

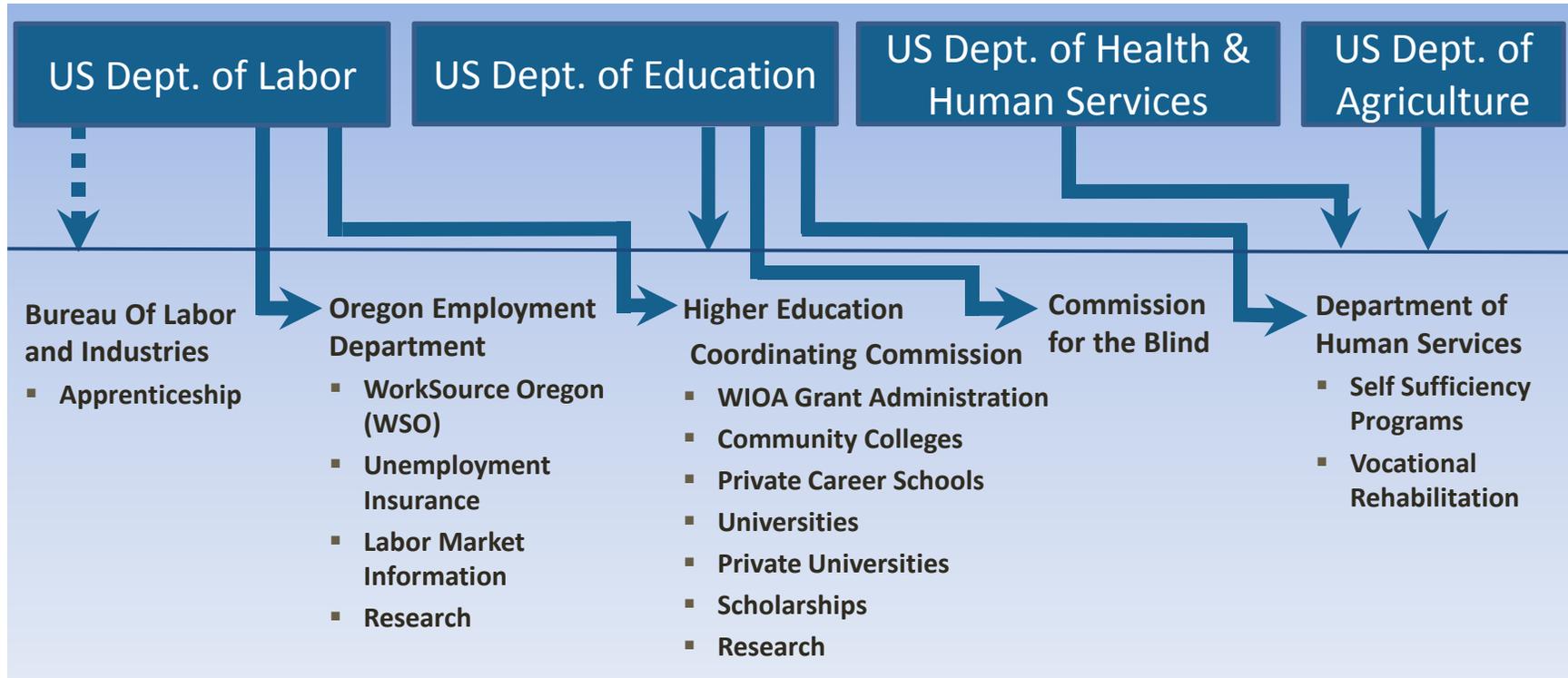


2017-2019 Budget Overview

Kay Erickson, Director
February 27 and 28, 2017



Part of the Nation's Workforce System



- WorkSource Oregon (WSO)
- Local Workforce Development Boards
- Community Based Organizations

- Community Colleges
- Economic Development



The Mission of the Oregon Employment
Department is to:
Support Business and Promote Employment



Mission Delivered through Core Programs

Unemployment Insurance

- Support economic stability for Oregonians and communities during times of unemployment through the payment of unemployment benefits

Workforce Operations (WorkSource Oregon Centers)

- Serve businesses by recruiting and referring the best qualified applicants to jobs
- Provide resources to diverse job seekers in support of their employment needs

Workforce and Economic Research

- Develop and distribute quality workforce and economic information to promote informed decision making



Mission Delivered through Core Programs

Organizations supported by the Employment Department include:

Office of Administrative Hearings

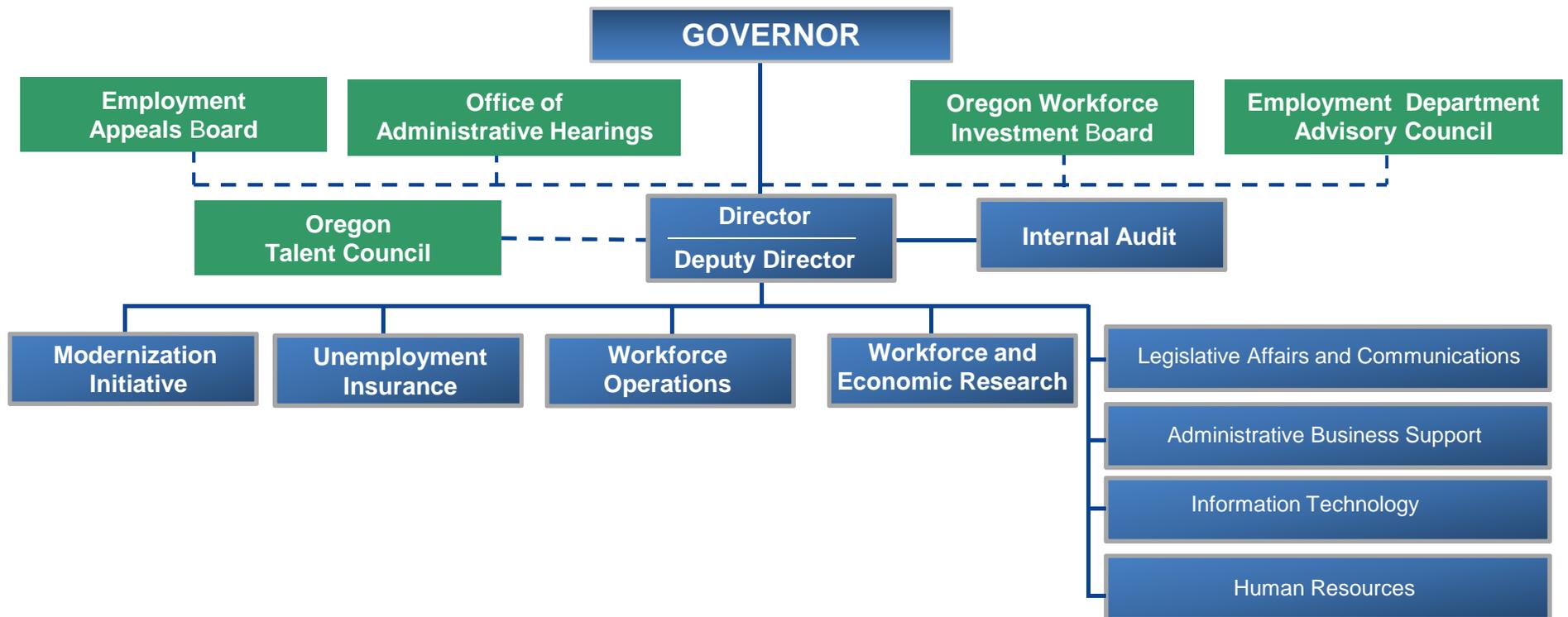
- Provide citizens and businesses an independent and impartial forum to dispute actions against them

Oregon Talent Council

- Resource for educational institutions and state agencies on issues of talent development



Oregon Employment Department Organizational Structure



Key Factors Affecting Services

Federal policy guidance and funding levels

- Workforce Innovation and Opportunity Act
- Continuing resolution extends funding through April 2017
- Impact of new administration and Secretary of Labor
- Shift in policy and priorities expected but unknown

Key Factors Affecting Services

Economy

- Oregon job growth faster than the nation
- Broad-based recovery with growth in nearly every sector
- Lowest unemployment rate in 40 years
- Rural areas have higher unemployment

Key Factors Affecting Services

Demographics

- Aging workers, looming retirements
- Fewer youth working than ever before
- Long-term unemployed find it harder to get jobs
- Population growth through in-migration

2017-19 Budget Context

- 2015-17 biennium required managing expenditures to stay within declining revenues
- Will have to manage expenditures in 2017-19
- Need adequate reserves for next recession
- Requested budget supports existing programs at current spending level



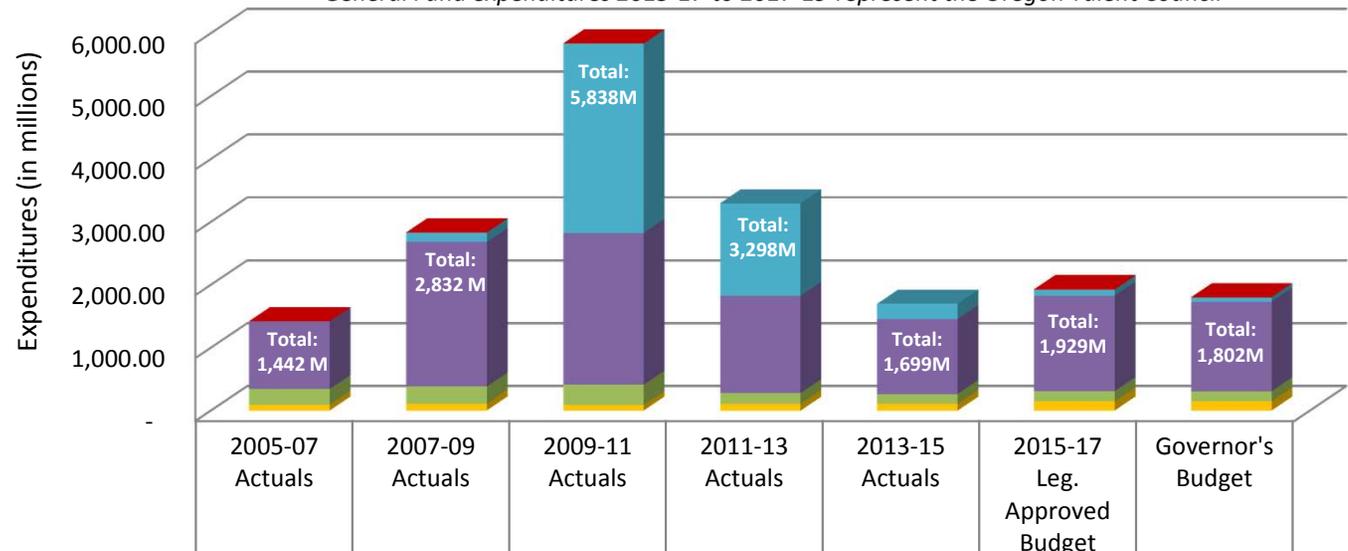
2017-19 Budget Context

- Budget includes \$4 million *reduction* package to reflect 2015-17 actions that have resulted in permanent savings
- Budget accounts for \$13 million transfer of ending balance to General Fund May 1, 2017
- Adding few resources, only where revenue source exists, mostly in federal workforce programs
- Agency-wide priority is to modernize business practices and IT systems



Expenditures by Fund Type

General Fund expenditures 2005-07 to 2009-11 represent Child Care Division
 General Fund expenditures 2015-17 to 2017-19 represent the Oregon Talent Council



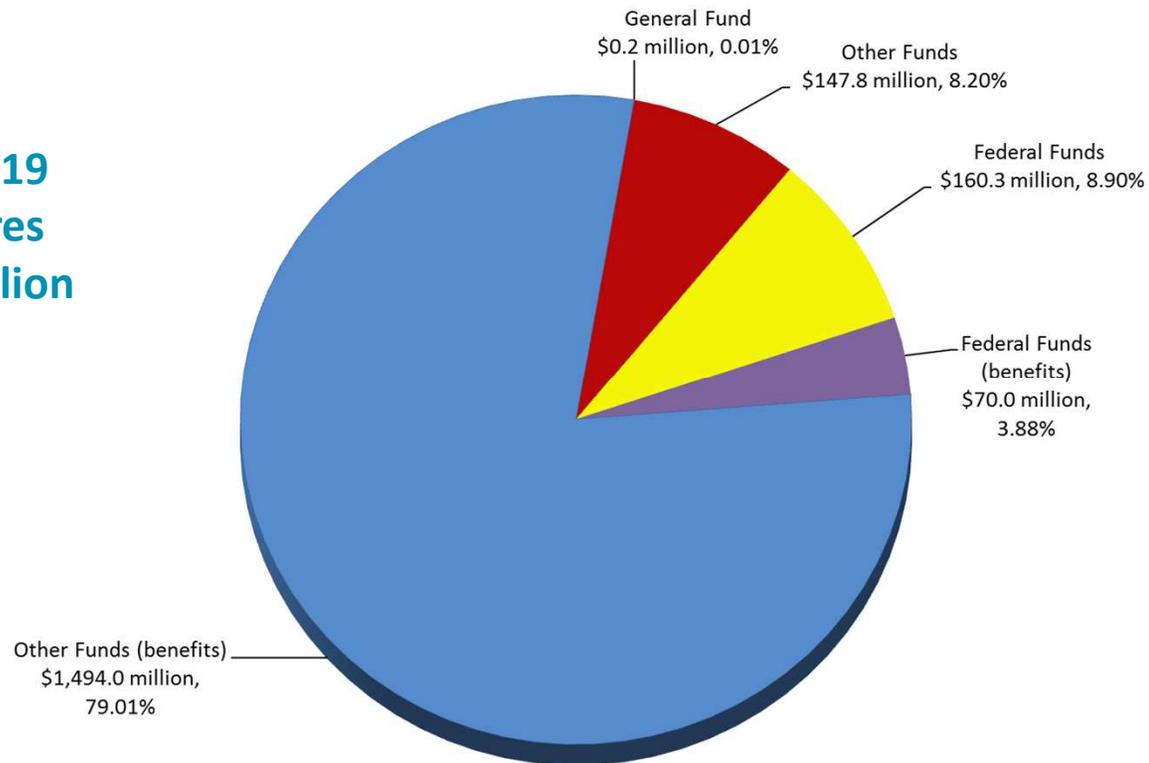
	2005-07 Actuals	2007-09 Actuals	2009-11 Actuals	2011-13 Actuals	2013-15 Actuals	2015-17 Leg. Approved Budget	Governor's Budget
■ General Fund	3.71	3.77	2.76	0	0	6.13	0.16
■ Federal Funds Non-Limited	-	148.66	3,009.97	1,471.75	241.84	94.83	70.00
■ Other Funds Non-Limited	1,076.21	2,299.14	2,415.09	1,544.71	1,191.96	1,520.11	1,424.00
■ Federal Funds	247.47	269.41	322.11	171.19	155.20	162.72	160.35
■ Other Funds	94.64	111.16	88.18	109.94	109.90	146.14	147.82

U.S. Department of Labor continues to pull back on State assistance



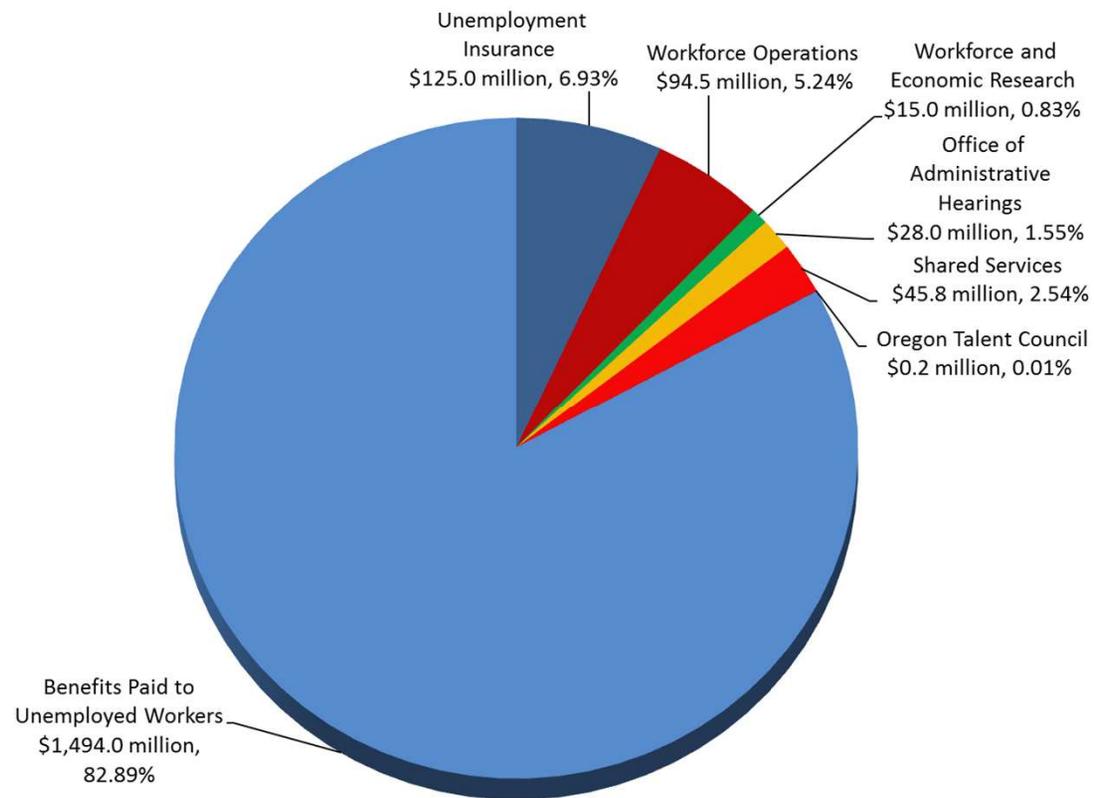
2017-19 Expenditures by Fund Type

**Total 2017-19
Expenditures
\$1,802.3 million**



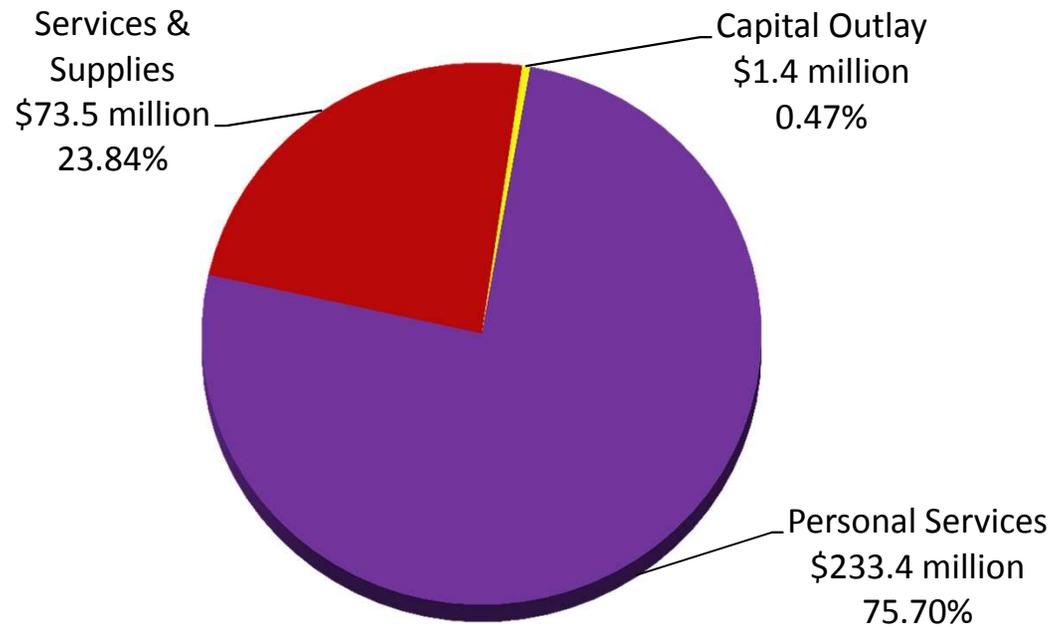
2017-19 Expenditures by Program

**Benefit payments
make up approx.
83% of OED's
budget**



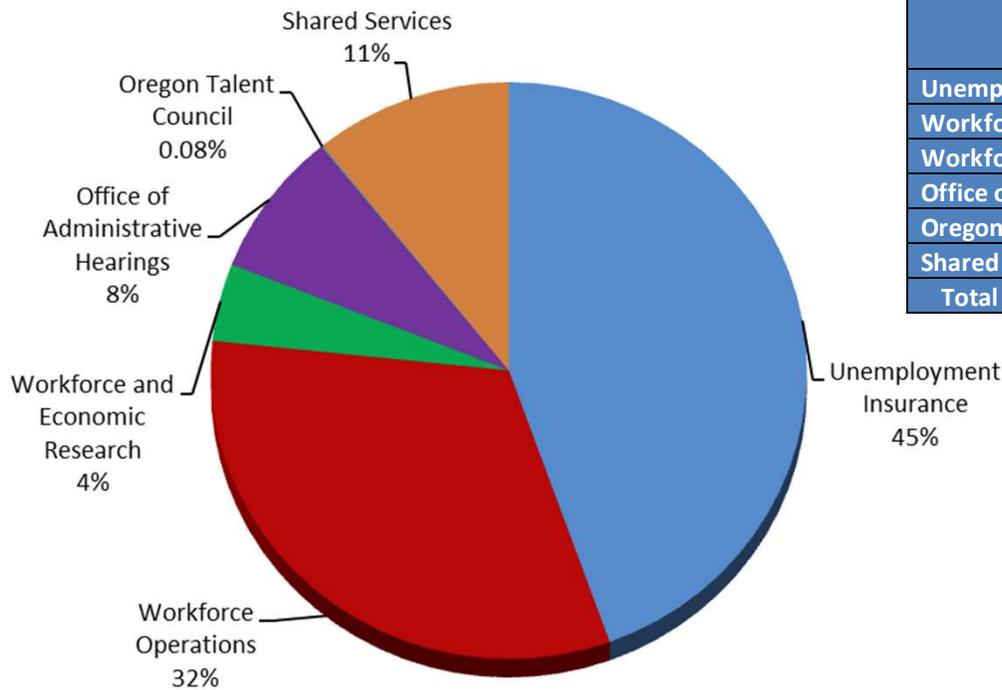
2017-19 Operational Budget: Expenditures by Category

Excludes Benefit Payments (Non-limited)



