NOTICE OF PROPOSED RULEMAKING FILING INCLUDING STATEMENT OF NEED & FISCAL IMPACT

Oregon Employment	Department, Paid Leave Or	regon Division		471
Agency and Division Name Administrative Rules				es Chapter Number
Anne Friend	875 Union St. NE, Salem,	OR 97311 <u>Rules</u>	@employ.oregon.gov	503-983-1966
Rules Coordinator		Email		Telephone
Shannon Ball	875 Union St. NE, Salem,	OR 97311 <u>Rules</u>	@employ.oregon.gov	971-718-7346
OED Program Conta	ct Address	Email		Telephone
	R	ULE CAPTION		
Amanding and adopt	ing Paid Leave Oregon adm	inistrativa mlas	valating to banafits an	d aggistance grants
Amending and adopt	ing raid Leave Olegon adm	illistrative rules i	elating to benefits and	u assistance grants.
☐ Last Date and Tin	me for Public Comment: Jun	ne 30, 2023, at 11	:59 PM	
	ne 26 (9-11 AM), and June 2		Virtual via Zoom	Anne Friend
☐ Hearing Date	Time	Address		Hearings Officer
List each rule numbe	er separately (000-000-0000)	MAKING ACT) below. Attach p e end of the filing	proposed, tracked cha	nged text for each rule at
☐ In the matter of:	:			
•	-070-1000, 471-070-1010, 4 970-1420, 471-070-1440, 47	•	· · · · · · · · · · · · · · · · · · ·	-1200, 471-070-1210,
1 0	070-1205, 471-070-1430, 47 070-1480, 471-070-1490	71-070-1445, 471	-070-1450, 471-070-	1460, 471-070-1465,
☐ Statutory Autho	ority: ORS 293.525, 657B.04	40, 657B.090, 65	7B.100, 657B.120, 65	57B.200, 657B.340
☐ Other Authority here)	: (IF there is authority thr	ough an OAR to	o conduct the rulema	aking, then list that
-	ted: ORS 293.475, 293.490 090, 657B.100, 657B.120, 6			3.020, ORS 657B.040,

□ RULE SUMMARY: Include a summary for each rule included in this filing.

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Amending:

OAR 471-070-1000 – Benefits: Definitions – Amends the administrative rule to define several terms in the Paid Leave Oregon program's rules governing program benefits. Add definitions that clarify the meaning of "consecutive leave", "intermittent leave", "leave from work", and "self-employed individual's average weekly income" to provide further distinction and clarification when benefits are taken.

OAR 471-070-1010 – Benefits: Eligibility and Qualification for Benefits – Amends the administrative rule to clarify the requirements for considering if an individual is requesting leave from work to qualify for Paid Leave Oregon benefits.

OAR 471-070-1100 – Benefits: Application for Benefits - Amends the administrative rule to clarify the timeframe for eligibility for the additional two weeks of leave is based on the start of the leave of those additional two weeks. Also clarifies evidence that a claimant must provide to establish good cause and expands safe leave as a reason considered for good cause.

OAR 471-070-1120 – Benefits: Verification of a Serious Health Condition – Amends the administrative rule to require with the verification of a serious health condition includes a diagnosis in order to determine eligibility for benefits.

OAR 471-070-1200 – Benefits: Claim Processing; Additional Information – Amends the administrative rule to remove the reference to "fax" and change the incorrect OAR from OAR 471-070-1430 to OAR 471-070-1205.

OAR 471-070-1210 – Benefits: Updates to a Claim for Leave – Amends the administrative rule to clarify and require that the claimant may not change their average work schedule throughout the entire claim unless has current employment or self-employment changes. This will alleviate administrative burden and provide consistency in calculations for benefit payments.

OAR 471-070-1310 – Benefits: Employee Notice to Employers Prior to Commencing Leave – Amends the administrative rule to clarify an eligible employee is required to give notice to their employer when commencing family, medical, or safe leave. Also change "continuous" to "consecutive" and to clarify the 25 percent benefit reduction and clarify how the benefit payments will be reduced.

