



Paid Leave Oregon Advisory Committee

January 29, 2026

1-2:30 p.m.

Join ZoomGov Meeting

<https://www.zoomgov.com/j/1601999817>

Members

Juan Serratos (Committee Chair)	
Amanda Dalton (employers)	Catie Theisen (employees)
Jenny Dresler (employers)	Delina Biniam (employees)
Rich Reynolds (employers)	Anna Richards Roberts (employees)
JaJetta Dumdi (employers)	Odalis Aguilar-Aguilar (employees)

Agenda

Docket #	Topic	Purpose	Presenter
1.0	Welcome & Introductions	Inform	Ellie Johnson
1.1	Member Roundtable		
1.2	Approval of November Notes		
2.0	2026 Short Session	Inform	Tjorven Sievers &
2.1	Budget Limitation Increase Request		Karen Humelbaugh
2.2	LC 220		
3.0	Paid Leave Oregon Website Update	Inform	Anne Polak
4.0	Quarterly Program Performance	Inform	Ellie Johnson

November Notes

Docket #	Topic	Purpose	Presenter
1.0	Welcome & Introductions	Inform	Juan Serratos & Andrew Stolfi
1.1	Member Roundtable		
1.2	Approval of August Meeting Notes		
	<ul style="list-style-type: none"> Acting Director Juan Serratos welcomed everyone, stating we appreciate any insights or feedback everyone has today. From Anna: Quick observation trying to help someone sign up for paternity leave and not knowing exactly, he is trying to do it in advance and not knowing what to put for the date because not entirely clear when baby is going to come. I couldn't, looking through the how-to guide, get an answer to that question. Spent a fair amount of time on hold, until the end of shift with the call center. Note of something I think would be helpful to clarify a bit more for folks who are filling out the form in anticipation of medical leave. Juan: Would it be helpful if we find that resource for you Anna so that you can share with them? But also taking a note to ensure we update that and emphasize it on our website as well. Just double checking. Anna: Yes, if somebody has the answer would love that. I haven't been able to get it yet. August Notes Approved Introductions Introduced Delina Biniam new Advisory Committee member, she/her pronouns, Reproductive Justice Manager for Family Forward and happy to be a part of this space. Introduced Tjorven Sievers who has taken on the Senior Policy Analyst role that Shannon previously held. she/her pronouns, previously policy analyst with Paid Leave Policy. Committee members and OED Director Andrew introduced themselves. 		
2.0	Administrative Rules Update	Inform	Tjorven Sievers
	<ul style="list-style-type: none"> Batch 13 Paid Leave Temporary Administrative Rules: On October 1, 2025, OED filed two temporary administrative rules related to appeals. The temporary rules will be made permanent with the Batch 14 permanent administrative rules. Batch 14 Permanent Administrative Rules: Following the RAC meeting, on October 28, 2025, OED filed 23 proposed rules related to benefits, equivalent plans, contributions and appeals with Secretary of State's (SOS) Office Public hearings are scheduled for November 17, 1-2:30 p.m. and November 19, 10-11:30 a.m. Public comment period November 3 – December 5, 2025 		

Aim to adopt Batch 14 rules by January 1, 2026

3.0

Program Update

Inform

Juan Serratos

- The trust fund was at six and a half months of reserves at the end of 2024, and as you can see here on slide 4, we are projecting it to grow to seven-point eight months reserve at the end of this year. By the end of 2026, the trust fund is projected to have seven and a half months in reserve.

There is a slight reduction in the number of months of projected reserves by the end of 2026. That is because we are currently projecting an increase in benefit payments next year.

- For calendar year 2024, Ayesha estimated we would receive 131,000 applications. We ended up close to that estimate with 129,000 applications. For 2025, we are projecting 153,000 applications.
- Slide 5 shows The Paid Leave Oregon Connector Pilot Program which was developed to help customers facing challenges accessing Paid Leave —particularly limited digital access, language and cultural nuances, and disabilities — by offering in-person, one-on-one support.

Many customers need help understanding the process, completing online applications, uploading required documents, and following next steps.

Connectors assist customers with creating Frances Online accounts, filing claims, uploading documents, and resolving issues that may otherwise delay benefits.

Currently we have six customer care reps who are on a volunteer basis serving as connectors between three locations, Salem, Woodburn and Beaverton. Four Customer Care teams serving as Schedulers (scheduling appointments via phone) and newly added 12 Public Service Reps to help with scheduling.

We are planning to continue this program going forward and in fact, we are planning to expand it in phases. We will make sure to keep this topic as part of our program update going forward.