2017-19 Operational Budget: Positions

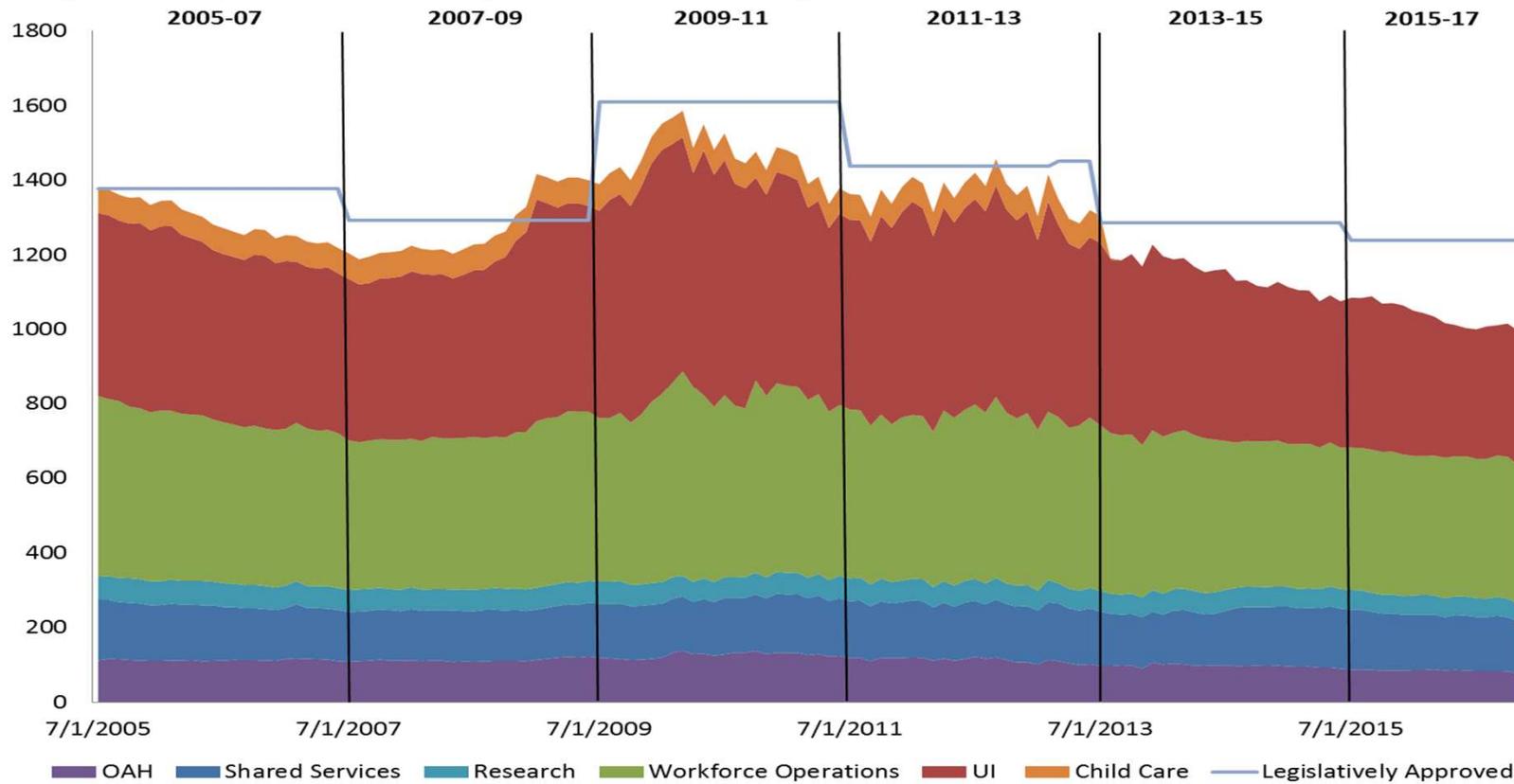
2017-19 Governor's Budget



Program	2015-17 Legislatively Approved Budget	2017-19 Governor's Budget
Unemployment Insurance	631	583
Workforce Operations	461	421
Workforce and Economic Research	64	57
Office of Administrative Hearings	114	107
Oregon Talent Council	2	1
Shared Services	0	141
Total Agency	1,272	1,310



Agency Staffing is Managed to Economic Needs



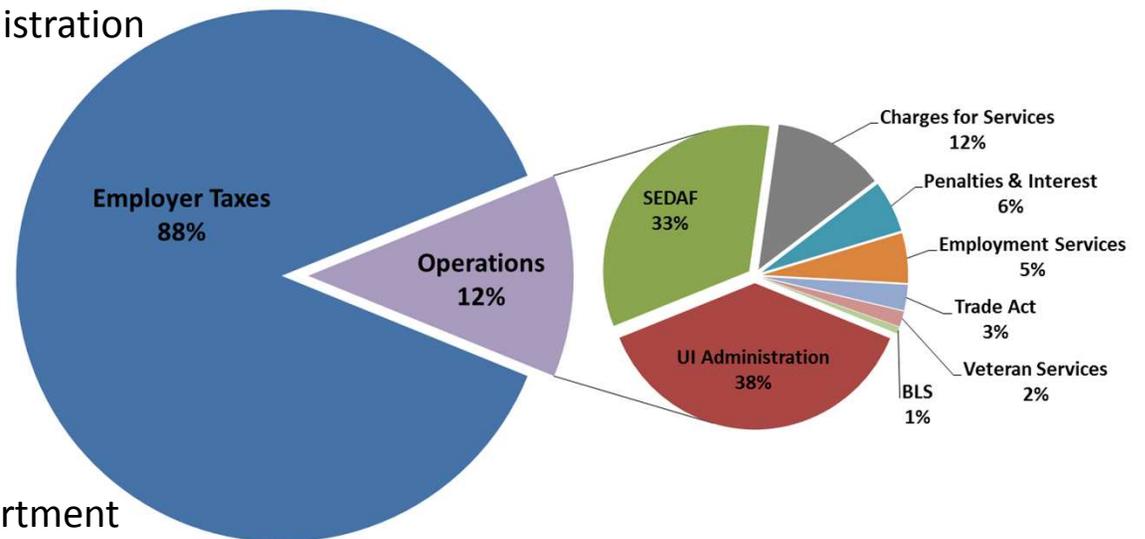
Major Revenue Sources

Federal Funds

- Unemployment Insurance Administration
- Employment Services
- Veterans Employment Services
- Trade Act
- Bureau of Labor Statistics (BLS)

Other Funds

- Employer Taxes
- Penalties and Interest
- Supplemental Employment Department Administrative Fund (SEDAF)
- Other Charges for Services





Workforce and Economic Research

Graham Slater, Deputy Director



Quality Information. Informed Choices.

State job growth doubled U.S. numbers in 2016

Created on Wednesday, 18 January 2017 | Written by Pamplin Media Group | 

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Share

Oregon's fastest growing industries in 2016 were construction, other services, professional and business services, and health care and social assistance.

Oregon added about 5,000 jobs in December as the state's unemployment rate dipped to 4.6 percent, down from 5 percent in November.

State employment officials said Wednesday that during the past year, employment has grown about 2.9 percent, nearly double the U.S. growth rate of 1.5 percent. Oregon's fastest growing industries in 2016 were construction (up 7,000 jobs); other services (adding 3,000 jobs); professional and business services (up 10,600 jobs); and health care and social assistance (adding 10,200 jobs).

December's job gains were strongest in professional and business services (adding 1,200 jobs) and government (up 1,100). Financial activities, health care and construction all added at least 700 jobs during the month, according to state officials.

Only transportation, warehousing and utilities industries lost jobs, cutting about 500 positions.

Source: Portland Tribune



Foundational Workforce Information

PRINCIPLE: Relevant, timely, useful, unbiased information

- Number of unemployed and unemployment rates
- Employment levels in Oregon's industries
- Job counts in different occupations
- Wages paid for different jobs
- Labor force trends
- Industry and occupational employment projections
- Skills and educational requirements for Oregon's jobs

IN SHORT: The key source of workforce information for Oregon



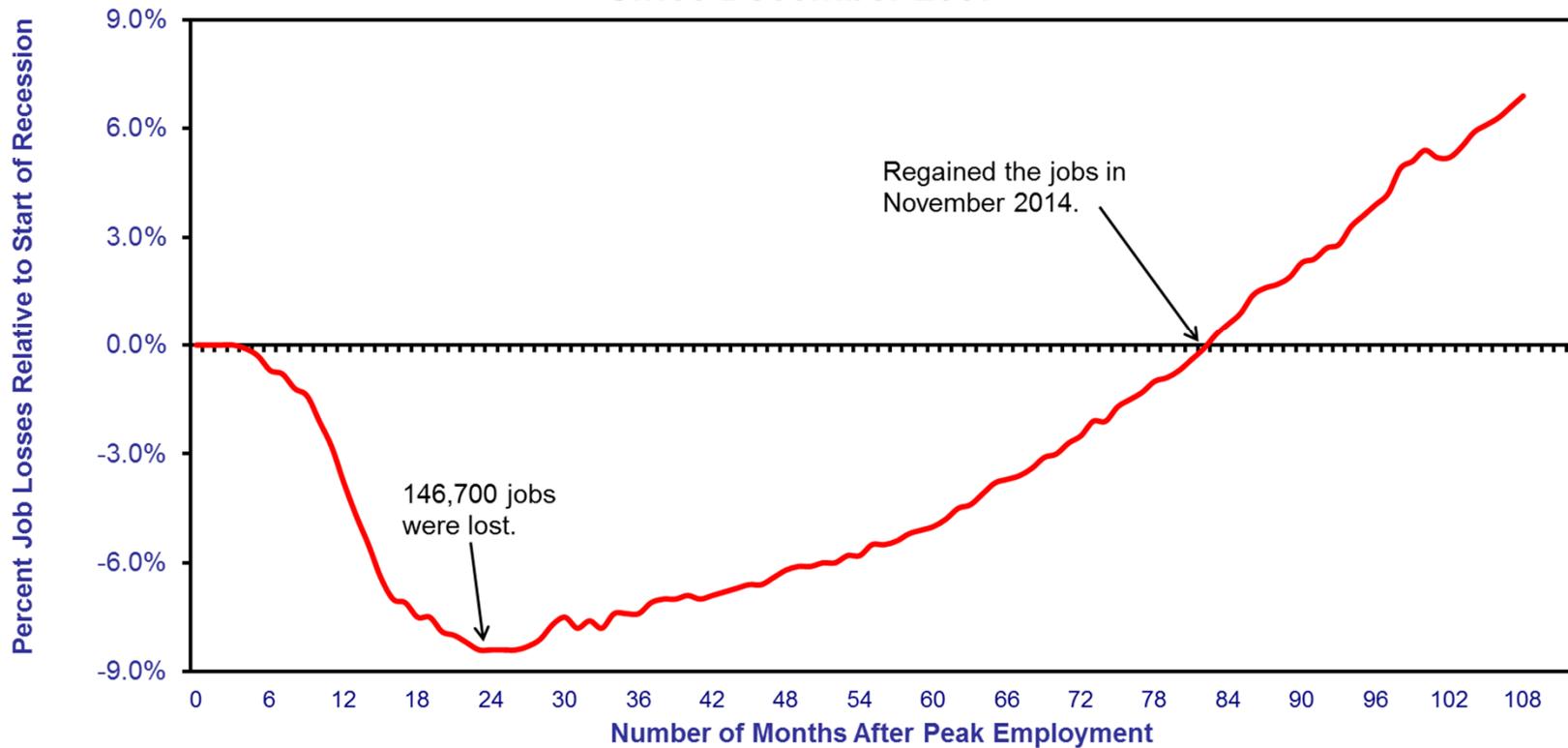
Job Growth in 2016 Yields to Slower Growth in 2017

- Oregon has been adding jobs faster than the U.S. since 2013
 - One of the fastest growing states last year
 - Growth occurring in all regions, with Central Oregon seeing the fastest growth
 - Jobs are being added in higher, middle, and lower-paying industries
- Oregon job growth expected to be 2.4% in 2017
 - Faster than expected U.S. job growth rate of 1.2%
- Unemployment rate averaged 4.9 percent last year
 - Unemployment rate was 4.6% in December 2016
 - This is typical for periods of economic expansion in Oregon



Far Beyond Pre-Recession Levels

Percent of Job Losses and Gains in Oregon Since December 2007



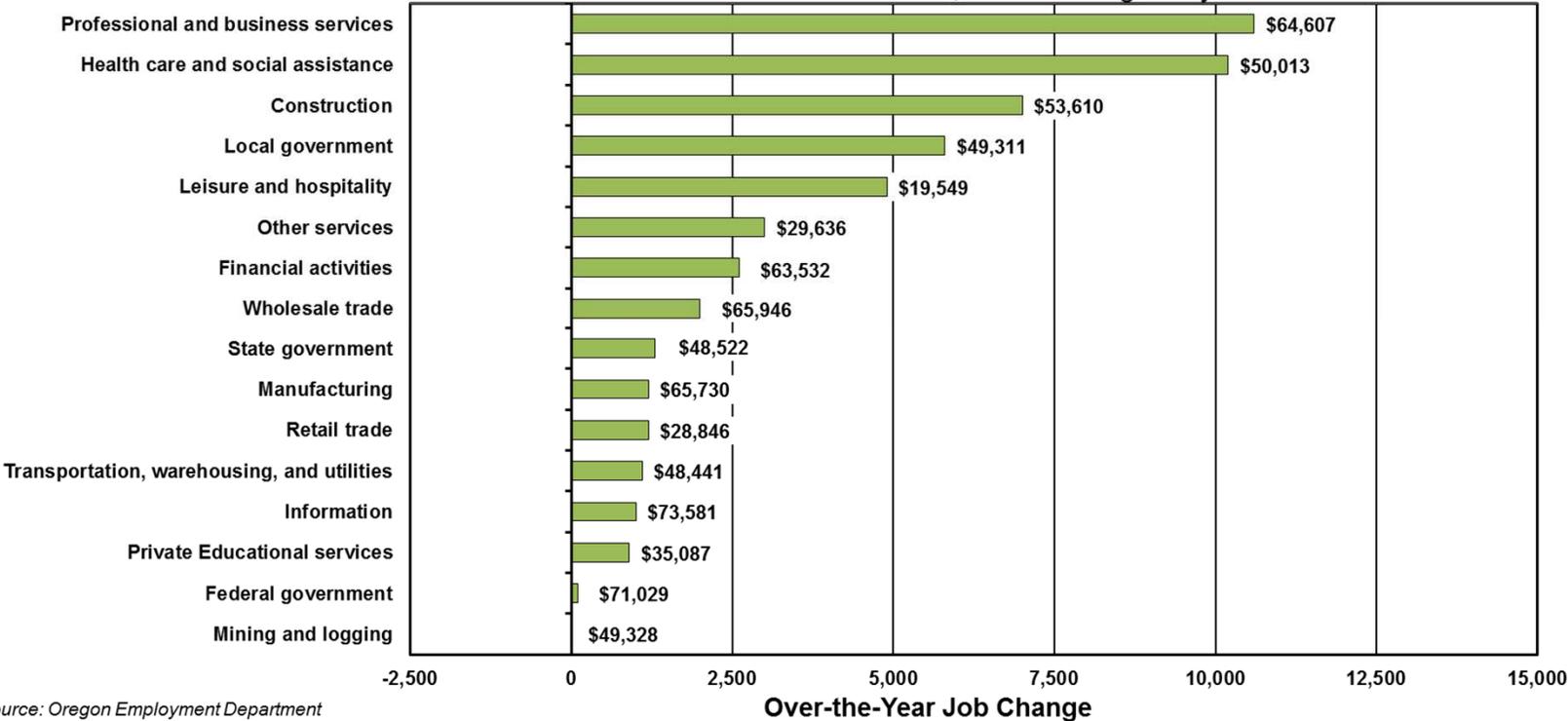
For more information on workforce research go to QualityInfo.org



Industries Added Jobs Over the Last Year

Oregon Job Growth and Average Pay by Industry

December 2015 - December 2016 Job Growth, 2015 Average Pay



For more information on workforce research go to QualityInfo.org

Source: Oregon Employment Department



Workforce and Economic Research

Positions: 57
Full-Time Equivalents: 56.17

Surveys

- Conduct surveys of Oregon businesses and individuals
- Develop key economic indicators for Oregon and counties
- Conduct construction industry wage survey

Analysis

- Analyze data from Employment Department surveys and other sources
- Prepare publications, reports, presentations
- Respond to customized information requests

Business

- Develop information products geared to Oregon businesses
- Bridge the information gap between education and work
- Respond to customized information requests for community and government entities

Systems

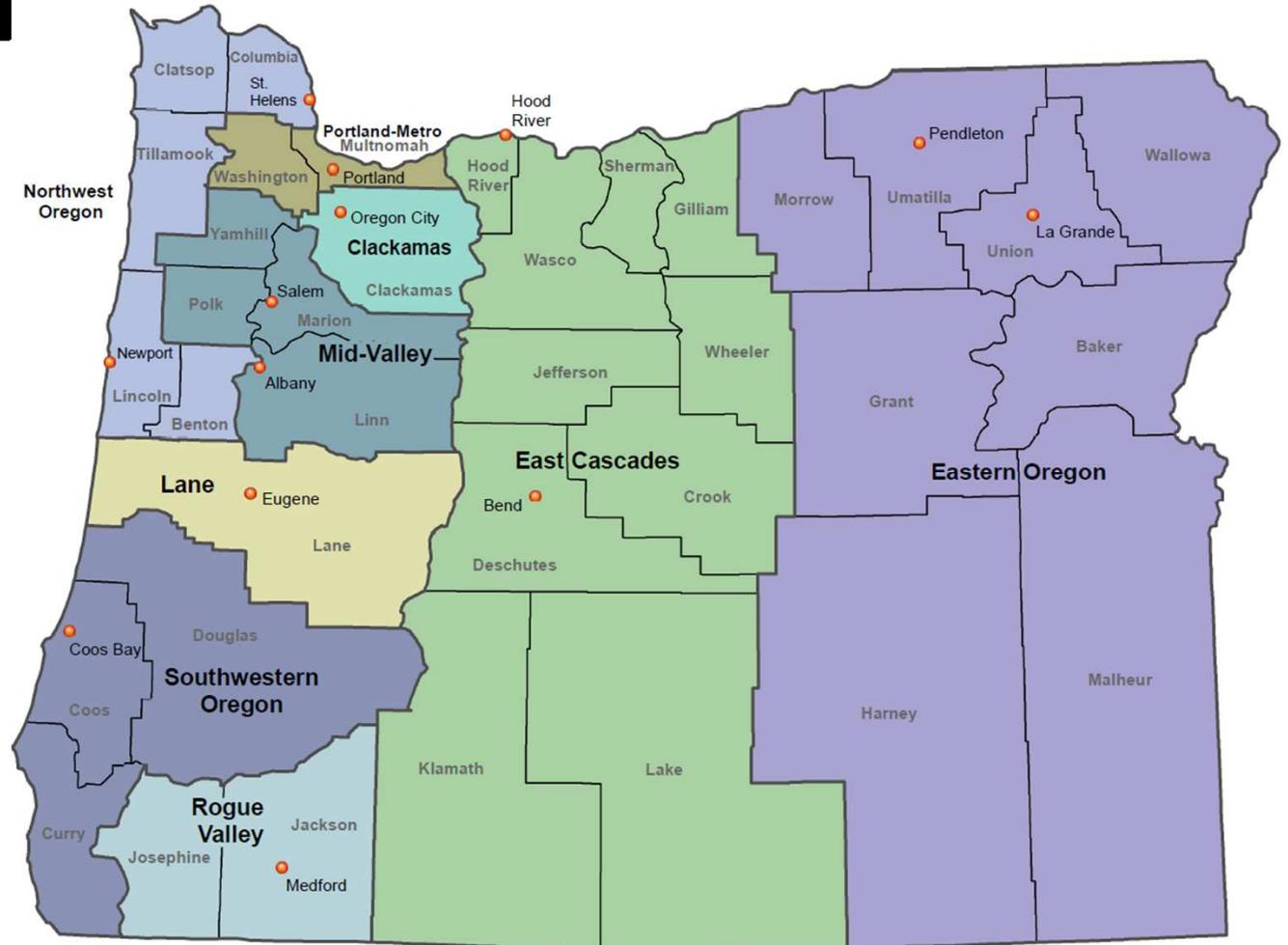
- Provide workforce and economic information through QualityInfo.org
- Provide geographic information systems analyses and services

Performance Reporting Information System

- Develop Oregon's new workforce performance measurement system
- Compute and publish performance measures
- Provide customized wage match services

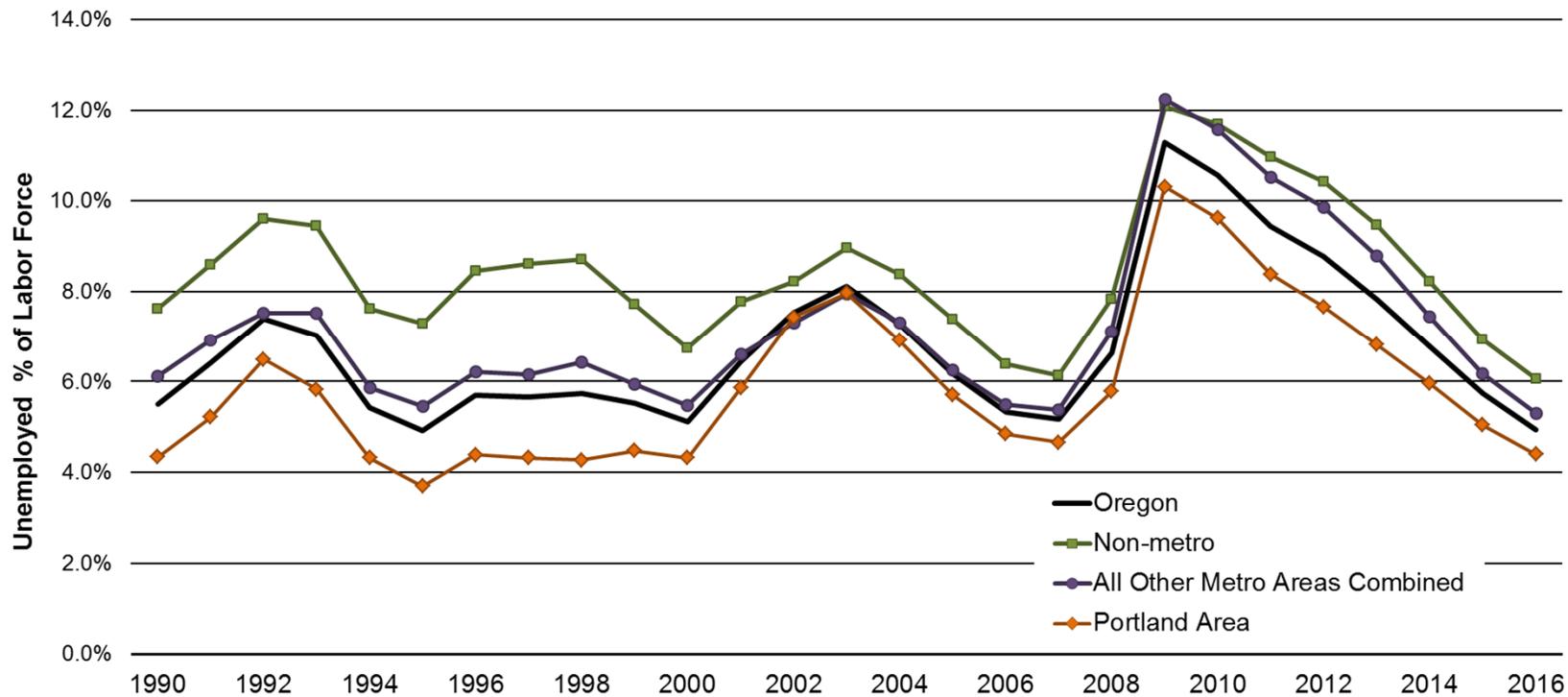


Our staff are stationed throughout the state to provide analysis and serve customers in their local areas



