

## PFMLI Implementation Timeline Briefing

### Background

Oregon Revised Statute chapter 657B (ORS chapter 657B) was enacted in 2019, creating a Paid Family and Medical Leave Insurance (PFMLI) program housed within the Oregon Employment Department. The PFMLI program provides employees with compensated time off from work to care for and bond with a child during the first year of the child’s birth or arrival through adoption or foster care; to provide care for a family member who has a serious health condition; to recover from an employee’s own serious health condition; and to take leave related to domestic violence, stalking, sexual assault or harassment (safe leave).

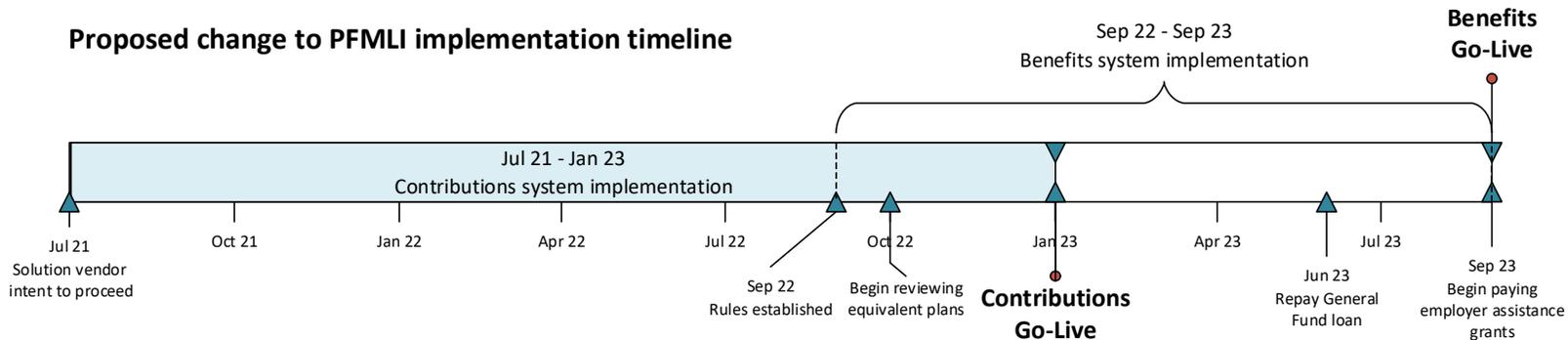
**The pandemic has shown us how vital paid leave is and how important it is that we get this program right for Oregonians from the beginning.**

### Issue

When it was enacted in 2019, ORS chapter 657B established an ambitious timeline for implementing the paid family and medical leave insurance program. Given the impacts of the pandemic over the last year, and the responsibility of the entire agency to focus all of its efforts on administering unemployment insurance benefits to hundreds of thousands of Oregonians, it’s clear that we need to adjust this timeline to implement the PFMLI program successfully.

### Current Law vs. Proposed Change

Under current law, contributions were to begin January 1, 2022 and benefits to be paid starting Jan. 1, 2023. Additionally, both the employer assistance grants would begin to be paid and the general fund loan would be repaid on Jan. 1, 2023.



**If the Oregon Legislature approves these changes, the new timeline will allow us to:**

- Adequately develop policy and administrative rules prior to collecting contributions from employees and employers and paying benefits to eligible workers.
- Build a modernized technology platform that serves both unemployment insurance (UI) taxes and PFMLI contributions, which would significantly improve customer experience by permitting employers to utilize a single system.
- Afford time for adequate planning and preparation by partner agencies responsible for components of the program.
- Review and process employer equivalent plan applications using our new technology, avoiding the need for a separate manual process.
- Involve user groups in substantial testing of the contributions technology solution prior to go-live, which would allow for a smoother rollout.
- Stabilize rollout, ensure staff are prepared to effectively serve customers, and improve the customer experience.

**Even with these changes, the timeline to implement the PFMLI program is still aggressive. We remain committed to launching this vital program as quickly and successfully as possible. To ensure delivery of an equitable, inclusive, and well-functioning paid leave insurance program for all Oregonians, the agency recommends adopting the new proposed timeline to be introduced in the Legislature.**

## **Completed and Ongoing Work**

- Formed Advisory Committee, which meets monthly (Dec. 2019)
- Conducted third-party actuarial analysis of projected PFMLI revenues / costs (Feb. 2020)
- Hired initial policy team (March 2020); continued hiring additional staff through 2020 and early 2021.
- Conducted five town halls, reaching over 2,500 Oregonians (Nov. to Dec. 2020)
- Reached decision that the state will administer PFMLI benefits (Feb. 2021)
- Conducted contract negotiations to hire a vendor to assist with planning and delivery of PFMLI communications and outreach (Target completion: April 2021)
- Developing administrative rules, policies, and business processes (in process)<sup>1</sup>
- Working with OED Modernization Program to integrate PFMLI contributions technology into UI modernization project (in process)
- Business design, process mapping, and system requirements to support technology development (in process; on track for contributions technology project kickoff Jul 2021)

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<sup>1</sup> PFMLI posted early drafts of 11 proposed rules in December 2020 and 10 rules in January 2021. These rules focused on the definition of wages, aspects of equivalent plans, counting employees, and the definition of serious health conditions. We had anticipated posting proposed rules each month, aiming to start formal rulemaking in April-August 2021; however, stakeholder feedback indicated that proposed rules were too difficult to review piecemeal, and they requested draft rules be made available in complete topical batches. Consequently, we have reprioritized and are developing further topical rules in relevant groupings. This change, as well as hiring processes, staff training, and legislation tracking have delayed the originally anticipated rulemaking timeline.