

**Legislative
Fiscal Office**

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**Joint Committee on
Ways and Means**

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Sen. Elizabeth Steiner Hayward, Senate Co-Chair
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Rep. Greg Smith, House Co-Vice Chair

To: Transportation and Economic Development Subcommittee

From: Michelle Deister, Legislative Fiscal Office

Date: April 7, 2019

Subject: SB 5508 – Employment Department
Work Session Recommendations

Employment Department – Agency Totals

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
General Fund	5,868,497	0	0	0
Other Funds	13,017,147	152,904,308	169,980,964	193,284,681
Other Funds NL	1,012,699,018	1,424,000,000	1,582,000,000	1,582,000,000
Federal Funds	134,330,971	159,644,349	153,562,854	154,981,070
Federal Funds NL	60,480,860	70,000,000	100,000,000	100,000,000
Total Funds	\$1,339,396,493	\$1,806,548,657	\$2,005,543,818	\$2,030,265,751
Positions	1,259	1,320	1,270	1,356
FTE	1,226.45	1,259.03	1,255.20	1,302.83

The Legislative Fiscal Office recommends a total funds budget of \$2,030,265,751, and 1,356 positions (1,302.83 FTE) for the 2019-21 biennium. The recommendation includes the following Policy Option Packages:

- Package 801 - LFO Analyst Adjustments, consisting of position reclassifications approved by the Department of Administrative Services Chief Human Resource Office since the release of the Governor’s Budget, and other adjustments that enable the agency to maximize its position authority. These adjustments result in no net increase to the number of positions or FTE, and result in a net agency-wide increase in Total Funds expenditure limitation of \$158,387.
- Package 102 - Employment Service Contracts: Department of Human Services, totaling \$9.4 million in Other Funds expenditure limitation and 41 positions (41.00 FTE) to enable fulfillment of job placement services for clients of the Department of Human Services.

- Package 103 - Trade Act and Foreign Labor Certification. This package increases Federal Funds expenditure limitation by \$1.5 million and 8 additional positions to meet additional demand for intensive services and retraining to employees that have lost their jobs due to foreign competition, and to meet employer demand for foreign worker certifications and resulting compliance checks.
- Package 101 - Modernize Business and Technology Infrastructure. This package consists of additional Other Funds expenditure limitation of \$13.7 million and 37 positions (28.63 FTE) that will enable the Employment Department to initiate procurement and begin implementation of a replacement system for Unemployment Insurance tax and benefits administration.

The agency reported a maximum supervisory ratio of 1:11.43 for the 2019-21 biennium, while the Office of Administrative Hearings reported a maximum supervisory ratio of 1:11.875 for the 2017-19 biennium, and estimated at 1:11.78 for the 2019-21 biennium.

Adjustments to Current Service Level

See attached "Work Session Presentation Report."

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5508. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5508, with modifications. (VOTE)

Performance Measures

See attached "Legislatively Proposed 2019-21 Key Performance Measures."

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

Recommended Changes

LFO recommends a budget of \$193,284,681 Other Funds, \$154,981,070 Federal Funds, \$1,582,000,000 Other Funds Non Limited, \$100,000,000 Federal Funds Non Limited and 1,356 positions (1,302.83 FTE), which is reflected in the -1 amendment.

MOTION: I move adoption of the -1 amendment to SB 5508. (VOTE)

