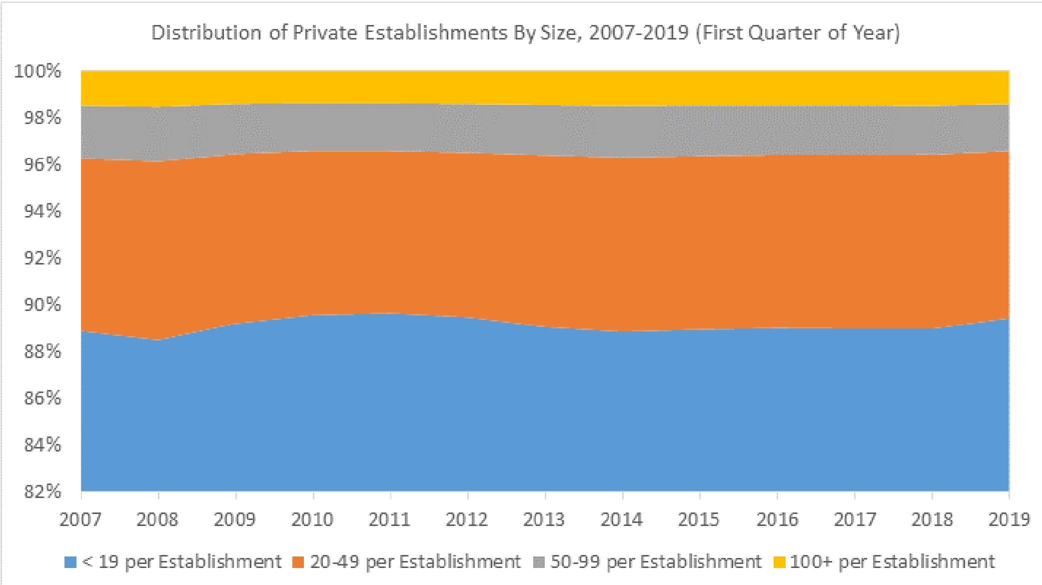
* One-third of employers participate in payroll contributions and may be eligible for grants to pay for replacement workers

** Half of employers participate in payroll contributions and may be eligible for grants to pay for replacement workers

*** Two-thirds of employers participate in payroll contributions and may be eligible for grants to pay for replacement workers

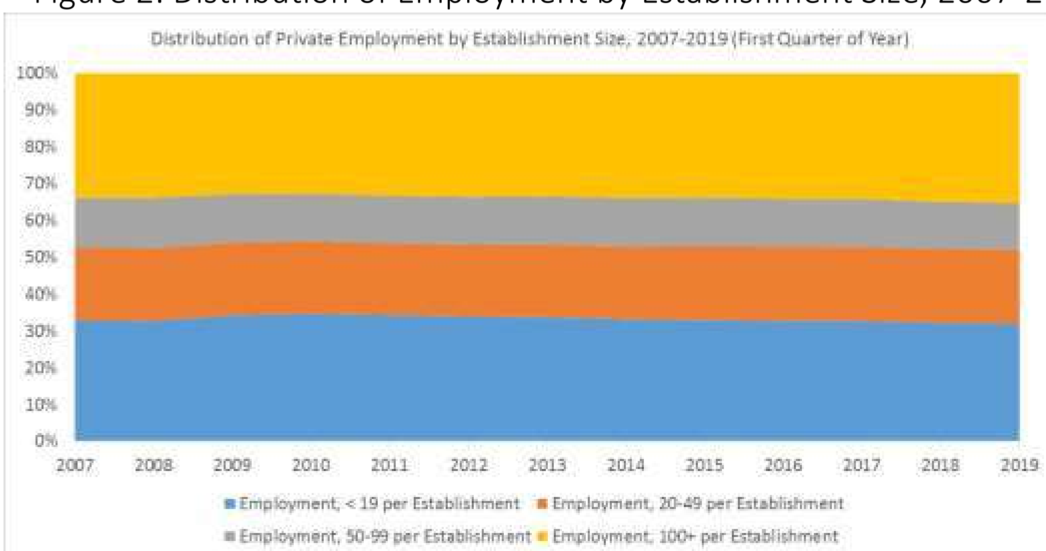
Figures 1-3 look at the distribution of establishments, employment, and total wages across groups defined by the number of employees per establishment. The time period covered, 2007 – 2019, starts before the most recent recession began in December 2007 as the data on establishment size are collected in the first quarter. There is little change in the distributions of employment and wages across establishment size categories suggesting that there are no obvious economic shifts in recent history that should worry us in projecting revenues and income shares based on 2018.