Unemployment Rates Down: Rural Areas Higher

Annual Average Unemployment Rates, Seasonally Adjusted, 1990-2016

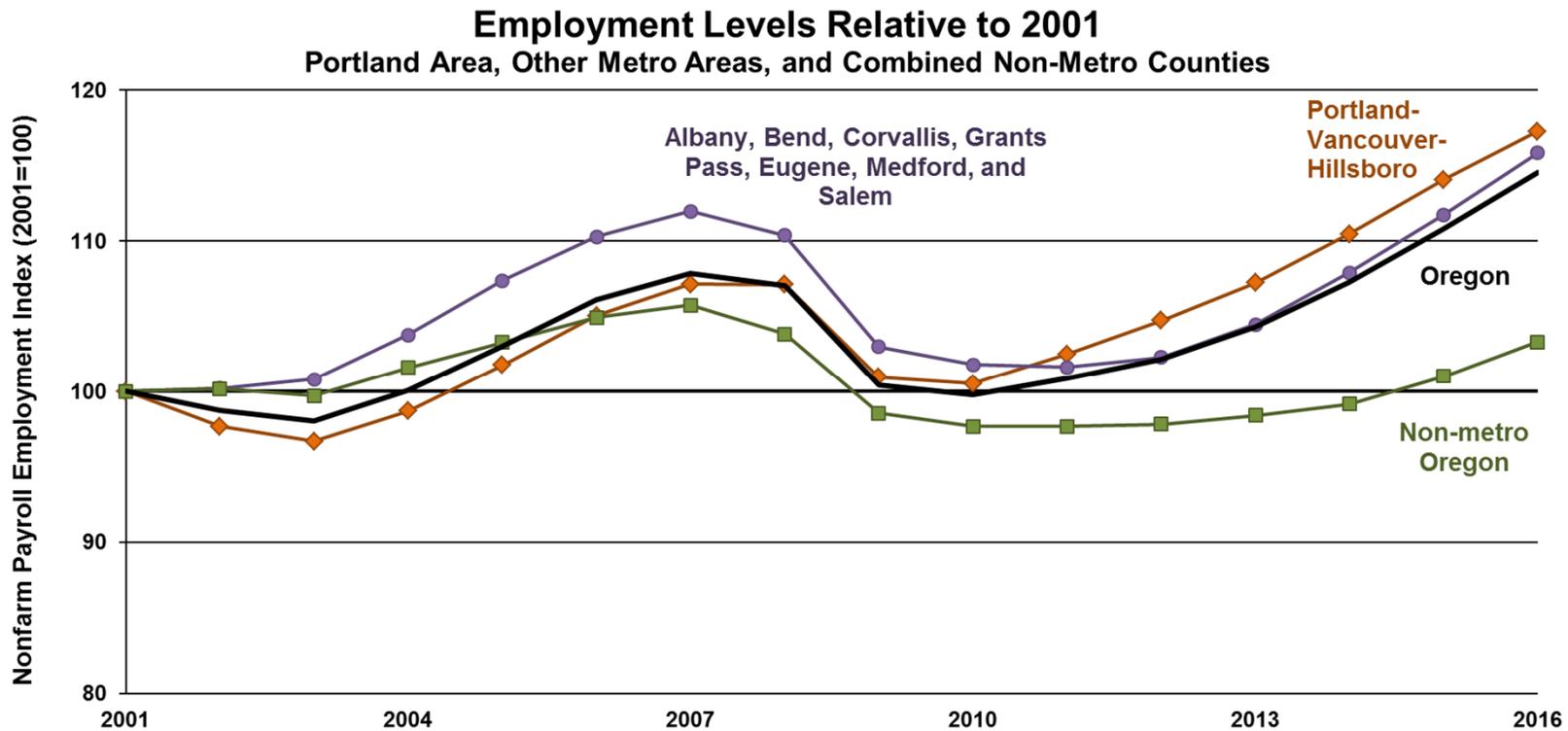


Source: Oregon Employment Department, Local Area Unemployment Statistics

For more information on workforce research go to QualityInfo.org



Metro Joined Jobs Recovery: Non-metro Starting to See Job Growth



Source: Oregon Employment Department, Current Employment Statistics

For more information on workforce research go to QualityInfo.org



Information About Oregon's Diverse Workforce

Workforce information available for:

- Communities of color
- Employment and earnings outcomes of workers who receive state services
- Native American and tribal workforce in Oregon
- Oregon's veterans
- Workers with a disability
- Workers nearing retirement age
- Young workers



Assisting Other State and Local Entities

Providing workforce information to help others with their missions:

- Bureau of Labor and Industries
- Business Oregon
- Department of Human Services
- Higher Education Coordinating Commission
- Legislative Fiscal Office
- Legislative Revenue Office
- Office of Economic Analysis
- Secretary of State
- Oregon's universities, colleges, counties, cities, and nonprofits



Key Program Drivers

- Demand for specialized analyses
- New grant opportunities
- Significant changes in federal program funding or program requirements
- Significant changes in the economy

Improvements and Priorities

- Issued special report, *Oregon's Minimum Wage Jobs: Facts, Figures, and Context*
- Shifted staff, developed new data, and implemented web changes to reflect Oregon's new nine workforce areas
- Led implementation of Oregon's new workforce performance measures, and created an interactive web interface for performance reporting
- Developed online subscription service to electronically deliver reports, articles, and analysis that we no longer print



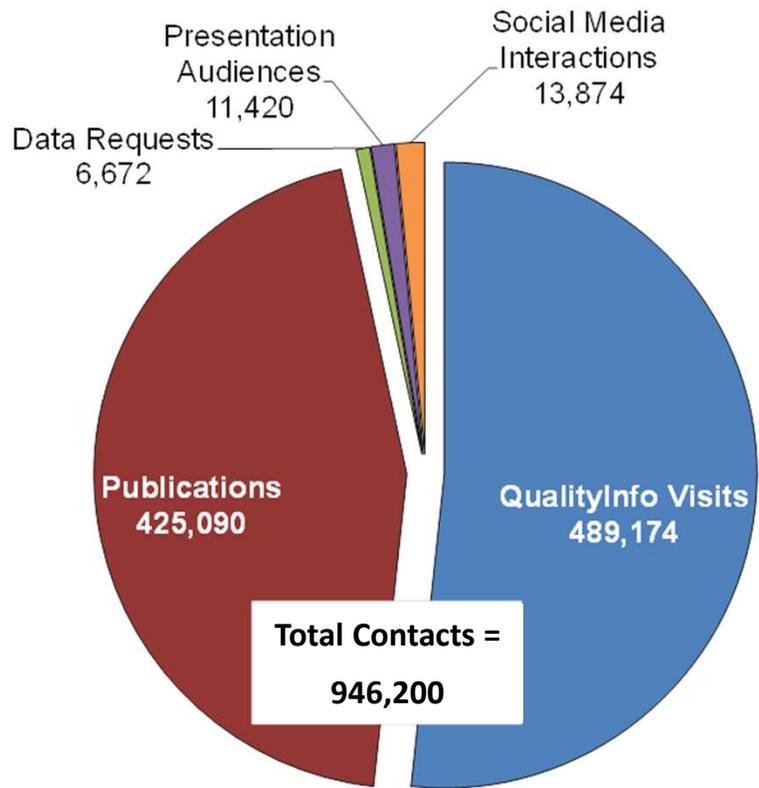
Providing Information to Businesses

Examples of business requests:

- Developed demographic and economic data for bank managers in Eugene
- Gave minimum wage and occupational data to the new owner of Klamath Falls resort
- Provided employment projections and high-demand occupations data to a business consultant in Pendleton
- Summarized industry employment by gender for the Lincoln City Chamber of Commerce Women in Business conference
- Provided analysis and wage information for 60 occupations to a dental company in Central Oregon



Contacts with Products and Services in 2016



Most personal contacts made with:

- Education entities
- Businesses
- State and local government
- Workforce boards
- Media

Proposed Legislation

Senate Bill (SB) 41 – Workforce Information Quality

- Updates wording of statute to reflect responsibilities currently assigned to the Research Division, and updates citations to controlling federal law
- Clarifies that homecare workers are private sector employees for purposes of employment statistics, aligning Oregon statistical definitions with those used by other states and the nation





Workforce Operations

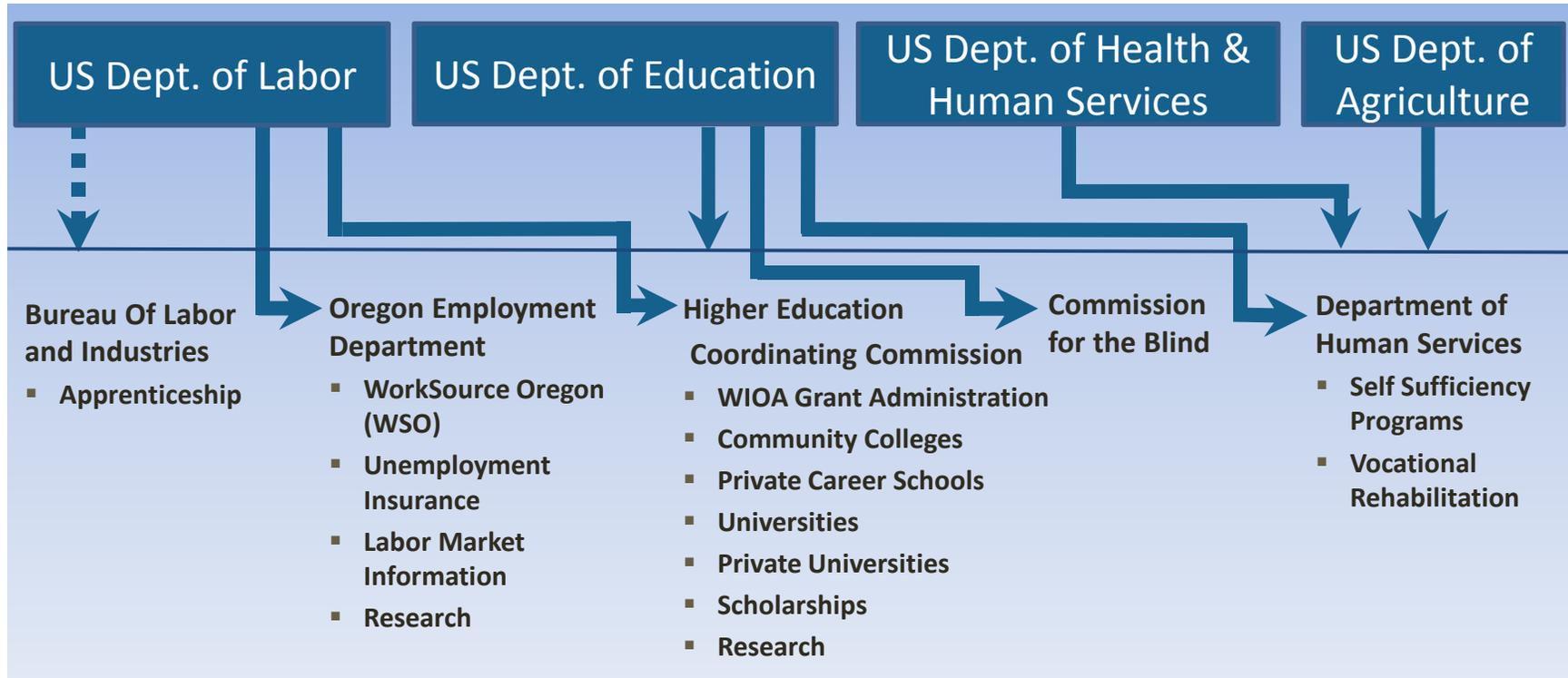
Jim Pfarrer, Division Director



Key Program Drivers

- Demand from local businesses and job seekers for help with their employment needs
- New or expanded grant opportunities
- Opportunities to collaborate with state workforce agencies and local partners to:
 - Attract business to Oregon
 - Ensure local communities have skilled workers
 - Connect skilled workers with employers
 - Help populations with barriers enter or advance in the workforce

Part of the Nation's Workforce System



- WorkSource Oregon (WSO)
- Local Workforce Development Boards
- Community Based Organizations

- Community Colleges
- Economic Development



Workforce System Services

Individuals

- Work readiness skills
- **Job placement**
- Career advising
- Workplace accommodations
- Adaptive technology
- Academic advising
- Adult Basic Education

- **Training**
- Continuing education
- Certificates and Degrees
- **Supportive services**
- Mental health services/referral
- **Coordinate local services**
- Financial safety net



Workforce System Services

Business

- | | |
|--|--|
| <ul style="list-style-type: none">• Convene Sector Partnerships• Assess skill needs• Refer qualified job seekers• Customized workforce training• Small business development• Work-based learning• Internships | <ul style="list-style-type: none">• On-the-Job Training• Apprenticeship• Wage subsidies• Tax credits• Worksite adaptations• Training for adaptive technology• Business development |
|--|--|



2015 Workforce Operations in Action

- Business Services
 - 51% of customized listings closed with a hire
 - 85% employer satisfaction rate
- Work Opportunity Tax Credit - Policy Package #103
 - Processed \$96,502,400 in tax credits to Oregon employers
 - 50,000 Oregonians were hired
- Veteran's Employment Assistance
 - Served 19,165 veterans
- Reemployment and Eligibility Assessment (REA)
 - Conducted 64,847 REA claimant interviews



2015 Workforce Operations in Action

- Trade Adjustment Assistance - Policy Package #102
 - Serve 5,000 affected workers each year
 - 70% entered employment rate
- Migrant Seasonal Farmworker Program
 - Provided employment service information to 18,000 migrant workers
- Foreign Labor Certification
 - Averaging 60 applications per year with 2,000 positions certified
- Aligned workforce services through implementation of WorkSource Oregon standards



WorkSource Oregon Operational Standards

December 2015

WSO Center	Co-Location	Align Services	Brand	Tech	LLT	4 Services	LMI	Continuity Service	WorkReady Criteria	Talent Devel.	Skills Valid.	Placement Asst.	Recruit Service	Feedback Referral	Feedback Training	Target Pops	Sector Partners	Pops to Sector
CLACKAMAS																		
WSO CLACKAMAS																		
EAST CASCADES																		
WSO THE DALLES																		
WSO REDMOND																		
WSO BEND																		
WSO KLAMATH FALLS																		
EASTERN*																		
WSO BAKER CITY																		
WSO BURNS																		
WSO CANYON CITY																		
WSO HERMISTON																		
WSO LA GRANDE																		
WSO ONTARIO																		
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WSO SALEM																		
WSO WOODBURN																		
LANE																		
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NORTHWEST																		
WSO ASTORIA																		
WSO CORVALIS																		
WSO LINCOLN CITY																		
WSO NEWPORT																		
WSO ST. HELENS																		
WSO TILLAMOOK																		
SOUTHERN																		
WSO GRANTS PASS																		
WSO MEDFORD																		
SOUTHWESTERN																		
WSO BROOKINGS																		
WSO COOS BAY																		
WSO ROSEBURG																		
PORTLAND METRO																		
WSPM BEAVERTON-HILLSBORO																		
WSPM CENTRAL																		
WSPM EAST																		
WSPM SOUTHEAST																		
WSPM TUALATIN																		



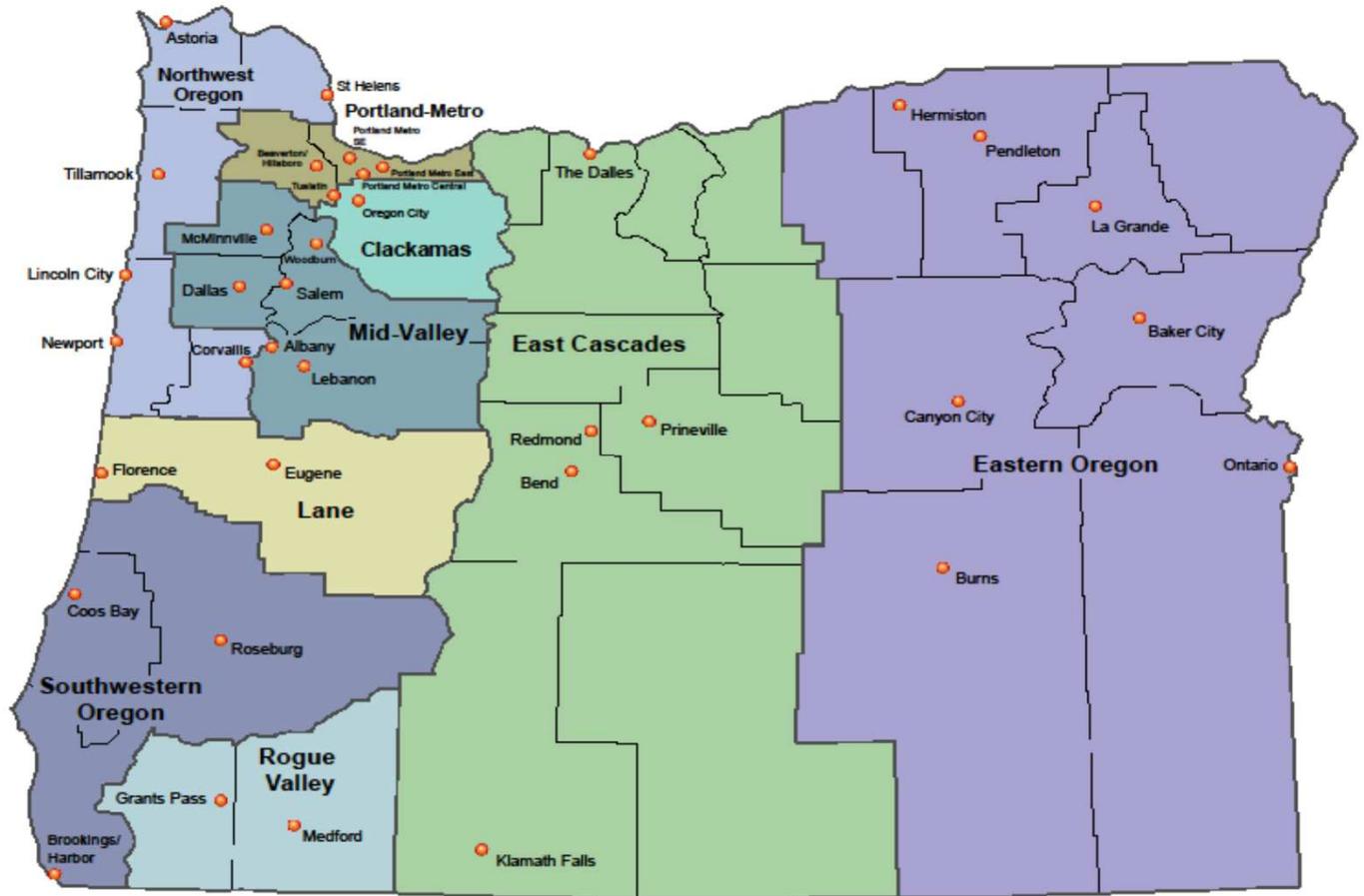
WorkSource Oregon Operational Standards

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PORTLAND METRO																		
WSPM BEAVERTON-HILLSBORO																		
WSPM CENTRAL																		
WSPM EAST																		
WSPM SOUTHEAST																		
WSPM TUALATIN																		



Oregon's WorkSource Centers



Job Seeker Perspective

WorkSource Oregon Video 1



Job Seekers and Business Served by WorkSource Center

WorkSource Center	Job Seekers Served	Employers Served
Albany	4,974	663
Astoria	1,765	435
Baker City	1,191	216
Beaverton/Hillsboro	9,882	788
Bend	5,580	710
Brookings/Harbor	1,447	205
Burns	497	97
Canyon City	825	73
Coos Bay	2,987	472
Corvallis	28	10
Dallas	1,234	141
Eugene	13,616	1,332
Florence	583	169
Grants Pass	4,454	393
Hermiston	2,216	388
Klamath Falls	3,947	517
La Grande	1,842	337
Lebanon	1,632	180
Lincoln City	379	191

WorkSource Center	Job Seekers Served	Employers Served
McMinnville	3,176	444
Medford	9,725	793
Newport	1,574	322
Ontario	2,047	289
Oregon City	8,525	1,119
Pendleton	1,736	283
Portland Metro Central	9,271	2,312
Portland Metro East	10,628	747
Portland Metro SE	7,723	307
Prineville	1,102	117
Redmond	3,627	416
Roseburg	5,560	505
Salem	9,594	1,104
St Helens	1,600	209
The Dalles	2,255	437
Tillamook	829	226
Tualatin	9,987	1,921
Woodburn	1,637	272

Fiscal Year 2015
 149,675 Job Seekers
 19,140 Business Served



Employer Perspective

WorkSource Oregon Video 2



Workforce Operations

Positions: 421 FTE: 419.05

- Help job seekers and claimants find their next job
- Customize services to meet needs of business
- Customer-Centric service delivery
- Partner of WorkSource Oregon

Portland Metro
Beaverton/Hillsboro
Gresham
North Portland
Tualatin
SE Portland

Mid-Valley
McMinnville
Salem
Dallas
Woodburn
Albany
Lebanon

Northwest OR
Astoria
St. Helens
Tillamook
Corvallis
Newport
Lincoln City

Central OR
Bend
Redmond
The Dalles
Klamath Falls
Prineville

Eastern OR
Baker City
La Grande
Pendleton
Hermiston
Ontario
Burns
Canyon City

Clackamas
Oregon City

Lane
Eugene
Florence

Southern OR
Grants Pass
Medford

South Coast
Coos Bay
Brookings
Roseburg



Areas of Future Focus

- Deliver intensive services to Supplemental Nutrition Assistance Program (SNAP) clients
- Integrate apprenticeship and workforce system
- Expand apprenticeship opportunities
- Expand relationships with Self Sufficiency and Vocational Rehabilitation
- Increase job opportunities for Oregonians through tax credit incentives for Oregon employers
- Revise business processes and modernize IT system
- Help Oregon workers and firms affected by trade to access Trade Adjustment Assistance benefits





