

**Legislative
Fiscal Office**

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**Joint Committee on
Ways and Means**

Sen. Betsy Johnson, Senate Co-Chair
Sen. Elizabeth Steiner Hayward, Senate Co-Chair
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair
Rep. David Gomberg, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: Capital Construction Subcommittee

From: Kim To, Legislative Fiscal Office

Date: June 17, 2019

Subject: HB 2005 – Relating to family medical leave benefits
Work Session Recommendations

HB 2005 creates a paid family and medical leave insurance (FAMLI) program to be administered by the Oregon Employment Department (OED), or a third party contracting with OED, to provide employees 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 their own serious health condition; and to take leave related to domestic violence, stalking, sexual assault or harassment (safe leave).

The fiscal impact statement for the start up cost of the paid family and medical leave insurance program is posted on OLIS.

The measure previously had hearings in the House Committee on Rules on 6/11/2019 and 6/13/2019, and was reported out with a do pass recommendation.

Budget Note #1

LFO recommends the following budget note for the Employment Department:

To ensure the successful planning, management, and implementation of the Family and Medical Leave Insurance (FAMLI) program, the Employment Department is directed to conduct a risk assessment of its capacity to plan, manage and implement multiple major IT projects simultaneously, and report back to the Joint Legislative Committee on Information Management and Technology and the Joint Committee on Ways and Means during the 2020 legislative session on risk assessment findings and potential strategies -- including changes to anticipated implementation timelines -- to meet the objectives of both the FAMLI project, and the unemployment insurance tax system modernization project.

In addition, the Employment Department is directed to obtain qualified business project managers, systems analysts, and other consulting contractors with experience in planning projects of this type, scope, duration, and magnitude. The Employment Department is further directed to work closely with, and regularly report project status to, the Office of the State Chief Information Office (OSCIO) and Legislative Fiscal Office (LFO) throughout the lifecycle of the project, reporting to the Legislature as requested, and to follow the Joint State OSCIO/LFO Stage Gate Review Process, utilizing all associated reporting and project management protocols throughout the life of the project.

Budget Note #2

LFO recommends the following budget note for the Department of Administrative Services:

The Department of Administrative Services is to report to the Joint Legislative Committee on Information Management and Technology and the Joint Committee on Ways and Means during the 2020 legislative session on the scope, duration and cost estimates associated with making HB 2005 required changes to the current, legacy Oregon State Payroll System. The report should include a comparison of the operational, financial, and schedule impacts associated with making HB 2005 required changes to the current system and how they will be addressed within the new Oregon State Payroll System as it is deployed.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on the Budget Notes. (VOTE)

OR

Change LFO Recommendation (any changes must be approved by the co-chairs):

MOTION: I move the LFO recommendation on Budget Notes, with modifications. (VOTE)

Recommended Changes

The -A5 amendment:

- Appropriates \$15,688,586 from the General Fund to the Oregon Employment Department for the 2019-21 biennium to pay for the start-up costs of establishing the program. The appropriation is reimbursable to the General Fund, without interest, when the department determines that the balance in the FAML I Fund is sufficient, but no later than January 1, 2023.
- Increase the Department of Justice Other Funds expenditure limitation by \$219,016 for the General Counsel Division to support various legal service needs of agencies related to the implementation of the FAML I program.

LFO recommends adoption of the -A5 amendment.

MOTION: I move adoption of the -A5 amendment to HB 2005. (VOTE)

Final Subcommittee Action

LFO recommends that HB 2005, as amended by the -A5 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move HB 2005, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____