Figure 1: Distributions of Private Businesses in Oregon by Number of Employees, 2007-2019



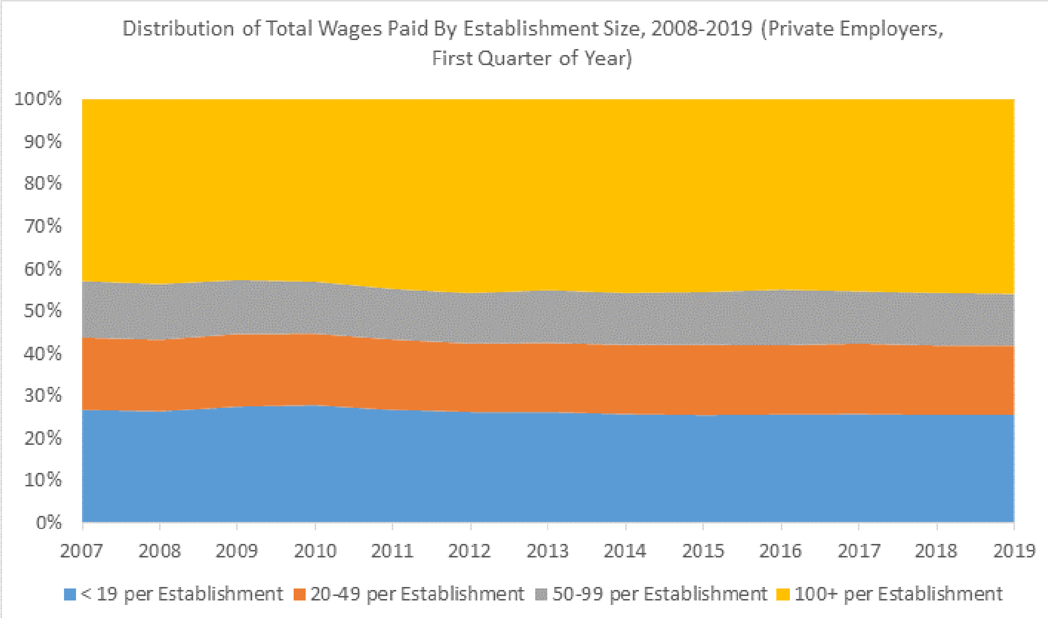
Source: Quarterly Census of Employment and Wages (https://www.bls.gov/cew/)

Figure 2: Distribution of Employment by Establishment Size, 2007-2019



Source: Quarterly Census of Employment and Wages (https://www.bls.gov/cew/)

Figure 3: Distributions of Total Wages Paid By Establishment Size, 2007-2019



Source: Quarterly Census of Employment and Wages (https://www.bls.gov/cew/)

Equivalent Plans

Section 43 of HB 2005 provides the conditions for an employer to apply for approval of a private paid family and medical leave plan outside the state system. Generally, an equivalent plan must provide benefits that are at least as generous as the state program and be available for use under the same conditions – including worker protections – as under the state program.

In California employers can apply to cover their workers' paid family and medical leave through a private plan outside the state system. If a Voluntary Plan is approved as providing at least one benefit that is greater than the State Plan and costs an employee no more than the State Plan would, it may be substituted for the State Plan. In 2018, about 3.4 percent of workers in California were covered by Voluntary Plans and their wages represent about 12 percent of total wages paid. The very large difference in average weekly wages reported for workers in the state plan ($995 in 2018) and Voluntary Plans ($3,918 in 2018) suggests that the impact on the program revenues will be less – that the taxable wage difference across state and private plans will be smaller, but there is not enough data to estimate the impact on taxable wages.