Unemployment Insurance

David Gerstenfeld, Division Director



Unemployment Insurance (UI)

Pos: 583
FTE: 533.49

UI Benefits

- Process claims
- Determine benefit eligibility
- Pay benefits
- Benefit Payment Control - prevent, detect and recover overpayments

UI Tax

- Combined tax reporting
- Field audits
- Tax collection
- Tax status determination
- Report delinquency
- Account maintenance

UI Policy

- Quality control and federal / state compliance
- Legislative, rule and policy work
- Trust fund projections and analysis
- Interstate programs
- Training



The Purpose of Unemployment Insurance

- Provide partial wage replacement to unemployed workers
- Stabilize the economy in local communities
- Preserve a trained, local workforce for businesses
- Collaborate with WorkSource to get people back to work faster

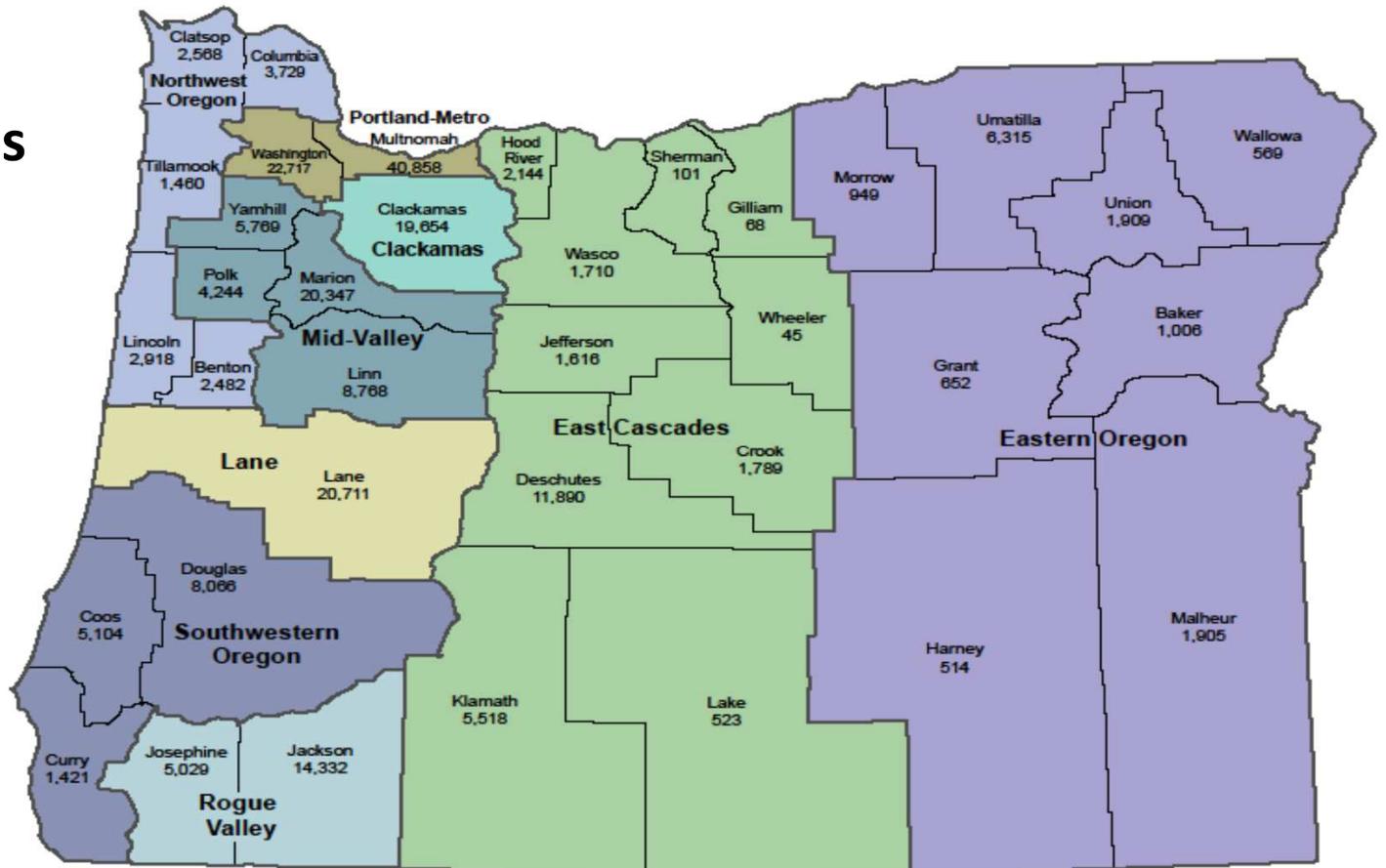


Key Program Drivers

- Size of Oregon's workforce
- Overall economic conditions
- Need for UI benefits has recurring seasonal fluctuations
- Demand for specialized programs

Unemployment Insurance Claims for 2016

Total Claims
229,400

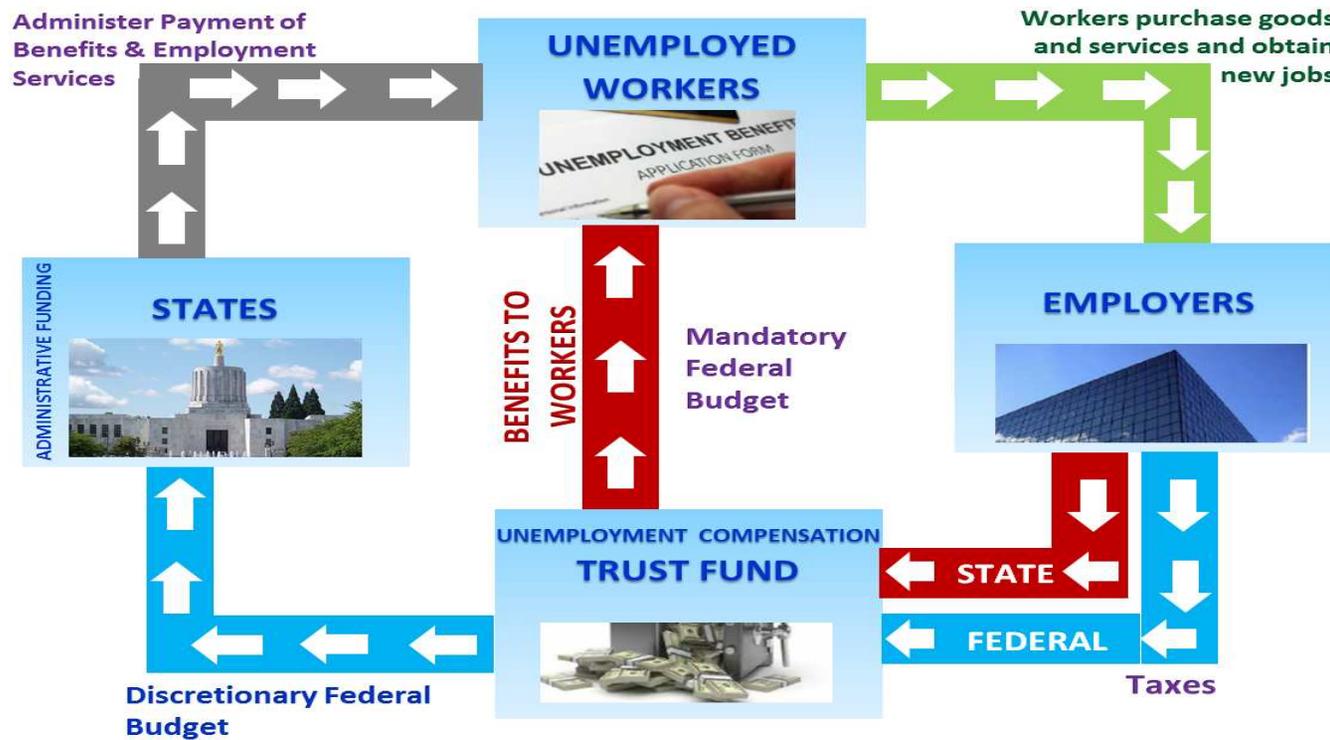


Federal-State Partnership

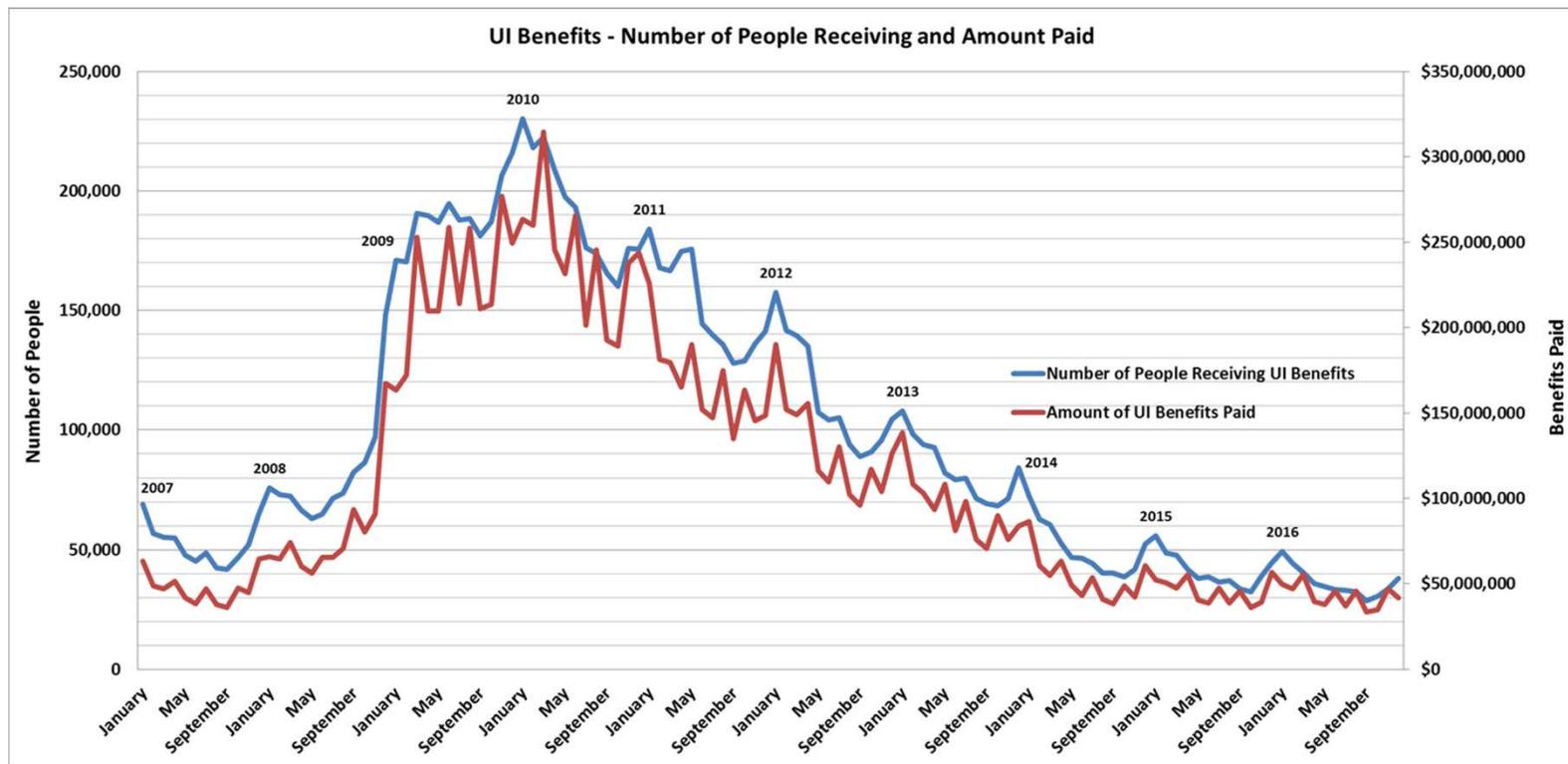
- Oregon employers pay state UI payroll taxes
- The federal government holds that money in the UI Trust Fund for Oregon to pay UI benefits
- U.S. Department of Labor provides an administrative grant to Oregon to operate the UI program
- If Oregon conforms to federal requirements, employers have reduced federal payroll (FUTA) taxes



Unemployment Insurance and Employment Services System



Number of People Receiving Unemployment Insurance



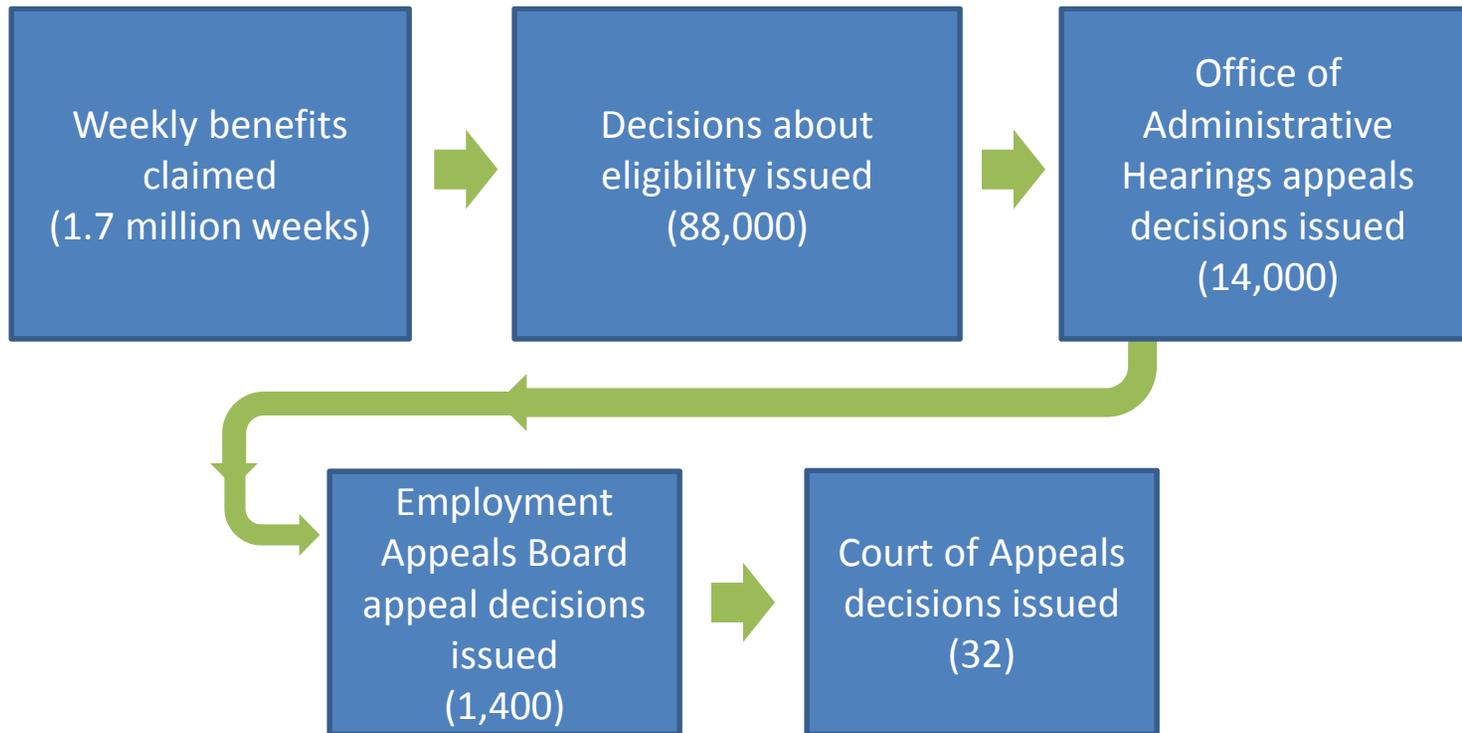
People Served by the Unemployment Insurance Program for Calendar Year 2016

- 1.7 million weeks of benefits claimed
- 125,000 workers received \$517 million in Unemployment Insurance benefits
- 375,000 calls answered through contact center
- 142,000 employers filed 8.4 million wage records
- \$984 million in payroll taxes collected



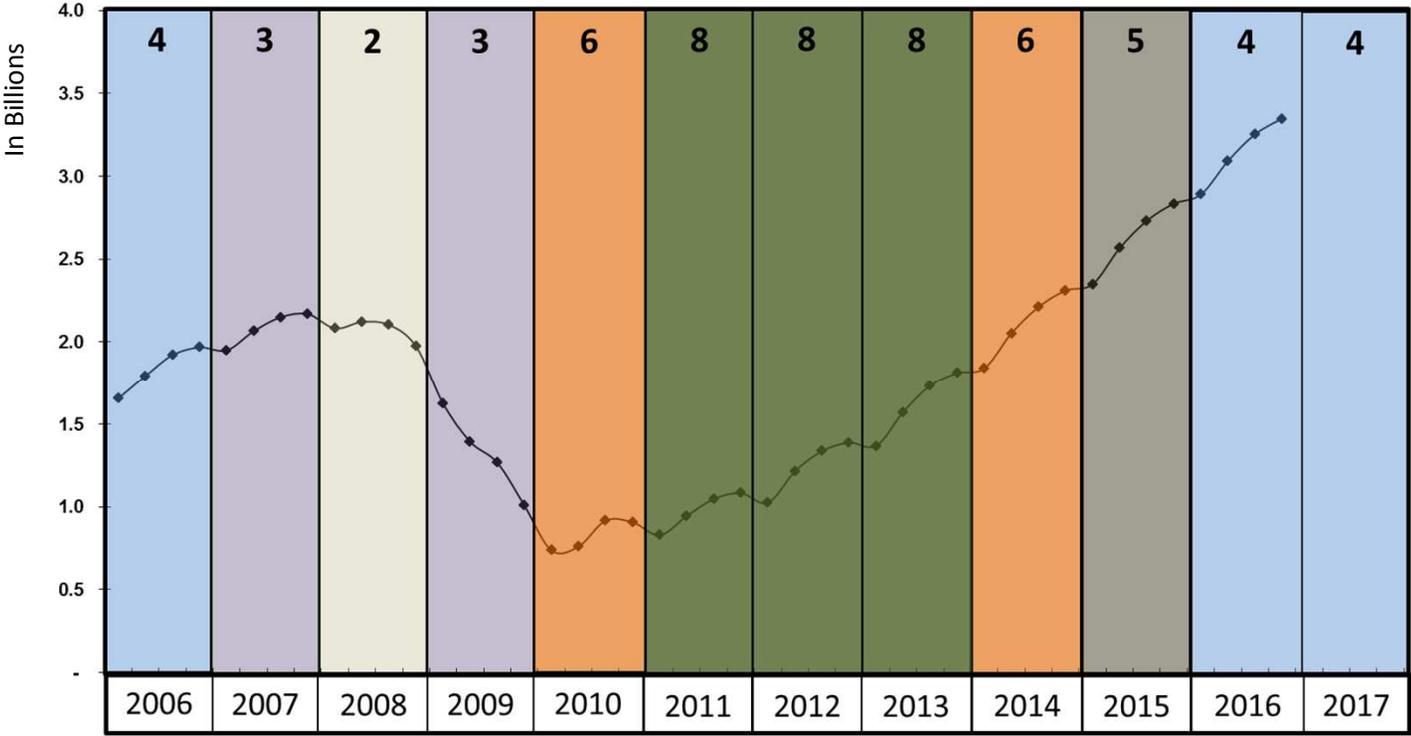
Decisions about UI Eligibility

for Calendar Year 2016



Oregon Trust Fund Balance and Tax Schedules

Fourth Quarter 2016 balance \$3.4 billion



Federal and state law restricts use of funds to Unemployment Insurance



UI System Opportunities According to the U.S. Dept. of Labor

Gay Gilbert, U.S. Dept. of Labor, Unemployment Insurance Administrator, described the state of the UI program nationally at an October 2016 conference with this slide



BIG Challenges

- ❖ The UI Program is Not Fulfilling Its Mission
- ❖ Administrative Funding Not Sufficient & Budget Climate Remains Poor
- ❖ UI Customers Are Paying the Price for Poor Program Performance
- ❖ Over Half of State Trust Funds Are Not Adequate
- ❖ Loss of Institutional Knowledge and Staff Capacity Putting the Program At Risk
- ❖ IT Modernization Still Needed by a Majority of States

4



Preparing for Opportunities

- Oregon struggles to process claims as quickly as we would like
 - Waiting on hold to talk to claims staff
 - Investigating and issuing decisions when potential eligibility barriers are identified
 - Making initial benefit payments
- Progress is being made, but is hampered by outdated technology and processes as well as the focus on improving the quality of the work and increasing demands on the program

Unemployment Insurance is Part of the Workforce System

- Connectivity Team to support collaboration and communication between Unemployment Insurance, Workforce Operations and the Office of Workforce Investments
- Close collaboration with Workforce Operations to administer the Reemployment Services and Eligibility Assessment program, helping people get reemployed more quickly and preventing benefit overpayments
- Working with Workforce Operations, Research and InCite, a Local Workforce Development Board, on innovative ways to help people return to work

Interagency Compliance Network

Multi-agency group collaborating on common issues related to workers

- Consistency in determinations relating to worker classification
- Gather and share information regarding improper payment practices
- Coordinate public education and enforcement efforts



Accomplishments

- Increased the quality of our benefits decisions
- Innovations to help people return to work including the Personal Employment Plan, done with workforce partners and the White House Social and Behavioral Sciences Team
- Improving the Work Share program to be more scalable to handle economic downturns, streamlining processes and educating businesses
- Replaced outdated telephone system in Unemployment Insurance contact centers, adding additional features to improve customer service
- Process improvements have led to issues being resolved with fewer hearings