Final Subcommittee Action

LFO recommends that SB 5508, as amended by the -1 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move SB 5508, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	144,544,337	155,927,081	1,424,000,000	70,000,000	1,794,471,418	1,298	1,239.78
2017-19 Ebds, SS & Admin Act	-	-	8,359,971	3,717,268	-	-	12,077,239	22	19.25
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	152,904,308	159,644,349	1,424,000,000	70,000,000	1,806,548,657	1,320	1,259.03
2017-19 Leg Approved Budget (Base)	-	-	152,904,308	159,644,349	1,424,000,000	70,000,000	1,806,548,657	1,320	1,259.03
Summary of Base Adjustments	12,704	-	1,339,279	1,679,724	158,000,000	30,000,000	191,031,707	(66)	(45.33)
2019-21 Base Budget	12,704	-	154,243,587	161,324,073	1,582,000,000	100,000,000	1,997,580,364	1,254	1,213.70
010: Non-PICS Pers Svc/Vacancy Factor	(12,704)	-	1,867,771	2,407,383	-	-	4,262,450	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(2,861,400)	(348,000)	-	-	(3,209,400)	-	-
030: Inflation & Price List Adjustments	-	-	4,883,586	(240,044)	-	-	4,643,542	-	-
040: Mandated Caseload	-	-	-	2,266,862	-	-	2,266,862	16	11.50
050: Fundshifts and Revenue Reductions	-	-	12,090,009	(12,090,009)	-	-	-	-	-
060: Technical Adjustments	-	-	(242,589)	242,589	-	-	-	-	-
2019-21 Current Service Level	-	-	169,980,964	153,562,854	1,582,000,000	100,000,000	2,005,543,818	1,270	1,225.20
Adjusted 2019-21 Current Service Level	-	-	169,980,964	153,562,854	1,582,000,000	100,000,000	2,005,543,818	1,270	1,225.20
Total LFO Recommended Packages	-	-	23,303,717	1,418,216	-	-	24,721,933	86	77.63
2019-21 Legislative Actions	-	-	193,284,681	154,981,070	1,582,000,000	100,000,000	2,030,265,751	1,356	1,302.83
Net change from 2017-19 Leg Approved Budget	-	-	40,380,373	(4,663,279)	158,000,000	30,000,000	223,717,094	36	43.80
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	26.4%	(2.9%)	11.1%	42.9%	12.4%	2.7%	3.5%
Net change from 2019-21 Adj Current Service Level	-	-	23,303,717	1,418,216	-	-	24,721,933	86	77.63
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	13.7%	0.9%	0.0%	0.0%	1.2%	6.8%	6.3%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	14,945,040	26,333,642	-	-	41,278,682	138	136.91
2017-19 Ebds, SS & Admin Act	-	-	599,884	974,604	-	-	1,574,488	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	15,544,924	27,308,246	-	-	42,853,170	138	136.91
2017-19 Leg Approved Budget (Base)	-	-	15,544,924	27,308,246	-	-	42,853,170	138	136.91
Summary of Base Adjustments	-	-	431,093	1,043,910	-	-	1,475,003	(5)	(3.91)
2019-21 Base Budget	-	-	15,976,017	28,352,156	-	-	44,328,173	133	133.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	297,727	360,530	-	-	658,257	-	-
030: Inflation & Price List Adjustments	-	-	(712,434)	(1,337,761)	-	-	(2,050,195)	-	-
050: Fundshifts and Revenue Reductions	-	-	1,289,788	(1,289,788)	-	-	-	-	-
060: Technical Adjustments	-	-	(72,798)	(362,735)	-	-	(435,533)	(2)	(2.00)
2019-21 Current Service Level	-	-	16,778,300	25,722,402	-	-	42,500,702	131	131.00
Adjusted 2019-21 Current Service Level	-	-	16,778,300	25,722,402	-	-	42,500,702	131	131.00
Total LFO Recommended Packages	-	-	-	(59,613)	-	-	(59,613)	-	(0.50)
2019-21 Legislative Actions	-	-	16,778,300	25,662,789	-	-	42,441,089	131	130.50
Net change from 2017-19 Leg Approved Budget	-	-	1,233,376	(1,645,457)	-	-	(412,081)	(7)	(6.41)
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	7.9%	(6.0%)	0.0%	0.0%	(1.0%)	(5.1%)	(4.7%)
Net change from 2019-21 Adj Current Service Level	-	-	-	(59,613)	-	-	(59,613)	-	(0.50)
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	(0.2%)	0.0%	0.0%	(0.1%)	0.0%	(0.4%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description The Legislative Fiscal Office recommends \$158,387 in total funds expenditure limitation (agency wide, across all divisions) related to changes in position classifications and months, for the purpose of better utilizing the number of approved existing positions. All recommended reclassifications have been approved by the Department of Administrative Services Chief Human Resource Office.