California Employment Development Department (EDD) includes a Voluntary Plan office with 13 staff overseeing 2,500 employers (Fitzpatrick and Hayes 2019). EDD reports that receipts from Voluntary Plan assessments constitute the largest portion of "Other Receipts" that totaled $79 million in 2018 (California Employment Development Department 2019). Employers with Voluntary Plans contribute and assessment rate is .14 percent of the DI State

Plan contribution rate or 0.00014 (0.14 percent of 0.1) of taxable wages in 2018. These assessments are used to reimburse the state's Disability Insurance Fund for the amounts paid for administrative costs arising out of voluntary plan oversight. In Oregon, funding for gap coverage might also be offset by such an assessment on employers sponsoring an equivalent plan rather than participating in the state program.

In New Jersey, very few workers are covered by an private plan for family leaves (less than one percent) while about 22 percent of private workers are covered by private temporary disability insurance (Fitzpatrick and Hayes 2019). New Jersey's temporary disability insurance includes funding by employers, while California's is employee funded. New Jersey's disability insurance is also experience rated making comparisons to other states difficult.

Rhode Island has no voluntary or equivalent plans. All private employers and their workers are included in the state program.

Based on conferences, webinars, and conversations with administrators, Washington State reports that applications for certification of private plans have been less common than they had anticipated. Ahead of the legislation's passage, Washington's Employment Security Department (ESD) estimated that "40 percent of employers within the state will elect to implement a voluntary plan" (Buelow, et al. 2018). It is difficult to see how they came up with that estimate given the data presented; only 30.5 percent of employers responding to their survey reported they were "at least somewhat interested" in a voluntary plan. Furthermore, of that minority share of employers considering a voluntary plan, only 21.4 percent were planning to apply.

Given a high expectation for voluntary plan application it may not be surprising that they are reported fewer than anticipated. However, they report that it's not just large employers, but a range of businesses by size that have applied for certification that their program is equivalent or better. With just under one year to go before benefits start, Massachusetts has been relatively more open to certifying private employer plans, but still has reported a small share of businesses applying at an early stage of program implementation.

Other Revenues and Costs

Based on HB-2005 alone, assessing the fiscal impacts of fees for certifying employer plans as equivalent to the state plan is difficult as the only parameter in the legislation is the maximum dollar amount that can be charged for cost recovery. Recent state experiences in Washington and Massachusetts suggests that Oregon may not see a large number applications for equivalent plans. Furthermore, with a processing fee set at $250 and renewals scheduled on a three-year cycle, equivalent plans are neither likely to generate a great deal of program revenue nor represent a cost drain on the program's financing.

States with existing programs report the interest income that is transferred into their program trust funds, but not much else in the way of fees or surcharges for administration of equivalent plans or other program features. The exception is California that identifies the contributions required of employers providing Voluntary Plans rather than participating in the state program and mentioned above.

Tribal Government Participation

Based on looking at state reports on similar programs in Oregon and other states, there is little evidence to expect that many tribal government will opt to participate in the paid family and medical leave program. As of November 2019, Washington State had not had any tribal governments apply to their program. According to Oregon Employment Department *Government to Government 2018 Annual Report*, tribal governments in Oregon "generally pay the actual costs for unemployment insurance benefits for their employees and former employees, rather than paying quarterly taxes." The behavior with regards to paid family and medical leave is likely to be the same.

If tribal governments do participate, the employee and tribe would both contribute to the trust fund as with other covered employees. According to Oregon Employment Department *Government to Government 2017 Annual Report*, the 8,100 employees of tribal governments have wages that are similar to other workers in the same areas of the state. In this case, there is little evidence that would suggest any difficulties for the actuarial balance of the system as revenues and benefits are proportional to employment and wage levels and should balance out for tribal employees as for any other type of worker with minimal impact program solvency.