Ongoing Improvements

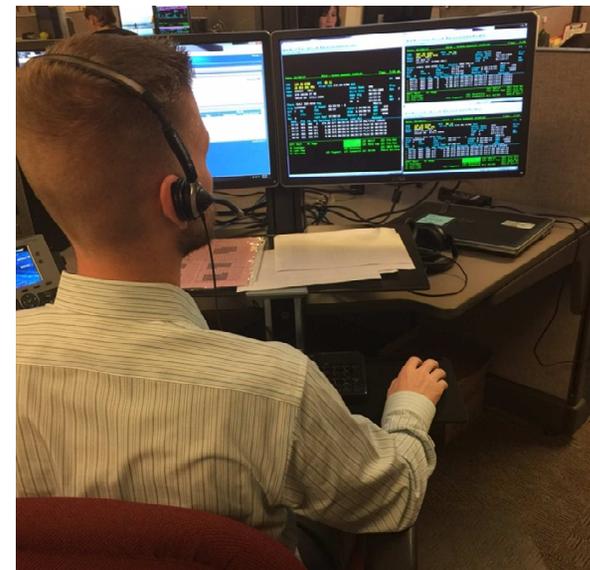
- Serving the public more timely
- Increased demand for UI data to help workforce partners
- Reinvigorate the Employment Department Advisory Council
- Modernizing outdated processes and systems





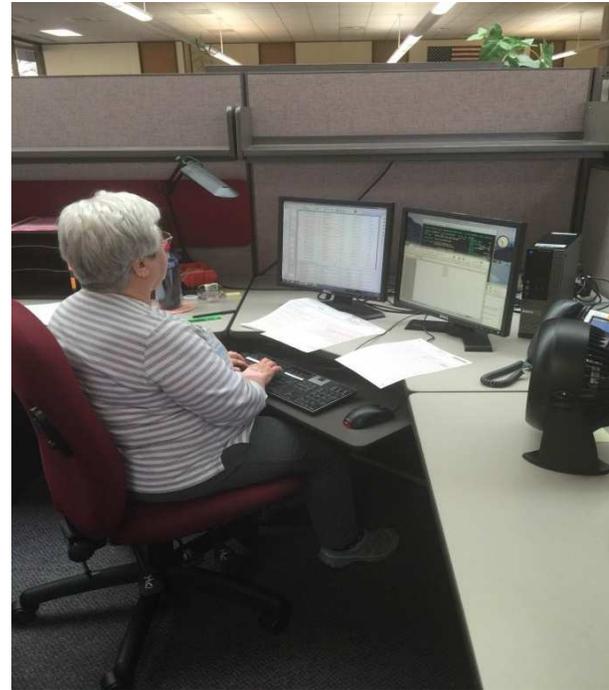
Mainframe screens are not user friendly, making it more time consuming to accurately process claims. They reflect the limited capacity of our systems

Staff frequently have to use multiple mainframe screens at the same time, along with several other applications, to process claims





Employee using microfiche reader



Employee keying in data from employer payroll reports filed on paper

Proposed Legislation

Senate Bill (SB) 42 – Repeal of Senate Bill 1534 (2016)

- SB 1534 (2016) allows some employees to receive benefits who could not receive them during school breaks
- Recent federal regulations apply this same change, but to a broader group of employees
- Leaving SB 1534 in place would create confusion, making it appear the change applies only to the narrower group of employees
- SB 42 repeals SB 1534 to remove that confusion





Modernization Initiative

Kay Erickson, Director



We Must Modernize

- The Unemployment Insurance technology systems were designed in the 1990s
- In 2016, our Unemployment Insurance system served 142,031 Oregon businesses and 1,980,276 Oregonians, paying benefits to 125,393

We Must Modernize

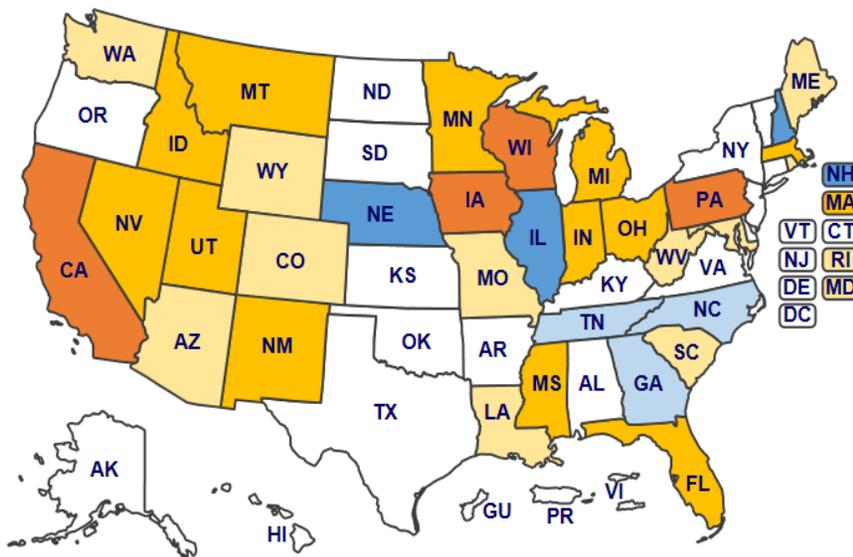
- Our labor exchange and job match system was piloted in 2003 and launched April 2004
- In 2016, our Workforce Operations system served 182,177 Oregonians and 4,459 businesses



Oregon is Not Alone

Status of State Unemployment Insurance Information Technology Modernization Projects

Status of State UI IT Modernization Projects | Updated April 2016



COMPLETED	IN DEVELOPMENT	
		Benefits System Only
		Tax System Only
		Benefits and Tax System
		Planning

Consortium States	
WyCAN:	Arizona and Wyoming (former Colorado and North Dakota)
SCUBI:	North Carolina, South Carolina, and Georgia (former Tennessee)
MRM:	Mississippi, Maine, and Rhode Island
MW:	Maryland and West Virginia (former Vermont)
NY/NJ:	New York and New Jersey (former Consortium)
iUS:	Idaho, Iowa, and Vermont

“Status of State Unemployment Insurance Information Technology Modernization”. *ITSC.org*. NASWA Information Technology Support Center in Partnership with USDOL, updated April 2016. Web. 31 January, 2017.

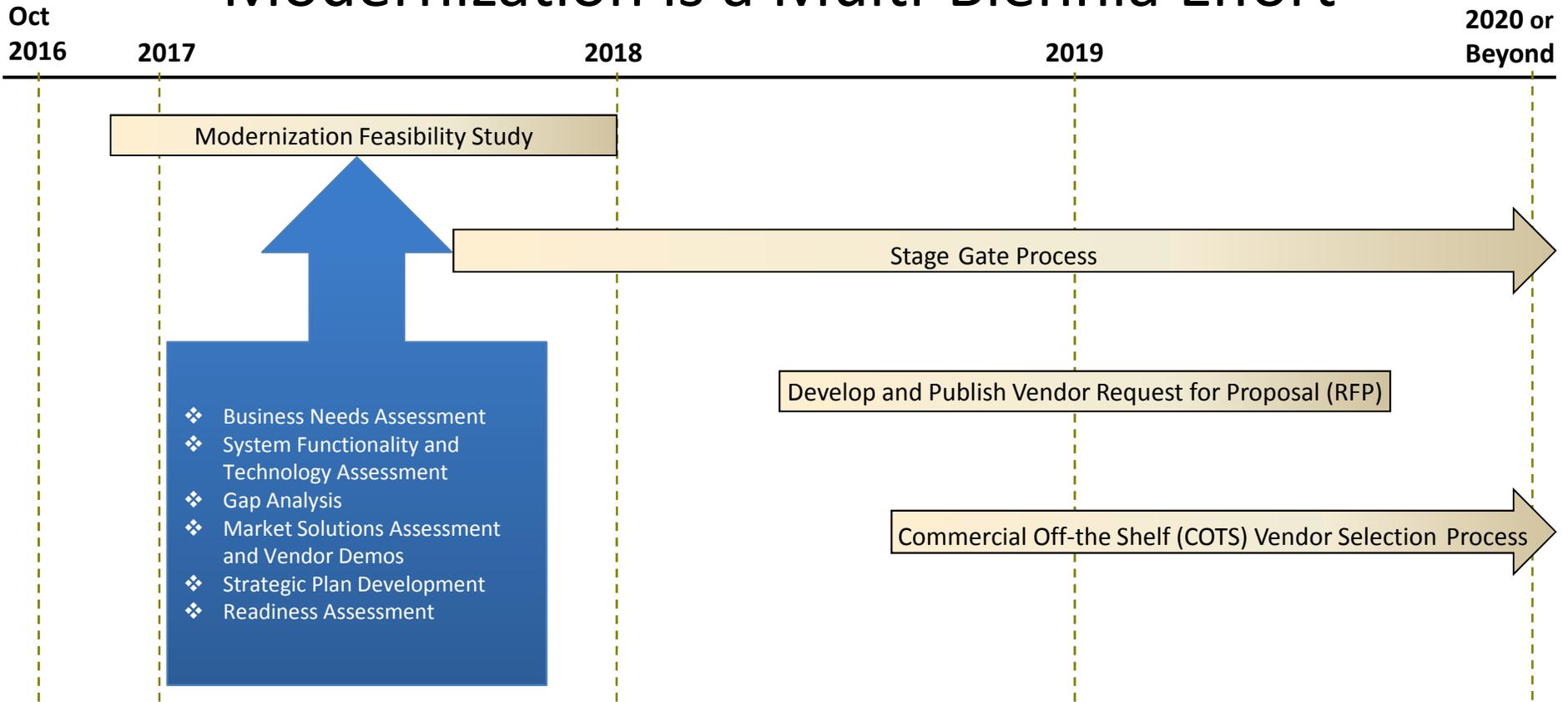


Making Good Progress

- On track with the plan we updated and shared in February 2016
- Iterative and careful approach
- Hired the manager and business analysts; dedicating subject matter experts
- Contracted with the IT Support Center for the feasibility study
- Will continue to adapt and adjust the plan as we learn more
- Have dedicated funding from the U.S. Department of Labor

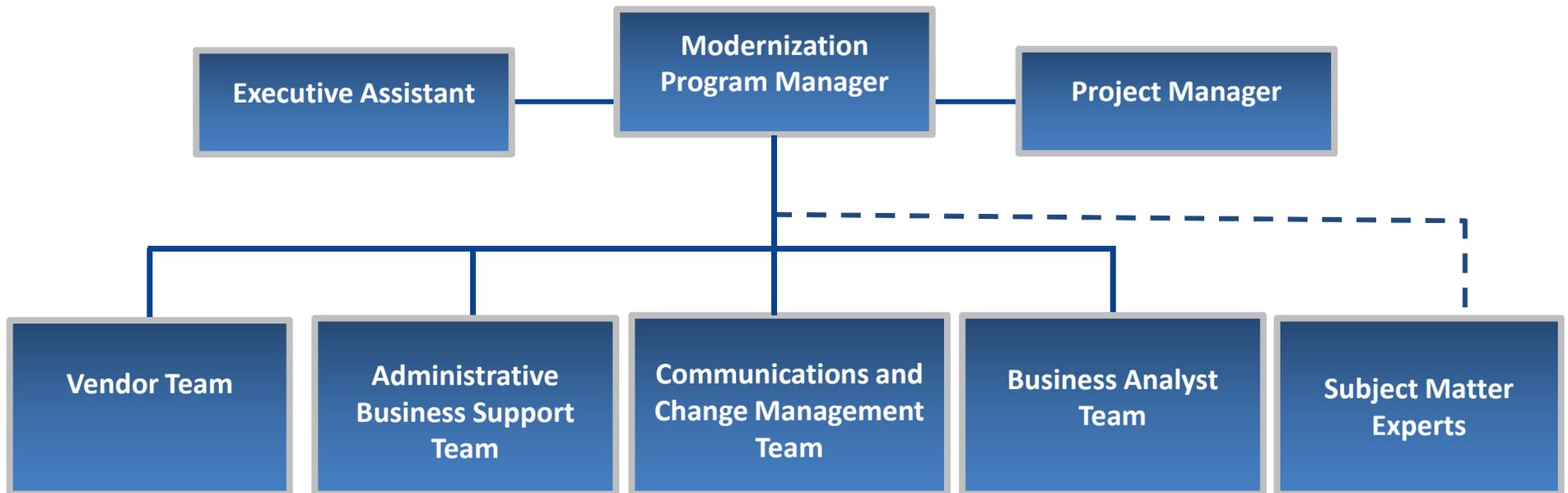


Modernization is a Multi-Biennia Effort



Modernization Initiative

Positions: 24
Full-Time Equivalents: 23.00



Thank You



Office of Administrative Hearings

Gary Tyler
Chief Administrative Law Judge



Provide Impartial, Fair and Efficient Contested Case Hearing Services

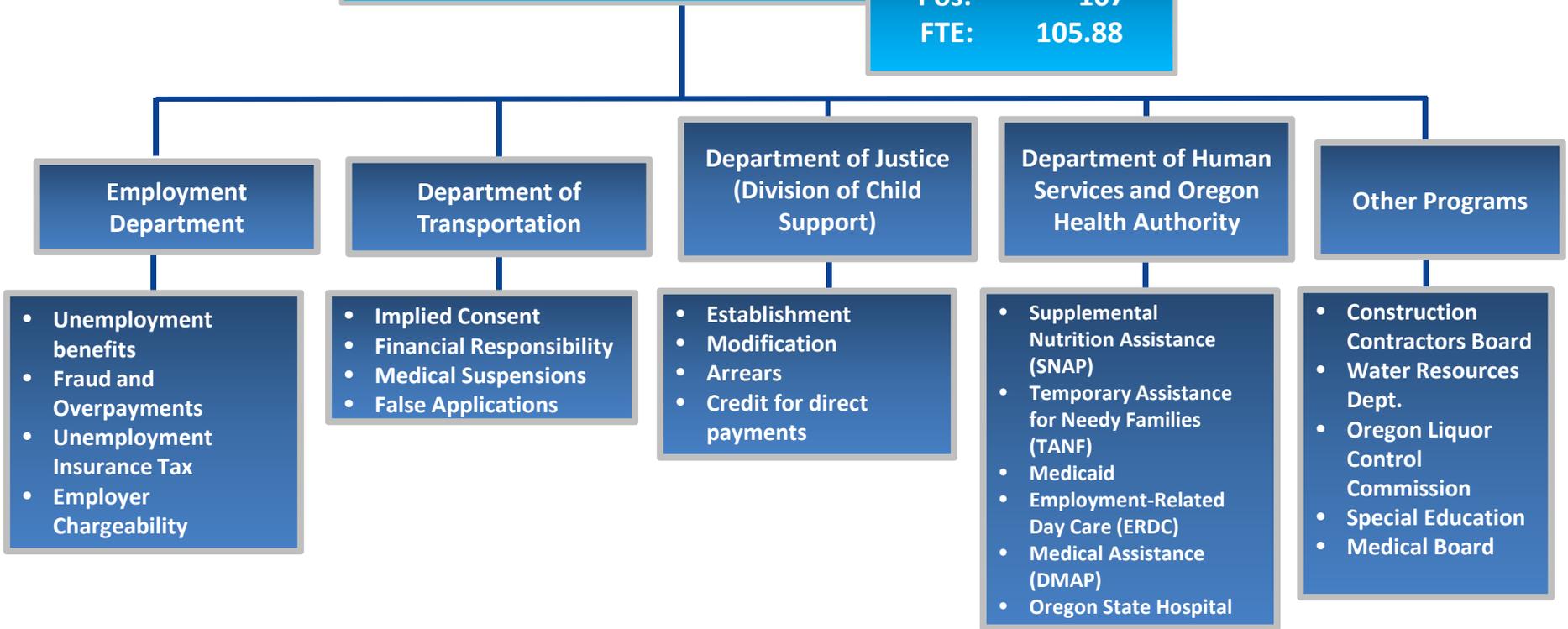
Office of Administrative Hearings Operations

- Established by the Legislature in 1999 to provide a fair and impartial forum for contested case hearings within Oregon by consolidating hearings into a central panel of administrative law judges
- Managed by the chief administrative law judge appointed by the Governor
- Oversight Committee monitors operations
- Chief administrative law judge establishes fees calculated to recover costs of providing hearings
- Contested case hearing services provided to agencies, boards and commissions



Office of Administrative Hearings

Pos: 107
FTE: 105.88

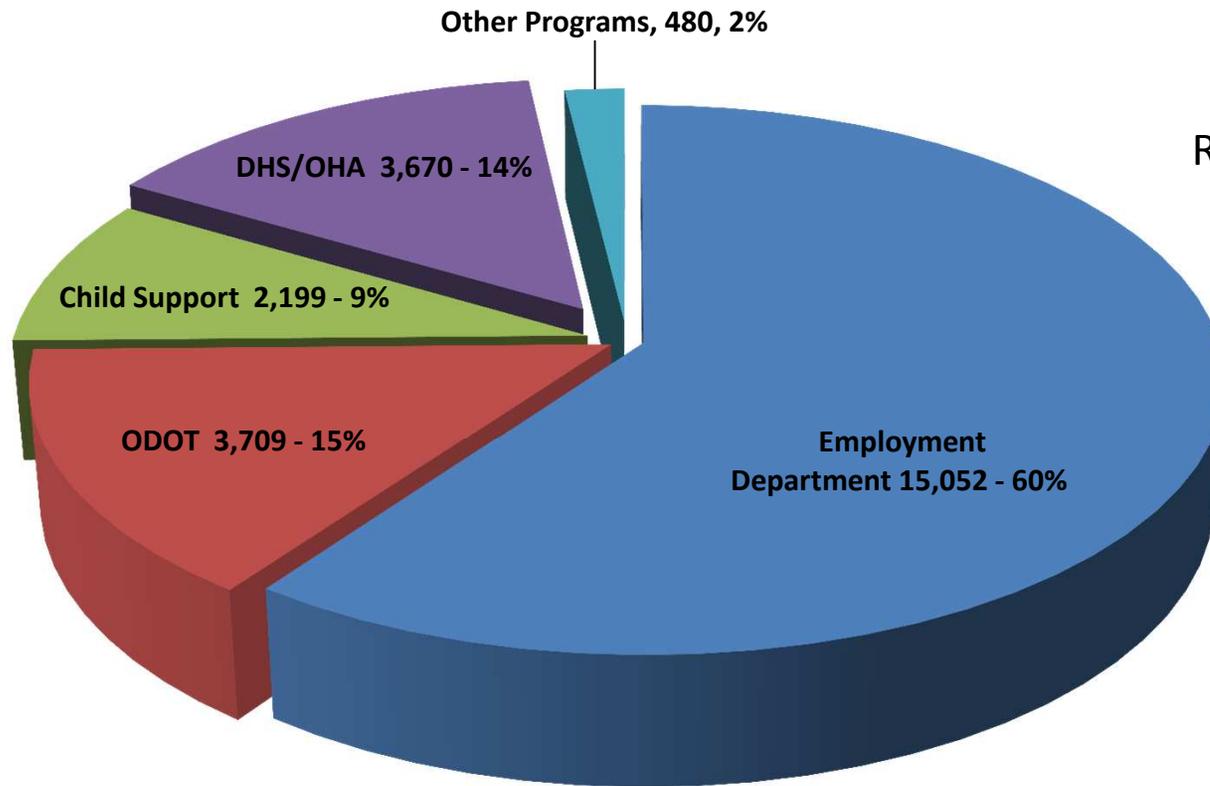


Key Program Driver: Referrals

Biennium	Number of Referrals
2005-2007	65,572
2007-2009	72,351
2009-2011	82,915
2011-2013	81,321
2013-2015	56,632