LFO Recommendation The Legislative Fiscal Office recommends reducing Federal Funds expenditure limitation in the Shared Services Division by \$59,613, and reclassifying four positions in the Shared Services program as follows:

- Reclassify an Information Systems Support 6 position to an Information Systems Support 7 position, to provide additional capacity on information security.
- Two Principal Executive Manager D positions in the financial services section are recommended to be reclassified to Principal Executive Manager E positions, due to absorbing functions related to property and risk management, and policy administration and oversight.
- Reclassify an existing Operations and Policy Analyst 3 position to a Project Manager 2 position to reflect duties related to managing facility leases and property projects.
- Reduce from 1.00 FTE to 0.50 FTE an Accounting Technician 3 in the Administrative Business Services division to reflect a decrease in in workload and partially finance the recommended reclassifications.

LFO Recommended	-	-	-	(59,613)	-	-	(59,613)	-	(0.50)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	31,278,349	88,851,212	-	-	120,129,561	563	513.49
2017-19 Ebds, SS & Admin Act	-	-	226,289	1,906,124	-	-	2,132,413	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	31,504,638	90,757,336	-	-	122,261,974	563	513.49
2017-19 Leg Approved Budget (Base)	-	-	31,504,638	90,757,336	-	-	122,261,974	563	513.49
Summary of Base Adjustments	-	-	188,183	1,229,008	-	-	1,417,191	(19)	(7.92)
2019-21 Base Budget	-	-	31,692,821	91,986,344	-	-	123,679,165	544	505.57
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(70,966)	1,584,554	-	-	1,513,588	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	-	(84,000)	-	-	(84,000)	-	-
030: Inflation & Price List Adjustments	-	-	3,586,014	(464,743)	-	-	3,121,271	-	-
040: Mandated Caseload	-	-	-	2,266,862	-	-	2,266,862	16	11.50
050: Fundshifts and Revenue Reductions	-	-	5,650,000	(5,650,000)	-	-	-	-	-
060: Technical Adjustments	-	-	-	(5,721,367)	-	-	(5,721,367)	(28)	(28.00)
2019-21 Current Service Level	-	-	40,857,869	83,917,650	-	-	124,775,519	532	489.07
Adjusted 2019-21 Current Service Level	-	-	40,857,869	83,917,650	-	-	124,775,519	532	489.07
Total LFO Recommended Packages	-	-	-	204,437	-	-	204,437	1	1.00
2019-21 Legislative Actions	-	-	40,857,869	84,122,087	-	-	124,979,956	533	490.07
Net change from 2017-19 Leg Approved Budget	-	-	9,353,231	(6,635,249)	-	-	2,717,982	(30)	(23.42)
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	29.7%	(7.3%)	0.0%	0.0%	2.2%	(5.3%)	(4.6%)
Net change from 2019-21 Adj Current Service Level	-	-	-	204,437	-	-	204,437	1	1.00
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.2%	0.2%	0.2%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description The Legislative Fiscal Office recommends \$158,387 in total funds expenditure limitation (agency wide, across all divisions) related to changes in position classifications and months, for the purpose of better utilizing the number of approved existing positions. All recommended reclassifications have been approved by the Department of Administrative Services Chief Human Resource Office.

LFO Recommendation The Legislative Fiscal Office recommendation for the Unemployment Insurance Division related to Package 801 is for \$204,437 Federal Funds Expenditure limitation and 1.00 FTE. The recommendation establishes one Operations and Policy Analyst 3 position. and reclassification of a Revenue Agent 3 (salary range 26) position to an Operations and Policy Analyst 2 position (salary range 27) in the Unemployment Insurance division to reflect additional analysis related to information required to be reported to the U.S. Department of Labor. In addition, an Operations and Policy Analyst 1 (salary range 23) position that supports the Employment Appeals Board is recommended to be reclassified to an Executive Assistant (salary range 25).