- Slide 6 shows, since March, we've served over 600 individuals through the Connector Program. On average, appointments last about 35 minutes, giving Connectors enough time to provide personalized, one-on-one support. Services are primarily requested in Spanish, English and American Sign Language with about 35% Spanish speakers using the program. 69% of customers are walk-ins, a major increase since the start of the program. 71% of in-person support was due to technology reasons.

Based on responses from a customer experience survey that was launched in August 2025, the most common reason people come in is for help with technology-related challenges and this aligns with what our Schedulers and Connectors are tracking. Some examples of technology related challenges for customers include things like navigating the Paid Leave website, uploading documents, applying for benefits, and accessing Frances Online.

More than two-thirds of individuals did not require any additional follow-up after their appointment, showing that many issues are resolved in one single visit.

We have completed a proposal to expand this service across the state in designated WorkSource offices or in partnership with community-based organizations. We believe these additions will help bring Paid Leave to some of the communities who need it the most.

- Slide 7 shows a breakdown of the type of leave applications we are receiving. Over the life of the program, we have received 306,333 finalized applications. Finalized applications are ones that have passed the ID-verification process.

Medical leave still accounts for the largest share of applications and then bonding leave. Pre-placement leave is new as of January, and we have received 67 finalized applications for pre-placement leave thus far. In 2025, we've received an average of about 448 total new applications a day (about 442 finalized applications/day). This is an increase compared to 2024, when we saw about 384 total new applications a day (about 368 finalized applications/day). We are closely monitoring the health of the Trust Fund. An increase of about 17% from 2024 to 2025.

- Slide 8 shows the number of unique claimants we have paid to date – almost 171,000 Oregonians have received over \$1.4 billion in benefits. There are about 35,000 unique people whose applications have been approved but they haven't either claimed a week yet or just haven't been paid.
- Slide 9 shows the average number of days it takes us to process an application from when we receive it to when we make a decision. Processing times have increased slightly since spring and spiked in July. This may be partially due to an unexpectedly higher number of staff on leave during summer. Since the spike in July, staff have re-focused on processing applications, which has helped to bring down the processing times again somewhat.
- Slide 10 has additional data on how many calls we receive each month and how many are answered within 15, 30 and 60 minutes. Our call volume has increased since June, as well as our average speed of answer from below 30 minutes to over 40 minutes in September.

In September, it took us over an hour to answer about 30% of calls, which is a big increase from the 2%-5% we saw last quarter. This is connected to staff focusing more on processing applications following the spike in processing times in July and potentially the higher volume of applications we have seen in September, but we are going to monitor this data carefully over the course of quarter 4.

- On Slide 11 you will see since July, we have approved six more grant applications (four for replacement workers and two for wage-related costs). The right side shows the number of self-employed applications. Applications continue to come in slowly.
- Slide 12 shows the employee and employer count for equivalent plans as of 30 September 2025. Equivalent plans are an option for employers – an employer can apply to provide a plan equivalent to the state plan through a third-party insurer or themselves. There were slight declines since Q2 in employee coverage and employer participation.

- 0.8 percentage point decrease in the number employees covered by an Equivalent Plan.
- One and a half percentage points decrease in the number of large employers with an equivalent plan
- 0.2 percentage point decrease in the number of small employers with an equivalent plan

Suggests potentially some employers are returning to state plan.

- Let's move into some demographic data on slide 13. Remember, all the demographic data captured on the application is optional – individuals can select “choose not to answer” on any of the questions. This slide speaks to percent of applications received from different regions of the state. To establish consistent zip code size designations, Paid Leave staff from the Data and Outreach Teams created a custom map that assigns one of four designations based on the population density of each zip code in Oregon. Frontier (Green) and Urban (Red) regions of the state are applying at roughly proportional rates to the amount of people who live there. The key insight today is that Rural (Blue) Oregonians appear to be applying at lower rates, while Suburban (Orange) Oregonians appear to be applying at higher rates. This could have demographic explanations. Suburban areas have generally higher labor force participation. Since we last met in August, the percentage of applications by zip code has remained consistent.
- Slide 14 shows the Paid Leave Oregon claimants are trending similar to the U.S. Census demographics and haven't changed much since we last met in August. No group has changed, one way or another, more than 1%.
- Slide 15 shows a direct comparison between male/female from Paid Leave approved applicants and the Oregon Labor Force data from the Census. The U.S. Census Bureau only tracks "male" and "female" responses without consideration for other genders and sexes. Paid Leave data is more inclusive, which impacts percentage comparisons with the Oregon Labor Force. Since we last met in August, the percentage of applications by gender identity has remained consistent.
- Slide 16, we are carefully watching the income levels of folks we serve as well. Using the 2023 U.S. Census Bureau table, the 2025 claimant wage brackets are closely aligning with the Oregon labor force in many brackets. Compared to when we met in August, we are seeing a slight increase in the percentage of applicants in each of the income brackets up to \$34,999 and a slight decrease of the percentage of applicants in each of the income brackets from \$50,000-\$64,999 to \$100,000 or more. This indicates that we are reaching more individuals in under-resourced populations.

