Engage PEO Client Alert: Oregon

Paid Family and Medical Leave (PFML) - Employee Payroll Deductions begin January 1, 2023 Legislation

What's New: Beginning on **January 1, 2023**, Oregon employees will be subject to an additional mandatory withholding to fund the expansion of the Oregon Paid Family and Medical Leave Act (PFMLA), which will provide wage replacement benefits to all eligible Oregon employees taking family or medical leave.

What it Means:

- In order to fund this program, employers will be required to:
  - Withhold up to 0.6% of the employees' gross wages; and
  - Employers with 25 or more employees will also be required to contribute no more than 0.4% of their employees' gross wages. Employers with fewer than 25 employees will not need to make the 0.4% contribution but will be obligated to collect and submit their employees' share.
- Under the PFMLA, employees will be able to take up to 12 weeks of paid leave (14 weeks if leave also includes incapacitation due to pregnancy) in a 12-month period.
- The leave is to care for and bond with a child after birth or placement through adoption or foster care; to care for the employees' own serious health condition; to care for a family member with a serious health condition; or to obtain assistance related to domestic violence, harassment, sexual assault or stalking.
- This program does not extend the total time of leave employees may be entitled to take, but rather, provides wage replacement benefits during the leave. The leave will also provide job protection if the employee has been employed for more than 90 days.
- Benefits under the PFMLA are expected to begin on September 3, 2023. The amount of benefits will depend on how much an employee has earned, but some employees will receive benefits of up to 100% of their regular weekly pay.
- Beginning September 6, 2022, employers may apply for an exemption from the PFMLA if they offer the same benefits to all employees through a private plan. Although employers can apply for an exemption, individual employees are not permitted to opt-out.

Engage has drafted the attached template memorandum for your use to inform your employees of the upcoming new deduction. The state has also prepared a Model Notice poster that is available in various languages. The poster must be displayed at each work site and sent out to remote workers no later than January 1, 2023.

What Employers Should Do: Employers who do business in the State of Oregon should familiarize themselves with the law, post the required notice, and review their payroll practices to ensure compliance. Engage will also provide additional information once it becomes available. If you have any questions, please contact your Human Resources Consultant or Account Manager or the State of Oregon at paidleave@oregon.gov.

[COMPANY LETTERHEAD]

MEMORANDUM

To: All Oregon Employees

From: [Insert Client Contact]

Date: [Date]

Re: New Upcoming Payroll Deduction - Oregon Paid Family and Medical Leave Act

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Oregon is currently in the process of implementing a new system that will entitle each eligible Oregon employee to paid family leave under the Paid Family and Medical Leave Act (PFMLA). The new benefits under the law will not start before **September 3, 2023**. However, employers must begin taking deductions from the pay of Oregon employees to fund the program on **January 1, 2023**.

Beginning **January 1, 2023**, you may notice an additional withholding from your paycheck. **The company will start making additional withholdings from paychecks for the PFMLA as required by law**. The rate of the deduction will be initially capped at 0.6%.

Beginning September 3, 2023, eligible employees will be able to receive up to 12 weeks of paid leave in a 12-month period for a range of reasons. The leave can be taken together or intermittently. The amount of benefits an eligible employee will receive will be dependent on their wages, but the maximum benefit is up to 100 percent of their regular weekly pay.

The reasons for leave include:

- The birth of a child of the employee, bonding with a child in the first year after the birth or through adoption, or placement of a child with the employee for adoption or foster care.
- The need to care for a family member with a serious health condition.
- A serious health condition of the employee.
- For survivors of sexual assaults, domestic violence, harassment, or stalking.

(An additional two weeks will be available in the event of a pregnancy-related health condition resulting in incapacitation, for a total of up to 14 weeks. However, this law does not extend the amount of leave you are entitled to, but rather this law will provide wage replacement during your entitled leave.)

The scope of who will be considered a covered "family member" will be expanded, in addition to a spouse, son, daughter, or parent, to also include siblings, parents-in-law, grandparents, and grandchildren, as well as any other "individual related to the employee by blood or affinity whose close association the employee shows to be the equivalent of those family relationships."

For more information about the deduction, please reach out to the HR Department or the State of Oregon at paidleave@oregon.gov.