LFO Recommended	-	-	-	204,437	-	-	204,437	1	1.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	60,062,761	33,286,474	-	-	93,349,235	421	419.05
2017-19 Ebds, SS & Admin Act	-	-	6,883,196	584,760	-	-	7,467,956	22	19.25
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	66,945,957	33,871,234	-	-	100,817,191	443	438.30
2017-19 Leg Approved Budget (Base)	-	-	66,945,957	33,871,234	-	-	100,817,191	443	438.30
Summary of Base Adjustments	-	-	(1,928,053)	(532,684)	-	-	(2,460,737)	(42)	(37.55)
2019-21 Base Budget	-	-	65,017,904	33,338,550	-	-	98,356,454	401	400.75
010: Non-PICS Pers Svc/Vacancy Factor	-	-	1,010,897	321,017	-	-	1,331,914	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(3,000,000)	(264,000)	-	-	(3,264,000)	-	-
030: Inflation & Price List Adjustments	-	-	1,161,419	1,324,808	-	-	2,486,227	-	-
050: Fundshifts and Revenue Reductions	-	-	5,150,221	(5,150,221)	-	-	-	-	-
060: Technical Adjustments	-	-	(204,127)	6,326,691	-	-	6,122,564	30	30.00
2019-21 Current Service Level	-	-	69,136,314	35,896,845	-	-	105,033,159	431	430.75
Adjusted 2019-21 Current Service Level	-	-	69,136,314	35,896,845	-	-	105,033,159	431	430.75
Total LFO Recommended Packages	-	-	9,423,677	1,468,736	-	-	10,892,413	49	49.00
2019-21 Legislative Actions	-	-	78,559,991	37,365,581	-	-	115,925,572	480	479.75
Net change from 2017-19 Leg Approved Budget	-	-	11,614,034	3,494,347	-	-	15,108,381	37	41.45
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	17.4%	10.3%	0.0%	0.0%	15.0%	8.4%	9.5%
Net change from 2019-21 Adj Current Service Level	-	-	9,423,677	1,468,736	-	-	10,892,413	49	49.00
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	13.6%	4.1%	0.0%	0.0%	10.4%	11.4%	11.4%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 102 Employment Service Contracts: Department of Human Services

Package Description This package provides \$9.4 million Other Funds expenditure limitation, 18 permanent full-time (18.00 FTE) and 23 full-time limited duration (23.00 FTE) positions to enable fulfillment of job placement services for clients of the Department of Human Services in the following three programs:

- Job Opportunity Basic Skills (JOBS)
- Supplemental Nutrition Assistance Program (SNAP) Training & Employment Plan (STEP)
- Able-Bodied Adults Without Dependents (ABAWD)

Clients in the JOBS and ABAWD programs must complete this federally mandated work participation requirement in order to receive benefits. The STEP program is voluntary and participating clients are assessed and provided limited training if needed. ABAWD clients receive STEP services as part of their required participation. The basic skills assessment and training have been provided under contract with DHS for the past eight biennia. This is the third year for the JOBS and ABAWD programs. These more intensive services were initially offered in seven counties in 2017-19, expanded to a further six by January, 2019.

LFO Recommendation Approve.

LFO Analyst Notes The Employment Department will fund the 18 permanent positions with STEP and SEDAF funding and the 23 limited duration positions with JOBS and ABAWD funding.

LFO Recommended	-	-	9,395,046	-	-	-	9,395,046	41	41.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 103 Trade Act and Foreign Labor Certification

Package Description

Requests for Foreign Labor Certification have tripled in the past three years and involve the agency certifying to the U.S. Department of Labor that requesting Oregon Employers have exhausted efforts to fill their positions with U.S. workers. The Employment Department also makes compliance checks in the field. Trade Act involves certification and intensive retraining, case work and support services to U.S. workers that have lost jobs due to foreign competition.