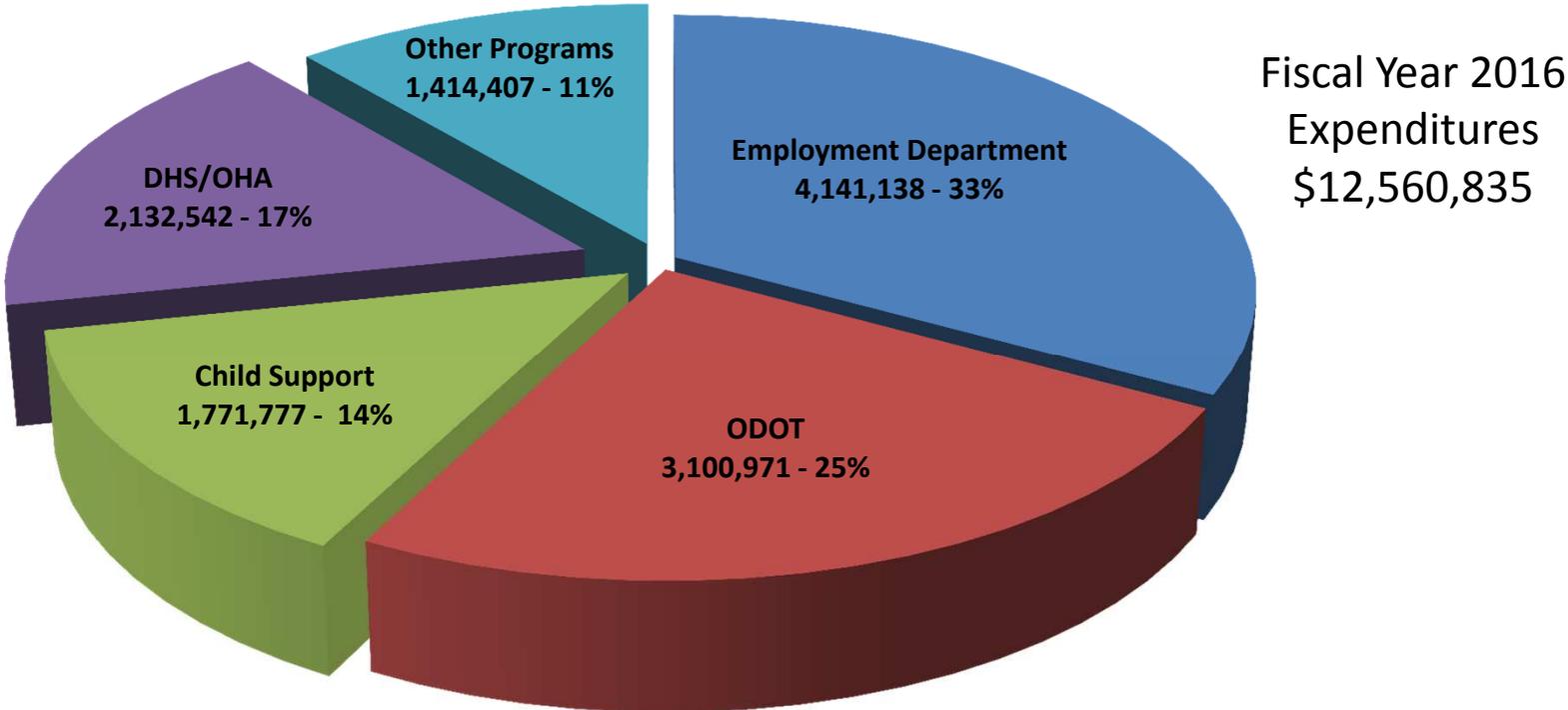
Hearing Requests



Fiscal Year 2016
Requests Received
25,110

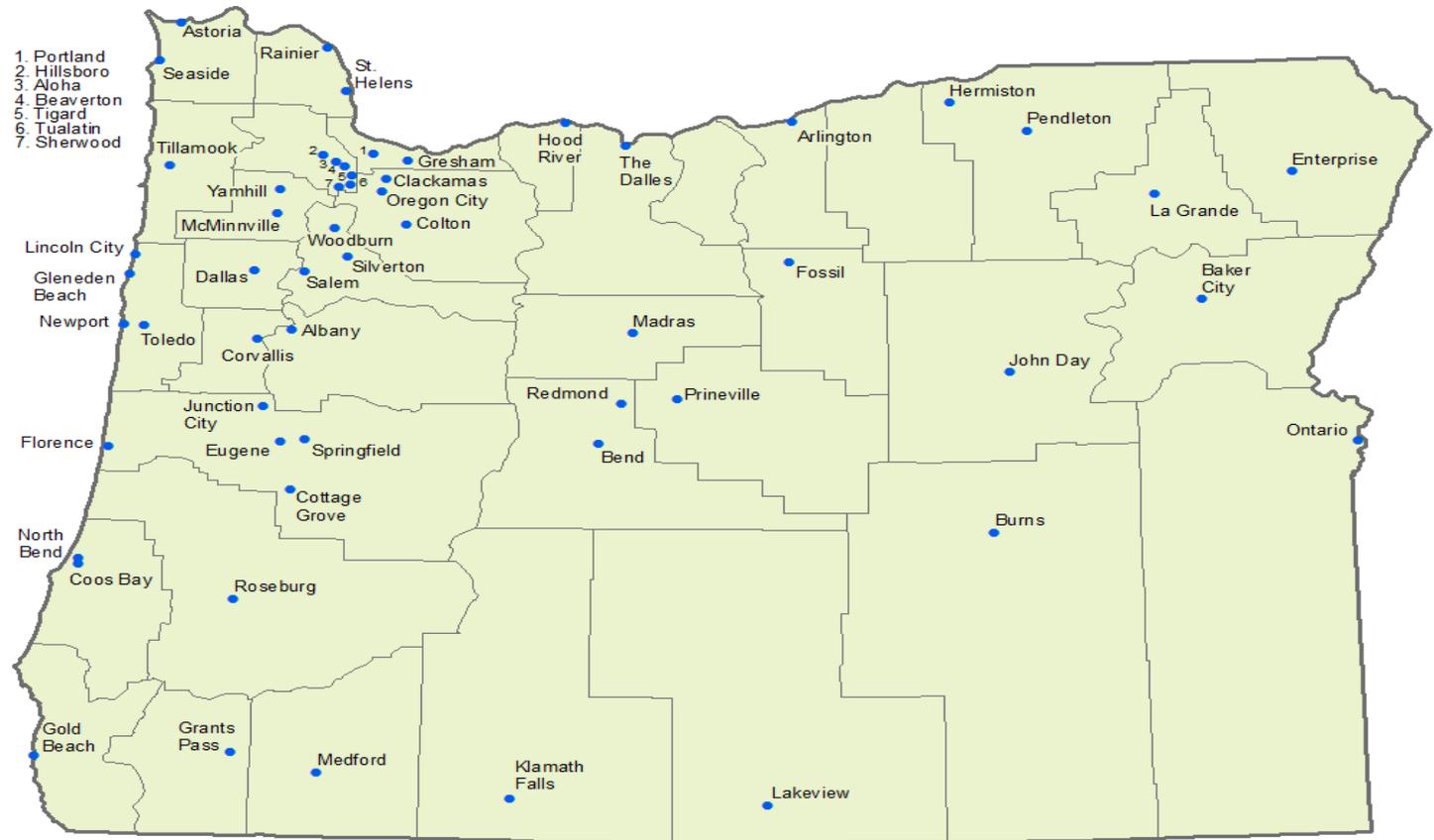


Expenditures by Program



Office of Administrative Hearings In Person Hearings 2013-15

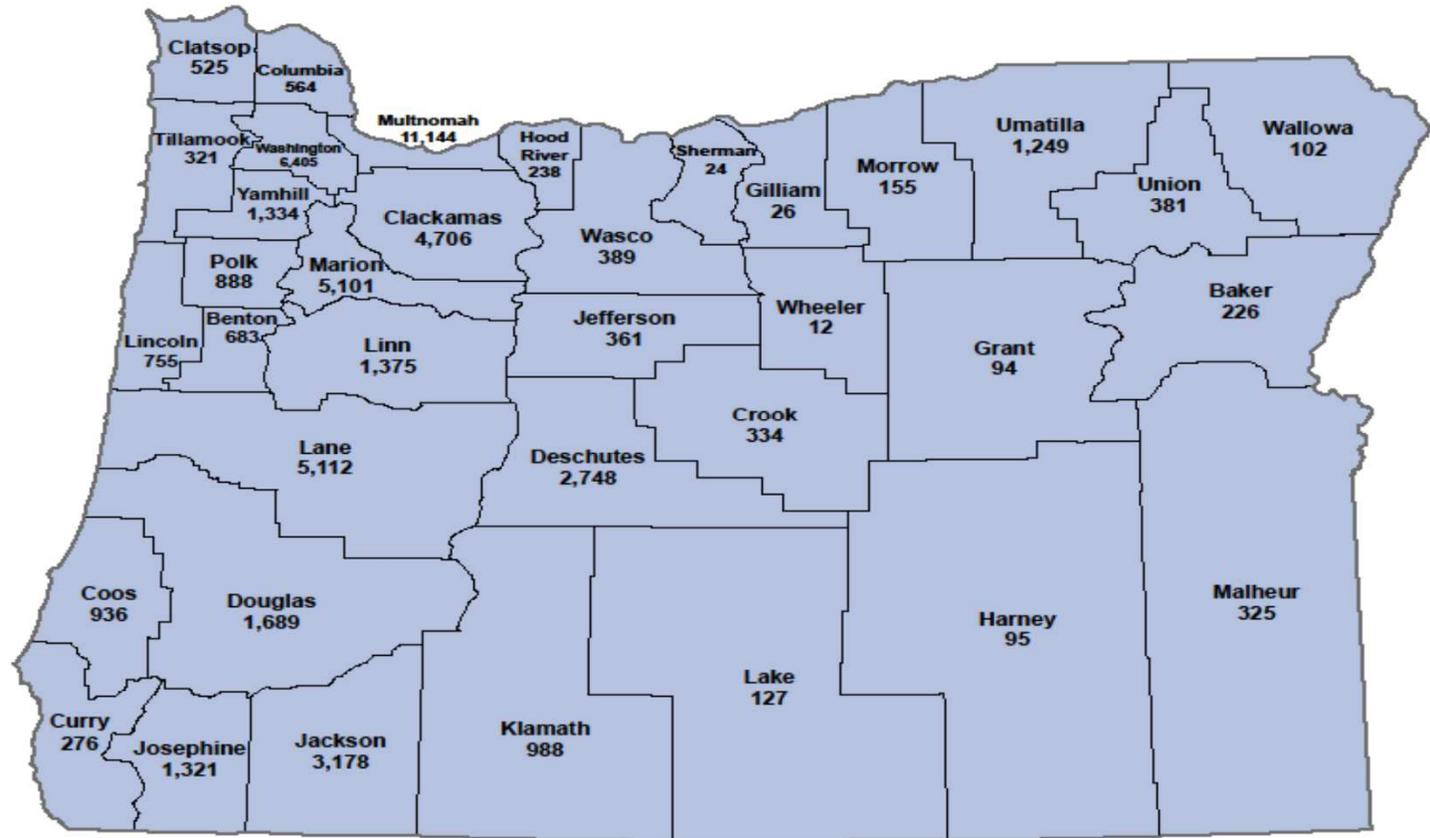
52 cities
100,000 miles



Provide Impartial, Fair and Efficient Contested Case Hearing Services

Hearing Participants by County 2013-15

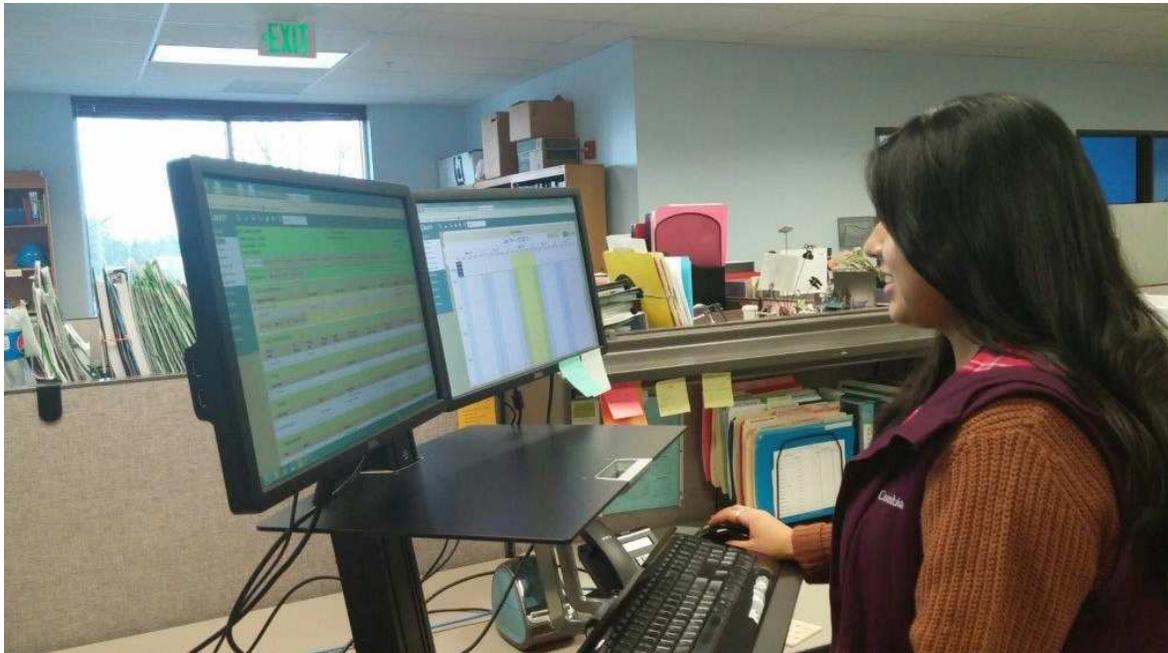
54,187 hearing participants



Accomplishments

- Full and fair contested case hearings to agencies and citizen participants
- Electronic Case Management System available to referring agencies
- Convenient and efficient digital files and recordings

OAH Modernization: Completion of OAH Case Management Project

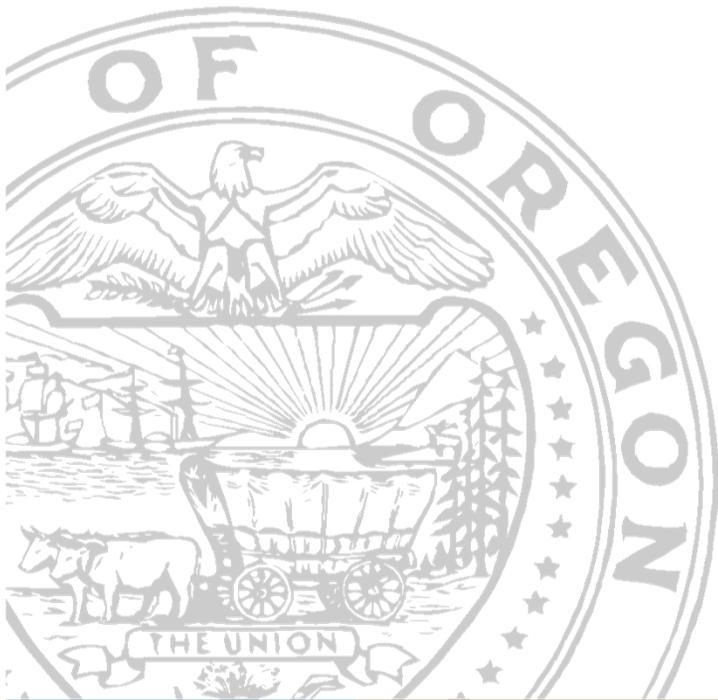


Challenges

- Declining referrals of low cost Unemployment Insurance hearings with recession ending, causing cost per case increase
- Changes in laws affecting social programs and increase in referrals in social program area
- Changes in technology requiring ongoing modernization

Thank You

**Office of
Administrative
Hearings**



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AUDIT RESPONSE REPORT:

Summary of recommendations and agency response to financial and performance audits completed by the Secretary of State or the Joint Legislative Audit Committee in fiscal biennium's July 1 2013 – June 30, 2015 and July 1 2015 to date.

2013-15 Biennium

- Audit of Selected Financial Accounts for the Year Ended June 30, 2014 (Management Letter 471-2014-11-01)

Recommendation – No reportable conditions noted.

Corrective Action – N/A

- Statewide Single Audit of Selected Federal Programs for the Year Ended June 30, 2014 (Management Letter 471-2015-02-01)

Recommendation 1- Inaccurate Performance Data Reporting (TAPR): Department management to update the query to ensure it accurately extracts wages for the quarterly report.

Corrective Action 1- Corrective Action was taken. We revised the query to exclude wages that indicate they are no longer currently associated with the selected customer. This was completed on or about July 15, 2014.

Current Status (as of December 5, 2016): Corrective action was taken. No further reporting on this finding required.

- Audit of Selected Financial Accounts for the Year Ended June 30, 2015 (Management Letter 471-2015-12-01)

Recommendation – No reportable conditions noted

Corrective Action – N/A

- Statewide Single Audit of Selected Federal Programs for the Year Ended June 30, 2015 (Management Letter 471-2015-03-01)

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Recommendation 1- Recommend OED continue efforts to improve processes and implement sustainable controls to ensure temporarily laid off (TLO) claimants register for work.

Corrective Action 1- We developed and deployed the refined [Business Intelligence] (BI) tool and process before the June 30, 2016 deadline. We have a UI Technician who is tracking the data from our new query as well as dedicated staff to review and adjudicate the claims.

We are still in the process of reviewing our TLO messaging (letters, online, and phone system) and determining what changes need to be made.

Current Status (as of December 5, 2016): The new TLO process started out with 3 separate lists. The 1st week list is to review claim records of those who do not have a valid return to work date within 4 weeks and check the TLO box on their weekly claim for the 1st time. The 5th week list is to review records of claimants who did have a valid return to work date but have checked the TLO box for the 5th time in a row on their weekly claim. The 6 plus weeks TLO list is to review records of claimant that might have been missed by the other lists or continue to check the TLO box on their week claim for 6 or more weeks in a row.

Later we added a 2 to 4 week TLO list because we were missing some claimants who should have been on the 1st week list. From reviewing the results, we found some claimants were not showing up on the 1st week TLO list as they were claiming weekly benefits later in the week. The majority of these (85% or more) are on the list after they claim their 2nd week of benefits. We are still reviewing the results and will most likely change the 2 to 4 week list into a 2 week list.

When weekly benefits are claimed, claimants are required to list 5 work seeking activities. These have been added to our TLO lists for the weeks requiring review to help speed up the review process.

To help reduce the number of records needing review, we have added filters for a required number of characters in each work seeking activity field. In some of the fields we have also added specific business names and activities that do not meet the character count but would be an acceptable activity. The records that meet the filter criteria are removed from the review list because some claimants continue to check the TLO box but are performing adequate work searches.

These changes to the TLO review process has reduced the number of records requiring review by up to 75% while allowing us to continue identifying potential TLO related eligibility issues.

APPENDIX

Recommendation 2- Recommend OED continue efforts to improve processes and implements sustainable controls to ensure out of state claimants register for work.

Corrective Action 2- In our initial response to this finding we reported that we approved a project to automate the identification of out-of-state claimants. The automated process would flag the claim, generate a letter directing them to register in the state of their residence and requiring them to provide documentation of their registration. This will take internal IT resources and based on other higher priority IT projects the completion date, based on current IT projects prioritization, is December 1, 2017.

Current Status (as of December 5, 2016): Regarding the finding of ensuring that out of state claimants are registering in their state of residence, a project has already begun to address this issue. Prior to issuance of this audit report, OED developed a plan to change processes and procedures to ensure out of state claimants register as required. The project consists of creating an automated way of identifying claimants who are out of state, and sending them a letter directing them to register in the state of their residence and then requiring them to provide us with documentation of their registration. This project will require internal IT resources that are currently working on other OED high priority work. Due to this competing IT work, OED expects to have this new process in place by December 1, 2017.

2015-17 Biennium

- Audit Report, Computer Programs for Unemployment Tax Returns and Claims Need Attention (Report No. 2015-31)

Recommendation 1- Improve documentation of OBIS and OATS system design and controls including processes for assigning and modifying users' logical access.

Corrective Action 1- We are in the process of preparing to modernize our computerized systems. Work efforts are focused on documenting OBIS and OATS functionality to determine what will be needed for UI Modernization which is a multi-year project.

A high level application portfolio document for OBIS and OATS mainframe applications were completed earlier this year and we have initiated the process of creating system documentation. A senior technical writer is working with the team to create the required documentation and is expected to complete this work by July 2017.

The security team has started creating logical access documentation along with input from the Mainframe Team. The access is limited in design due to old code and setup, where restrictions are in place by office rather than user. The existing system was created over twenty years ago based upon standards at that time. Another layer of complexity added to the system was a custom

APPENDIX

built program to add an additional layer of program security that is poorly documented. Staff with institutional knowledge of this program has long since retired. This will have to be addressed in Modernization.

The agency is currently compiling a list of outstanding security related issues from past audits, IRS findings and third party penetration test results to be brought forth to the ITGC Committee for priority and resourcing allocations prior to remediation of the vulnerabilities documented. We estimate this body of work will require six to twelve months to address.

Recommendation 2- Improve processes for detecting and correcting UI tax return errors.

Corrective Action 2- The Employment Department worked with the large payroll services provider referred to in the audit, which reports about 25% of all wage records, to address how those wage records are filed. Effective starting with the filings for the third quarter of 2015, the wage summary and wage detail parts of these filings are compared to identify potential tax return errors. The Employment Department is also pursuing options to ensure taxable wages are appropriately reported. While longer term options being pursued include automated computation of taxable wages, OED is committed to identifying shorter term solutions that, although more manual and resource intensive, may permit additional validation of correct taxable wage reporting.

Recommendation 3- Establish processes for regularly evaluating users' logical access to ensure it remains appropriate.

Corrective Action 3- The Information Security Team continues conducting reviews of all internal and external user account access while working with program management to ensure that staff has the rights required to perform their job duties. Any unnecessary rights are being removed. All unused accounts are being purged from the systems. Annual user account cleanup includes removal of 1,500 AD accounts and removal of 1,050 mainframe users since the audit. Policies and procedures related to access management will be developed as part of the security remediation project.

Access control for EdWeb Admin Tools and Time Group maintenance support has been recently transferred from the Security team to the Service Desk. Access control for iMatch & WOMIS will be transferred to Service Desk on July 18, 2016.

Long term planning goal for the agency is still to move the role of Access Management from the Information Security Team to another area, creating separation of duties and the ability for the Security Team to objectively review whether the procedures and policies related to account management are being followed.

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To address this finding the agency needs to send (2) staff to an accredited RACF training course; move the responsibility from the Security Team over to the Service Desk and perform semi-annual internal and external user account audits. The estimated time to complete these tasks is twelve months assuming the Service Desk has the staffing resources available.

Recommendation 4- Remove programmers' logical access to production screens and further restrict their access to the production environment.

Corrective Action 4- The current access setup is limited in design, where restrictions are in place by office rather than user. This will have to be addressed in Modernization. The issue with restricting the access is because the system is old, the only way to fix the errors is for someone to go in and do that. So removing access is removing the way to fix these error records. Until modernization happens this will be an issue we might have to live with.

All rights to source code on the mainframe have been reviewed, anyone with rights who is not approved staff have had their rights to the source code terminated. This will be combined with the Source Code Management (SCM) project to ensure this is controlled in the future. Limited access to production code is necessary when fixing production issues after normal business hours.

Addressing this finding temporarily until the Modernization project replaces the old program code has already happened. The Source Code Management project severely restricts programmers' production code access and is only used when dealing after normal business hours while addressing production issues.

Recommendation 5- Implement procedure to log and monitor actions of those having powerful access tot system functionality to ensure better accountability.

Corrective Action 5- The agency recently implemented the Source Code Management project which will provide additional layers of security for the mainframe environment.

The security and mainframe team have started documenting access of all users and developers on the OBIS and OATS application. Reports or a process will have to be created. The logging is at the CICS level and not at the file level which is what will truly allow monitoring actions.

The Information Security Team is still on track to implement a Security Event and Information Management (SEIM) system this biennium. This will provide better monitoring and alerting of events and also will provide better log management and review. UI will work with IT to determine what access should be monitored and tracked in the project.

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To address this finding the agency needs to: create PA (Privileged Access) accounts for all staff who support agency hardware/software applications to be only used when elevated privileges are necessary to complete work assigned; remove/reduce the number of generic user accounts i.e. oedhelpdesk, oedroot, webadmin etc.; enforce the creation of system accounts; implement robust mainframe reporting tool with better security controls (ETS is currently reviewing CA View for all state agencies to use); semi-annual review of internal and external user accounts; semi-annual removal of dormant internal and external user accounts; implement SEIM tool. Time estimated to setup procedures, policy and staffing needs is twelve months.

Recommendation 6- Appropriately restrict access to OATS and OBIS reports.

Corrective Action 6- In our initial response to this finding, we reported that the Unemployment Insurance (UI) division had a work effort pending to restrict access to the service request system, which would limit who would have access to OBIS and OATS reports.

The UI Leadership Team has approved a new process in which all service requests, including those that request OATS and OBIS reports, would run through the UI Operations and Program Support section for approval by UI management. We are still working to coordinate with our IT Division to see how this process will interact with their service request system.

Recommendation 7- Establish security expectations with the data center and implement procedures to ensure those expectations are met.

Corrective Action 7- OED has implemented our own security controls to compliment ETS security and provide a better defense in depth for our systems and data. Two of three of the controls included in the POP have been implemented: Mobile Device Management and End Point Security. The Multi-factor Authentication project is currently underway.

In addition we are participating on a multi-agency committee with ETS to design and implement improved patch management. OED is also addressing patch management internally.

OED performs firewall modifications collaboratively with ETS. ETS continues to have the vendor under contract and on site to assist with the management and configuration of the firewall and its associated services.