OAR 471-070-1420 – Benefits: Leave Periods and Increments – Amends the administrative rule to change "nonconsecutive" to "intermittent" to align with the rest of the administrative rules.

OAR 471-070-1440 – Benefits: Weekly Benefit Proration – Amends the administrative rule to make minor corrections in order to increase clarity.

OAR 471-070-1510 – Benefits: Repayment of Overpaid Benefits; Interest – Amends the administrative rule to clarify the amount and timing of the reduction of future benefits to pay for prior benefit overpayments. Removes language about the application of payments as this will be made part of a new rule (OAR 471-070-5210).

OAR 471-070-3710 – Assistance Grants: Application Requirements – Amends the administrative rule to include the use of a federal employer identification number (FEIN) on the assistance grant application.

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Adopting

OAR 471-070-1205 – **Benefits: Weekly Claims** – Requires a weekly claim to be filed to receive weekly benefits for claimants who are taking intermittent leave or are taking leave for more than one qualify purpose at a time. The weekly claim must be submitted after the work week has ended and no later than 30 calendar days following the end of the work week unless there is good cause.

OAR 471-070-1430 – **Benefits: Simultaneous Qualifying Purpose** – Describes that a claimant may take Paid Leave Oregon benefits for more than one qualifying purpose during the same week as long as separate applications are submitted and weekly claims are filed.

OAR 471-070-1445 – **Benefits: Self-Employed Benefit Calculation** – Describes how Paid Leave Oregon benefits are calculated for self-employed individuals who elect coverage and submit a benefit application. This rule aligns with how benefits are calculated for employees in ORS 657B.050.

OAR 471-070-1450 – Benefits: Benefit Payment Methods – Describes the primary payment method for Paid Leave Oregon benefit payments will direct deposit. If the claimant doesn't apply for direct deposit, then the payment will be issued on a ReliaCard Visa. If the department determines that is not feasible, then the department may issue a check to the claimant.

OAR 471-070-1460 – Benefits: Lost, Stolen, or Destroyed Benefit Checks – Describes the process to request a new benefit payment if the claimant's benefit payment was lost, stolen, or destroyed.

OAR 471-070-1465 – Benefits: Payment of Benefits Due to a Deceased Individual – Describes the process to request benefit payments due in the event of the death of a claimant that has an approved application for benefits but the benefits are still due. This allows for claimant's survivors to receive payment of any unpaid benefits the claimant had already claimed prior to death. Also, provides clarification in determining the order of survivorship.

OAR 471-070-1470 – Benefits: Benefit Payment Offsets - Explains the priority order of offsets that can occur from Paid Leave Oregon benefit payments. It also explains the minimum benefit payment amount that will be issued of no less than \$1.

OAR 471-070-1480 – Benefits: Federal and State Voluntary Tax Withholding - Clarifies the withholding rate for voluntary federal and state personal income tax to be withheld from Paid Leave Oregon benefit payments. Federal personal income tax withholding will be 10 percent and Oregon personal income tax withholding will be eight percent.

OAR 471-070-1490 – **Benefits: Child Support Withholding Obligations** – Clarifies that child support amounts due will be withheld from Paid Leave Oregon benefit payments.

	Need	for	Rule(s	:(:	Why	do	we	need	this	rul	e?
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In order to implement and administer the Paid Leave Oregon program with benefits and assistance grants, the Oregon Employment Department is promulgating permanent administrative rules in accordance with ORS chapter 657B. The rules clarify who shall file weekly claims, how benefit payments are calculated for self-employed individuals, what to do if a benefit check is lost, stolen, or destroyed, how to request voluntary federal and Oregon personal income tax withholding, and that child support will be withheld from benefit payments.