Questions/Feedback:

- **Question:** Regarding “For calendar year 2024, Ayesha estimated we would receive 131,000 applications. We ended up close to that estimate with 129,000 applications. For 2025, we are projecting 153,000 applications.” Is that approved applications or total?

- **Answer:** That is total.
- **Question:** On the connector program, that is exciting, and I am glad to hear that it is going on. Think it would be great for it to be expanded. I was wondering if your design team is seeking feedback from these folks on where people are stumbling. For example, I was trying to help someone fill the form out the other day and there is a line in there where you give your address and it says 'attention', it is just not clear for someone who has never used a fax machine what does attention mean. I explained that it means who do you want the letter to go to when it arrives in your mailbox. Those types of observations from folks helping folks that are facing technological barriers, could see that as being very helpful and decreasing the need for those types of support.
- **Answer:** The team implemented a customer service survey that they share with customers who were helped in person. It was implemented a few months ago, I can't remember exact date but think it was around August when they began to use it. It has been helpful to identify those barriers and challenges. This reminds me we are planning to conduct a customer service survey early next year so we can also get feedback from customers who are calling us or interacting with us in different ways. Specific to the Connector Program we do have a survey that is given to customers and used.
- **Question:** Regarding the assistance grants for small businesses, you made the comment that with the high number of denials small employers aren't understanding what the grants are for. Can you dig a little bit deeper, you don't necessarily need to do it today if you don't have it at your fingertips. I think from the employer community and obviously this is a state funded grant that they felt was important so if it's not working it seems like we should try and figure out why to make sure it works. Those numbers seem in the wrong direction in my opinion.
- **Answer:** I don't have a lot more details here with me today, but we will follow up on this. I will provide additional information on it. Also hoping that the customer service survey we are planning to conduct early next year will help us identify some of those challenges and maybe identify some outreach efforts we can implement. A challenge for us at this time because the grant is not being used as we were planning for.
- **Question:** I had a question about the number of days to process. I think I heard you say that 21 was the goal, but I thought that the goal was 14 days.
- **Answer:** We are approaching this like a phased approach. It would be complex for us to implement, get everything set up, make sure the team was performing as expected, there were many considerations for us. What we are doing currently is getting to that 21-day goal, but the long-term main goal we have is to issue payments within 2 weeks. For us the biggest challenge has been to be able to predict the volume of applications that will be filed month to month and then have the necessary staffing to address those volumes. At this time, we are finally getting to that point where we can see how many staff we need in each of the areas, but this has been the main challenge for us as a new program. Also, in relation to phone calls we have a different goal to address 80% of the phone calls within 15 minutes.

- **Question:** A few slides back when it comes to difficulties in regard to the program or accessing the program, there was a significant percentage of people who had a preference to in-person versus online or phone calls. Are there in person options and how is that distinguished based on the different geographical regions that are represented? I am thinking specifically of rural or rural-costal and frontier folks.
- **Answer:** Right now, the only options we have for in-person service is in the WorkSource office in Salem, Woodburn, and Beaverton. Currently those are the only three locations where we offer those services. We recently reviewed a proposal to expand those services to other locations, but we are still trying to determine what offices those would be. There is a recommendation for rural and costal offices that you referred to. Planning to expand those services, at the next meeting we will have more information on that expansion.
- **Question:** Would also like to know what the in-person rates are for folks that go through the process and what that difference is in terms of timing versus online and phone call. Obviously, we can't do that right now, but next meeting would love to see what those numbers look like in comparison.
- **Answer:** We are planning to work on that. It might not be that easy. Right now, it is not easy to identify when someone filed their application with someone in an office or in person. We can't tell if it was filed there or if they filed by calling. Our data team is looking into mapping the application life cycle to track more closely at what point customers are getting stuck in the process. Thinking of that and thank you for the question.
- **Question:** Was wondering, I am on Paid Leave website and searched "connector" but couldn't find it. It's a great resource to be able to tell people about. Our union offices get a lot of requests to help people fill these out, it's frustrating as not our job to do so but people struggle with online. Can you provide the office hours or how do we find that information?
- **Answer:** Will follow up with the team on that question. It has been limited while it was a pilot as we wanted to control who is offering appointments. At this time, the main goal is to set up appointments so when customers come into the office there is someone there to speak with them. The way it has worked is when customers call, and our staff identify that this customer is having difficulty and could benefit from additional support, we go ahead and schedule an appointment. Have also seen customers starting to come in, there have been a lot of walk-ins as shown on the slide and we are trying to adjust to that need as well. Generally, it has been appointments only. I will follow up with you as we expand, we will think through other options such as if someone could be referred to or access this service in a different way. We will get back to you.