Future Updates

The cost estimates for this report were made using the most recent version of the IWPR-ACM paid leave simulation model. IMPAQ International and the Institute for Women's Policy Research, under contract to the Department of Labor Chief Evaluation Office (CEO), are developing an open-source version of this model with expanded capabilities that is scheduled for completion in Spring 2020. For additional information on model development (e.g., incorporating the Family and Medical Leave Act Wave 4 surveys scheduled for release in early 2020), please contact the CEO at ChiefEvaluationOffice@dol.gov to request news and updates on the release schedule and training opportunities for the publicly available simulation model.

Discussion

The estimation of program usage and costs were performed using a simulation model initially developed in the early 2000s. Its current behavioral equations use parameters based on the 2012 FMLA employee survey, conducted by Abt Associates under contract to the US Department of Labor, the most recent available in the series. The labor force data are obtained from the American Community Survey for 2013-2017, a household survey collected by the US Census Bureau, the most recent 5-year file released. The simulation model is updated frequently. It is now able to mimic state programs that have progressive replacement rates for benefits, allow workers to extend the durations of their leaves when they receive benefits, and allow limited options for employers to supplement state program benefits with their own more generous benefits. Estimation of program revenues were based on earnings reported in the American Community Survey with supplementary data on wages paid by small employers provided by the State of Oregon Employment Department. Both program costs and revenues were projected using Oregon state projections for labor force and wage growth.

A range of estimates was developed. These included modeling ten percent lower and higher rates of claiming program benefits by eligible workers experiencing covered events on the program cost side. On the revenue side a baseline revenue model was developed with three levels of participation by self-employed workers. A second set of revenue estimates were made varying the level of participation in program costs by small employers (under 25 employees) in Oregon who can choose to opt out of paying the employer side of the program contributions and what the cost of small business grants to assist in hiring replacement workers for small employers who do contribute.

Across all the model evaluations, the payroll contribution rate was assumed to be the maximum one percent for the first five program years where the system is being built and the trust fund established that meets the funding guidelines in the law. Based on these results, the program revenues do appear to be sufficient to cover the costs under a range of assumptions about worker behaviors. Under the scenarios shown with high benefit claiming rates in Oregon and lower participation in program revenue contributions by small businesses, the trust fund at the end of first 5 years was at least 1.4 times the six month program costs required by the new law leaving some cushion against unforeseen confluence of negative factors. The three models shown were estimated to highlight the impact of one of the primary behavioral assumptions around program take up conditional on meeting the eligibility criteria and experiencing a qualifying event. The midrange was benchmarked to the existing state programs that have been operating for many years and should be familiar to state workers. Even with strong outreach, Oregon may not reach this level of benefit claiming in the initial years. On the revenue side, the ACS may slightly underestimate taxable payrolls relative to administrative sources reported from the Social Security Administration or Quarterly Census of Employment and Wages. This could be due to recall or issues around household survey responses being reported by a proxy or other issues of data collection.