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Racial Equity Impact:

By providing paid and job protected leave, Paid Leave Oregon will allow those who do not currently have access to and cannot afford to care for themselves or their ailing family members, deal with the challenges of domestic violence and similar challenges, or bond with a new child in their family, to take that time off and still receive an income. This program will provide a much needed benefit to underserved populations and help to combat the insidious impact of historical and current injustice and iniquity that families of color face when trying to access government programs.

A commitment to equity acknowledges that not all people, or all communities, are starting from the same place due to historic and current systems of oppression. Equity is the effort to provide different levels of support based on an individual's or group's needs in order to achieve fairness in outcomes. Equity actionably empowers communities most impacted by systemic oppression and requires the redistribution of resources, power, and opportunity to those communities. While adopting and amending our administrative rules for self-employment, workers' compensation eligibility, child support withholding, employer assessed penalties, benefit payments, claimant responsibilities, expand the definition of leave duration as well as provide clarification on identification and verification form requirements.

The Paid Leave Oregon Division looked at the racial equity impact of these administrative rules and answered the below questions.

What are the racial equity impacts of this particular rule, policy, or decision and who will benefit from or be burdened?

The Paid Leave Oregon division administrative rules are intended to provide, clarity, clarification, and guidance on different areas of Paid Leave Oregon benefits such as how the program will issue unpaid benefits to survivors, expand the process for leave duration, eligibility and qualification for benefits, overpayments, and assistance grants. The administrative rules seek to ensure that employees have timely and equitable access to benefits when an eligible employee has made contributions to the Paid Leave Oregon Trust Fund established under ORS chapter 657B. The Paid Leave division recognizes the administration of benefits is the heart of the program and the administrative rules were developed with a focus on accessibility and compensation through a racial equity framework to identify potential structural barriers that may limit use of the Paid Leave program. Historically marginalized groups face systemic barriers in accessing coverage of health care systems. Barriers include racism and discrimination that can result in underdiagnoses of serious health conditions, limited access to local health care services, and expensive costs for health care services. In particular, these disparities impact Black, Indigenous, Latin/o/a/x, Asian, Pacific Islander and other people of color, women, people with disabilities, LGBTQIA+ communities, migrant workers, people who experience a socio-economic disadvantage, individuals with limited language proficiency including non-native English speakers, immigrant communities, and individuals with non-technical experience or resources to navigate requirements due to systemic and institutional barriers.

Safe leave benefits are new to paid family leave programs, in general. While there is not current data to reflect this, victims of sexual assault, domestic violence, harassment, or stalking (DVHSAS) face a number of structural barriers in reporting abuse and accessing support services, such as safety and privacy concerns, economic concerns/dependency, religious or cultural beliefs, bias or anticipated bias by police services or the court system, limited access to services, and fear of repercussions. Such barriers exist not only for accessing existing victim services, but potentially for accessing Paid Leave Oregon benefits. The rates of DVHSAS among historically marginalized groups are higher for Black, Latin/o/a/x, American Indian, and non-Hispanic

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multiracial women and men, lesbian and bisexual women and bisexual men, transgender individuals, and women with disabilities.¹

The Paid Leave Oregon division recognize that racial disparities, discrimination and inequities across society is evidence of institutional racism that is often invisible and sometimes unintentional, but inherent elements of policy development. While the rules aim to ensure equitable benefits for employees, these may not be sufficient to prevent barriers for those who may have an equity impact as identified above. We recognize the importance of acknowledging and understanding racial and ethnic disparities in access to and use of paid leave is vital in developing inclusive rules and policies. In addition, until the Paid Leave program develops its own measurable data, we continue to gather relative data from other states and draw experience from established benefit programs.