In today's meeting we will bring forward our proposed approach to address the IRS 2025 ruling on taxability of medical leave benefits. As described on the updated memo I sent to you on October 31 we recommend the status quo approach, and I will go into more detail today.

Since we went over the two compliance paths at the worker and employer caucus meetings and they are described in detail in the updated memo, I will only provide a short summary of each approach today and then discuss the main considerations we have identified, before going over the recommendation.

After going over the recommendation, we will take your feedback and advice.

Before diving into the two approaches, just a quick reminder that the issue centers around how employer contributions are used. The IRS ruling changed things by declaring that if employer contributions are used to fund medical leave benefits it would create a tax liability and require a W2 to be issued.

The ruling also gave a path to avoid such a costly situation, stating that if "state law" specifies the rate of contributions allocable to each type of benefit fund such an allocation would control for Federal tax purposes.

In other words, if a state set up its program so that employer contributions are not used to fund medical leave benefits then it could avoid the new withholding and reporting requirements. This is important to keep in mind when considering the two paths.

With that background, we can start by talking about what we are calling the implementation path as seen on slide 18. This path would result in us continuing to use employer contributions to fund a portion of medical benefits. That would mean that we would need to make significant changes to processes and our system in order to comply with the withholding and reporting requirements the IRS laid out in its ruling.

Would require major administrative effort, the implementation cost is estimated at 10 million, when we take into account staffing costs and the cost to enhance the system.

Additionally, this path would also require an ongoing cost of approximately 20 million per year, as it relates to taxes paid.

We would need to determine who pays taxes on behalf of the "employer," would it be the program or can this liability be transferred to employers.

At the same time and since claimants would need to pay taxes on their medical benefits, their total benefit amounts would be lower.

Requires legislative changes to allow us to implement the changes.

Significant impact to employers and employees and Paid Leave trust fund due to the implementation cost, reprogramming of not only our system but also potentially employers' systems.

Implementation not feasible before January 2027 without IRS extension.

We requested delay until January 2027 jointly with WA and CO; awaiting response.

Seen on slide 19, the second path is what we are calling the status quo approach because, especially as compared to the implementation approach, all the fundamental aspects of the program remain unchanged.

Through internal accounting changes at the agency in how we record and track revenue and expenditures, we can avoid the withholding and reporting changes in the IRS ruling by ensuring that employer contributions are not used to fund medical benefits.

This approach:

- Minimizes impact on employers, employees, and trust fund.
- This approach would require a statute to specify how contributions are allocated.
 - To fully comply with requirements of IRS ruling, state law must specify how program allocates contributions to leave types.
 - If state law does not specify allocation, taxpayers can assume that contributions are equally allocated to all leave types.
 - Our understanding is that Paid Leave currently doesn't have statutory authority to specify contribution allocation by rule, so statutory change is required.
- While we need a statutory change to fully comply with the IRS ruling, we could make the related internal accounting changes over the next few months in order to demonstrate effort to be in compliance before statutory change takes effect. This could be especially important if the IRS doesn't grant the extension we requested.
- If legislation fails, the program must pivot to the implementation path.

Moving onto slide 20. That is a good summary of the options. As you have seen, the implementation path would be complex, impactful and costly to implement and maintain.

That is why we are recommending the second option, the Status Quo Approach: Establish internal revenue tracking mechanism ensuring employer contributions are not used to fund medical benefits to minimize the impacts to employees, employers and the program.

This approach would minimize impacts to the Paid Leave Trust Fund and significantly reduce administrative costs - we have not identified additional one-time or ongoing costs to implement this path, and the required implementation work can be carried out through OED's normal business processes.