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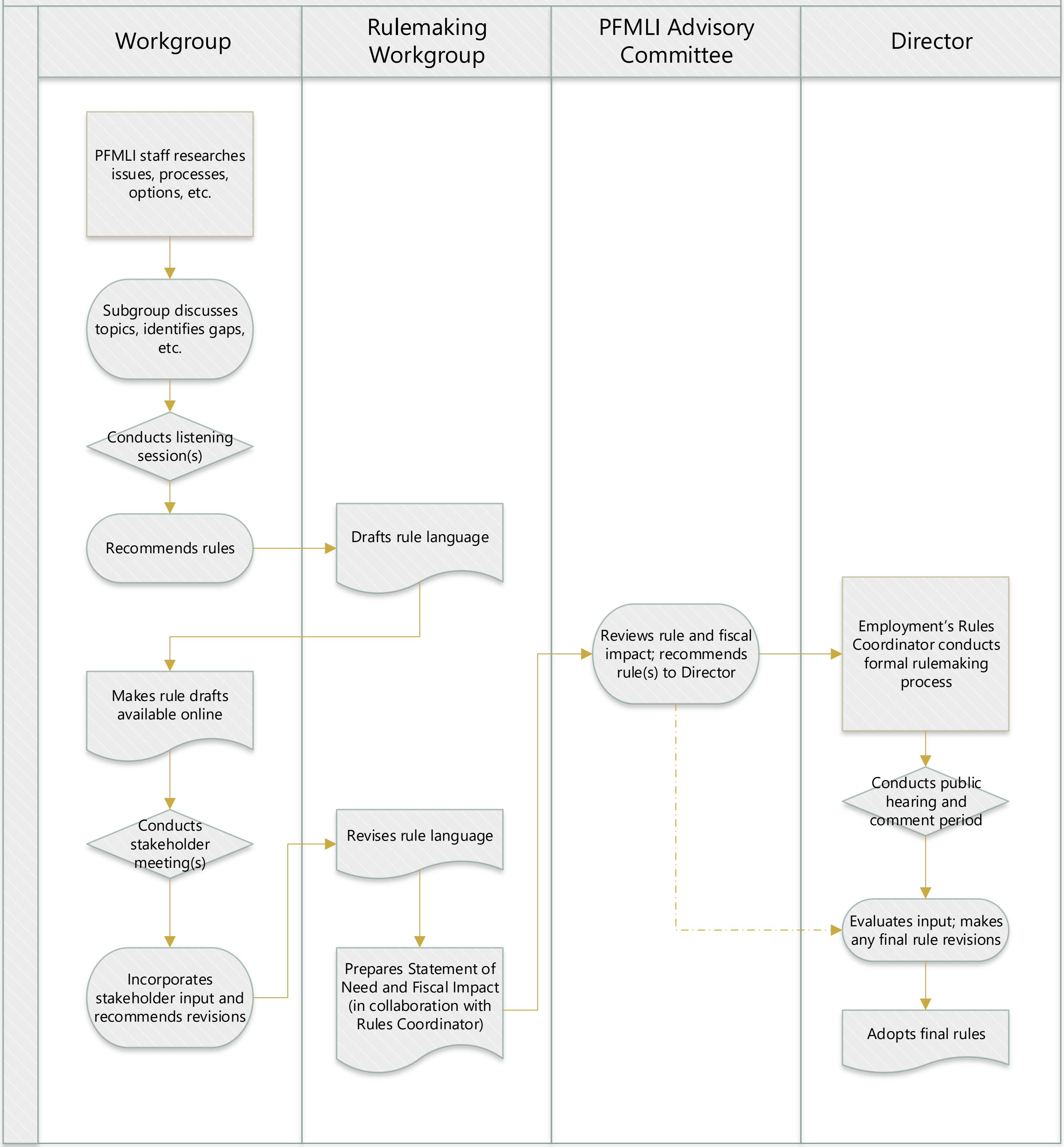
PFMLI Rulemaking Process – DRAFT 02-11-2020



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PFMLI Workgroups - DRAFT 20200228