Program burdens:

- People of color, and more specifically Black, Hispanic/Latino/a/x and Native American workers have lower usage of paid-leave access and use than their White non-Hispanic counterparts²
- Ethnic and racial disparities exist to paid leave access. Although 72 percent of white workers reported having access to at least one form of paid leave, only 58 percent of Hispanic/Latinx ⁴ adults and 67 percent of Black adults reported having access to at least one form of paid leave. In addition, 41 percent of Hispanic/Latinx workers said they could take time off for the birth or adoption of a child and 40 percent for care of an ill family member compared to 57 percent of white workers who said they could take time off for both types of leave. ³
- Access to paid leave for the birth or adoption of a new child is. Women ages 18 to 34 reported the lowest rates of access to all types of leave, including paid leave for birth or adoption (45 percent), despite being the most likely to give birth to a new child.⁴
- People of color and immigrants are overrepresented in the restaurant, construction, and trucking industries and, as a result, may face added barriers to access to paid leave.⁵
- Hispanic/Latinx men are found to have the lowest rate of access to paid leave (56.8 percent), followed by Hispanic/Latinx women (58.9 percent) and Black women (67.0 percent).
- Nearly a quarter of women take 10 or fewer days of parental leave. ⁷
- Victims of intimate partner violence lose a collective total of 8.0 million days of paid work each year.
- Disparities in awareness about paid leave programs persist. Study shows workers with disabilities and serious health conditions and their caregivers indicated information from both the government and

 $\frac{https://ncadv.org/STATISTICS\#:\sim:text=1\%20in\%203\%20women\%20and,be\%20considered\%20\%22domestic\%20violence.\%22\&text=1\%20in\%207\%20women\%20and,injured\%20by\%20an\%20intimate\%20partner.}$

¹ https://www.socialsolutions.com/blog/domestic-violence-statistics/.

² https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/paid-family-and-medical-leave-racial-justice-issue-and-opportunity.pdf

³ https://www.urban.org/sites/default/files/2022-

^{07/}Access%20to%20Paid%20Leave%20Is%20Lowest%20among%20Workers%20with%20the%20Greatest%20Needs.pdf

⁴ https://www.urban.org/sites/default/files/2022-

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⁵ https://www.georgetownpoverty.org/wp-content/uploads/2019/08/Georgetown_PLUS-PaidFamilyMedicalLeaveOpportunity-20190804.pdf

⁶ https://www.urban.org/sites/default/files/2022-

^{07/}Access%20to%20Paid%20Leave%20Is%20Lowest%20among%20Workers%20with%20the%20Greatest%20Needs.pdf

https://www.clasp.org/publications/fact-sheet/paid-family-and-medical-leave-critical-low-wage-workers-and-their-families/

⁹ https://www.georgetownpoverty.org/wp-content/uploads/2019/08/Georgetown_PLUS-PaidFamilyMedicalLeaveOpportunity-20190804.pdf.

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employers was unclear, incomplete, and with limited support to navigate a complex application process. Tight due dates can be a barrier for those applying to programs.¹⁰

- In addition, large disparities in access to paid leave exist by immigration and citizenship status. Fewer noncitizens reported having access to paid leave (52.3 percent) than US-born citizens (70.3 percent) did. Younger workers are less likely to have access to paid family and medical leave. 11
- LGBTQIA+ people may also be unable to take time off to care for a loved one without "outing" their identities or relationships at work, which may result in adverse treatment and could cost them their jobs. Some fear the stigma they could face if they reveal the need to take time off for HIV related care or transgender-specific treatment. Too many others, especially transgender people of color and those who are low-income, may face other forms of anti-LGBTQIA+ discrimination, housing instability, and violence. 12
- Leave duration that matches health and development needs is crucial to helping workers maintain their financial stability. Adequate duration is especially important for low-paid workers who may have fewer financial resources and savings. Workers should be able to take leave intermittently and in short increments (hours or days) as needed. This flexibility is particularly more equitable for workers (and their loved ones) with disabilities or chronic health conditions who require ongoing care. It also supports more equally shared caregiving between parents. This is especially important for people with disabilities or chronic health conditions.¹³

To truly allow workers the ability to take time off to provide vital care for themselves or loved ones, employers are increasingly offering employees paid leave benefits, which permit employees to take sufficient paid, job-secured time off for significant life events like the birth or adoption of a child and the emergence of significant health issues. Paid leave not only helps ensure the health and well-being of employees and their families, but also improves employee productivity and satisfaction and helps employers attract and retain top talent by giving them a competitive edge. ¹⁴

Are there strategies to mitigate the unintended consequences?