The package includes Federal Funds expenditure limitation in the amount of \$1,468,736 and 8 permanent, Full Time positions to support increased workload in these programs.

LFO Recommendation Approve.

LFO Recommended	-	-	-	1,468,736	-	-	1,468,736	8	8.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description The Legislative Fiscal Office recommends \$158,387 in total funds expenditure limitation (agency wide, across all divisions) related to changes in position classifications and months, for the purpose of better utilizing the number of approved existing positions. All recommended reclassifications have been approved by the Department of Administrative Services Chief Human Resource Office.

LFO Recommendation The Legislative Fiscal Office recommends a net increase of \$28,631 Other Funds expenditure limitation to facilitate reclassifications and position changes related to Package 801, Legislative Fiscal Office Adjustments, resulting in the following:

- The establishment of an Operations and Policy Analyst 1 position to serve as a coordinator related to legal agreements, document management and service delivery for various WorkSource Centers, as required under the federal Workforce Innovation and Opportunity Act.
- The reclassification of a Principal Executive Manager D position to a Principal Executive Manager B, to align the position with new duties and help to finance the establishment of the aforementioned position;
- The abolishment of a Business and Employment Specialist 2 position.

LFO Recommended	-	-	28,631	-	-	-	28,631	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	26,858,403	-	-	-	26,858,403	104	102.88
2017-19 Ebds, SS & Admin Act	-	-	565,360	-	-	-	565,360	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	27,423,763	-	-	-	27,423,763	104	102.88
2017-19 Leg Approved Budget (Base)	-	-	27,423,763	-	-	-	27,423,763	104	102.88
Summary of Base Adjustments	-	-	778,861	-	-	-	778,861	(1)	(1.00)
2019-21 Base Budget	-	-	28,202,624	-	-	-	28,202,624	103	101.88
010: Non-PICS Pers Svc/Vacancy Factor	-	-	538,187	-	-	-	538,187	-	-
030: Inflation & Price List Adjustments	-	-	638,220	-	-	-	638,220	-	-
2019-21 Current Service Level	-	-	29,379,031	-	-	-	29,379,031	103	101.88
Adjusted 2019-21 Current Service Level	-	-	29,379,031	-	-	-	29,379,031	103	101.88
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2019-21 Legislative Actions	-	-	29,379,031	-	-	-	29,379,031	103	101.88
Net change from 2017-19 Leg Approved Budget	-	-	1,955,268	-	-	-	1,955,268	(1)	(1.00)
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	7.1%	0.0%	0.0%	0.0%	7.1%	(1.0%)	(1.0%)
Net change from 2019-21 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	6,717,471	7,455,753	-	-	14,173,224	54	53.50
2017-19 Ebds, SS & Admin Act	-	-	(53,043)	251,780	-	-	198,737	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	6,664,428	7,707,533	-	-	14,371,961	54	53.50
2017-19 Leg Approved Budget (Base)	-	-	6,664,428	7,707,533	-	-	14,371,961	54	53.50
Summary of Base Adjustments	-	-	846,340	(60,510)	-	-	785,830	1	1.00
2019-21 Base Budget	-	-	7,510,768	7,647,023	-	-	15,157,791	55	54.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	104,487	141,282	-	-	245,769	-	-
030: Inflation & Price List Adjustments	-	-	22,160	237,652	-	-	259,812	-	-
060: Technical Adjustments	-	-	34,336	-	-	-	34,336	-	-
2019-21 Current Service Level	-	-	7,671,751	8,025,957	-	-	15,697,708	55	54.50
Adjusted 2019-21 Current Service Level	-	-	7,671,751	8,025,957	-	-	15,697,708	55	54.50
Total LFO Recommended Packages	-	-	70,690	(195,344)	-	-	(124,654)	(1)	(0.50)
2019-21 Legislative Actions	-	-	7,742,441	7,830,613	-	-	15,573,054	54	54.00
Net change from 2017-19 Leg Approved Budget	-	-	1,078,013	123,080	-	-	1,201,093	-	0.50
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	16.2%	1.6%	0.0%	0.0%	8.4%	0.0%	0.9%
Net change from 2019-21 Adj Current Service Level	-	-	70,690	(195,344)	-	-	(124,654)	(1)	(0.50)
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.9%	(2.4%)	0.0%	0.0%	(0.8%)	(1.8%)	(0.9%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description The Legislative Fiscal Office recommends \$158,387 in total funds expenditure limitation (agency wide, across all divisions) related to changes in position classifications and months, for the purpose of better utilizing the number of approved existing positions. All recommended reclassifications have been approved by the Department of Administrative Services Chief Human Resource Office.