ETS security has moved to the Enterprise Security Office (ESO) for the State. As that transition continues we anticipate the security program for ETS will continue to mature and standardized, repeatable processes will be established and followed. Currently several are under review and modification, including the Incident Response Policy and Procedure.

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To address this finding: Creation of security SLA with ETS. Time estimate to create, review and approve is six months.

Recommendation 8- Improve processes for testing, evaluating, and documenting computer code changes and continue efforts to implement software to manage computer code.

Corrective Action 8- To address the weaknesses on code changes, OED has implemented a version control system for mainframe application source code using CA Endeavor. In addition, evaluation for adopting a Software development lifecycle which is a good fit for the current setup of OED IT and Applications is being done.

The OED Quality Assurance Program has been established and is successfully implemented. The Program now works with Business partners and IT teams to create and exercise test plans, test cases for agency projects.

To address this finding: the agency should purchase a COTS QA tool to monitor, track, document, schedule, create automated test scripts for new code; send QA staff to software quality assurance training classes, adopt SDLC framework, creation of mainframe development and test environments that mirror production; create test and development web server environments; creation of source code librarian position to migrate all source code; move all developer positions from Research Division and any other sections to IT so all computer code receives the same review and approval process. Time estimated to implement is two years.

Recommendation 9- Fully develop and test disaster recovery procedures and ensure data stored at the offsite location is secure.

Corrective Action 9- We are developing table top scenarios for an exercise sometime during the Fall of 2016.

We are currently in the process of creating scenarios for the COOP tabletop exercise. [The Safety & Risk Manager, Manager of Benefit Payment Control and an Information Specialist for IT Service Desk Support] met June 14th and discussed the tabletop exercise. The group is scheduled to review the tabletop scenarios Thursday July 14th. After Thursday's meeting we should be able to provide additional details on the status of the tabletop exercise. Additionally [the Safety & Risk Manager], who is currently leading the efforts on the Continuity of Operations (COOP) tabletop exercise, is leaving the agency. [The Procurement Manager] will be assuming responsibility for COOP. This change in leadership may have an impact on our efforts to complete a tabletop exercise with staff.

Recommendation 10- Prepare for replacing OBIS and OATS with more flexible solutions.

APPENDIX

Corrective Action 10- OED is currently in the Feasibility Study phase for the UI Modernization project. The expected completion date of the Feasibility Study is December 2017. After completion of the study, OED will begin preparing OSCIO Stage Gate 1 deliverables. The Feasibility Study will also be used to develop future requests for authorization from the legislature for any actionable modernization readiness tasks identified by the Feasibility Assessment. At this time the estimate timeline for completion of the effort which is expected to result in replacing OBIS and OATS along with other systems with more flexible solutions is December of 2025. That date will shift as the project continues and OED becomes more informed about possible solutions and makes final plans to implement.

APPENDIX

INFORMATION TECHNOLOGY-RELATED PROJECTS/INITIATIVES:

Agency: Oregon Employment Department

Project Name	Project Description	Estimated Start Date	Estimated End Date	Project Costs to Date	Estimated 17-19 Costs	All biennia total project costs	Base or Policy Package	Project Phase: I=Initiation, P=Planning, E=Execution, C=Close-out	If continuing project - Has it been rebaselined either for cost, scope or schedule? Y/N If Y, how many times?	Purpose? L=Lifecycle Replacement, U=Upgrade Existing System, N=New System	What Program or line of business does the project support?
Modernization Business Services and Technology Infrastructure	Initial planning for updating agency systems and business processes	8/1/2014	7/1/2022	\$239K	\$7.0M; \$6.6M Policy Package, \$0.4M Base Staff	\$11M	Policy Package and Base	Initiation	Y, 1	N	Agency (Unemployment Insurance, Workforce Operations, Research, Shared Services)
Oregon Payroll Reporting System (OPRS) 2.0	Develop a new front end security sign-on for the current web based OPRS application	8/1/2014	12/31/2017	\$174K	\$800K Contract, \$295K Base Staff	\$2.2M	Policy Package (15-17) and Base (15-17) and (17-19)	Planning	N	U	Department of Revenue, Department of Consumer and Business Services, Oregon Employment Department (Unemployment Insurance Tax Section)

APPENDIX

CAPITAL BUDGETING AND FACILITIES MAINTENANCE

FINANCING AGREEMENTS AND COPS:

We have no Financing Agreements and COPS.

CAPITAL IMPROVEMENTS:

Capital improvements to be made at the Employment Department's owned facilities in the 2017-19 biennium address replacement of structures that have been determined to be at the end of their useful life, and to improve ADA accessibility.

APPENDIX

MAJOR CONSTRUCTION/ACQUISITION SIX-YEAR PLAN

Project Description	2017-19				
	Site	Structure	Less: Force Account Work	Expenditures	Fund
Central Office Canopy Roofing Replacement		\$75,000			Other Funds
Baker City Exterior Wood Sun Screen Replacement		\$12,000			Other Funds
Bend Unemployment Insurance (UI) Contact Center Door ADA Accessibility		\$12,000			Other Funds
Eugene Remove/Replace Windows		\$148,000			Other Funds
Eugene Remove Skin/Siding		\$210,000			Other Funds
Klamath Falls Door ADA Accessibility		\$8,000			Other Funds
Klamath Falls Stair Reorientation		\$9,500			Other Funds
Ontario Lighting Fixture Renovation		\$11,000			Other Funds
Ontario Window Replacement		\$268,000			Other Funds
Salem Door ADA Accessibility		\$12,000			Other Funds
Total		\$765,500			

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MAJOR CONSTRUCTION/ACQUISITION SIX-YEAR PLAN

MAJOR CONSTRUCTION/ACQUISITION SIX-YEAR PLAN

The Department is not planning any major construction/acquisition projects during the 2017-19 biennium.

Program Area/Agency	2015-2021				
	General Fund	Other Funds	Lottery Funds	Federal Funds	Total Funds
None	N/A	N/A	N/A	N/A	\$ 0.00

APPENDIX

UPDATED OTHER FUNDS ENDING BALANCES FOR THE 2015-17 & 2017-19 BIENNIA
as of December 2016
submitted 1/13/2017

Agency: Employment Department
Contact Person (Name & Phone #): Mike Smith, (503) 947-1213

(a) Other Fund Type	(b) Program Area (SCR)	(c) Treasury Fund #/Name	(d) Category/Description	(e) Constitutional and/or Statutory reference	(g) 2015-17 Ending Balance		(h) 2017-19 Ending Balance		(i) Comments
					In LAB	Revised	In CSL	Revised	
OF Non-Limited Total	087-00-00-00000								
	087-02-00-00000	455 - Compensation Trust Fund	Trust Fund - UI Trust Fund Control including Reed Act	ORS 657.805	3,181,468,235	3,777,000,000	3,841,083,003	3,878,000,000	Funds include State Unemployment tax payments from employers, Reed Act & UI Modernization funds, Self Employment Assistance (SEA) & Short Term Compensation Grants (STC). Trust Fund restricted to benefit payments only; Reed restricted to benefits or certain admin costs; Modernization funds budgeted for only Modernization Initiative expenditures; SEA & STC funds restricted to specific activities. The Ending Balance increased from 2015-17 to 2017-19 due to economic changes. Fund is self balancing to build during good economic times and to keep employer taxes lower during bad economic times.
			Reed Act and UI Modernization funds included in Trust Fund amount						These are one-time funds provided by the Federal Government from employer paid FUTA taxes. Expected ending balance for Reed Act is \$2M for 2015-17 and \$0 for 2017-19. Expected ending balance for Modernization Funds is \$83M for 2015-17 and \$76 for 2017-19.
	087-09-00-00000	548 - Local Gov Employer Benefit Trust	Trust Fund - LGEBTF	ORS 294.730	18,269,719	18,269,719	25,285,000	25,285,000	Funds are payments from local government entities for reimbursement of UI Benefit payments. Funds are restricted to UI compensation benefits. Balance increases & decreases are due to changes in benefits paid and deposits made by local government entities.
	087-06-00-00000	456 - Special Admin	Operations - Spec Admin Fund (P&I)	ORS 657.515	11,641	7,441,871	73,843	0	Funds are payments from employers of penalties and interest for delinquent tax payments. Funds are dedicated to agency administrative costs. 2015-17 ending balance may increase dependent on estimated FFY 2016 UI Administration (RJM) adjustments and needs for operating capital. Estimated agency operating capital needs for a minimum of 90 days is \$36M.
	087-07-00-00000	522 - SEDAF	Operations - Supplemental Employment Department Administration Fund (SEDAF)	ORS 657.783	18,599,220	14,406,908	10,739,943	10,567,654	Funds diverted from employer tax payments at 0.009% for agency administrative purposes. Balance is needed for agency operating capital. Agency operating capital needs for a minimum of 90 days is \$36M. 2015-17 ending balance includes a decrease for a one-time \$13M transfer to General Fund directed by the 2015 Legislature. Ending balance for 2017-19 leaves only 26 days of operating capital.
	087-13-00-00000	827 - Special Fraud Control	Operations - Special Fraud Control	ORS 657.400	11,467,270	17,266,412	9,123,075	13,797,880	Funds are payments of interest and penalties received from claimants on UI benefit overpayments due to fraud. Use of funds is restricted to costs associated with prevention, detection and collection of unemployment benefit overpayments.
OF Limited	010-10-00-00000		Operations - Unemployment Insurance		0	0	0	0	No ending balance. OF is transferred in from Non-Limited DCR.
	010-20-00-00000		Operations - Bus & Employ Svcs		0	0	0	0	No ending balance. OF is transferred in from Non-Limited DCR.
	010-40-00-00000		Operations - Office of Admin Hrgs		2,600,857	2,626,330	2,280,162	2,796,440	Ending balance is 60 days working capital for OAH.
	010-50-00-00000		Operations - Wkfce & Economic Research		0	0	0	0	No ending balance. OF is transferred in from Non-Limited DCR.
	010-05-00-00000		Operations - Shared Services		SCR not in 2015-17		0	0	No ending balance. OF is transferred in from Non-Limited DCR.

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10% REDUCTIONS OPTIONS (ORS 291.216):

Activity or Program (which program or activity will not be undertaken)	Describe Reduction (Describe the effects of this reduction. include positions and FTE in 2015-17 and 2017-19)	Amount and Fund Type (GF, LE, OF, FF. Identify Revenue Source for OF, FF)	Rank and Justification (Rank the activities or programs not undertaken in order of lowest cost for benefit obtained)
General Fund 10% Reductions:			
Oregon Talent Council	Reduce Investments/Grants provided.	\$665,000	1
Federal Funds 10% Reductions:			
Office of Human Resources	Reduce travel, supplies, dues and contract training.	\$28,000	1
Information Technology	Hardware Savings – Do not replace monitors as part of hardware lifecycle. Replace when broken.	\$283,000	2
Information Technology	Eliminate Hardware Contingency and Management Reserves.	\$535,800	3
Information Technology	Hardware Savings. Replace ½ of all equipment (desktops/laptops) at lifecycle with same, no upgrades, delay replacement of other ½ of equipment at lifecycle.	\$556,500	4
Information Technology	Eliminate overtime. Work may take longer to accomplish. Lower staff levels during normal office hours as staff flex time to accomplish work after office hours to avoid system disruption.	\$29,000	5
Information Technology	Eliminate on-call support. After hours issues will not be resolved until normal office hours. Systems/data not available to staff.	\$24,000	6

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Administrative Business Services	Eliminate Project Manager position (1.0 FTE). Facilities projects will be delayed with slower response times on requests.	\$230,000	7
Administrative Business Services	Decrease Contract Specialist positions (1.0 FTE).	\$230,000	8
Workforce & Economic Research Division	Eliminate Research Analyst 3 (1.0 FTE), Research Analyst 2 and ISS6 Positions (2.67 FTE).	\$544,000	9
Unemployment Insurance	Eliminate 3 Compliance Specialist 2 positions (Tax Auditors). Reduce payroll audits, reduction in tax collections.	\$684,000	10
Workforce Operations	Eliminate Field Office staff (2.0 FTE). Decrease in Trade Act funding.	\$400,000	11
Unemployment Insurance	Eliminate Compliance Specialist 2 position for work share.	\$180,000	12
Workforce Operations	Eliminate Field Office staff (2.0 FTE). Decrease in Trade Act funding.	\$400,000	13
Unemployment Insurance	Eliminate Legal Secretary position (EAB).	\$154,000	14
Workforce Operations	Eliminate Field Office staff (2.0 FTE). Decrease in Trade Act funding.	\$400,000	15
Unemployment Insurance	Eliminate Compliance Specialist 3 – case presenter. Attend selective hearings.	\$205,000	16
Workforce Operations	Eliminate Field Office staff (2.0 FTE). Decrease in Trade Act funding.	\$400,000	17
Unemployment Insurance	Eliminate Business and Employment Specialist 2 position to be added through mandated caseload (7 FTE).	\$986,000	18

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Unemployment Insurance	Restructure Adjust unit. Eliminate 1 Business and Employment Specialist 2 position, reclass 11 FTE. Compliance Specialist 2 positions to lower classification.	\$756,000	19
Workforce Operations	Eliminate Field Office Staff (2.0 FTE). Decrease in Reemployment and Eligibility Assessment (RESEA) funding.	\$400,000	20
Workforce & Economic Research Division	Eliminate Regional Economist position (Econ 2 -1.0 FTE).	\$260,000	21
Unemployment Insurance	Eliminate legal staff writer (EAB).	\$205,000	22
Workforce Operations	Eliminate Field Office Staff (3.0 FTE). Decrease in RESEA funding.	\$600,000	23
Unemployment Insurance	Eliminate 3 Compliance Specialist 2 positions (Tax Auditors). Fewer audits, reduction in tax collections.	\$684,000	24
Workforce Operations	Eliminate Field Office Staff (1.0 FTE). Decrease in Trade Act cost sharing on Basic Career Services.	\$200,000	25
Unemployment Insurance	Eliminate Principal Exec Manager C (Tax field manager).	\$202,000	26
Unemployment Insurance	Eliminate remainder of Employment Appeals Board (EAB). Would require statutory change.	\$1,800,000	27
Unemployment Insurance	Eliminate 3 Compliance Specialist 2 positions (Tax Auditors).	\$684,000	28
Unemployment Insurance	Eliminate collections unit 1 Principal Executive Manager C; 4 Revenue Agent 3's; 9 Revenue Agent 1's; 1 Office Specialist 2. Rely solely on OAA for collections.	\$2,620,000	29

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Administrative Business Services	Decrease Contract Specialist positions (1.0 FTE).	\$230,000	30
Unemployment Insurance	Eliminate Administrative Specialist 1 from Unemployment Insurance Operations (UI OPS).	\$156,000	31
Unemployment Insurance	Eliminate Operation and Policy Analyst 2 (UI OPS).	\$220,000	32
Unemployment Insurance	Eliminate 3 Employment Adjudicators.	\$510,700	33
Federal Funds 10% Reductions: Non-Limited			
Unemployment Insurance	Reduce Payments to unemployment insurance recipients.	\$7,000,000	1
Other Funds 10% Reductions:			
Unemployment Insurance	Eliminate Special Program Center vehicle in Salem.	\$15,000	1
Information Technology	Hardware Savings – Do not replace monitors as part of hardware lifecycle. Replace when broken.	\$200,000	2
Unemployment Insurance	Reduce travel, training, landlines and cells for field staff and other operational expenses.	\$150,000	3
Information Technology	Hardware Savings – Do not replace monitors as part of hardware lifecycle. Replace when broken.	\$200,000	4
Information Technology	Delay implementation of SharePoint.	\$500,000	5
Workforce & Economic Research Division	Eliminate Economist and Principal Executive Manager D (2.0 FTE).	\$526,000	6
Unemployment Insurance	Stop contesting Unemployment Insurance (UI) debts in bankruptcy proceedings. Reduce recoveries.	\$240,000	7
Workforce Operations	Eliminate Veterans staff funded with SEDAF (8.5 FTE).	\$1,700,000	8

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Unemployment Insurance	Eliminate Office Specialist 2 (1.0 FTE Tax).	\$136,000	9
Workforce Operations	Eliminate positions and expenditures associated with Workforce Investment.	\$950,000	10
Unemployment Insurance	Eliminate Operations and Policy Analyst 2 (trainer from UI OPS). Reduce ability to training new staff and keep up with ongoing training needs of existing staff.	\$220,000	11
Workforce Operations	Relocate Field Office staff and consolidate Field Offices.	\$1,400,000	12
Unemployment Insurance	Complete almost all payroll audits as desk audits. Reduce travel expenses and eliminate 2 Compliance Specialist 2 Tax Auditors.	\$475,000	13
Workforce Operations	Eliminate Migrant Seasonal Farmworker staff funded with SEDAF (3.0 FTE).	\$600,000	14
Unemployment Insurance	Eliminate Self Employment Assistance (SEA) and Workshare programs (eliminate 2 Employment Adjudicators, 1 Business and Employment Specialist 2). Would require statutory change.	\$474,000	15
Workforce Operations	Reduce additional staff (3.0 FTE).	\$600,000	16
Workforce & Economic Research	Eliminate Workforce Analyst position (Economist 1 - 1.0 FTE).	\$205,000	17
Unemployment Insurance	Eliminate toll free number for UI Contact Center. Claimants will have to pay the cost of the call.	\$200,000	18

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Workforce Operations	Reduce additional staff (3.0 FTE).	\$600,000	19
Unemployment Insurance	Eliminate 2 Compliance Specialist 2 Tax Auditors.	\$456,000	20
Workforce Operations	Reduce additional staff (3.0 FTE).	\$600,000	21
Unemployment Insurance	Eliminate Principal Executive Manager B (contact center).	\$232,966	22
Workforce Operations	Reduce additional staff (3.0 FTE).	\$600,000	23
Employee Services	Eliminate Principal Executive Manager F position.	\$329,000	24
Other Funds 10% Reductions: Non-Limited			
Unemployment Insurance	Reduce Payments to unemployment insurance recipients.	\$142,400,000	1
Other Funds 10% Reductions: OFFICE OF ADMINISTRATIVE HEARINGS			
Office of Administrative Hearings	Reduce Non-Mandatory Training and Travel expenses.	\$30,000	1
Office of Administrative Hearings	Reduce Personal Services Contracts related to strategic planning and Administrative Law Judge training.	\$55,000	2
Office of Administrative Hearings	Decrease leased space in Tualatin office. Reduce facilities cost and increase telecommuting.	\$430,000	3
Office of Administrative Hearings	Reduce Administrative Law Judge positions. This would increase the time before hearings are held and decisions are issued (1.0 FTE).	\$274,000	4
Office of Administrative Hearings	Reduce Administrative Law Judge positions. This would increase the time before hearings are held and decisions are issued (3.0 FTE).	\$700,000	5

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Office of Administrative Hearings	Reduce support staff for hearings. May increase time to schedule and close hearings cases (2.0 FTE).	\$272,000	6
Office of Administrative Hearings	Further reduce support staff for hearings (1.0 FTE).	\$169,000	7
Office of Administrative Hearings	Further reduce Administrative Law Judge positions. This would increase the time before hearings are held and decisions are issued (4.0 FTE).	\$920,000	8

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Employment Department

Annual Performance Progress Report
Reporting Year 2016
Published: 10/10/2016 1:59:14 PM

KPM #	Approved Key Performance Measures (KPMs)
1	ENTERED EMPLOYMENT - % of job seekers who got a job with a new employer after registering with the Employment Department.
2	EMPLOYMENT RETENTION - % of Job Seekers who were in employment two quarters after registering with the Employment Department.
3	COST PER PLACEMENT - Total cost of Workforce Operations (B&ES) program divided by the total number of job seekers entered into employment after receiving services.
4	FIRST PAYMENT TIMELINESS - % of initial unemployment insurance payments made within 21 days of eligibility.
5	NON-MONETARY DETERMINATIONS TIMELINESS - % of claims that are adjudicated within 21 days of issue detection
6	COST PER CLAIM - Total cost of UI programs divided by the total number of initial claims for UI benefits filed.
7	UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - % of cases requesting a hearing that are heard or are otherwise resolved within 30 days of the date of request.
8	NON-UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - Percentage of orders issued within the standards established by the user agencies.
9	AVERAGE DAYS TO ISSUE AN ORDER - Average number of days to issue an order following the close of record.
10	COST PER REFERRAL TO OAH - Total cost of OAH programs divided by the total number of referrals.
11	HIGHER AUTHORITY APPEALS TIMELINESS - % of cases requesting an appeal that receive a decision within 45 days of the date of request.
12	TIMELINESS OF NEW STATUS DETERMINATIONS - % of new status determinations completed within 90 days of the end of the liable quarter.
13	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.

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	Green	Yellow	Red
	= Target to -5%	= Target -6% to -15%	= Target > -15%
Summary Stats:	53.85%	15.38%	30.77%

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KPM #1	ENTERED EMPLOYMENT - % of job seekers who got a job with a new employer after registering with the Employment Department.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Entered Employment - Percent of Job Seekers who got a Job with New Employer					
Actual	49%	52%	54%	55%	61%
Target	57%	57%	57%	57%	57%

How Are We Doing

PERFORMANCE: Performance increased to 61% in SFY 2016 from 55% in SFY 2015.

OUR STRATEGY: Improve employment outcomes through customizable and targeted services.

ABOUT THE TARGET: Targets are negotiated directly between the Employment Department and the US Department of Labor. The SFY 2016 target was 57%. A higher percentage is better.

HOW WE COMPARE: This is a national measure. Oregon performed above national target levels in 2016.

Factors Affecting Results

This measure is impacted by labor market conditions. When the unemployment rate is low, the Employment Department has found that fewer job seekers seek service, and those that are unemployed generally require more staff assistance during each visit. Our business processes have changed to support additional staff assistance with the current lower unemployment rate.

The Employment Department, along with its partners in WorkSource Oregon, will continue to provide reemployment services to job seekers. We will continue our current effort to customize business services to assist employers in filling current job openings with well-qualified Oregonians, while supporting the Oregon Workforce Investment Board strategic plan to focus services toward specific industry sectors and targeted populations.

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KPM #2	EMPLOYMENT RETENTION - % of Job Seekers who were in employment two quarters after registering with the Employment Department.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Employment Retention					
Actual	81%	83%	82%	83%	83%
Target	80%	80%	80%	80%	80%

How Are We Doing

PERFORMANCE: 83% of job seekers who obtained employment after receiving services from the Employment Department were still employed two quarters after registering with the department.

OUR STRATEGY: Continue our work with WorkSource Oregon partners to develop and align job seeker skills with employer needs.

ABOUT THE TARGET: Targets are negotiated directly between the Employment Department and the US Department of Labor. The SFY 2016 target was 80%. A higher percent of job seekers retaining employment is better.