It is important to recognize that complex bureaucratic processes often have built-in barriers, such as the dispute process, and the legal language used, that disproportionately impact those who are non-native English speakers and individuals who are socioeconomically disadvantaged. Furthermore, due to historical exclusion and systemic racism, communities of color, in particular Black, Latino/a/x or Indigenous persons in the U.S may not fully trust the legal system and government processes. ¹⁵ As policymakers consider legislation, however, they can help mitigate some of these concerns. Increased access to paid family, medical, and safe leave requires addressing disparities in access and enhancing racial equity by broadening worker coverage, expanding eligibility criteria, increasing wage replacement rates, and ensuring job and anti-retaliation protections. ¹⁶

¹⁰ https://www.georgetownpoverty.org/wp-content/uploads/2019/08/Georgetown_PLUS-PaidFamilyMedicalLeaveOpportunity-20190804.pdf.

¹¹ https://www.urban.org/sites/default/files/2022-

^{07/}Access%20to%20Paid%20Leave%20Is%20Lowest%20among%20Workers%20with%20the%20Greatest%20Needs.pdf

¹² https://hrc-prod-requests.s3-us-west-2.amazonaws.com/resources/Issue-Brief-Inclusive-Paid-Leave.pdf

https://www.georgetownpoverty.org/wp-content/uploads/2019/08/Georgetown_PLUS-PaidFamilyMedicalLeaveOpportunity-20190804.pdf

¹⁴ https://hrc-prod-requests.s3-us-west-2.amazonaws.com/resources/Issue-Brief-Inclusive-Paid-Leave.pdf

¹⁵ https://www.politico.com/news/magazine/2022/12/18/black-mistrust-healthcare-00060324

 $[\]underline{https://www.mprnews.org/story/2019/12/16/native-american-leaders-work-to-overcome-community-mistrust-of-census}$

¹⁶ https://www.urban.org/sites/default/files/2022-

^{07/}Access%20to%20Paid%20Leave%20Is%20Lowest%20among%20Workers%20with%20the%20Greatest%20Needs.pdf

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Paid Leave Oregon's goal is to ensure that there is equity for businesses and individuals as we implement Paid Leave for Oregonians. The division places a high priority on developing and maintaining a diverse and inclusive culture and ensuring there is equitable access to understanding and using the program for businesses and employees paying Paid Leave Oregon contributions. Below are some strategies the Paid Leave Oregon Division has implemented or plans to implement within the draft administrative rules to mitigate unintended consequences:

- Collaborating with community members most impacted to develop strategies and give recommendations to leadership to remove or lower barriers to accessing benefits
- Examining the root cause of factors that produce or perpetuate racial inequities to better understand gaps in the program and how to best address them
- Conducting focused outreach and engagement activities from now until implementation with payroll vendors and employers, prioritizing immigrants and speakers of diverse languages, Black, Indigenous, Latin/o/a/x, Asian, Pacific Islander, and other people of color
- Providing supplemental materials to guidebooks such as a, "frequently asked questions," section on our website, instructional videos, and other tools in order to accommodate different learning styles; monitoring usage to inform gaps in initial and continued messaging
- Establishing and using an equity framework to standardize review processes to ensure that all new and ongoing processes, procedures, rules, and related communications are furthering program equity
- Collaborating with the division's data team to gather and analyze information for any gaps or trends benefits access
- Centering the most impacted, those who have been historically underserved and under resourced by addressing practices, cultural norms and structural barriers that create inequities
- Commitment to open, ongoing and transparent dialogue with invested community members and policy makers
- Continuing to build the website, forms, guidebooks, and any other public facing documents in all 12 languages
- Monitoring a number of data elements related to contributions, appeals, and collections in order to determine if and what disparate outcomes historically marginalized groups are facing in Paid Leave
- Developing Key Performance Measures (KPMs), and report out regularly on equity disparate impacts in the Paid Leave Oregon program
- Continuously explore ways to make changes within the policy and technology solution when racial disparities begin to arise in the program
- Having instructions in plain language and easy to use tools that allows more individuals ability to file for benefits, understand how application process works, and be better equipped to complete the process
- Creating video instructions in several languages to give direction for Frances Online
- Providing widespread and prioritized instruction with varied and accessible user support services that meet the needs of the public
- Building a universal glossary of terms that is the same across the division to help with delivering consistent information to lessen confusion among division employees and the public
- Committing to, and then provide, ongoing anti-racism and trauma-informed care training to assist staff in understanding, identifying, and eliminating racial inequities the policy, procedures, and rules that may otherwise have on already marginalized groups.