	2020								2021												2022
	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January
Workgroup Name:																					
Equivalent Employer Plans ***(Note: some rules by 9-1-21)***	Workgroup Kickoff	Meetings	Meetings	Meetings	Listening Session(s)	Post Rule Draft(s)	Stakeholder meeting(s); Depending upon amount of feedback and complexity of content, post additional drafts			File proposed rules (Oregon Bulletin)	Public Hearing	File rules with SoS	Rules Effective								
Contributions		Workgroup Kickoff	Meetings	Meetings	Meetings	Listening Session(s)	Post Rule Draft(s)	Stakeholder meeting(s); Depending upon amount of feedback and complexity of content, post additional drafts				File proposed rules (Oregon Bulletin)	Public Hearing	File rules with SoS	Rules Effective						
Rulemaking ***(Timeline is for any separate rules; otherwise, works according to all other workgroups' timelines)***		Workgroup Kickoff	Meetings	Meetings	Meetings	Listening Session(s)	Post Rule Draft(s)	Stakeholder meeting(s); Depending upon amount of feedback and complexity of content, post additional drafts				File proposed rules (Oregon Bulletin)	Public Hearing	File rules with SoS	Rules Effective						
Tribal Governments				Workgroup Kickoff	Meetings	Meetings	Meetings	Listening Session(s)	Post Rule Draft(s)	Stakeholder meeting(s); Depending upon amount of feedback and complexity of content, post additional drafts				File proposed rules (Oregon Bulletin)	Public Hearing	File rules with SoS	Rules Effective				
Self-Employed Workers				Workgroup Kickoff	Meetings	Meetings	Meetings	Listening Session(s)	Post Rule Draft(s)	Stakeholder meeting(s); Depending upon amount of feedback and complexity of content, post additional drafts				File proposed rules (Oregon Bulletin)	Public Hearing	File rules with SoS	Rules Effective				
Outreach (and Barriers to Access) ***(Note: Some rules by 9-1-21)***				Workgroup Kickoff	Meetings	Meetings	Meetings	Listening Session(s)	Post Rule Draft(s)	Stakeholder meeting(s); Depending upon amount of feedback and complexity of content, post additional drafts				File proposed rules (Oregon Bulletin)	Public Hearing	File rules with SoS	Rules Effective				
Small Employers (including job protection and grants)					Workgroup Kickoff	Meetings	Meetings	Meetings	Listening Session(s)	Post Rule Draft(s)	Stakeholder meeting(s); Depending upon amount of feedback and complexity of content, post additional drafts				File proposed rules (Oregon Bulletin)	Public Hearing	File rules with SoS	Rules Effective			
Benefits **(Note: "benefit year period" rules by 9-1-21)**					Workgroup Kickoff	Meetings	Meetings	Meetings	Listening Session(s)	Post Rule Draft(s)	Stakeholder meeting(s); Depending upon amount of feedback and complexity of content, post additional drafts				File proposed rules (Oregon Bulletin)	Public Hearing	File rules with SoS	Rules Effective			
Benefits (Balance - Eligibility, Computation, Delivery, etc.)									Meetings	Meetings	Listening Session(s)	Post Rule Draft(s)	Stakeholder meeting(s); Depending upon amount of feedback and complexity of content, post additional drafts					File proposed rules (Oregon Bulletin)	Public Hearing	File rules with SoS	Rules Effective
Appeals					Workgroup Kickoff	Meetings	Meetings	Meetings	Listening Session(s)	Post Rule Draft(s)	Stakeholder meeting(s); Depending upon amount of feedback and complexity of content, post additional drafts				File proposed rules (Oregon Bulletin)	Public Hearing	File rules with SoS	Rules Effective			

Notes:

Mirrors Washington process for extensive early stakeholder engagement: listening sessions, stakeholder meetings, rule drafts posted on line (multiple drafts, if complex or high volume of input

Listening sessions and stakeholder meetings could be held in diverse geographic locations throughout the state, and could include conference call options

PFMLI staff can coordinate listening sessions and stakeholder meetings, but workgroup and Advisory Committee members are welcome and encouraged to attend

Formal public comment period and public hearings can include conference call options