- Next steps:
 - Work with legislature to get statutory authority to adopt a rule that lets us avoid the impact of the IRS ruling, and then adopt necessary rules if we are given the statutory authority

- As mentioned, we are seeking an extension from the IRS. As we don't know if we will get that extension, we could make the internal accounting changes over the next few months that we would have to make anyway as a way of showing the IRS that we are on the path towards compliance.
- In addition to the internal accounting changes, we could also make two related program changes through system programming and rule to put us further down the compliance pathway:
- Change system programming: We could update the withholding for medical leave, to ensure that employees do not pay taxes on medical leave after January 1, 2026, since employer contributions would no longer be used to fund medical leave benefits following the accounting changes.
- Adopt required temporary rules: We could adopt two temporary administrative rules by January 1, 2026, to clarify that claimants cannot elect to have tax withholding for medical leave, only for family, bonding and safe leave, and clarify that Paid Leave benefits are not considered wages for contribution purposes.
- Even after making these accounting and system changes, we would still need to get statutory authority to establish the "state law" requirement the IRS ruling indicated is necessary to avoid the withholding and reporting requirements.
- We will engage with you as we draft any required administrative rules or legislative changes in the next few weeks and keep you informed about the process.
- We would like to hear any feedback or questions you have at this point.

Questions/Feedback:

- **Andrew:** Juan, you did a good job summarizing the two approaches recommended, especially pointing out the cost differences. The first path would have a significant cost to employers, and the second would not.
- **Paloma:** On the one single trust fund element of the status quo implementation idea, has that been run by LFO and DAS budget individuals?
- **Juan:** Correct me if I am wrong but we have confirmed there is a way for us to manage funding through one fund.
- **Andrew:** Yes, we haven't talked to LFO about anything. Our CFO has been really involved in this. Can't recall if she has talked with DAS or not. The treasurer is the one who sets up different accounts and that requires legislative approval. Our CFO is very confident that we don't need two trust funds in order to properly account and manage, if we went down the status quo approach, just had one trust fund and implemented the accounting practices we would be able to properly track, properly pay, withstand any audit, inquiry or review ensuring we were doing that.
- **Anna Roberts:** Clarifying question – are you taking questions from non-committee members?

- **Juan:** Thank you for the question, I know Paloma has been very engaged through this conversation and sometimes she has been the backup for members so that is why we took her question. Thank you for asking.
- **Catie:** In the interest of moving this along, I really appreciate all the work that was done on both options. I can only speak for myself, but I don't have any interest in a huge cost to the state workers or employers ever or particularly right now in the moment we are in. The status quo approach as you laid out is the appropriate step forward.
- **Anna:** I would echo Catie's sentiment there.
- **Amanda:** That is helpful Catie, I appreciate you giving your feedback. We haven't heard from labor yet where you were leaning on this, so I think it is helpful to hear that. I don't think we necessarily disagree. My understanding is that this will be presented to Legislative leaders if it hasn't already with an ask to go to the session, is there a way for us to simplify that memo a bit, it is a little bit confusing. Not to say we should be like Washington, but Washington did do a great simple memo maybe we could use some of it. Sounds like they are making the same recommendation in their program. I think what is going to be most important because a lot of this is unknown, is the more in writing the better for the employers and as much for the employees. A very simple chart that shows, 'this proposal eliminates the need for tax withholdings and show that with the others, 'this potentially eliminates the risk of penalty because it reduces the build-up time', then maybe a caveat if it doesn't who is responsible. For the most part we want certainty, and we want to know what this looks like. The biggest piece, and my concern, is where this leaves us in the future. I don't want there to be conversations in five years about who is paying what portion of the benefits and how we need to go back and adjust the 1%. I do not want this fix to be the basis of that conversation. I think the agency is the right one to lead on that presentation and the way you frame this to the Legislator because otherwise this will be far more difficult to get done in the short session then we want it to be. I ask for a simplified chart about obligations, expectations and clarity for employers going forward as we make this significant change.
- **Andrew:** Great point, just so everyone knows we have already been asked to come and testify in both the House and Senate side on this issue. Planning a very complete and accurate, along with simple and straightforward presentation. We can put together a one-pager that does exactly what you are saying to share along with that, short, sweet, concise and to the point talking about exactly what you said.
- **Odalis:** For the record I agree with the status quo. After seeing the presentation and seeing all the numbers coming together, the program has done a lot of work to make sure it is efficient as possible, and we are providing information to the consumer. Also, I appreciate Amanda raising making sure the employers know what resources are available to them and how they can access those resources. I think being able to have a simple one pager, because I have been reading this for as far as I can remember and I still struggle sometimes to pull everything apart. I truly support if there is any space we can come together and make

sure that Legislative leadership and folks know that this is the direction we want to go with, I would strongly urge that.

- **Rich:** I support the status quo approach as well.
- We will engage with you as we draft any required administrative rules or legislative changes in the next few weeks and keep you informed about the process.