LFO Recommendation The Legislative Fiscal Office recommends reducing Federal Funds expenditure limitation by \$195,344 and abolishing 1 (1.00 FTE) vacant Information Support Specialist 6 position in the Workforce and Economic Research Division, while increasing months on an existing Other Funds-supported Administrative Specialist 2 position to meet expected work load.

LFO Recommended	-	-	70,690	(195,344)	-	-	(124,654)	(1)	(0.50)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget (Base)	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	12,704	-	-	-	-	-	12,704	-	-
2019-21 Base Budget	12,704	-	-	-	-	-	12,704	-	-
010: Non-PICS Pers Svc/Vacancy Factor	(12,704)	-	-	-	-	-	(12,704)	-	-
2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
Adjusted 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-
2019-21 Legislative Actions	-	-	-	-	-	-	-	-	-
Net change from 2017-19 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net change from 2019-21 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	4,682,313	-	-	-	4,682,313	18	13.95
2017-19 Ebds, SS & Admin Act	-	-	138,285	-	-	-	138,285	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	4,820,598	-	-	-	4,820,598	18	13.95
2017-19 Leg Approved Budget (Base)	-	-	4,820,598	-	-	-	4,820,598	18	13.95
Summary of Base Adjustments	-	-	1,022,855	-	-	-	1,022,855	-	4.05
2019-21 Base Budget	-	-	5,843,453	-	-	-	5,843,453	18	18.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(12,561)	-	-	-	(12,561)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	138,600	-	-	-	138,600	-	-
030: Inflation & Price List Adjustments	-	-	188,207	-	-	-	188,207	-	-
2019-21 Current Service Level	-	-	6,157,699	-	-	-	6,157,699	18	18.00
Adjusted 2019-21 Current Service Level	-	-	6,157,699	-	-	-	6,157,699	18	18.00
Total LFO Recommended Packages	-	-	13,809,350	-	-	-	13,809,350	37	28.63
2019-21 Legislative Actions	-	-	19,967,049	-	-	-	19,967,049	55	46.63
Net change from 2017-19 Leg Approved Budget	-	-	15,146,451	-	-	-	15,146,451	37	32.68
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	314.2%	0.0%	0.0%	0.0%	314.2%	205.6%	234.3%
Net change from 2019-21 Adj Current Service Level	-	-	13,809,350	-	-	-	13,809,350	37	28.63
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	224.3%	0.0%	0.0%	0.0%	224.3%	205.6%	159.1%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 101 Modernize Business and Technology Infrastructure

Package Description The Modernization Program is a multi-biennial initiative that began in the 2015-17 biennium for the purpose of replacing core information systems technology that support key functions of the Department. The agency’s primary business systems lack integration with one another, are inflexible, near the end of their useful life, and are difficult to maintain securely.

At this time, the Employment Department anticipates two distinct projects: The Unemployment Insurance tax and benefits project (which is the subject of this recommendation), followed by a workforce project initiated later. Concentrating on the UI project now (rather than attempting both projects concurrently) will help OED better ensure that chosen technology solutions meet program needs, and that new and modern information system deployments can be planned, designed, managed and implemented in an orderly manner. As of January 31, 2019, \$3,526,079 has been spent on the project.

Workforce Operations will represent the next project of the Modernization Program, timing and estimated resource requirements for which have not yet been determined.