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Fiscai	and	Economi	e impact:

Any fiscal or economic impact for PFMLI benefits is the result of the statute being implemented. There is no fiscal or economic impact associated with these new administrative rules as the personal income tax withheld will be paid to the IRS and the Oregon Department of Revenue and the child support payments will go to the Division of Child Support.

☐ Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

The administrative rules on Paid Leave Oregon benefits will likely have an impact on state agencies, local governments, and other public bodies because their employees (claimants) may be eligible for Paid Leave Oregon benefits. The state agencies, units of local government, and the public may need to provide additional information requested by the department to verify claimant information and accept leave notices from their employees.

The administrative rule for Paid Leave Oregon assistance grants by requiring the federal identification number on the application will impact state agencies, local governments, and other public bodies only if they have less than 25 employees on average and are applying for an assistance grant.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number and type of small businesses subject to the rule:

In the second quarter of 2022, Oregon had approximately 113,900 small businesses with fewer than 50 employees that employ 34 percent of the state's workforce. Oregon has approximately 107,500 small businesses with fewer than 25 employees that employ 24 percent of the state's workforce.*

Based on the percentage of small businesses electing to offer an equivalent plan to their employees in Washington State's Paid Leave program, it is estimated for Oregon that, of the 126,000 small businesses, approximately 371 small business employers will submit an application to have a Paid Leave Oregon equivalent plan instead of participating in the state plan.

* Source: Oregon Unemployment Insurance Wage Records

b. Projected reporting, recordkeeping, and other administrative activities required for compliance, including costs of professional services:

The reporting, recordkeeping, and other administrative activities included in the Paid Leave Oregon benefit administrative rules relate to eligible employees and not the small businesses.

Small businesses that have on average less than 25 employees in a year may qualify for an assistance grant if an eligible employee is out of work for Paid Leave Oregon purposes. The assistance grant application is required by statute but the rule amendment requires the federal employer identification number be added to the application. This will take minimal time for the employer to add to the application.

c. Equipment, supplies, labor and increased administration required for compliance:

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The department believes there is no equipment, supplies, labor, or increased administration required for compliance with the Paid Leave Oregon benefit administrative rules as these rules impact the eligible employee rather than the employer.

rather than the employer.
☐ Describe how small businesses were involved in the development of these rule(s).
The Paid Leave Oregon Advisory Committee, which serves as the Rulemaking Advisory Committee (RAC), is statutorily required to have a four members represent employers, with at least one of whom represents employers with fewer than 25 employees. The RAC was consulted when developing these rules.
Small businesses may also sign up to participate in our community engagement events (out of 507 town halls there were 20,775 attendees), receive Paid Leave Oregon emails (107,307 unique emails are on the Paid Leave Oregon email distribution list), listen to Paid Leave Oregon Advisory Committee meetings (about 30 attendees at each meeting), attend RAC meetings (on average between 100-150 attendees each meeting), and are invited to provide feedback on the proposed draft rules.
 Documents Relied Upon, and where they are available: Paid Leave Oregon statute – ORS chapter 657B
PROPOSED RULE LANGUAGE
Final Draft of Rule Language to be filed: The rule language is on individual documents due to the length of the draft rules.