HOW WE COMPARE: This is a national measure. Oregon performs above the national target.

Factors Affecting Results

A good alignment between employer needs and the interests and skills of job seekers improves job retention. This measure shows that workers obtaining employment after receiving workforce services remain employed, indicating a good match was made between employers and new hires.

The Employment Department will continue to review and improve services to job seekers and employers, in collaboration with our WorkSource Oregon partners.

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KPM #3	COST PER PLACEMENT - Total cost of Workforce Operations (B&ES) program divided by the total number of job seekers entered into employment after receiving services.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Cost per Placement					
Actual	\$248.00	\$272.00	\$281.00	\$355.00	\$400.00
Target	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00

How Are We Doing

PERFORMANCE: The number of placements was 102,154. The SFY 2016 expenditures in Workforce Operations came to \$40,882,296. The cost per placement was \$400, a 12.7% increase over last year's cost per placement.

OUR STRATEGY: The agency continues to be conscious of budgetary constraints and fiscal responsibility. We will continue to work with our partners to leverage resources, reduce costs and address changing customer needs while seeking to improve outcomes across local communities.

ABOUT THE TARGET: Cost per placement measures the cost of the program between years. The results do not measure changes in program complexity. This target has not changed in recent years and does not reflect inflationary changes in costs.

HOW WE COMPARE: There is no national measure compiled for comparison.

Factors Affecting Results

This performance measure is sensitive to employer competition for workers, and the alignment of available jobs relative to the interests and skills of job seekers. In the current market, those that are unemployed generally have greater barriers to employment, the Employment Department has found that they require more staff assistance during each visit. Our business processes have changed to provide additional assistance and time needed to help job seekers find work. This service model also aligns with the expectations of our federal funders that workforce programs provide a higher level of

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intensive, customized service to individuals, which often requires more resources, thus increasing the cost for customer service. The current combination of these factors has a compounding, negative affect on how this measure reflects performance.

The Employment Department will continue to work with state and local partners to effectively address the labor needs of Oregon businesses, and to connect job seekers to available employment opportunities. Customized services to employers are proving to be effective and will improve feedback to tailor job seeker services to meet local demand. Initial analysis indicates that the Employment Department's customized business recruitments are producing higher levels of employer satisfaction.

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KPM #4	FIRST PAYMENT TIMELINESS - % of initial unemployment insurance payments made within 21 days of eligibility.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
First Pay Timeliness					
Actual	95.20%	95.40%	96.30%	92.30%	86.74%
Target	95%	95%	95%	87%	87%

How Are We Doing

PERFORMANCE: The timeliness of first payments decreased to 86.74% from 92.3%

OUR STRATEGY: The Employment Department continues to pursue efficiencies by streamlining Unemployment Insurance (UI) processes to improve timeliness and customer care.

ABOUT THE TARGET: A higher percentage of timely first payments is better.

HOW WE COMPARE: At 86.74%, this measure is minimally below the target.

Factors Affecting Results

The Employment Department continues to make timely benefit payments a priority. Outdated technology and ongoing efforts to minimize benefit overpayments have contributed to the declining performance.

Several process changes have been implemented and more are underway that will minimize some current processing delays. Improved training for newly hired staff will allow employees to become productive more quickly. While in the long term the technology used to process unemployment insurance claims must be updated in order to provide timely and accurate services, these shorter term changes and increased performance management will enable payment timeliness to increase.

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KPM #5	NON-MONETARY DETERMINATIONS TIMELINESS - % of claims that are adjudicated within 21 days of issue detection
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Percent of Claims that are Adjudicated with 21 days (Non-Monetary Determinations Timeliness)					
Actual	82.10%	80.50%	77%	69.50%	45.80%
Target	80%	80%	80%	80%	80%

How Are We Doing

PERFORMANCE: The percent of timely non-monetary determinations was 45.8%, a decline from 69.5% in SFY 2015, and less than the target of 80%.

OUR STRATEGY: The Employment Department is seeking new efficiencies through process improvements that will result in improved timeliness without affecting or impacting customer service. The Employment Department is also focused on setting individual performance standards for staff and helping them meet those standards, including developing new tools and reviewing and revising production standards.

ABOUT THE TARGET: A higher percentage of non-monetary determinations adjudicated within 21 days is better.

HOW WE COMPARE: 45.8% of the non-monetary determinations were written within 21 days. This is less than the US Department of Labor's target of 80% for the decision timeliness measure.

Factors Affecting Results

The Employment Department, during the recession, had proportionally higher staffing, but as staffing levels have returned to non-recessionary proportions and the complexity of laws added over several years have increased it is more difficult to make timely determinations. This complexity has added processes, which take staff time that could otherwise be focused on more timely processing.

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The Employment Department's technology is also negatively impacting performance. As new steps are added to processes, they add more manual work. Importantly, the limits on what can be automated make it difficult to make improvements. The reality of declining federal revenue has caused the Department to reduce costs including reducing staffing levels which also have a negative impact on performance.

In sum, there are long term pressures of added requirements to the program while funding has decreased. During the recession the impact on performance was mitigated by an influx of federal revenue, and commensurate increase in staffing levels. Now that revenue is declining, some of those long term pressures are more obvious. Technology, while the sole cause of declining performance, is a contributing factor and something that constrains the Department's ability to make process improvements.

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KPM #6	COST PER CLAIM - Total cost of UI programs divided by the total number of initial claims for UI benefits filed.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Cost per Claim					
Actual	\$176.00	\$193.00	\$201.00	\$216.00	\$242.00
Target	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00

How Are We Doing

PERFORMANCE: There were 249,803 claims with costs for UI activities of \$60,355,075, resulting in a cost per claim of \$242. That is a 12 percent increase over the prior year's cost per claim of \$216.

OUR STRATEGY: The Employment Department continues to pursue efficiencies from centralization and new technology implementation in order to streamline UI process to improve timeliness and customer service.

ABOUT THE TARGET: Cost per claim measures the cost of the program between years. The results do not measure changes in program complexity. This target has not changed in recent years and does not reflect inflationary changes in costs.

HOW WE COMPARE: There is no national measure compiled for comparison.

Factors Affecting Results

The Employment Department's experience is that cost per claim has a tendency to go down during recessionary periods and increase as the market recovers. The volume of claims drops faster than expenses, especially since some expenses remain (fixed costs). The number of claims processed in SFY 2016 was 31,294 lower than the prior year. Current technology restricts the ability to automate manual processes. Efforts to decrease benefit overpayments and better identify and recover overpayments creates additional work that tends to increase the cost of administering claims.

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The Employment Department has already taken steps to reduce costs, including consolidating separate UI Contact Center locations and combining related business units. To improve efficiencies, the Employment Department must automate claim processes by modernizing the technical and business environments to increase staff efficiency. Ongoing efforts focused on service delivery efficiency are expected to decrease infrastructure costs while maintaining service levels. The Employment Department is focused on increasing "self-service" options for the public to further decrease costs. Lean Six Sigma efforts continue to identify efficiencies and efforts to increase communication with our customers through electronic means are expected to decrease costs and improve customer service.

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KPM #7	UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - % of cases requesting a hearing that are heard or are otherwise resolved within 30 days of the date of request.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Unemployment Insurance Appeals Timeliness					
Actual	45.80%	85%	35%	81.54%	71.55%
Target	60%	60%	60%	60%	60%

How Are We Doing

PERFORMANCE: Our performance was at 71.55%, which is above the target of 60%.

OUR STRATEGY: The Office of Administrative Hearings provides citizens an independent forum to dispute decisions made by the Employment Department that impact their lives. The Office of Administrative Hearings strives to provide timely scheduling the hearings.

ABOUT THE TARGETS: For Unemployment Insurance cases, timeliness is defined as the percent of cases requesting a hearing that are heard or otherwise resolved within 30 days of a hearing request. A higher percentage is better.

HOW WE COMPARE: SFY 2016 performance was at 71.55%, which is lower by 10 percentage points than SFY 2015 performance. The SFY 2016 performance of 71.55% is above the national average of 70.57%.

Factors Affecting Results

Due to an increase in referrals from other agencies, some Administrative Law Judges who primarily conduct Unemployment Insurance hearings were cross-trained to conduct hearings in program areas experiencing increased referrals. Despite the shift in work assignments, the Office of Administrative Hearings continues to exceed the target set by the U.S. Department of Labor. The Office of Administrative Hearings will continue to monitor referrals and continue to utilize cross-trained staff to ensure that hearings are timely scheduled.

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KPM #8	NON-UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - Percentage of orders issued within the standards established by the user agencies.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Non-UI Appeals Timeliness					
Actual	92.51%	93.40%	94.06%	92.32%	95.54%
Target	93%	93%	93%	93%	93%

How Are We Doing

PERFORMANCE: The percentage of non-UI cases disposed of within the standards for SFY 2016 was 95.54%, which is above the standard of 93%

OUR STRATEGY: The timeliness standards for non-UI appeals are established by the user agencies. The Office of Administrative Hearings monitors decision deadlines to ensure that orders are issued within established timeframes.

ABOUT THE TARGETS: The user agencies establish the timeliness standards for non-UI hearings. A higher percentage of orders issued within the standard set by the user agency is better.

HOW WE COMPARE: During SFY 2016 the Office of Administrative Hearings achieved the standard 95.54% of the time, increased from 92.32% in SFY 2015.

Factors Affecting Results

The Office of Administrative Hearings has implemented a new electronic case management system for the majority of program areas that allows electronic issuance of orders and permits managers to closely monitor the timeliness of orders.

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KPM #9	AVERAGE DAYS TO ISSUE AN ORDER - Average number of days to issue an order following the close of record.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Average Days to Issue Order					
Actual	5.94	4.38	6.31	4.93	4.10
Target	6.60	6.60	6.60	6.60	6.60

How Are We Doing

PERFORMANCE: During SFY 2016 achievement was at 4.10 days, below the target of 6.6 days.

OUR STRATEGY: The Office of Administrative Hearings monitors the number of days to produce legally sufficient decisions. The Office of Administrative Hearings goal is to be as prompt as possible.

ABOUT THE TARGETS: An important aspect of timeliness is the average number of days it takes for an Administrative Law Judge to issue an order following the close of record. The time needed to write and issue an order varies with the complexity and length of a hearing. Fewer days to issue a decision is better.

HOW WE COMPARE: Average days to issue an order was 4.1 days compared to 4.93 days in SFY 2015.

Factors Affecting Results

Implementation of a new case management system in several program areas resulted in fewer manual processing steps, thereby reducing delays in issuing orders. The Office of Administrative Hearings will continue to monitor programs and look for efficiencies with improved technology.

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KPM #10	COST PER REFERRAL TO OAH - Total cost of OAH programs divided by the total number of referrals.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Cost Per Referral to OAH					
Actual	\$315.00	\$371.00	\$422.00	\$493.00	\$500.23
Target	\$416.00	\$429.00	\$440.00	\$455.00	\$467.00

How Are We Doing

PERFORMANCE: The cost per referral was \$500.23, which is higher than the target of \$467.

OUR STRATEGY: Maintain service levels without increasing costs to sending agencies.

ABOUT THE TARGETS: Cost per referral measures the cost of the Office of Administrative Hearings program between years. A lower cost is better.

HOW WE COMPARE: The average cost per referral was \$500.23 for SFY 2016, which is an increase of 1.4% over the SFY 2015 cost per referral of \$493.

Factors Affecting Results

There was a change in the mix of agency referrals, with a large decline in unemployment insurance referrals received from the Employment Department. UI cases are the lowest cost hearings conducted by the Office of Administrative Hearings, thus a decline in UI referrals can impact the average cost per referral. There were also cost increases in other programs due to increased salaries and benefits of existing staff, cross-training, and technology costs associated with implementing case management for DMV cases.

The Office of Administrative Hearings will continue to monitor programs and look for efficiencies in scheduling and technology. OAH will continue to utilize cross-trained staff to maximize the efficient use of staff in response to fluctuations in referral rates within particular program areas.

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KPM #11	HIGHER AUTHORITY APPEALS TIMELINESS - % of cases requesting an appeal that receive a decision within 45 days of the date of request.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Higher Authority Appeals Timeliness					
Actual	71%	90%	94%	79.70%	91%
Target	75%	75%	75%	75%	75%

How Are We Doing

PERFORMANCE: During SFY 2016, the percent of appeals that received a decision within 45 days or less was 91%. This is a substantial improvement from SFY 2015; during that year, the percent of appeals that received a decision within 45 days or less was 79.7%.

OUR STRATEGY: Continue to respond to requests for hearing in a timely manner.

ABOUT THE TARGET: A higher percentage is better.

HOW WE COMPARE: As has been the case in past years, the Employment Appeals Board performed above the 75% target and above the national average of 50%.

Factors Affecting Results

During SFY 2015, the Employment Appeals Board was challenged by staff reductions and budgetary considerations. The Employment Appeals Board successfully met these challenges by reorganizing staff and changing assignments. As a result, a higher percentage of appeal timeliness was achieved in SFY 2016.

The Employment Appeals Board will continue to work with the Employment Department and Office of Administrative Hearings to improve identified defects and inefficiencies in the adjudication and appeals processes.

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KPM #12	TIMELINESS OF NEW STATUS DETERMINATIONS - % of new status determinations completed within 90 days of the end of the liable quarter.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Timeliness of New Status Determination					
Actual	78.60%	77%	77%	63.40%	75.40%
Target	80%	80%	80%	80%	80%

How Are We Doing

PERFORMANCE: 75.4% of registrations were completed within 90 days.

OUR STRATEGY: To implement processes to monitor and ensure tax accounts are established within 90 days of the end of the first of the quarter in which liability occurs.

ABOUT THE TARGET: A higher percentage is better.

HOW WE COMPARE: Performance in SFY 2016 was 75.4%, an increase from SFY 2015 performance of 63.4%. While the SFY 2016 performance is below the 80% target, Oregon exceeds the US Department of Labor target of 70%.

Factors Affecting Results

The processes used to administer the UI Tax system depend on an aging technical infrastructure and manual processes. To maintain and improve timeliness the Employment Department must develop and implement an automated reporting system to monitor progress to allow for better management of the registration process. The Employment Department will continue outreach to employers and their representatives to reduce the number of registrations that are filed late and monitor timeliness.

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KPM #13	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
	Data Collection Period: Jul 01 - Jun 30

Report Year	2012	2013	2014	2015	2016
Expertise					
Actual	87.80%	86.50%	86.50%	75.20%	79.80%
Target	95.50%	95.50%	95.50%	95.50%	95.50%
Accuracy					
Actual	86.90%	86.60%	84.60%	71%	77.70%
Target	95.50%	95.50%	95.50%	95.50%	95.50%
Availability of Information					
Actual	85.70%	84.80%	82.90%	72%	78%
Target	95.50%	95.50%	95.50%	95.50%	95.50%
Timeliness					
Actual	87.70%	87.10%	85.20%	69.20%	75.80%
Target	95.50%	95.50%	95.50%	95.50%	95.50%
Overall					
Actual	86.80%	85.70%	84%	73.90%	79.10%
Target	95.50%	95.50%	95.50%	95.50%	95.50%
Helpfulness					
Actual	89.30%	88%	87.90%	76.80%	80.90%
Target	95.50%	95.50%	95.50%	95.50%	95.50%

How Are We Doing

PERFORMANCE: Data represents survey responses from unemployment insurance claimants, other job seekers, and employers. Performance in overall service quality during SFY 2016 was 79% compared to 74% for SFY 2015, yet below

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the target of 95.5%. During SFY 2015, the Employment Department implemented a new online survey distribution process for sampling all customer groups, so earlier results are not comparable to results from SFY 2016 and SFY 2015. The current survey process provides broader coverage, greater anonymity, and a much larger number of responses than previous processes.

OUR STRATEGY: Continuously improve processes and measures. As a result, the Employment Department is learning new information and improving processes and will continue to use the new information to learn, to drive the service delivery, and to train staff.

ABOUT THE TARGET: A higher percentage is better.

HOW WE COMPARE: Results from SFY 2016 and SFY 2015 are not comparable to previous results because the survey process changed during SFY 2015. The change broadens the survey population to include more workforce industry customers and reduce selection bias. This change ensures more reliable data without changing the original intent of the measure. The move to an improved customer satisfaction survey process will allow more meaningful comparisons moving forward.

Factors Affecting Results

The Employment Department's new survey tool is going out to a broader audience and with different questions. The results are providing new information and a new look at how service is delivered. The department is in the process of changing service delivery to better align with the new information, however, resource constraints directly impact the pace at which a new service paradigm can be implemented.

For all job seekers and businesses: The Employment Department continues collaboration with system partners to implement a customer-centric WorkSource experience that is easy to access, highly effective, and simple to understand by customers; Continued investment in the redesign of WorkSource Oregon (WSO) centers to reflect a customer-centric, professional, and welcoming environment; Invest in technology to support system requirements of the WSO Standards; Continue work with system partners to provide customers with better resources and services to meet their needs.

For unemployment insurance claimants: Customers must be responded to more promptly at all stages of the claims process. While current technology platforms impair the Employment Department's ability to automate processes and make other changes that would help, Lean theory is being used to streamline processes. Documents are being revised to

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be more helpful and understandable to the public through the use of customer-based focus groups. The Employment Department is also using more electronic means of communication so it is more convenient and quicker for customers and increasing training on how to provide good customer service, particularly for those who may have barriers to accessing our services.

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Key Performance Measures Proposed Revisions for 2017-19

KPM#	NAME	STATUS	DEFINITION / METHODOLOGY	DIVISION	CHANGE	COMMENTS
KPM 1:	Entered Employment, 2 nd Quarter	Revised Target / Revised Definition	<p>Data Source: ETA 9002C quarterly reports</p> <p>Measure: Percentage of adult program participants who are in unsubsidized employment during the second quarter after exiting from the program.</p> <p>Calculation: (Participants employed in Program Year quarter 2 after exit / Total participant exits) * 100.</p> <p>Target: 63%. Higher is better.</p>	Workforce Operations	Target increased from 57% to 63%.	<p>Target is set by the U.S. Department of Labor.</p> <p>Federal WIOA performance measures and targets have been finalized. The new federal legislation resulted in similar measures, but uses a different formula to calculate results than was used under WIA. While targets/indicators have been negotiated for the first two years of the new program, second-year targets may be revised at DOL's discretion.</p>

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Key Performance Measures Proposed Revisions for 2017-19

KPM#	NAME	STATUS	DEFINITION / METHODOLOGY	DIVISION	CHANGE	COMMENTS
KPM 2:	Entered Employment, 4 th Quarter	Revised Target / Revised Definition	<p>Data Source: ETA 9002C quarterly reports</p> <p>Measure: Percentage of adult program participants who are in unsubsidized employment during the fourth quarter after exiting from the program.</p> <p>Calculation: (Participants employed in Program Year quarter 4 after exit / Total participant exits) * 100.</p> <p>Target: 62%. Higher is better.</p>	Workforce Operations	Target reduced from 80% to 62%.	<p>Target is set by the U.S. Department of Labor.</p> <p>Federal WIOA performance measures and targets have been finalized. The new federal legislation resulted in similar measures, but uses a different formula to calculate results than was used under WIA. While targets/indicators have been negotiated for the first two years of the new program, second-year targets may be revised at DOL's discretion.</p>

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Key Performance Measures Proposed Revisions for 2017-19

KPM#	NAME	STATUS	DEFINITION / METHODOLOGY	DIVISION	CHANGE	COMMENTS
KPM 6:	Unemployment Insurance Administrative Costs as a Percent of Benefits Paid	Replacement	<p>Data Source: OED financial records; ETA 924</p> <p>Measure: Efficiency of Unemployment Insurance programs based on ratio of administrative costs to benefits paid.</p> <p>Calculation: [(Total controllable administrative cost of Unemployment Insurance programs) / Total benefits paid] * 100.</p> <p>Target: 10%. Lower is better.</p>	Unemployment Insurance	Replaces “Cost per Claim” as cost efficiency KPM.	Proposed replacement measure more directly looks to dollars paid to unemployed workers compared to the cost of providing those benefits, minimizing some confounding variables.

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Key Performance Measures Proposed Revisions for 2017-19

KPM#	NAME	STATUS	DEFINITION / METHODOLOGY	DIVISION	CHANGE	COMMENTS
KPM 10:	Cost Per Referral to OAH	Revised Target	<p>Data Source: OAH database; OED financial records</p> <p>Measure: Total cost of OAH programs divided by the total number of referrals.</p> <p>Calculation: (Total OAH costs / Total number of referrals).</p> <p>Target: \$524. Lower is better.</p>	Office of Administrative Hearings	Target revised from \$467 to \$524.	This is a one-time request to adjust the target, which is currently indexed 3% annually, yet the increase rose at a greater rate: payroll increased 10.8% per estimate from DAS; services and supplies were increased 3.7% per estimate from DAS; and 3% was included for 60 days working capital.

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Key Performance Measures Proposed Revisions for 2017-19

KPM#	NAME	STATUS	DEFINITION / METHODOLOGY	DIVISION	CHANGE	COMMENTS
KPM 14:	Foundational Survey Response Rate	Proposed	<p>Data Source: Occupational Employment Statistics; Quarterly Census of Employment and Wages</p> <p>Measure: Average response rates from surveys that are foundational for Research data quality: Occupational Employment Statistics (OES); and Quarterly Census of Employment and Wages Annual Refiling Survey (QCEW ARS).</p> <p>Calculation: Ordinary (non-weighted) arithmetic mean of four annual response rates: (1) OES employment; (2) OES units; (3) ARS employment; (4) ARS units.</p> <p>Target: 73%. (Ordinary arithmetic mean of the Bureau of Labor Statistics (BLS) standard for each of the four annual response rates that comprise the measure.) Higher is better.</p>	Research	New	<p>This KPM is proposed in accordance with the 2015-17 budget note advising the Employment Department to implement KPM(s) for every division within the agency.</p> <p>The most important goal for the Research Division is to provide quality information, by which we mean accurate, relevant, timely, and unbiased, for our large variety of customers. One data quality indicator is the response rates received for two foundational surveys. The Annual Refiling Survey ensures we have coded Oregon businesses in the right geographic location and right industry. The Occupational Employment Statistics survey ensures Oregon jobs are coded in the right occupation and with the right wages.</p>

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Key Performance Measures Proposed Revisions for 2017-19

KPM#	NAME	STATUS	DEFINITION / METHODOLOGY	DIVISION	CHANGE	COMMENTS
KPM 14: (continued)						These two surveys form the starting point for much of the other work done in the Research Division, including our monthly estimates of jobs and our ten-year employment projections by industry and occupation. Meeting and exceeding this KPM target ensures our state and local level customers have access to information that is valuable for their planning and decision-making.