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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LFO Recommendation The Legislative Fiscal Office recommends \$13,699,764 Other Funds and 37 permanent positions (28.63 FTE) to continue efforts toward modernization of the Employment Department’s information technology systems. This recommendation is made with the understanding that the Department of Administrative Services will unschedule \$7,300,000 of the limitation pending a report to the Legislature during or following the 2020 Legislative Session. The report should include an update on project status, including vendor selection, resource utilization, and updates on the project schedule and resource requirements. Funding streams supporting this recommendation include the following:

- \$12.9 million in Penalty and Interest payments to the Department; and
- \$811,275 from the Supplemental Employment Department Administrative Fund.

In addition, expenditures of \$6,157,699 are assumed in the Employment Department’s base budget, consisting of \$314,246 in Penalty and Interest payments, \$985,990 from the Supplemental Employment Department Administrative Fund, and \$4,857,463 in Modernization funding; Modernization funds originated from allocations totaling \$85.6 million made to the Employment Department from U.S Department of Labor in 2009. By biennium’s end, \$80.4 million is anticipated to remain from that funding source, and is being dedicated to fund current and as yet unknown future costs of modernization projects (systems supporting Workforce Operations).

This recommendation will enable the Employment Department to initiate the procurement and begin implementation of a replacement system for Unemployment Insurance tax and benefits administration. The recommendation includes resources for independent quality management services. Project deliverables include: completion and posting of a UI tax and benefit modernization project request for proposal (RFP); solution vendor selection and contracting; project team staff recruitments; facility preparation; equipment installation; data analysis, cleansing, and conversion; updated business case, risk assessment, and project management plans; and, independent quality assurance review and oversight as required by the Joint State CIO/LFO stage gate review process.

The Employment Department is directed to continue to work closely with and regularly report project status to the Office of the State Chief Information Officer and the Legislative Fiscal Office throughout the project’s lifecycle, and to continue to follow the Joint State CIO/LFO Stage Gate Review Process, utilizing processes and the OSCIO Project/Portfolio Management System for purposes of project review, approval, status updates and quality assurance activities throughout the life of the project. In addition, the Legislative Fiscal Office recommends that the Employment Department report back to the Legislature on project status during the 2020 Annual Legislative Session, and/or to interim legislative committees as required.

LFO Recommended	-	-	13,699,764	-	-	-	13,699,764	37	28.63
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description The Legislative Fiscal Office recommends \$158,387 in total funds expenditure limitation (agency wide, across all divisions) related to changes in position classifications and months, for the purpose of better utilizing the number of approved existing positions. All recommended reclassifications have been approved by the Department of Administrative Services Chief Human Resource Office.

LFO Recommendation The Legislative Fiscal Office recommends \$109,586 Other Funds expenditure limitation for the Modernization program, to facilitate reclassifications of positions associated with Package 801, as follows:

- Reclassifying a Procurement and Contract Specialist 3 position to a Project Manager 2 to reflect duties that are more complex than originally envisioned when the position was proposed in 2017.
- Reclassifying a Principal Executive Manager F to Principal Executive Manager G (I series), to better reflect the additional duties and responsibilities of the Modernization Director, reflecting the management of additional staff as well as multiple portfolios and vendors as the program moves toward project procurement and execution.

LFO Recommended	-	-	109,586	-	-	-	109,586	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	-	-	1,424,000,000	70,000,000	1,494,000,000	-	-
2017-19 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	-	-	1,424,000,000	70,000,000	1,494,000,000	-	-
2017-19 Leg Approved Budget (Base)	-	-	-	-	1,424,000,000	70,000,000	1,494,000,000	-	-
Summary of Base Adjustments	-	-	-	-	158,000,000	30,000,000	188,000,000	-	-
2019-21 Base Budget	-	-	-	-	1,582,000,000	100,000,000	1,682,000,000	-	-
2019-21 Current Service Level	-	-	-	-	1,582,000,000	100,000,000	1,682,000,000	-	-
Adjusted 2019-21 Current Service Level	-	-	-	-	1,582,000,000	100,000,000	1,682,000,000	-	-
2019-21 Legislative Actions	-	-	-	-	1,582,000,000	100,000,000	1,682,000,000	-	-
Net change from 2017-19 Leg Approved Budget	-	-	-	-	158,000,000	30,000,000	188,000,000	-	-
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	11.1%	42.9%	12.6%	0.0%	0.0%
Net change from 2019-21 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Legislatively Proposed 2019 - 2021 Key Performance Measures