Proposed PFMLI Workgroups

DRAFT

Workgroup: Purpose/Topics	Timeframe	Suggested Participants/Expertise
PFMLI Advisory Committee Serve as Rules Advisory Committee: Approve rule policies and drafts to proceed to formal rulemaking process, as recommended by topical and rulemaking workgroups Review/advise on fiscal impact to small businesses (per APA) Recommend administrative rules to Director	In place, Ongoing	PFMLI Advisory Committee members
Equivalent Employer Plans Workgroup Make recommendations relating to: Processes, policies, forms, timelines and rules relating to equivalent employer plans (by 9/1/2021). A method (in rule) for resolving disputes between employers and employees under equivalent employer plans. Department policies relating to renewing plans, withdrawing plans, terminating plans, timelines for renewals, application fees, etc. Preventing the payment of benefits in excess of 100% of average weekly wages if multiple employers; prorating between overlapping plans, etc. Which records employers need to maintain.	May 2020 - May 2021	Employers, Employees Insurance industry offering PFMLI plans
Contributions/Employer Reporting and Remitting Payments Make recommendations relating to: Processes, policies, forms, timelines and rules relating to employer reporting and remitting payments Filing quarterly/annual reports and remitting payments (DOR to promulgate rules) Successor in interest issues Liable entity issues Collection issues Requiring posted bonds or securities Interest and penalty provisions	June 2020 - June 2021	Employers, Employees, Payroll service providers, Human Resources professionals, Tax Practitioners, SPT members (DOR, DAS)
Rulemaking Workgroup Draft administrative rule language to reflect policies brought forth by workgroups Revise rule drafts based on stakeholder/workgroup participants input Prepare preliminary Statements of Need and Fiscal Impact Provide revised rules to PfMLI Advisory Committee Collaborate, as needed, with Employment Rules Coordinator to conduct formal rulemaking process (Administrative Procedures Act) Make recommendations relating to: "Definitions" rules such that terms are used consistently across all PFMLI rules Miscellaneous issues	June 2020 - September 2021	Employment Rules Coordinator, Andrea Paluso and Jenny Dresler (co-sponsors), Amanda Dalton, Marc Chrismer, *(need more employee representation)*
Tribal Governments Workgroup Make recommendations relating to: Process for tribal governments to make election to opt in. Rules about benefit amounts for tribal employees. Rules about what information must be supplied by tribes/tribal employees. Rules about the rate and apportionment of contributions between tribal governments and employees. Termination process. Policies around collection procedures for contributions and errneous payments of benefits. Timelines for tribal entities.	July 2020 - July 2021	Tribal government representatives, Tribal enrolled members, Tribal employers, Commission on Indian Services represenative

Self-Employed (including home care, child care workers) Make recommendations relating to: Processes, policies, forms, timelines and rules relating to self-employed workers. Rules for benefit amounts for self-employed workers. Rules specifying how a self-employed individual makes an election and what information must be supplied when applying. Policies around renewing elections, withdrawing elections, terminating elections, collection procedures for contributions and erroneous payments of benefits. Clarifying situations where a self-employed individual also is an employee for another employer.	August 2020 - August 2021	Self-employed individuals, DHS Employment-Related Day Care representative, Child care workers and employers, Home care workers and employers, DHS, Seniors and People with Disabilities representative
Outreach (and Barriers to Access) Make recommendations relating to: Developing policies/recommendations relating to establishing an outreach plan for the program to receive input from, and disseminate information to, employers and eligible employees (rule due by 9-1-2021) Reaching diverse populations (languages, rural/urban, disabled populations, in state and out of state employers and employees, etc.) Collaborating with Communications resource to identify and recommend forums/vehicles to disseminate information about PFMLI	August 2020 - August 2021	Employment's Communications staff, BOLI, Payroll Service Industry, Equity and Inclusion expertise
Small Employers (including job protection and Grants) Make recommendations relating to: Processes, policies, forms, timelines, rules relating to small employers, grants, and job protection provisions. Rules that clarify job protection (small vs larger employers). Rules for determing whether an employer has fewer than 25 employees. Grant program processes (how to apply, information required to be submitted, grant repayment situations, etc.)	September 2020 - September 2021	Small Business Admin or Small Business Assistance Center representative, Small Employers and employees of small businesses, grant expertise
Benefits (Eligibility, Application, Computation, Delivery) Make recommendations relating to: Processes, policies, timelines, rules relating to eligibility, application for, computation, and delivery of PFMLI benefits Defining criteria (base year, alternatve year) rule due by 9-1-2021 Filing procedures and information to be provided. Employee notice to employer of plans to take leave. Clarifying daily and/or weekly benefit increments, intermittent leave, interaction with OFLA/FMLA and other statutory leave programs. Collection of overpayments, interest and penalties.	September 2020 - November 2021	Employers, Employees, State Partners
Appeals Make recommendations relating to appeals processes and rules for: Equivalent Plan decisions (denials, terminations) Benefit eligiblity and benefit amounts Overpayments Penalties against employers and employees Penalty periods of disqualification from benefits Emploer contribution assessments Small-employer grant decisions Timelines	September 2020 - September 2021	Dispute resolution experience