Published: 3/4/2019 2:22:39 PM

Agency: Employment Department

Mission Statement:

The mission of the Oregon Employment Department is to Support Business and Promote Employment.

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. ENTERED EMPLOYMENT - Percentage of job seekers who receive service from Workforce Operations that are still employed after six months.		Approved	69%	63%	63%
2. EMPLOYMENT RETENTION - Percent of job seekers who receive service from Workforce Operations that are still employed after 12 months.		Approved	69%	65%	65%
3. COST PER PLACEMENT - Total cost of Workforce Operations (Business & Employment Services) program divided by the total number of job seekers entered into employment after receiving services.		Approved	\$510.00	\$424.00	\$433.00
4. FIRST PAYMENT TIMELINESS - Percentage of initial Unemployment Insurance payments made within 21 days of eligibility.		Approved	94%	89%	89%
5. NON-MONETARY DETERMINATIONS TIMELINESS - Percentage of claims that are adjudicated within 21 days of issue detection.		Approved	72%	80%	80%
6. UNEMPLOYMENT INSURANCE ADMINISTRATIVE COSTS AS A PERCENT OF BENEFITS PAID - Compares dollars paid to unemployed workers against the cost of providing those benefits. Specifically, all costs associated with Unemployment Insurance administration, including related Department of Justice and Office of Administrative Hearings costs, less Re-Employment Eligibility Assessments and State Government Service Charges, divided by Total Unemployment Insurance Benefits paid.		Approved	12%	10%	10%
7. UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - Percentage of cases requesting a hearing that are heard or are otherwise resolved within 30 days of the date of request.		Approved	61%	60%	60%
8. NON-UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - Percentage of orders issued within the standards established by the user agencies.		Approved	92%	93%	93%
9. AVERAGE DAYS TO ISSUE AN ORDER - Average number of days to issue an order following the close of record.		Approved	4.50	6.60	6.60
10. COST PER REFERRAL TO OAH - Average cost of hearing referral to the Office of Administrative Hearings.		Approved	\$564.00	\$657.00	\$657.00
11. HIGHER AUTHORITY APPEALS TIMELINESS - Percentage of cases requesting an appeal that receive a decision within 45 days of the date of request.		Approved	100%	80%	80%
12. TIMELINESS OF NEW STATUS DETERMINATIONS - Percentage of new status determinations completed within 90 days of the end of the liable quarter.		Approved	74%	80%	80%
13. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent," including overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Expertise	Approved	82.70%	95.50%	95.50%
	Accuracy		79.90%	95.50%	95.50%
	Availability of Information		81.70%	95.50%	95.50%

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
	Timeliness		81.40%	95.50%	95.50%
	Overall		83.30%	95.50%	95.50%
	Helpfulness		84%	95.50%	95.50%
14. FOUNDATIONAL SURVEY RESPONSE RATE - Ordinary (non-weighted) arithmetic mean of four annual response rates: (1) Occupational Employment Statistics employment; (2) Occupational Employment Statistics units; (3) Annual Refiling Survey employment; and (4) Annual Refiling Survey units.		Approved	86%	80%	80%

LFO Recommendation:

The Legislative Fiscal Office recommends Key Performance Measures for the Employment Department as set out above.

Note that the target for KPM # 10 is calculated based on assumed workload (which includes projections as to the number and type of hearing) and the Governor's recommended budget for this division.

Regarding KPM #14, the Legislative Fiscal Office recommends increasing the target for survey response rates from 73% to 80%, based on performance to date.

SubCommittee Action: