



# Ways and Means Joint Committee on Transportation and Economic Development

## Appendix

February 1, 2021



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## 2021-23 Ways and Means Appendix

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# OREGON EMPLOYMENT DEPARTMENT

## Audit Report per ORS 297.070 during 2019-21

### AUDIT RESPONSE REPORT:

Summary of recommendations and agency response to financial and performance audits completed by the Secretary of State (SOS) or the Joint Legislative Audit Committee (JLAC) in fiscal biennia July 1, 2017 – June 30, 2019 and fiscal biennia July 1, 2019 – June 30, 2021, as of December 31, 2020.

#### 2017-2019 Biennium

- Audit of Selected Financial Accounts for the Year Ended June 30, 2017 (Management Letter 471-2018-01-01)

**Audit Result/Recommendation** – No reportable conditions noted.

**Corrective Action** – N/A

- Succession Planning Audit 2017 (SOS #2017-21)

**Recommendation** – No specific recommendation to Oregon Employment Department (OED). Eight (8) recommendations addressed to the Department of Administrative Services (DAS).

**Corrective Action** – N/A to OED. DAS Chief Human Resources Officer (CHRO) generally agreed with the recommendations and have targeted to complete implementation activities from February 2018 – September 2018.

- SOS Statewide Internal Audit Function Performance Audit – #2018-25

**Audit Result/Recommendation** – OED to update Audit Committee Charter, Risk Assessment and Audit Plan with minimum required elements.

**Corrective Action** – Required elements in the Audit Committee Charter, Risk Assessment and Audit Plan were updated in April and June 2019.

- SOS Statewide Single Audit – Audit of Selected Financial Accounts for year ended June 30, 2018 (Management Letter#471-2018-12-01)

# OREGON EMPLOYMENT DEPARTMENT

## Audit Report per ORS 297.070 during 2019-21

**Audit Result/Recommendation** – No deficiencies in internal control considered material weaknesses.

**Corrective Action** - N/A

- SOS Statewide Single Audit - Audit of Selected Federal Program for year ended June 30, 2018 – Unemployment Insurance (Management Letter #471-2019-01) and Employment Services Cluster (Management Letter #471-2019-03-02)

**Audit Result/Recommendation** – No deficiencies in internal control over compliance considered material weaknesses.

**Corrective Action** – N/A

- SOS Audit of DAS Statewide Information Technology Procurement (#2018-45)

**Audit Result/Recommendations** – No specific recommendation to OED. Five (5) recommendations addressed to the DAS.

**Corrective Action** – N/A to OED. DAS State Chief Information Officer (CIO), State Procurement Officer (CPO), Deputy State CIO, Director for Enterprise IT Governance and Director of Enterprise Shared Services generally agreed with the recommendations and have targeted to complete implementation activities from May 2019 – June 2021.

- SOS Risk Assessment of OED’s Procurement Processes and Travel Expense Reimbursements for the Three-Years ended April 2018

**Audit Result/Recommendations** – Exceptions found provide opportunities for the department to improve procurement and travel reimbursement processes; management to ensure:

- it retains documentation of its procurement activities, including solicitation documentation, in compliance with state procurement and records retention laws;
- market research is used to help improve the reliability of estimated costs of contracts;
- the statement of work of contracts with the same vendor are considered in relation to one another to avoid fragmentation in actuality or appearance;
- contractors paid with federal funds are reviewed for suspension and debarment to protect federal funds;
- field offices and the Field Services Division use price agreements as required;

**OREGON EMPLOYMENT DEPARTMENT**  
**Audit Report per ORS 297.070 during 2019-21**

- field offices follow the proper procurement procedures for facilities-related activities and communicate such activity, including emergencies, to the Facilities Division;
- recurring services are supported by an underlying service agreement;
- review of travel reimbursements is sufficient to effectively minimize the risk of errors; and
- overpaid travel reimbursements are recovered as appropriate.

**Corrective Action** – Management responded that starting even before the Secretary of State’s risk assessment, the department took actions and steps to improve and strengthen operational practices including and not limited to:

- documented review of vendor suspension and debarment in contract files;
  - trained management and employees on procurement and contract administration;
  - established contracts for recurring services in field offices;
  - increased review and monitoring of SPOTS cards spending; and
  - improved the travel reimbursement guidelines and form used by the agency.
- SOS Statewide Single Audit – Audit of Selected Financial Accounts for year ended June 30, 2019.

The objective of the audit was to express an opinion on whether the Oregon State financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles (GAAP).

**Audit Result/Recommendation:** The SOS Audits Division issued a Management Letter to the Employment Department providing that during the audit they did not identify any deficiencies in internal control considered to be material weaknesses. During the audit, the auditors observed a matter considered an opportunity for strengthening internal controls. They recommend department management ensure discrepancies are investigated and corrected as needed.

**Corrective Action** – N/A; the Management Letter provided that the matter does not require a written response from management.

**2019-2021 Biennium**

- SOS Statewide Building Management Audit (DAS audit with OED selected for testing) – July 1, 2019 start

# OREGON EMPLOYMENT DEPARTMENT

## Audit Report per ORS 297.070 during 2019-21

The purpose of the audit was to gain an understanding of Department of Administrative Services' (DAS') Facility Planning Unit processes and the different departments' roles in the statewide facility planning process. SOS Audits Division issued the final report in March 2020 titled "DAS Should Build on Recent Enhancements and Further Improve the Facility Planning Process to Better Inform Investments in State Facilities".

**Audit Result/Recommendations** – The report includes seven recommendations to DAS intended to improve the facility planning process that is used to inform decisions-makers. There was no specific finding/recommendation for the Employment Department.

**Corrective Action** - N/A

- SOS Project Review of the OED IT Modernization Program - January 2020 start

The engagement was originally intended as a "real-time" audit to determine the status and risks of the Modernization Program as a whole and the UI Modernization Project in particular. It was changed to a Risk Assessment on April 24, 2020 because of Employment Department's critical role in supporting Oregon citizens during the COVID-19 crisis, and since the program has not yet selected a solution vendor for the Unemployment Insurance modernization. The SOS Audits Division issued a letter detailing the results of the risk assessment in July 2020.

**Audit Result/Recommendations** – The Risk Assessment identified four major categories of risk that required particular attention from the Program:

- Shifting agency priorities have caused challenges, made worse by COVID-19. The SOS Auditors suggest OED update its program management plans and schedule to address possible contingencies associated with changes in agency priorities.
- Legacy systems planning is behind schedule and is being further impacted by priority changes. The Auditors suggest OED ensure its detailed planning consider the effects of possible delays in legacy system planning and the effects on the overall timing of the program.
- Staffing challenges represent a significant risk area for the program and project. The Auditors suggest OED evaluate potential root causes for staffing departures and take steps to address any patterns that might lead to future turnover.

## OREGON EMPLOYMENT DEPARTMENT

### Audit Report per ORS 297.070 during 2019-21

- Program schedule and milestone estimation represent a major risk. The Auditors suggest OED ensure the estimation methodology used for scheduling considers potential contingencies identified in other areas, such as agency priorities, legacy system planning activities, and staffing.

**Corrective Action** – OED management agrees with the results of the risk assessment and implemented the recommendations even while the Auditors were conducting the assessment.

- SOS Statewide Single Audit – Audit of Selected Financial Accounts for year ended June 30, 2020.

The objective of the audit is to express an opinion on whether the Oregon State financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles (GAAP).

The audit was ongoing as of December 31, 2020.

- SOS Statewide Single Audit - Audit of Selected Federal Program –Unemployment Insurance, for year ended June 30, 2020

The objectives of the federal compliance audit are to (1) determine whether the state has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major programs, (2) determine whether the schedule of expenditures of federal awards is stated fairly in all material respects in relation to the state's financial statements as a whole, and (3) obtain an understanding of internal control over federal programs; plan the testing of internal control over compliance for major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program; and perform testing of internal control as planned.

The audit was ongoing as of December 31, 2020.



## **Changes to Employment Budget in 2019-21 as of December 31, 2020**

### **NON-LIMITED**

Non-limited funds are used for the payment of unemployment compensation to qualified applicants. Benefits are paid with both state and federal funds. Due to the pandemic and unprecedented unemployment the agency has received approval for increases in Other Fund and Federal Fund Non-limited authority during the 2019-21 biennium:

- 2019-21 4<sup>th</sup> quarter: increase of \$2.2 million Other Funds Non-limited and \$3.5 million Federal Funds Non-Limited
- 2019-21 7<sup>th</sup> quarter: increase of \$200 million Other Funds Non-Limited and \$2 billion Federal Funds Non-Limited

The current total authorized is \$4.0 billion in Other Funds Non-Limited and \$5.6 billion in Federal Funds Non-Limited.

### **FEDERAL GRANT**

Employment received approval to apply and accept a FEMA grant for Lost Wages Assistance (LWA) established with the August 8, 2020 Presidential Memorandum. The LWA program provided a \$300 per week benefit as a supplement to claimants who received at least \$1 in weekly benefits and self-certify their unemployment is due to COVID. A maximum duration of six weeks of benefits was available. A state matching requirement was met with \$100 of regular unemployment compensation paid with each payment of \$300 federal benefit.

### **SECOND SPECIAL SESSION**

During the second special session Employment received several changes to our spending authority in Senate Bill 5723:

- Federal Funds expenditure limitation was increased by \$1,140,563 (6 positions / 3.25 FTE) for Employment to enter into a contract with Rogue Workforce Partnership to provide case management and training services from June 1, 2020 through June 2021, in partnership with the Higher Education Coordinating Commission's Office of Workforce Investments.
- \$26.3 million Federal Funds expenditure limitation (218 positions / 112.68 FTE) associated with the Pandemic Unemployment Assistance (PUA) Program established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provides for administrative costs and benefits to self-employed, independent contractors and gig workers who have not traditionally been eligible to receive unemployment benefits.
- An increase in Federal Funds expenditure limitation of \$61.0 million (525 limited duration positions / 314.73 FTE) was approved for administration of unemployment insurance benefits for other eligible claimants. This authority was related to federal benefit payments, other than PUA, associated with the CARES Act such as Pandemic



Emergency Unemployment Compensation (PEUC) and Federal Pandemic Unemployment Compensation (FPUC). Four positions (1.67 FTE) were established and Other Funds expenditure limitation of \$437,440 was approved for the Office of Administrative Hearings to address associated increases in caseload.

- A total of \$6,180,000 General Fund was reduced from services and supplies in Paid Family and Medical Leave Insurance. \$1.2 million was attributable to projected savings in procurement services, \$580,000 from savings related to a contract for an actuarial study, and \$4.4 million is related to budget for the IT solution and associated quality assurance review.

### **SEPTEMBER 2020 EMERGENCY BOARD**

The September 2020 Emergency Board increased Federal Funds expenditure limitation for Employment by \$31,847,232 (322 limited-duration positions / 145.79 FTE) for administration of unemployment insurance benefits and agency administrative capacity. Increased Federal Funds expenditure limitation by \$8,125,438 (94 limited-duration positions / 40.34 FTE) for administration of the Pandemic Unemployment Assistance program. Increased Other Funds expenditure limitation for the Modernization Program by \$1,188,752 (16 permanent positions / 4.00 FTE) for information systems, training and change management expertise associated with modernizing unemployment insurance information technology.

### **DECEMBER 2020 EBOARD**

The December 2020 Emergency Board increased expenditure limitation related to state employee salary compensation and benefit adjustments and related Pension Obligation Bond rate changes. A total increase of \$248,854 General Fund, \$6,283,076 Other Funds and \$6,882,810 Federal Funds was received.

## Agency Span of Control as of December 31, 2020 @ 12:00 PM

Agency	Agency Max Supervisory ratio	Total # EEs *	Total # Non-supervisory EEs	÷	Total # Supervisory EEs	Total # EEs not assigned a Representation **	1 :	Adjusted Actual Ratio	Actual ratio
Bureau of Labor and Industries	(1:8)	118	104	÷	14	0	1 :	7	7.43
Department of Administrative Services	(1:10)	1043	949	÷	94	0	1 :	10	10.10
Department of Agriculture	(1:8)	801	750	÷	51	0	1 :	15	14.71
Department of Consumer and Business Services	(1:11)	994	911	÷	83	0	1 :	11	10.98
Department of Corrections	(1:10)	5274	4819	÷	454	1	1 :	11	10.61
Department of Environmental Quality	(1:10.25)	820	751	÷	69	0	1 :	11	10.88
Department of Fish and Wildlife	(1:6)	1399	1213	÷	186	0	1 :	7	6.52
Department of Human Services	(1:8.39)	10800	9810	÷	981	9	1 :	10	10.00
Department of Justice	(1:11.88)	1602	1478	÷	122	2	1 :	12	12.11
Department of Public Safety Standards and Training	(1:27)	418	400	÷	15	3	1 :	27	26.67
Department of Revenue	(1:11)	1117	1026	÷	91	0	1 :	11	11.27
Department of State Lands	(1:8)	140	129	÷	10	1	1 :	13	12.90
Department of Transportation	(1:11)	5596	5166	÷	430	0	1 :	12	12.01
<b>Employment Department</b>	(1:11)	<b>2624</b>	<b>2432</b>	<b>÷</b>	<b>192</b>	<b>0</b>	<b>1 :</b>	<b>13</b>	<b>12.67</b>
Forestry Department	(1:7)	1901	1726	÷	174	1	1 :	10	9.92
Higher Education Coordinating Commission	(1:7)	157	138	÷	19	0	1 :	7	7.26
Oregon Business Development Department	(1:9)	151	137	÷	14	0	1 :	10	9.79
Oregon Department of Education	(1:9)	975	884	÷	88	3	1 :	10	10.05
Oregon Health Authority	(1:8.6)	5281	4829	÷	452	0	1 :	11	10.68
Oregon Housing and Community Services	(1:9)	242	216	÷	26	0	1 :	8	8.31
Oregon Liquor Control Commission	(1:11)	421	391	÷	30	0	1 :	13	13.03
Oregon State Department of Police	1:12	1507	1373	÷	131	3	1 :	10	10.48
Oregon Youth Authority	(1:9)	1069	969	÷	100	0	1 :	10	9.69
Parks and Recreation Department	(1:8)	913	828	÷	85	0	1 :	10	9.74
Public Employees Retirement System	(1:10)	420	385	÷	35	0	1 :	11	11.00
Public Utility Commission of Oregon	(1:5)	132	112	÷	20	0	1 :	6	5.60
State of Oregon Military Department	(1:10)	597	544	÷	53	0	1 :	10	10.26
Water Resources Department	(1:8)	185	168	÷	17	0	1 :	10	9.88
Veteran Affairs		105	89	÷	16	0	1 :	6	5.56

\* This total number includes positions which were flagged by Workday as NOT having a Repr code assigned. Each position was reviewed and assigned to a supervisory or non supervisory category.

\*\* These numbers are showing up in Workday as not having a Repr code assigned. They were reallocated to a supervisory or non-supervisory category and folded into the Total on column C.

Ratio within Maximum supervisory ratio   
 Ratio not within Maximum supervisory ratio



# PROPOSED SUPERVISORY SPAN OF CONTROL REPORT

In accordance with the requirements of ORS 291.227, ( Oregon Employment Department ) presents this report to the Joint Ways and Means Committee regarding the agency's Proposed Maximum Supervisory Ratio for the 2021-2023 biennium.

## Supervisory Ratio for the last quarter of 2019-2021 biennium

The agency actual supervisory ratio as of 12/31/2020 @ 12:00 PM is 1: 13  
 (Date) (Enter ratio from last Published DAS CHRO Supervisory Ratio )

**The Agency actual supervisory ratio is calculated using the following calculation;**

$$\frac{192}{\text{(Total supervisors)}} = \frac{155}{\text{(Employee in a supervisory role)}} + \frac{38}{\text{(Vacancies that if filled would perform a supervisory role)}} - \frac{1}{\text{(Agency head)}}$$

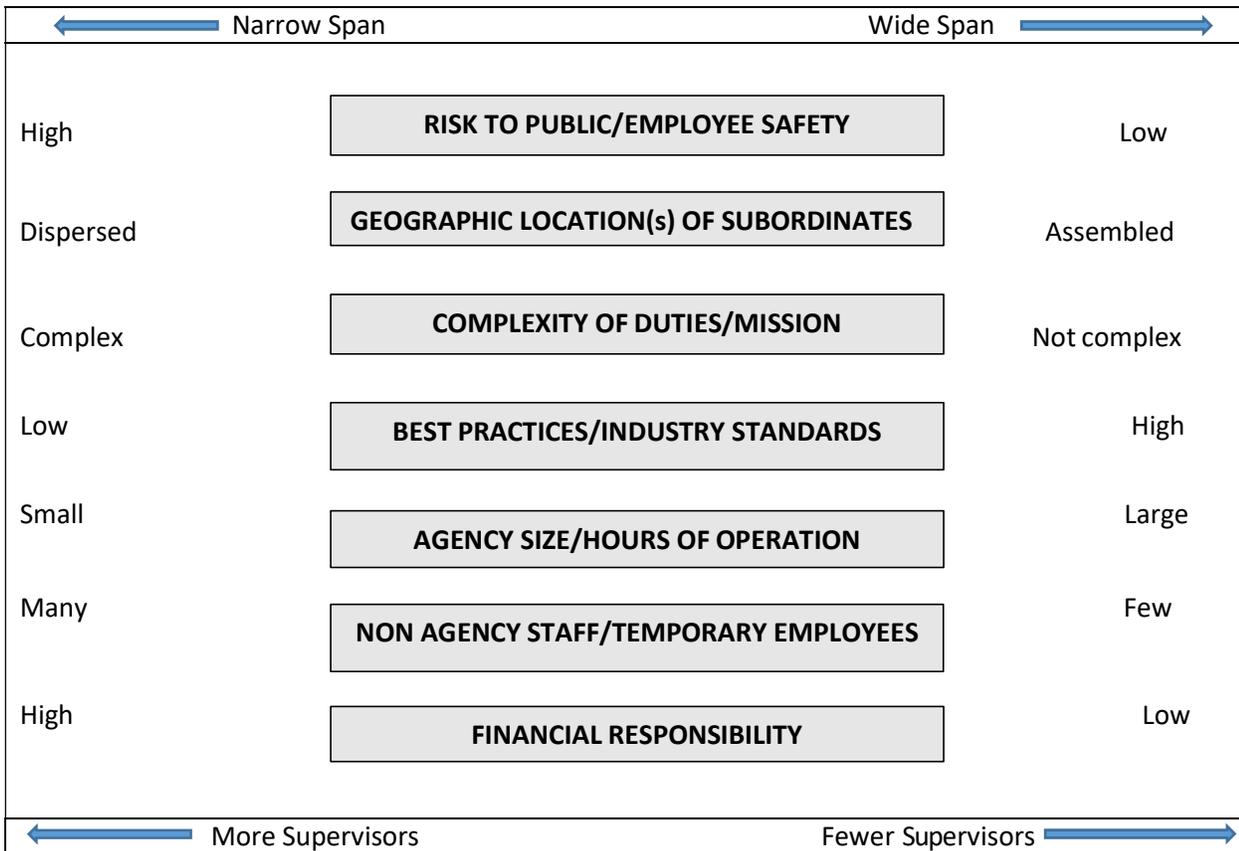
$$\frac{2437}{\text{(Total non-supervisors)}} = \frac{1910}{\text{(Employee in a non-supervisory role)}} + \frac{527}{\text{(Vacancies that if filled would perform a non-supervisory role)}}$$

**The agency has a current actual supervisory ratio of-**

$$1: 12.69 = \frac{2437}{192}$$

(Actual span of control) (Total non - Supervisors) (Total Supervisors)

When determining an agency maximum supervisory ratio all agencies shall begin of a baseline supervisory ratio of 1:11, and based upon some or all of the following factors may adjust the ratio up or down to fit the needs of the agency.



**Ratio Adjustment Factors**

Is safety of the public or of State employees a factor to be considered in determining the agency maximum supervisory ratio?

Yes

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The Oregon Employment Department has more than 40 locations across the state of Oregon, most of which provide direct and open customer access to Oregonians and Oregon businesses. While the agency's current supervisory ratio is in the 1:11 range, it's possible that we would request a lower ratio in the future, in part because it's important to have management support and leadership in as many locations as possible, especially during challenging safety or other emergency situations. We are not requesting a change at this time, but we may do so in the future, as we implement our future strategic plan, as we modernize our service model and systems, increase remote work, and as we adjust to varying economic conditions.

Is geographical location of the agency's employees a factor to be considered in determining the agency maximum supervisory ratio? Yes

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The Oregon Employment Department has more than 40 locations across the state of Oregon. These range in terms of employment from several hundred employees to just one. While the agency's current supervisory ratio is in the 1:11 range, it's possible that we would request a lower ratio in the future, in part because it's very challenging to have managers who are more than a hundred miles and far more than two hours from the employees and facilities for which they are responsible. We are not requesting a change at this time, but we may do so in the future, as we implement our future strategic plan, as we modernize our service model and systems, and as we adjust to varying economic conditions.

Is the complexity of the agency's duties a factor to be considered in determining the agency maximum supervisory ratio? Yes

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The Oregon Employment Department provides a wide range of federal and state workforce-related services, some of which involve a small number of employees providing services targeted to diverse and specific Oregon populations. While the agency's current supervisory ratio is in the 1:11 range, it's possible that we would request a lower ratio in the future, in part to allow managers to focus more specifically on these smaller programs and to address new programs (Paid Family and Medical Leave Insurance and new Federal programs provided in response to the Pandemic). We may also request future changes as we adjust our services to better meet the need of Oregon's growing and increasingly diverse population. We are not requesting a change at this time, but we may do so in the future, as we implement our future strategic plan, as we modernize our service model and systems, and as we adjust to varying economic conditions.

Are there industry best practices and standards that should be a factor when determining the agency maximum supervisory ratio? No

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-  
Not Applicable.

Is size and hours of operation of the agency a factor to be considered in determining the agency maximum supervisory ratio? Yes

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-  
The Oregon Employment Department has more than 2,000 employees, spread across more than 40 locations all across Oregon. While our typical in-person or by-phone customer services are generally provided from 8 am to 5 pm Monday through Friday, we are currently providing services on weekends and through extended office hours. We are also reimagining our future service delivery models. Therefore, while the agency's current supervisory ratio is in the 1:11 range, it's possible that we would request a lower ratio in the future, in part to provide coverage across expanded hours and to provide a different service delivery model. We are not requesting a change at this time, but we may do so in the future, as we implement our future strategic plan, as we modernize our service model and systems. and as we adjust to varying economic conditions.

Are there unique personnel needs of the agency, including the agency's use of volunteers or seasonal or temporary employees, or exercise of supervisory authority by agency supervisory employees over personnel who are not agency employees a factor to be considered in determining the agency maximum supervisory ratio? Yes

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-  
Thirty-nine of the Oregon Employment Department's locations are WorkSource centers, spread all across Oregon. Employment in these centers ranges from more than 50 to just one. Almost all of these centers also include workforce-related employees from other state agencies and from private sector non-profit entities. In some cases, they also include volunteers. Sometimes, the Employment Department manager may be the only on-site manager for all of the employees, partners, and volunteers. While the agency's current supervisory ratio is in the 1:11 range, it's possible that we would request a lower ratio in the future, in part to provide more coordination and leadership for all the individuals in our locations. We are not requesting a change at this time, but we may do so in the future, as we implement our future strategic plan, as we modernize our service model and systems, and as we adjust to varying economic conditions.

Is the financial scope and responsibility of the agency a factor to be considered in determining the agency maximum supervisory ratio? Yes

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

This past biennium the Oregon Employment Department has more than doubled in size and has increased the number of programs and service provided to our customer base. We have reimagined our service delivery model and will continue to reimagine our future service delivery model. Therefore, while the agency's current supervisory ratio is in the 1:11 range, it's possible that we would request a lower ratio in the future, in part to ensure new programs and services are developed and to provide a state of the art service delivery model. We are not requesting a change at this time, but we may do so in the future, as we implement our future strategic plan, as we modernize our service model and systems, and as we adjust to varying economic conditions.

Based upon the described factors above the agency proposes a Maximum Supervisory Ratio of 1: 11 .

Unions Requiring Notification: Service Employees International Union, Local 503, OPEU  
American Federation of State, County, and Municipal Employees, (AFSCME, AFL-CIO)

Date unions notified: January 26, 2021

Submitted by: Oregon Employment Department

Signature Line *Kathleen Olson*  
Kathleen Olson (Jan 26, 2021 13:47 PST)  
Kathleen Olson, Local 471 President

Date: Jan 26, 2021

Signature Line *David K. Gerstenfeld*  
David K. Gerstenfeld (Jan 26, 2021 12:27 PST)  
David Gerstenfeld, Acting Director,  
Oregon Employment Department

Date: Jan 26, 2021

Program Prioritization for 2021-23

Agency Name: Oregon Employment Department																					
2021-23 Biennium																					
Agency Number: 47100																					
Priorities in Agency wide order																					
Program/Division Priorities for 2021-23 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NI-OF	FF	NI-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSI, included in Agency Request	
Agcy	Prgm/ Div																				
1	1	OED	UI	Pay UI Benefits--Process initial and continued weeks claims includes determination of validity of the claim	4, 5, 12			34,421,516		5,058,847,795		143,725,625	184,135,817	\$ 5,421,130,753	924	736.49	N	Y	FO, S	26 U.S.C. § 3304 ORS 657,150-280	Federal grant funding and significant federal tax credits for Oregon businesses requires taking UI claims, adjudicating eligibility and making benefit payments.
2	2	OED	UI	Collect UI Tax Wage Reports & Quarterly Payments from Employers	12			2,812,939				12,391,991		\$ 15,204,930	80	63.50	N	Y	FO, S	26 U.S.C. § 3304 ORS 657,405-575	Federal grant funding and significant federal tax credits for Oregon businesses requires collection of wage reports and payments.
3	1	OED	Research	Core Survey Programs - provide essential data for economic analysis, primarily statewide, with some data for metro areas and counties.	14			2,138,911				2,209,095		\$ 4,348,006	14	14.00	N	N	FM, S	WIOA Title III (W-P Act), ORS 657	Acceptance of the Federal Funds require the Oregon Employment Department to operate the program or provide the service.
4	1	OED	WO	Field Office Core Services - Serves businesses by recruiting and referring the best qualified applicants to employers by matching the skills and experience of job seeker with employer openings at 37 locations throughout Oregon. Includes reemployment services & eligibility assessment activities (RESEA) for UI Claimants.	1, 2, 3, 13			81,433,740				22,390,531		\$ 103,824,271	386	386.00	N	Y	FM, S	WIOA Title III (W-P Act), ORS 657	Acceptance of the Federal Funds requires the Oregon Employment Department to operate the program or provide the service.
5	2	OED	Research	Statewide analysis - develop and distribute standard and custom analysis at the statewide level.				2,444,470				2,524,680		\$ 4,969,150	16	16.00	N	Y	FM, S	657,730, WIOA	Required under the Workforce Innovation and Opportunity Act
6	3	OED	UI	UI Benefit Payment Control-- Detect and collect on UI overpayments				0				7,913,311		\$ 7,913,311	51	40.55	N	Y	FO	26 U.S.C. § 3304	Federal grant funding and significant federal tax credits for Oregon businesses requires that we prevent, detect, establish and recover overpaid benefits.
7	3	OED	Research	Information dissemination - ensure that customers have access to workforce data, analysis and tools.				916,676				946,755		\$ 1,863,431	6	6.00	N	Y	FM, S	657,730, WIOA	Required under the Workforce Innovation and Opportunity Act
8	4	OED	WO	Veteran Services - Programs to meet the employment and training needs of service-connected special disabled veterans, service connected disabled veterans and other eligible veterans.	1, 2, 3, 13							5,200,000		\$ 5,200,000	25	25.00	N	Y	FM	WIOA, US Code Title 38	Acceptance of the Federal Funds requires the Oregon Employment Department to operate the program or provide the service.
9	4	OED	Research	Regional Analysis - develop and distribute standard and custom analysis at the county and workforce levels.				1,222,235				1,262,340		\$ 2,484,575	8	8.00	N	N	FM, S	657,730, WIOA	Required under the Workforce Innovation and Opportunity Act
10	3	OED	WO	Trade Act Program - Provides benefits and services to workers who have lost their jobs due to imports and/or shift in production to certain countries. Benefits include retraining, job search and relocation allowances, and special UI benefits.	1,2,13							8,600,000	63,700,000	\$ 72,300,000	39	39.00	N	Y	FM	WIOA, Trade Act of 1974	Acceptance of the Federal Funds requires the Oregon Employment Department to operate the program or provide the service.

**Program Prioritization for 2021-23**

Agency Name: Oregon Employment Department																							
2021-23 Biennium																							
Agency Number: 47100																							
Priorities in Agency wide order																							
Program/Division Priorities for 2021-23 Biennium																							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22		
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSI included in Agency Request			
Agcy	Prgm/ Div																						
11	4	OED	UI	UI Tax Audit and Collections of Delinquent Employer Accounts	1, 2, 3, 13			598,026		2,634,518		\$ 3,232,544	17	13.50	N	Y	FO	26 U.S.C. § 3304 ORS 657.405-575	Federal grant funding and significant federal tax credits for Oregon businesses requires auditing of tax accounts and collection of delinquent taxes.				
12	5	OED	Research	Service to Business and Education - provide customized information and support to business and education customers.				1,375,014		1,420,133		\$ 2,795,147	9	9.00	N	Y	FM, S	657,730, WIOA	Consistent with the Workforce Innovation and Opportunity Act				
13	2	OED	WO	Work Opportunity Tax Credit - provides employers an incentive, in the form of tax credits, to hire certain target group members.	1,2,13			150,000		480,000		\$ 630,000	4	3.50	N	Y	FM	US Code Title 26, § 51	Acceptance of the Federal Funds requires the Oregon Employment Department to operate the program or provide the service.				
14	5	OED	WO	Foreign Labor Certification - Program that processes employer applications to hire foreign workers and to assure that efforts have been explored to fill their positions with U.S. workers.	13			200,000		630,000		\$ 830,000	4	3.50	N	Y	FM	US Code Title 8, § 1188	Acceptance of the Federal Funds requires the Oregon Employment Department to operate the program or provide the service.				
15	1	OED	PFMLI	Paid Family Medical Leave Insurance - Established in HB 2005 (2019 Legislature). Provides employees with compensated time off from work related to caring for child, providing care for family members with serious health condition, recover from health condition and leave due to domestic violence, stalking, sexual assault or harassment.		4, 12		2,745,191				2,745,191	8	8.00	Y	Y	S	ORS chapter 657B		CSI is based on the initial budget for preliminary planning work in the first biennium of the program's existence. Changes proposed are to do other significant work to create and implement the program and to operating some functions of PFMLI.			
OED Operating								2,745,191		127,713,527		5,058,847,795		212,328,979		247,835,817		5,649,471,309		1,591	1,372		
Central administrative costs																							
Program/Division Priorities for 2021-23 Biennium																							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22		
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSI included in Agency Request			
Agcy	Prgm/ Div																						
		OED	Shared Services	Strategic and operational services for all agency programs.		4		17,067,459		35,506,838		\$ 52,574,297	161	148.58									
		OED	Modernization Program	Multi-biennium effort to modernize core unemployment insurance and employment services business and information technology systems to ensure the agency can continue to fulfill its mission to Support Business and Promote Employment.		4		24,735,720				\$ 24,735,720	55	55.00									
OED administrative costs								41,803,179		35,506,838		0	0	77,310,017		216	203.58						
Total OED								169,516,706		5,094,354,633		212,328,979		247,835,817		5,726,781,326		1,807	1,575.62				

Program Prioritization for 2021-23

Agency Name: Oregon Employment Department																					
2021-23 Biennium																					
Agency Number: 47100																					
Priorities in Agency wide order																					
Program/Division Priorities for 2021-23 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSI, included in Agency Request	
Agcy	Prgm/ Div																				
1	1	OED	OAH	Implied Consent Hearings-- Determine whether the driver license of a person arrested for driving under the influence of intoxicants may be suspended. Hearing must be held and order issued within 30 days of driver's arrest or agency loses jurisdiction to suspend.	8, 9, 10	4		8,270,865				\$ 8,270,865	27	26.00	N	Y	C, S	US Const. Amend XIV, ORS 813,410	Due process hearing required under US Const. Amend XIV		
2	2	OED	OAH	Unemployment Insurance Hearings--Determine whether an unemployed person is eligible for unemployment insurance benefits. Failure to meet timelines set by the federal government may result in loss of federal funds to the state.	7, 9, 10	4		11,946,804				\$ 11,946,804	39	38.88	N	Y	C, FM, S	US Const. Amend XIV, Secretary, DOL Standard, ORS 657,270	Due process hearing required under US Const. Amend XIV, Acceptance of the Federal Funds requires the Oregon Employment Department to operate the unemployment insurance program and provide the right to a hearing.		
3	3	OED	OAH	Division of Child Support Hearings--Establish the monetary obligation of parents for support of their minor children. There is no statutory timeline for order issuance. However, delay in holding hearing may delay establishment of support and/or result in a parent continuing to pay support that is inappropriate in light of the parent's resources.	8, 9, 10	4		4,594,925				\$ 4,594,925	15	15.00	N	Y	S	ORS 180.380(1)(d)			
4	4	OED	OAH	Department of Human Services and Oregon Health Authority Administrative Hearings. Hearing delays may result in loss of social service benefits related to food, housing, and financial need.	8, 9, 10	4		5,513,910				\$ 5,513,910	18	18.00	N	Y	C, S	US Const. Amend XIV, ORS 411.095	Due process hearing required under US Const. Amend XIV		
5	5	OED	OAH	All Other Hearings--Provide due process to Oregonians in their disputes with state regulatory and licensing agencies. These hearings generally are not subject to statutory or regulatory timelines.	8, 9, 10	4		3,369,612				\$ 3,369,612	11	11.00	N	Y	C, S	US Const. Amend XIV, ORS 183.635	Due process hearing required under US Const. Amend XIV		
<b>Total OAH</b>							0	0	33,696,116	0	0	0	\$ 33,696,116	110	108.88						
<b>Total Agency-wide</b>							-	-	203,212,922	5,094,354,633	212,328,979	247,835,817	5,760,477,442	1,917	1,684,50						

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

UPDATED OTHER FUNDS ENDING BALANCES FOR THE 2019-21 & 2021-23 BIENNIA

Agency: Employment  
 Contact Person (Name & Phone #): Katharine Williams, (503) 856-2893

(a) Other Fund Type	(b) Program Area (SCR)	(c) Treasury Fund #/Name	(d) Category/Description	(e) Constitutional and/or Statutory reference	(f) 2019-21 Ending Balance		(g) 2021-23 Ending Balance		(j) Comments
					In LAB	Revised	In CSL	Revised	
<b>OTHER FUNDS NON-LIMITED AND NON-BUDGETED</b>									
OF Non-Limited	087-02-00-00000	455 - Compensation Trust Fund	Trust Fund - UI Trust Fund Control	ORS 657.805	5,385,591,776	2,760,831,901	879,776,138	3,240,728,558	Funds include State Unemployment tax payments from employers, UI Modernization funds (\$81.7M), and Families First Funds (\$12.7M), Trust Fund restricted to benefit payments only. One-time Modernization funds provided by the USDOL from employer paid FUTA taxes and are planned for Modernization expenditures. Families First Funds to be available for UI administration. The ending balance decreased due to economic changes and COVID-19, the forecast is aligned with OEA's December Revenue and Economic Forecast. UI Trust Fund is self-balancing, formula-based, and counter-cyclical to build during good economic times and to keep employer taxes lower during bad economic times.
OF Non-Budgeted	087-09-00-00000	548 - Local Gov Employer Benefit Trust	Trust Fund - LGEBTF	ORS 294.730	25,192,000	25,192,000	25,192,000	25,192,000	A private purpose trust fund for political subdivisions (ORS 294.730). Monies deposited by political subdivisions into this fund are used only for payment of unemployment compensation benefits for these employers only and related administrative expenses. Interest earned on the fund balance is deposited into the fund.
OF Non-Limited	087-06-00-00000	456 - Special Admin	Operations - Spec Admin Fund (P&I)	ORS 657.515	8,340,129	39,935,440	9,130,485	8,647,302	Funds are payments from employers of penalties and interest for delinquent tax payments. Funds are dedicated to agency administrative costs. Ending balance is needed for agency operating capital needs; and, when combined with SEDAF ending balance is targeted at a minimum of 90 days (\$45M). Ending balance assumes approval of additional limitation for COVID response and Modernization solution vendor. Federal stimulus funds supplement need for P&I for UI administration.
OF Non-Limited	087-07-00-00000	522 - SEDAF	Operations - Supplemental Employment Department Administration Fund (SEDAF)	ORS 657.783	7,439,866	25,418,243	24,985,877	13,724,113	Funds diverted from employer tax payments at 0.09% for agency administrative purposes. Ending balance is needed for agency operating capital; and, when combined with P&I ending balance is targeted at a minimum of 90 days (\$45M). Ending balance assumes approval of additional limitation for COVID response and Modernization solution vendor. Federal stimulus funds supplement need for SEDAF for UI administration, increasing ending balance. Ending balance also impacted by decrease in STEP services with DHS reimbursing 50% of SEDAF expenditures for serving SNAP clients.
OF Non-Limited	087-13-00-00000	827 - Special Fraud Control	Operations - Special Fraud Control	ORS 657.400	20,151,347	22,334,796	3,466,745	851,060	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.
<b>OTHER FUNDS LIMITED</b>									
OF Limited	010-10-00-00000		Operations - Unemployment Insurance		0	0	0	0	No ending balance. OF is transferred in from Non-Limited DCR.
OF Limited	010-20-00-00000		Operations - Workforce Operations		0	0	0	0	No ending balance. OF is transferred in from Non-Limited DCR.
OF Limited	010-40-00-00000		Operations - Office of Admin Hrs		2,800,000	2,225,399	1,714,937	2,980,842	Ending balance is 60 days working capital for OAH. Ending balance assumes approval of additional limitation for COVID response.
OF Limited	010-50-00-00000		Operations - Wkfce & Econ Research		0	0	0	0	No ending balance. OF is transferred in from Non-Limited DCR.
OF Limited	010-05-00-00000		Operations - Shared Services		0	0	0	0	No ending balance. OF is transferred in from Non-Limited DCR.
OF Limited	010-90-00-00000		Operations - Modernization		0	0	0	0	Balance remains in UI Trust Fund until needed.

**Objective:** Provide updated Other Funds ending balance information for potential use in the development of the 2021-23 legislatively adopted budget.

**Instructions:**

- Column (a): Select one of the following: Limited, Nonlimited, Capital Improvement, Capital Construction, Debt Service, or Debt Service Nonlimited.
- Column (b): Select the appropriate Summary Cross Reference number and name from those included in the 2019-21 Legislatively Approved Budget. If this changed from previous structures, please note the change in Comments (Column (j)).
- Column (c): Select the appropriate, statutorily established Treasury Fund name and account number where fund balance resides. If the official fund or account name is different than the commonly used reference, please include the working title of the fund or account in Column (i).
- Column (d): Select one of the following: Operations, Trust Fund, Grant Fund, Investment Pool, Loan Program, or Other. If "Other", please specify. If "Operations", in Comments (Column (j)), specify the number of months the reserve covers, the methodology used to determine the reserve amount, and the minimum need for cash flow purposes.
- Column (e): List the Constitutional, Federal, or Statutory references that establishes or limits the use of the funds.
- Columns (f) and (h): Use the appropriate, audited amount from the 2019-21 Legislatively Approved Budget and the 2019-21 Current Service Level at the Agency Request Budget level.
- Columns (g) and (i): Provide updated ending balances based on revised expenditure patterns or revenue trends. Do not include adjustments for reduction options that have been submitted unless the options have already been implemented as part of the 2019-21 General Fund approved budget or otherwise incorporated in the 2019-21 LAB. The revised column (i) can be used for the balances included in the Governor's budget if available at the time of submittal. Provide a description of revisions in Comments (Column (j)).
- Column (j): **Please note any reasons for significant changes in balances previously reported during the 2019 session.**

Additional Materials: If the revised ending balances (Columns (g) or (i)) reflect a variance greater than 5% or \$50,000 from the amounts included in the LAB (Columns (f) or (h)), attach supporting memo or spreadsheet to detail the revised forecast.

Agency Name: Employment Department

2021 - 2023 Biennium

Detail of Reductions to 2021-23 Current Service Level Budget

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Buda	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div														
Employment	PFMLI	OED	47100-010-80-10	Position 1981301 Use OF instead of GF for nine months	137,260					\$ 137,260	0	0.00	N	Position to use OF once OF revenue sufficient from PFMLI Collections	
Employment	PFMLI	OED	47100-010-80-10	Position 1981301 Use OF instead of GF for nine months	19,263					\$ 19,263	0	0.00	N	Position to use OF once OF revenue sufficient from PFMLI Collections	
Employment	PFMLI	OED	47100-010-80-10	Position 1981307 Use OF instead of GF for nine months	117,997					\$ 117,997	0	0.00	N	Position to use OF once OF revenue sufficient from PFMLI Collections	
										\$ -					
										\$ -					
					274,520	-	-	-	-	\$ 274,520	0	0.00			

Target \$ 274,520  
Difference \$ 0

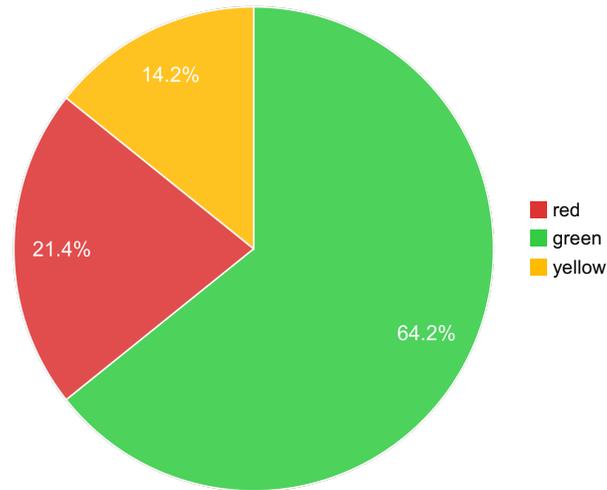
# Employment Department

Annual Performance Progress Report

Reporting Year 2020

Published: 10/1/2020 2:30:52 PM

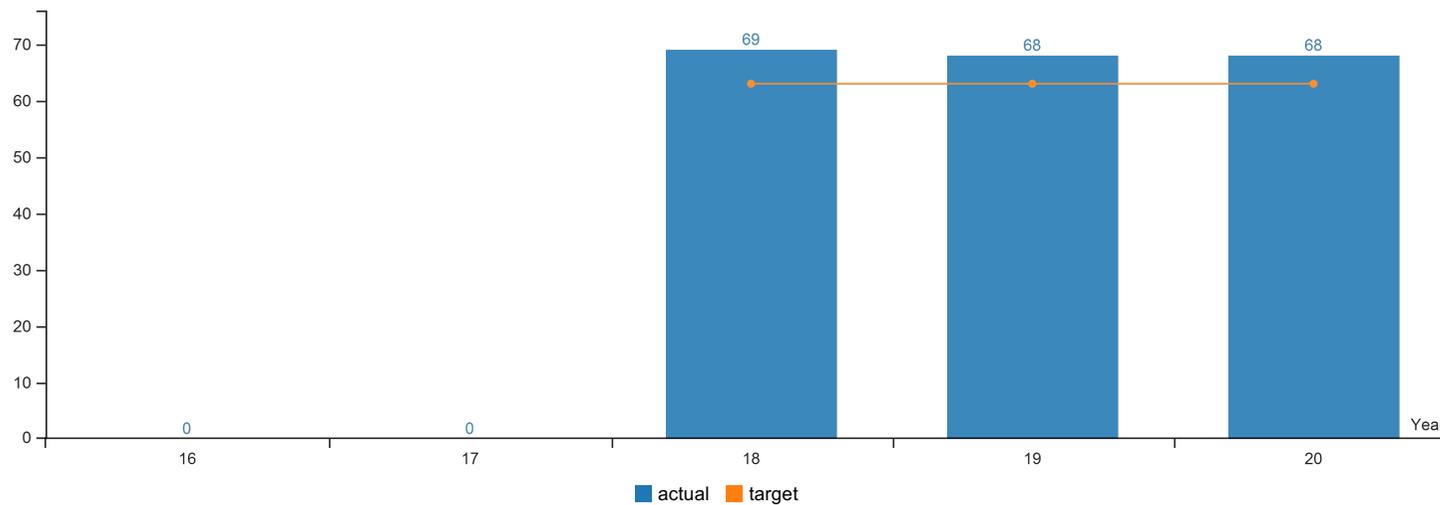
KPM #	Approved Key Performance Measures (KPMs)
1	ENTERED EMPLOYMENT - Percentage of job seekers who receive service from Workforce Operations that are still employed after six months.
2	EMPLOYMENT RETENTION - Percent of job seekers who receive service from Workforce Operations that are still employed after 12 months.
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.
4	FIRST PAYMENT TIMELINESS - Percentage of initial Unemployment Insurance payments made within 21 days of eligibility.
5	NON-MONETARY DETERMINATIONS TIMELINESS - Percentage of claims that are adjudicated within 21 days of issue detection.
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.
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.
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 - Average cost of hearing referral to the Office of Administrative Hearings.
11	HIGHER AUTHORITY APPEALS TIMELINESS - Percentage of cases requesting an appeal that receive a decision within 45 days of the date of request.
12	TIMELINESS OF NEW STATUS DETERMINATIONS - Percentage 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," including overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.
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.



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary Stats:	64.29%	14.29%	21.43%

KPM #1	ENTERED EMPLOYMENT - Percentage of job seekers who receive service from Workforce Operations that are still employed after six months.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
<b>Entered Employment - Percent of Job Seekers who got a Job with New Employer</b>					
Actual	No Data	No Data	69%	68%	68%
Target	TBD	TBD	63%	63%	63%

#### How Are We Doing

**PERFORMANCE:** Under the Workforce Innovation and Opportunity Act (WIOA), the U.S. Department of Labor (DOL) changed the way the Employment Retention Rate (ERR) is calculated. Since the new definition is not comparable to the previous ERR calculation, data before 2018 is not comparable to data after. The 6-month ERR for State Fiscal Year (SFY) 2020 is 68%, which is above the target of 63%.

**OUR STRATEGY:** To improve employment outcomes by providing services, in collaboration with our workforce partners, that are customized to the needs of individual job seekers.

**ABOUT THE TARGET:** Targets are negotiated directly between the DOL and the Oregon Employment Department (the Department).

**HOW WE COMPARE:** The performance in SFY 2020 was 68% compared to 68% in 2019 and 69% in 2018. National and DOL region six data for SFY 2020 are not yet available. Looking at data from SFY 2019, Oregon's 6-month ERR was comparable to the national average of roughly 68%.

#### Factors Affecting Results

This measure is directly affected by labor market conditions. The COVID-19 pandemic, along with the recession that started in March 2020, could significantly affect the job market in coming years; however, there is a year lag in the reporting of this measure, and resulting impacts have not yet been reported.

The state experienced record low unemployment through February 2020, with fewer job seekers pursuing our services. In this period, those who were unemployed generally required more staff assistance at each visit, so we changed our business processes to provide these job seekers with additional support.

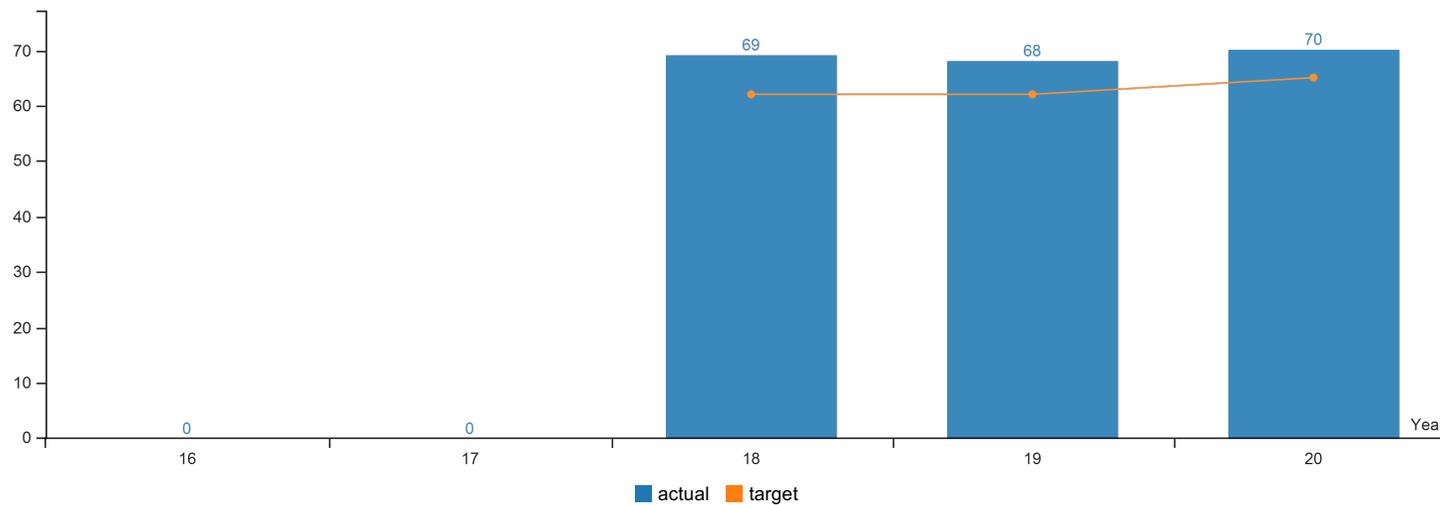
During the pandemic and the next phase of economic recovery, the evolving job market may require job seekers to obtain training in virtual skills and other new areas. The Department, along with its WorkSource Oregon partners, will continue to provide reemployment services to job seekers, focusing on claimants, veterans, and other targeted populations.

We will continue our current effort to customize business services. This will allow us to better assist employers in filling job openings with well-qualified Oregonians while supporting the Oregon Workforce and Talent Development Board's strategic plan to focus services toward specific industry sectors and targeted populations.

The Department recently entered into a partnership with the Department of Human Services to expand services to Supplemental Nutrition Assistance Program (SNAP) participants across the state. WorkSource Oregon participants also served by SNAP now include able-bodied adults without dependents (ABAWD) between the ages of 18-49. ABAWD services are delivered in thirteen counties across Oregon.

KPM #2	EMPLOYMENT RETENTION - Percent of job seekers who receive service from Workforce Operations that are still employed after 12 months.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
<b>Employment Retention</b>					
Actual	No Data	No Data	69%	68%	70%
Target	TBD	TBD	62%	62%	65%

#### How Are We Doing

**PERFORMANCE:** Under the WIOA, the DOL changed the way the ERR is calculated. Since the new definition is not comparable to the previous ERR calculation, data before 2018 is not comparable to data after. The 12-month ERR for SFY 2020 is 70%, which is above the target of 65%.

**OUR STRATEGY:** To improve employment outcomes by providing services, in collaboration with our workforce partners, that are customized to the needs of individual job seekers.

**ABOUT THE TARGET:** Targets are negotiated directly between the Department and the DOL.

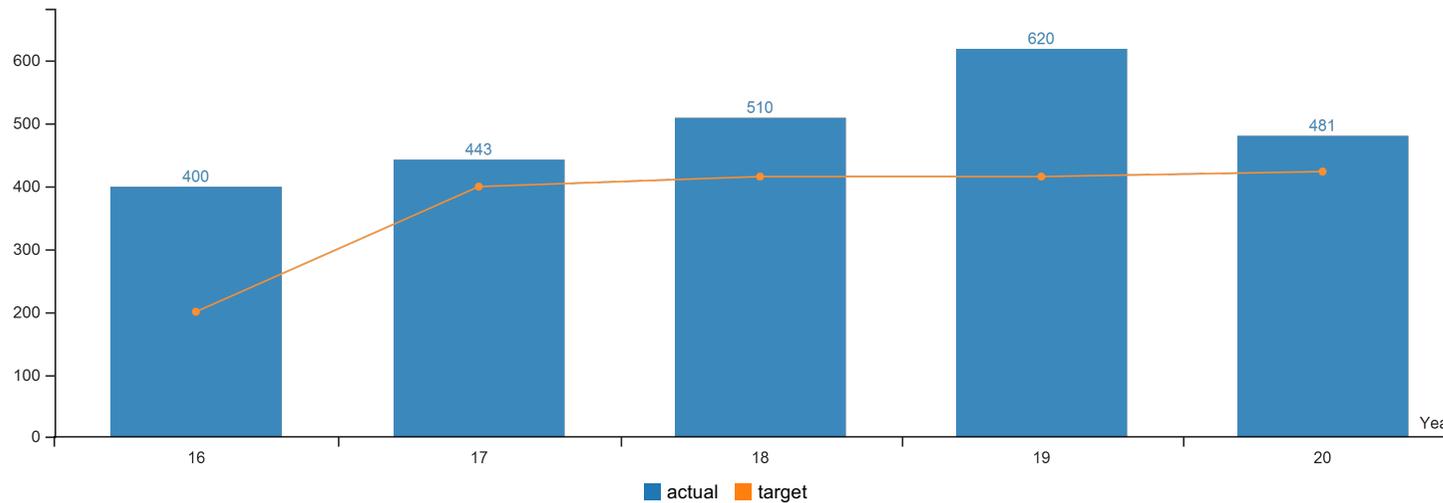
**HOW WE COMPARE:** The performance was 70% in SFY 2020 compared to 68% in 2019 and 69% in 2018. National and DOL region six state data for SFY 2020 is not yet available. Looking at data from SFY 2019, Oregon's 12-month ERR was above the national average of roughly 68%.

#### Factors Affecting Results

A strong alignment between employer needs and job seekers' interests and skills of job seekers improves job retention. This measure shows that workers who obtain employment after receiving workforce services remained employed, indicating a good match was made between employers and new hires. The Agency will continue to review and improve services to job seekers and employers in collaboration with our WorkSource Oregon partners.

KPM #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.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = negative result



Report Year	2016	2017	2018	2019	2020
<b>Cost per Placement</b>					
Actual	\$400.00	\$443.00	\$510.00	\$620.00	\$481.00
Target	\$200.00	\$400.00	\$416.00	\$416.00	\$424.00

#### How Are We Doing

**PERFORMANCE:** The number of placements was 91,474 in SFY 2020 and expenditures in Workforce Operations were \$43,978,393. The cost per placement was \$481, which is 13% higher (worse) than the target.

**OUR STRATEGY:** To continue to monitor budgetary constraints and fiscal responsibility. We 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 fiscal years. The targets will be adjusted for inflation each biennium by a maximum of 4%. A lower cost is better.

**HOW WE COMPARE:** The cost per placement decreased by 22% between SFY 2020 and SFY 2019, when it was \$620. There is not a national measure compiled for comparison.

#### Factors Affecting Results

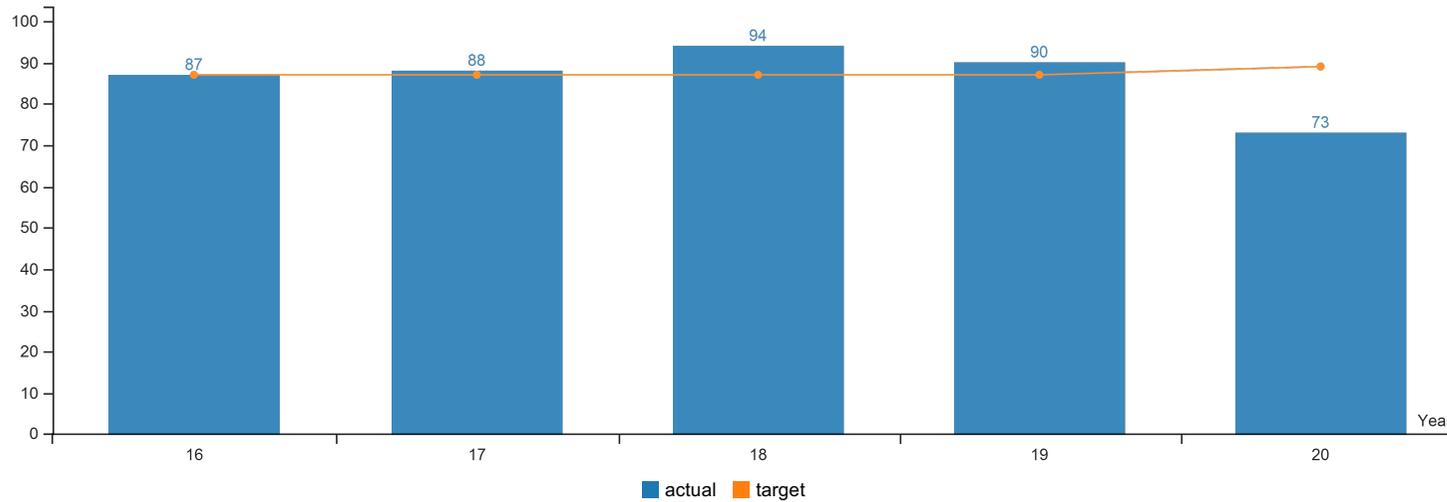
This performance measure depends on the supply and demand of workers, including the alignment of available jobs relative to job seekers' interests and skills. In the last quarter of SFY 2020, the cost per placement was relatively low (\$281), partially due to the significant number of job placements during the first phases of reopening the economy during the pandemic. However, this pattern is unlikely to persist given the massive number of unemployed Oregonians, combined with the need for job seekers to obtain training in virtual skills and other new areas in order to compete in the evolving job market.

Through the third quarter of SFY 2020, we served job seekers needing more customized and in-depth support to overcome significant barriers to employment. The Department found that these job seekers required more staff assistance. As we have in the past, our business processes have and will continue to adapt to provide the necessary assistance to help job seekers find work. This service model aligns with our federal funders' expectations that workforce programs provide a higher level of intensive, customized service to individuals, which often requires more resources, thus increasing the cost for customer service. This combination of factors has a compounding, negative effect on how this measure reflects performance.

The Department will continue to work with state and local partners to effectively address Oregon businesses' labor needs and to connect job seekers to available employment opportunities. We have had success providing customized services to employers and tailoring job seeker services to meet local demand. This program continues to produce higher levels of employer satisfaction and demand continues to grow. To help meet this demand, business and employment specialists are focusing on job development and other placement strategies to match targeted populations such as SNAP recipients, Unemployment Insurance (UI) claimants, and veterans with employment opportunities.

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

\* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
<b>First Pay Timeliness</b>					
Actual	87%	88%	94%	90%	73%
Target	87%	87%	87%	87%	89%

#### How Are We Doing

**PERFORMANCE:** The timeliness of first payments was 73.4% in SFY 2020, which is lower (worse) than the target.

**OUR STRATEGY:** To continue to pursue efficiencies by streamlining UI processes and leveraging new technologies to improve timeliness and the customer experience.

**ABOUT THE TARGET:** The target for this measurement was updated to match the DOL target of 87% in 2015. The percentage of claims paid within 21 days of the initial claim filing reflects the efficiency of determining eligibility and giving unemployed workers their first benefit payment. Due to an administrative error, the target for the 2019-2021 biennium was set at 89%. The Department requested to re-set the target at 87% in the 2021-2023 biennium to match the DOL target. A higher percentage of timely first payments is better.

**HOW WE COMPARE:** This measure has ranged from 87% to 94% since SFY 2015. The performance in SFY 2020 of 73.4% is similar to the average national performance of 71.1%.

#### Factors Affecting Results

The Department continues to prioritize timely benefit payments. Until May 2020, when the COVID-19 pandemic significantly affected the timeliness of first payments, the measure was well above the target of 89%.

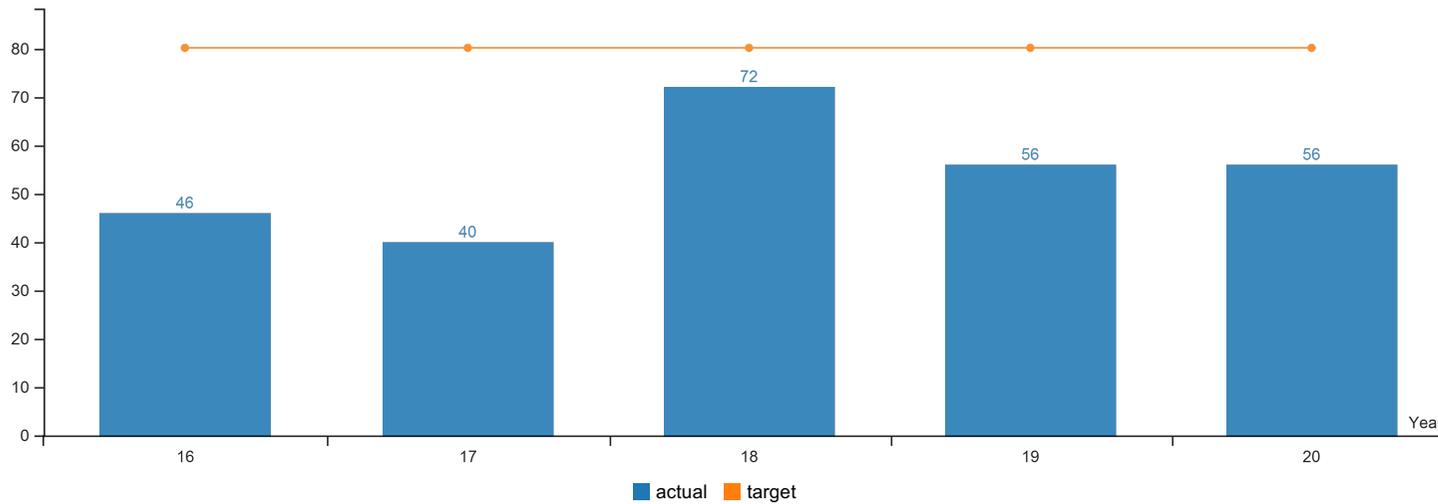
By the end of June, the Department had about ten times more employees processing claims than in March. Other major adjustments implemented to improve timeliness include leasing a new UI Contact Center in Wilsonville, where hundreds of employees work; setting up hundreds of new phone lines allowing hundreds of employees to telework; partnering with Google to develop an online application process for the Pandemic Unemployment Assistance (PUA) program; and leveraging partnerships across state agencies and branches of government.

Additionally, dozens of temporary and permanent program changes have accelerated claims processing and eliminated unnecessary barriers to payment, while also protecting program integrity. Creating new call intake functions in our UI Contact Center, shifting resources between functional units more rapidly, and increasing focus on employee training have all contributed to our performance.

This has been a challenging period for several reasons, starting with the number of initial claims the Department has received. Oregon went from record low unemployment, to seeing the most severe recession, and the quickest onset of a recession, in the state's history. This followed a period of several years of chronic federal underfunding of UI administration. Other challenges include the need to train employees on the wide range of new federal UI programs enacted under the CARES Act, often with delayed federal guidance; outdated technology; and ongoing efforts to minimize fraud and benefit overpayments.

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

\* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
<b>Percent of Claims that are Adjudicated with 21 days (Non-Monetary Determinations Timeliness)</b>					
Actual	46%	40%	72%	56%	56%
Target	80%	80%	80%	80%	80%

**How Are We Doing**

PERFORMANCE: The percent of timely non-monetary determinations was 56.3%, which is lower (worse) than the target of 80%.

OUR STRATEGY: To seek new efficiencies through process improvements that will result in improved timeliness without adversely impacting other customer service standards, including developing new tools and reviewing and revising production standards. New telephone system capabilities are being leveraged to provide better data, allowing us to have adjudicators, who issue non-monetary decisions, to spend more time focused on that work. Additional training is being provided to increase productivity. The Department is prioritizing getting all adjudicator positions filled and building the skills and experience needed for employees to be able to process claims quickly. Additionally, the training program for adjudicators is being restructured to better help new employees quickly become more proficient and better prepared to handle high volumes of work.

ABOUT THE TARGET: The 80% target is the target established by the DOL. A higher percentage of non-monetary determinations adjudicated within 21 days is better.

HOW WE COMPARE: This measure has ranged from 40% to 72% since SFY 2015. The performance of 56.3% in SFY 2020 is below the average national performance of 69.2%.

**Factors Affecting Results**

Prior to the pandemic, declining federal revenue led the Department to reduce costs, including reducing staffing levels, which had a negative impact on performance. The Department had proportionally higher staffing during the Great Recession. As staffing returned to non-recessionary levels and the complexity of laws added over several years increased, it has been more difficult to make timely determinations. This complexity has resulted in additional processes, which take staff time that could otherwise be focused on timelier claims processing. With the strong economic

conditions seen during the early part of SFY 2020, it also became more difficult to hire and retain employees for this work. It has also been a challenge to balance the need to quickly make determinations and to have as complete information as possible to minimize fraud and overpayments.

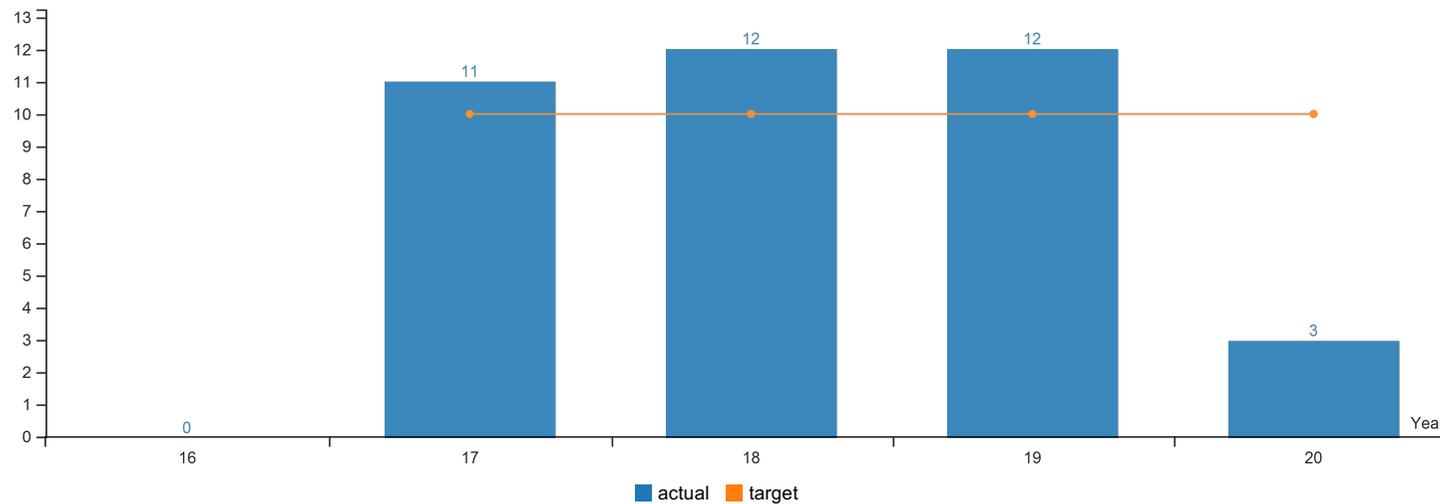
By the end of June, the Department has more than doubled the number of adjudicators working claims than there were in March. While this large influx of new employees is a short-term drain on program resources, with the most experienced staff spending time training new employees and having less time to adjudicate claims themselves, it will have positive long-term results once the new adjudicators are fully trained. Other major adjustments to improve timeliness since the start of the pandemic include leasing a new UI Contact Center in Wilsonville, where hundreds of new employees are working. We have also installed hundreds of new phone lines, revamped trainings for new adjudicators, and analyzed how we adjudicate claims during a public health crisis to find efficiencies while minimizing fraud and overpayments and protecting program integrity.

The Department's outdated, inflexible, and complex technology architecture has also negatively impacted performance. As new steps are added to processes, more manual work is required. Importantly, the limits on what can be automated make it difficult to make significant improvements. This has been even more of a challenge during the pandemic because of the unprecedented number of initial claims the Department has received, which is significantly higher than the number received during the Great Recession, and at a much more accelerated pace. An additional challenge was posed by the enactment of new federal UI programs under the CARES Act, often with delayed federal guidance.

In summary, the Department faced long-term pressures from added program requirements, low funding, and outdated technology combined with the sudden and unprecedented number of new claims flowing into our system as a result of the pandemic. Aging technology, while not the sole cause of declining performance, is a very significant contributing factor and something that constrains the Department's ability to make process improvements.

KPM #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.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = negative result



Report Year	2016	2017	2018	2019	2020
<b>UNEMPLOYMENT INSURANCE ADMINISTRATIVE COSTS AS A PERCENT OF BENEFITS PAID</b>					
Actual	No Data	11%	12%	12%	3%
Target	TBD	10%	10%	10%	10%

**How Are We Doing**

PERFORMANCE: Controllable administrative costs were \$79,779,006 and benefit payments were \$2,984,125,352 in SFY 2020 resulting in cost relative to benefits paid of 3%. This is lower (better) than the target of 10%.

For perspective, costs increased by 29% compared to SFY 2019 and benefit payments increased by 491%. Benefit payments totaled \$2 billion in May and June.

OUR STRATEGY: To continue to pursue efficiencies from centralization and new technology implementation to streamline UI processes to improve timeliness and customer service. This includes a focus on expanding ways in which the public can help themselves access and provide information that traditionally required more staff involvement.

ABOUT THE TARGET: The target for this new measurement was set at 10% in the 2017 Legislative Session. Being a new measurement, there was minimal historical data upon which to set this target. The ratio of administrative cost divided by benefits paid reflects the efficiency of making benefit payments. A lower percent is better.

HOW WE COMPARE: The 3% measure in SFY 2020 is the best it has ever been. The measure was 12% in 2018 and 2019. There is not a national measure compiled for comparison.

**Factors Affecting Results**

The Department's experience is that administrative costs, as a percent of benefits paid, tends to be lower (better) during recessionary periods, and higher (worse) with a strong economy. During a

recession, benefits paid increase at a faster rate than administrative costs because while some administrative costs are fixed, more people claim more benefits for a longer period of time.

Under the CARES Act, dedicated staff rapidly set up several new federal benefit programs during the last quarter of the fiscal year: Federal Pandemic Unemployment Compensation (FPUC), Pandemic Unemployment Assistance (PUA), and Pandemic Emergency Unemployment Compensation (PEUC). These programs increased benefit payments in a number of ways, including the amount of each weekly payment (FPUC), the number of people eligible for payment (PUA), and the number of weeks eligible for payment (PEUC). PUA benefit payments were not available for the current calculation, but will improve the measurement when they are added.

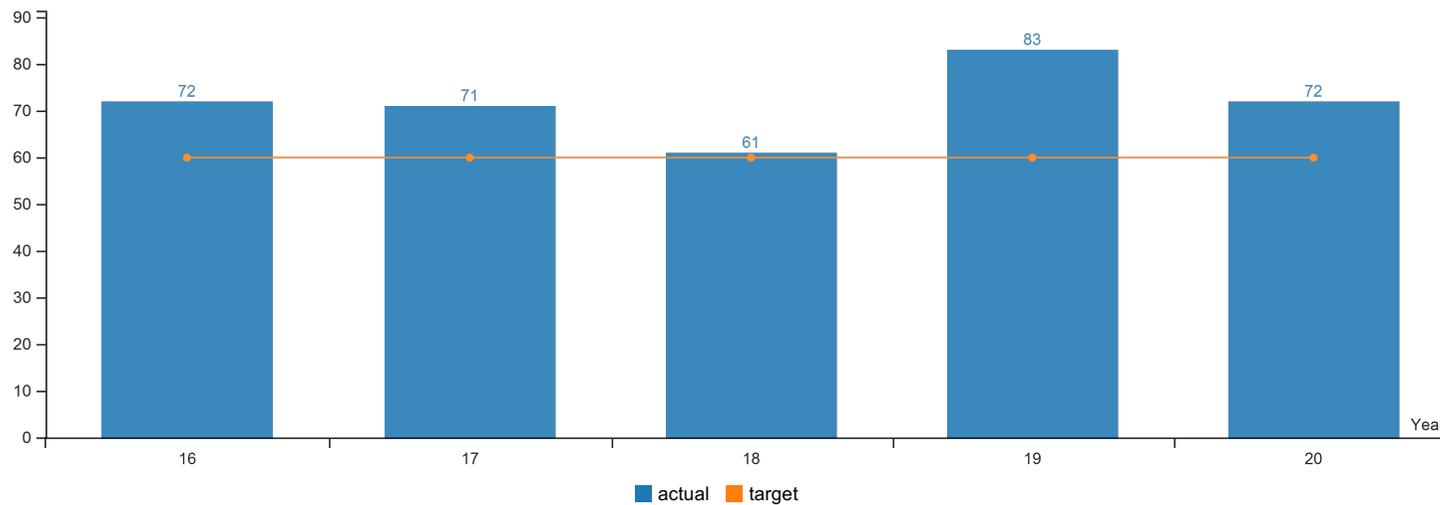
We made significant progress processing PUA claims after collaborating with Google to develop a revamped PUA application and weekly certification process. Nonetheless, other technology restricts our ability to automate many manual processes that could improve the flow of benefit payments. Work to decrease overpayment of benefits and to better identify overpayments is required by the United States Department of Labor to ensure the integrity of the Unemployment Insurance system. This creates additional manual work that tends to increase administrative costs more than it reduces benefits paid. Administrative costs are also increased by continued efforts to support how quickly people become re-employed.

Costs are expected to increase with the new UI Contact Center in Wilsonville, and the adherence of pandemic-related requirements like additional cleaning of work areas, provision of products for employees to sanitize personal work areas, Plexiglas cubicle height extensions, and increased space requirements for physical distancing.

Automating claims processes and modernizing the technical and business environments would improve staff efficiency. The Department remains focused on increasing "self-service" options for the public so as to further decrease costs. The Department is currently in the process of modernizing the UI business processes and systems, which will eventually increase our efficiency and effectiveness in how we administer the UI benefits and other federal benefits programs.

KPM #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.	
Data Collection Period: Jul 01 - Jun 30	

\* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
<b>Unemployment Insurance Appeals Timeliness</b>					
Actual	72%	71%	61%	83%	72%
Target	60%	60%	60%	60%	60%

**How Are We Doing**

PERFORMANCE: The percent of timely UI appeals was 72% in SFY 2020, which is much higher (better) than the target of 60%.

OUR STRATEGY: The Office of Administrative Hearings (OAH) provides Oregonians an independent forum to dispute decisions made by the Department related to UI benefits. The OAH strives to provide timely resolution of these disputes.

ABOUT THE TARGETS: For UI cases, timeliness is defined as the percentage of cases in which a party has requested a hearing that are heard or otherwise resolved within 30 days of a hearing request. The target of 60% is the target established by the DOL. A higher percentage is better.

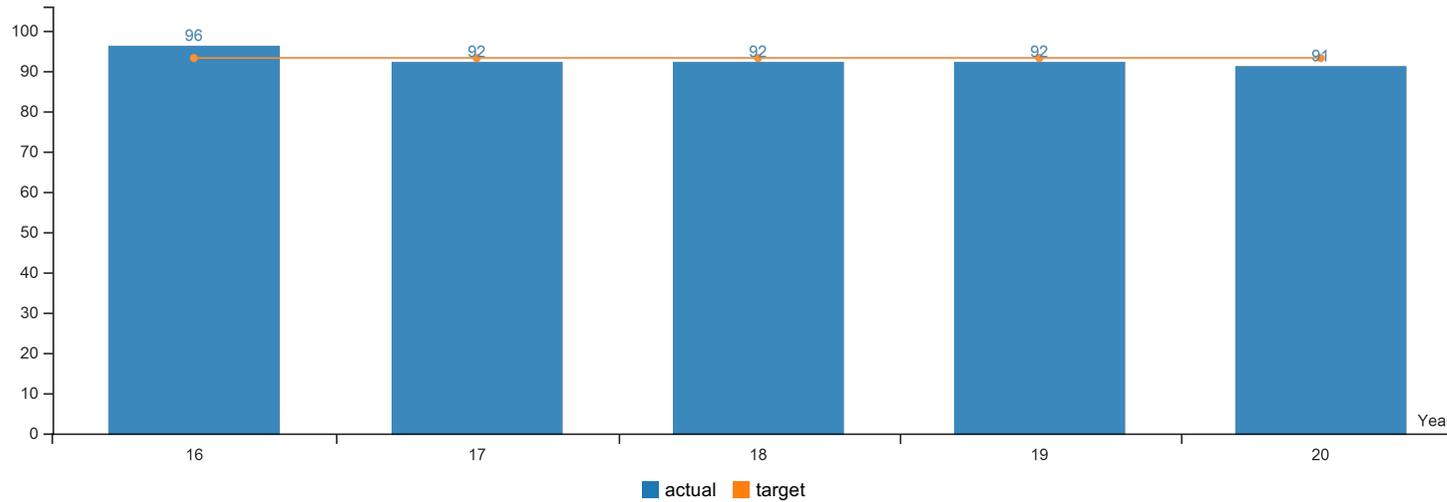
HOW WE COMPARE: SFY 2020 performance was 72%. The measure varied from 61% to 83% during SFY 2015-2019.

**Factors Affecting Results**

The OAH continues to exceed the target set by the DOL. With the unprecedented number of Oregonians who need unemployment benefits, the OAH anticipates an increase in the number of decisions that are appealed. We will continue to monitor weekly referrals and will utilize cross-trained staff where necessary to meet the increased need, and to ensure we continue to resolving cases in a timely manner.

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

\* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
<b>Non-UI Appeals Timeliness</b>					
Actual	96%	92%	92%	92%	91%
Target	93%	93%	93%	93%	93%

**How Are We Doing**

PERFORMANCE: The percentage of non-UI cases disposed of within the standards for SFY 2020 was 91%, which is lower (worse) than the target of 93%.

OUR STRATEGY: The timeliness standards for non-UI appeals are established by the user agencies. The OAH 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: The OAH achieved the standard 91% of the time during SFY 2020. The OAH achieved this standard between 92% to 96% each year from SFY 2015-2019.

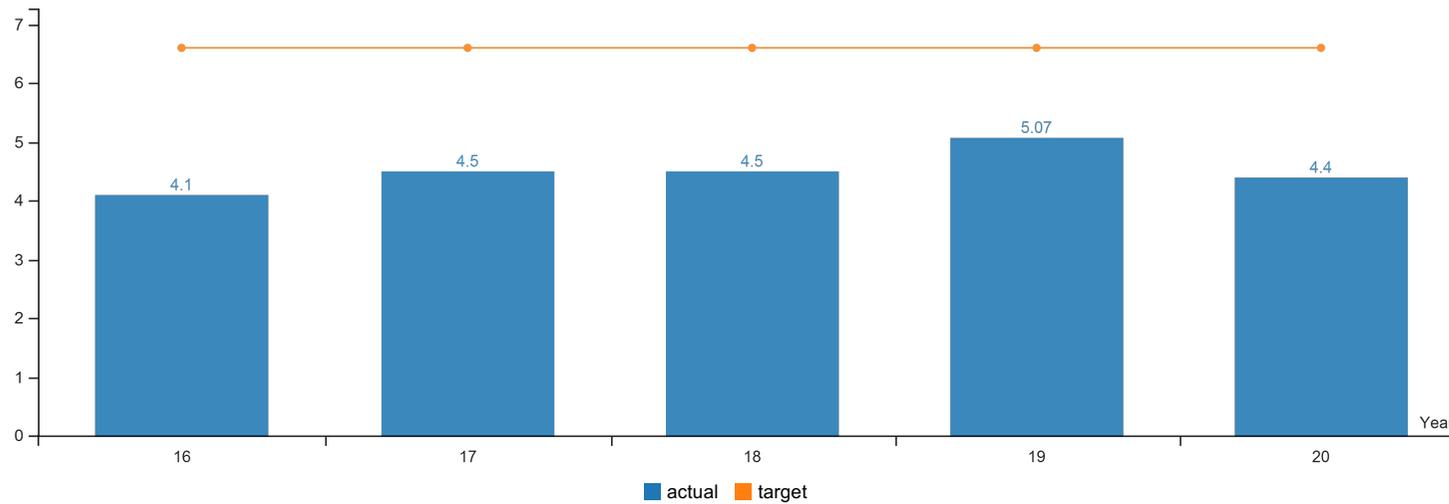
**Factors Affecting Results**

The OAH performed better than the target in many of our hearing programs; however, the timeliness of orders in cases for the Department of Human Services and the Oregon Liquor Control Commission fell short of their respective targets for SFY 2020. This resulted in an overall average just under target.

The OAH regularly monitors timeliness for all hearing programs. With the unprecedented demand for public services, the OAH anticipates an increase in the number of Oregonians who will request hearings when services are denied or reduced. We will continue to monitor decision deadlines to ensure that orders are issued in a timely manner.

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

\* Upward Trend = negative result



Report Year	2016	2017	2018	2019	2020
<b>Average Days to Issue Order</b>					
Actual	4.10	4.50	4.50	5.07	4.40
Target	6.60	6.60	6.60	6.60	6.60

**How Are We Doing**

PERFORMANCE: During SFY 2020 performance was 4.4 days, which is lower (better) than the target of 6.6 days.

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

ABOUT THE TARGETS: An important aspect of timeliness is the average number of days it takes an Administrative Law Judge to issue an order following the close of the record. The time needed to write and issue an order varies with the complexity and duration of a hearing. If quality is maintained, the public is better served by orders that are issued promptly.

HOW WE COMPARE: The average days to issue an order was 4.4 days in SFY 2020. The measure varied from 4.1 to 5.1 days during SFY 2015-2019.

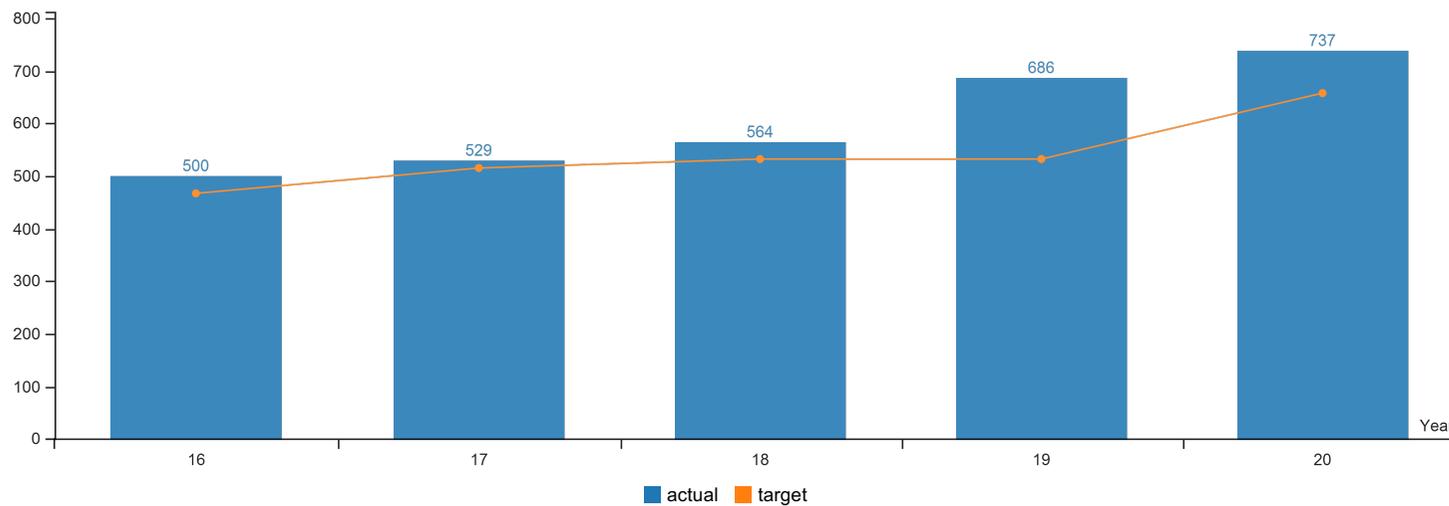
**Factors Affecting Results**

The average number of days in which cases were resolved in SFY 2020 was essentially the same as it was in SFY 2018, and is consistent with past years' performance. While the average number of days increased modestly in SFY 2019, it was still well below the target. The complexity of cases handled in a year, the number of cases that settle prior to a hearing, and the number of cases in which a party fails to appear are all influencing factors.

Orders in Unemployment Insurance cases are typically issued within a few days after the hearing. The OAH expects the number of UI cases to increase significantly due to the unprecedented level of UI claimants during the current pandemic and economic recession. As a result, the OAH may see a further reduction in the average number of days to issue an order in SFY 2021.

KPM #10	COST PER REFERRAL TO OAH - Average cost of hearing referral to the Office of Administrative Hearings.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = negative result



Report Year	2016	2017	2018	2019	2020
<b>Cost Per Referral to OAH</b>					
Actual	\$500.00	\$529.00	\$564.00	\$686.00	\$737.00
Target	\$467.00	\$515.00	\$532.00	\$532.00	\$657.00

**How Are We Doing**

PERFORMANCE: The cost per referral was \$737 in SFY 2020, which is higher (worse) than the target of \$657.

OUR STRATEGY: To maintain service levels without increasing costs to agencies that refer cases to the OAH.

ABOUT THE TARGETS: Cost per referral is derived from the cost of the OAH program between years. The target will be adjusted for inflation and mix of referrals each biennium based on the Governor's Budget. An estimated target of \$742 was assigned for 2022 and 2023 and will be updated when the Governor's Budget for the 2021-23 biennium is released. A lower cost per referral is better.

HOW WE COMPARE: The average cost per referral was \$737 in SFY 2020, which is an increase of 7% compared to SFY 2019 and an increase of 31% compared to SFY 2018. The average cost per referral has increased (worsened) each year since SFY 2015.

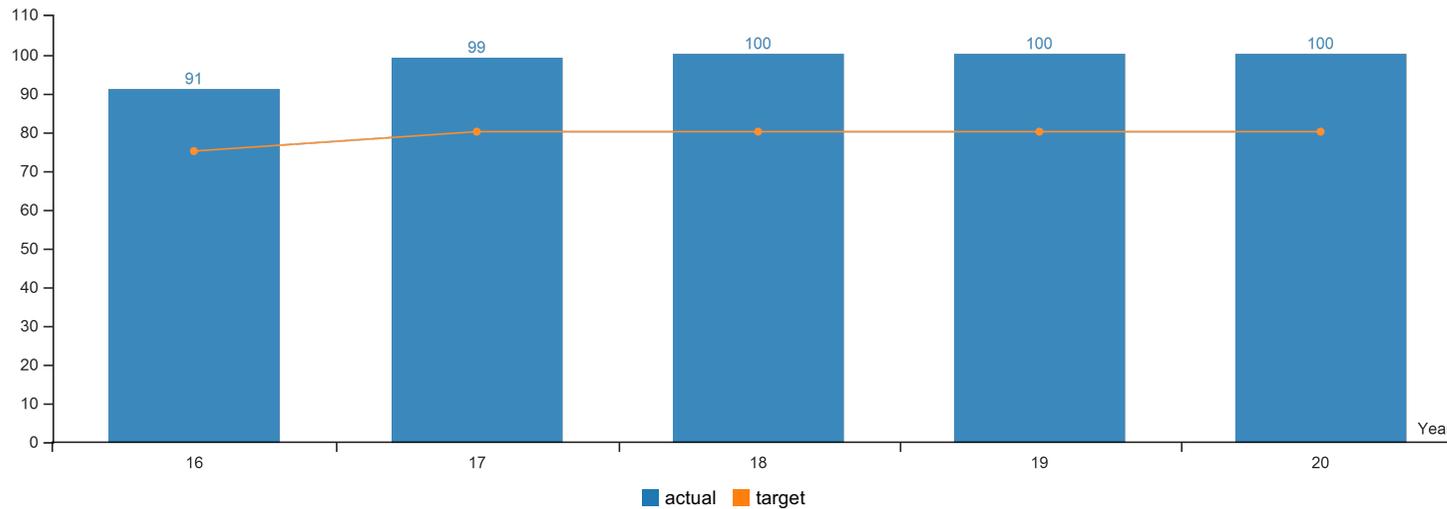
**Factors Affecting Results**

The increased cost per referral reflects a decline in the number of cases referred to the OAH, particularly in the last quarter of SFY, associated with the temporary closure of some businesses in Oregon. Because of restrictions on bars and restaurants, the OAH saw a decline in the number of hearing referrals related to Oregonians accused of driving under the influence of intoxicants. In the immediate aftermath of the pandemic, the OAH also saw a decrease in the number of unemployment insurance hearings as the Department adopted more lenient eligibility rules and few employers contested claims for benefits.

Given the pandemic and the unprecedented number of UI claims beginning in March 2020, the OAH expects the number of unemployment hearing referrals to increase significantly in SFY 2021. Because unemployment insurance hearings are relatively brief, and thus less costly, the anticipated increase in these hearings will likely reduce the average cost per referred case.

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

\* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
<b>Higher Authority Appeals Timeliness</b>					
Actual	91%	99%	100%	100%	100%
Target	75%	80%	80%	80%	80%

**How Are We Doing**

PERFORMANCE: During SFY 2020, the percent of appeals that received a decision within 45 days or less was 100%. This was the third year in a row that this performance measure was 100%.

OUR STRATEGY: To continue to issue decisions promptly.

ABOUT THE TARGET: A higher percent is better.

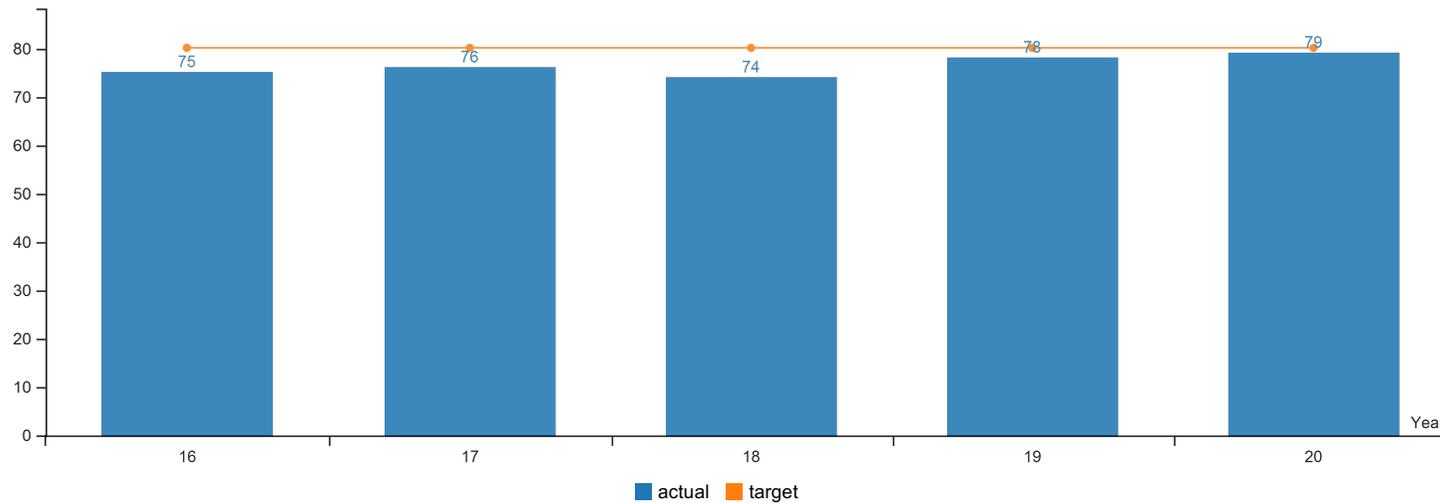
HOW WE COMPARE: The performance in SFY 2020 was 100%. This measure has varied from 80% to 100% since SFY 2015. The performance of 100% is much higher (better) than the average national performance of 64%.

**Factors Affecting Results**

During SFY 2015, the Employment Appeals Board (EAB) was challenged by staff reductions and budgetary considerations. The EAB successfully met these challenges by reorganizing staff, changing assignments, and implementing measures to meet new challenges as they occur. As a result, a higher percentage of appeal timeliness was achieved in SFY 2016, and even higher percentages of appeal timeliness were achieved in SFY 2017, 2018, 2019, and 2020. The EAB will continue to work with the Department and the OAH to improve efficiencies in adjudication and appeals processes.

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

\* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
<b>Timeliness of New Status Determination</b>					
Actual	75%	76%	74%	78%	79%
Target	80%	80%	80%	80%	80%

**How Are We Doing**

PERFORMANCE: 79% of registrations were completed within 90 days in SFY 2020, which is close to the target of 80%.

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. This includes working with those who do not provide the Department with timely information needed to start the status determination process and identifying ways to streamline processes and more agilely utilize our staff.

ABOUT THE TARGET: The DOL sets the target of the timeliness for new status determinations at 70%. The Department set a higher target based on the importance of this measurement to the Department’s business and the long-term goal of the DOL to reach 89%. Determining employer status in a timely manner influences the timeliness of getting wage data that is needed to quickly and accurately process claims and influences the timeliness of UI tax payments.

HOW WE COMPARE: Performance in SFY 2020 was 79%. The measure ranged from 63% to 76% during SFY 2015-2019. While the SFY 2020 performance is lower (worse) than our target of 80%, it exceeds the target of 70% established by DOL and is higher than previous SFY’s.

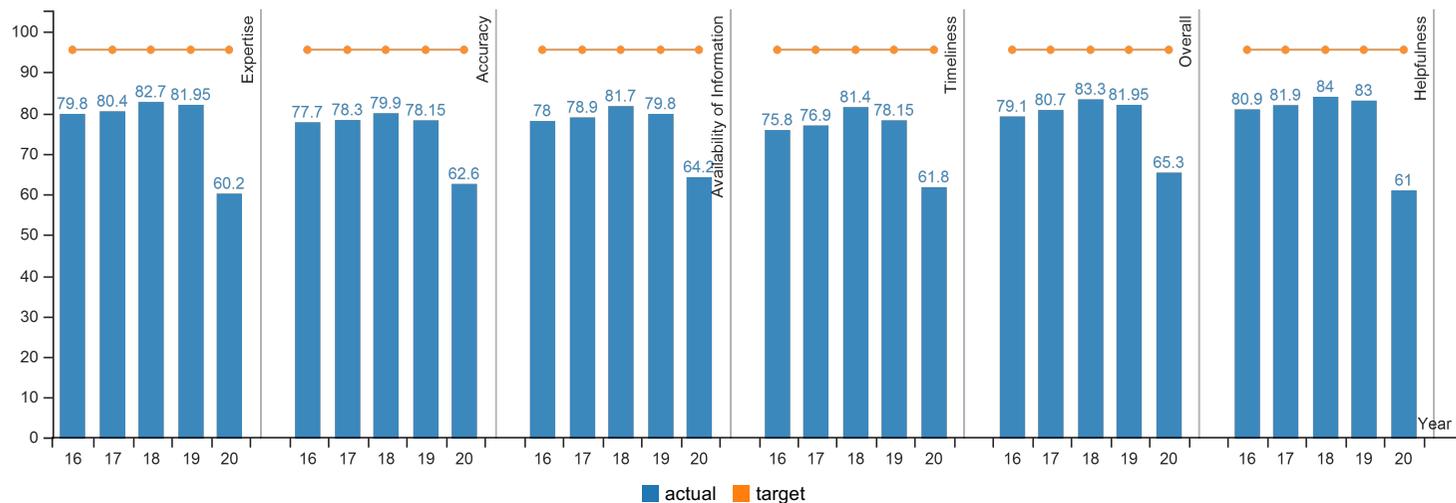
**Factors Affecting Results**

In the last quarter of SFY 2020, there was an unprecedented demand for experienced UI staff to assist with processing the influx of initial claims in response to the pandemic. Many of the staff who would otherwise focus on the tax work that improves the timeliness of new status determinations were temporarily reassigned to process claims. The technology used to process the determinations is an aging infrastructure, and it must be updated to provide for more timely determinations and more automated processes. The Department implemented an automated report to monitor progress on a

weekly basis, which helped to improve the SFY 2017 performance and allows for better management of the registration process. However, additional improvements to the online combined registration system are necessary to ensure registrations contain complete information and allow for more automated determinations. The Department will continue outreach to employers and their representatives to reduce the number of late registrations and to monitor timeliness.

A significant percentage of status determination work arrives at the Department as part of a shared combined business registration process coordinated by the Secretary of State, and which also involves the Department of Revenue and Department of Consumer and Business Services. Maintaining a system that meets the diverse needs of these agencies can be a challenge.

KPM #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.  
 Data Collection Period: Jul 01 - Jun 30



Report Year	2016	2017	2018	2019	2020
<b>Expertise</b>					
Actual	79.80%	80.40%	82.70%	81.95%	60.20%
Target	95.50%	95.50%	95.50%	95.50%	95.50%
<b>Accuracy</b>					
Actual	77.70%	78.30%	79.90%	78.15%	62.60%
Target	95.50%	95.50%	95.50%	95.50%	95.50%
<b>Availability of Information</b>					
Actual	78%	78.90%	81.70%	79.80%	64.20%
Target	95.50%	95.50%	95.50%	95.50%	95.50%
<b>Timeliness</b>					
Actual	75.80%	76.90%	81.40%	78.15%	61.80%
Target	95.50%	95.50%	95.50%	95.50%	95.50%
<b>Overall</b>					
Actual	79.10%	80.70%	83.30%	81.95%	65.30%
Target	95.50%	95.50%	95.50%	95.50%	95.50%
<b>Helpfulness</b>					
Actual	80.90%	81.90%	84%	83%	61%
Target	95.50%	95.50%	95.50%	95.50%	95.50%

**PERFORMANCE:** Data represents survey responses from UI claimants, job seekers, and employers who listed openings with the Department. Performance in overall service quality during SFY 2020 was 65.94% and is closely tied to the other measures of performance for customer satisfaction including expertise, accuracy, availability of information, timeliness, and helpfulness. The performance is below (worse than) the target of 95.50%.

**OUR STRATEGY:** To continuously prioritize and execute customer service improvements. The Department monitors the information received from monthly customer satisfaction surveys, seeking to identify ways to improve.

**ABOUT THE TARGET:** The Department set the target for favorable rating at 95.50% to aspire for the highest quality customer service for job seekers, businesses with recruitments, and UI claimants. Although the target was set based on a completely different survey methodology, the Department continues to pursue the high standard to support business and promote employment. A higher percent is better.

**HOW WE COMPARE:** The performance in overall service quality in SFY 2020 was 65.94%. The measure has varied between 79.1% and 83.30% during SFY 2016-2019. In SFY 2015, the Department implemented a new online survey distribution process for sampling all customer groups. The change broadened the survey population to include more customers, which reduces selection bias. Due to the changes made in SFY 2015, measurements for 2016 onward should not be compared to measures prior to 2016. Measurements for SFY 2016 onward provide comparable measurements.

### **Factors Affecting Results**

The survey process implemented in 2015 provides broader coverage, greater anonymity, and a much larger number of responses than previous processes. The results provide better information about customer expectations and the experience of receiving services from the Department.

Timeliness, helpfulness, and expertise, particularly for UI claimants, were the major components of customer satisfaction with the worst performance. (KPM #5 relates to timeliness of one aspect of the UI process; performing lower than the target for SFY 2020 is likely one factor reflected in customer satisfaction scores.) Accuracy and availability of information, particularly for UI claimants, were the components of customer satisfaction with the best performance. 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 we can implement a new service paradigm.

The number of UI customers surveyed increased drastically in March, April, and May. This increase in the last quarter greatly impacted performance results for the PY. For SFY 2020, customers served between July and February rated overall quality at 82%. Customers served between March and May rated overall quality at 45%. The change in quality rates for business and individual experience with UI in the last quarter also impacted other satisfaction surveys as evidenced by the comments left on the business and job seeker surveys.

For job seekers and businesses: The Department is continuing its collaboration with system partners to implement a customer-centric WorkSource Oregon (WSO) experience that is easy to access, highly effective, and simple for customers to understand. The Department is also continuing to invest in the redesign of WSO centers to reflect a customer-centric, professional, and welcoming environment.

Additionally, the Department is investing in technology to support system requirements that meet WSO Standards, and will continue working with system partners to provide customers with better resources and services that meet their needs. WSO centers in the last quarter were closed to in-person services, and a number of employment services were restricted.

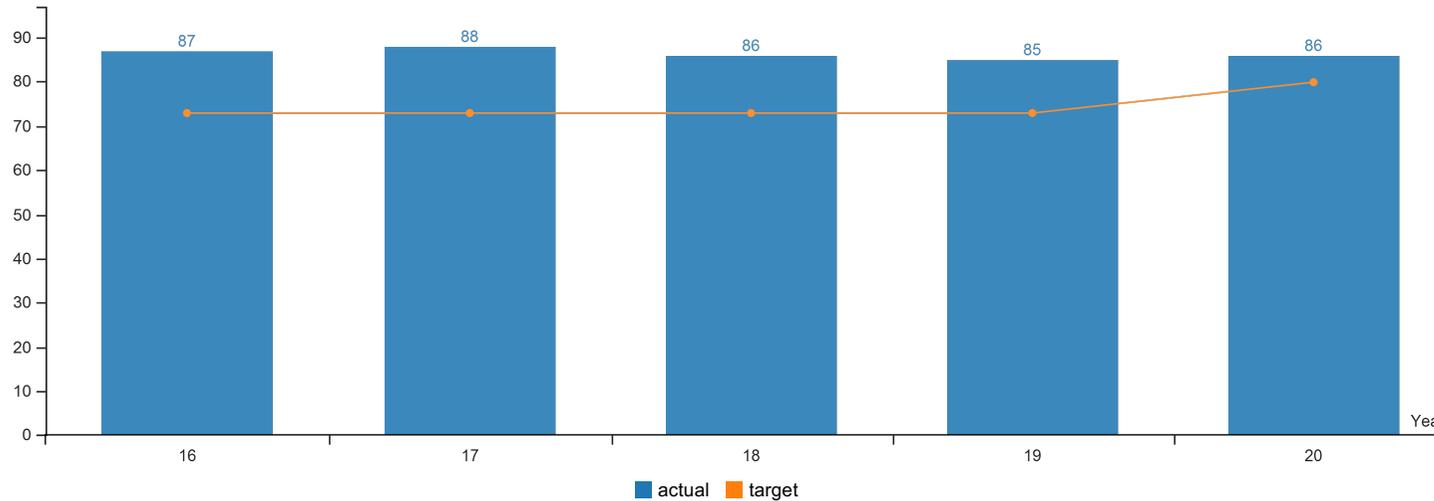
For UI claimants: At every stage of the claims process, customers must be responded to more. While current technology platforms impair the Department's ability to automate processes and make other adjustments, some efforts to streamline processes and improve the customer experience are being implemented: With the help of customer-based focus groups, public-facing documents are revised to be more helpful and understandable. The Department is also using more digital communication tools, making the customer experience more convenient, and a quicker option than a phone call. The

Department is focusing on decreasing wait times for answering calls, and increasing training on how to provide high quality customer service, particularly for those who may have barriers to accessing our services. The Department is also in the process of modernizing both our business processes and our systems for UI programs. While this is a multi-year endeavor, modernized systems and processes will allow for more self-service options, more timely responses to claimants, and will ultimately provide for greater customer satisfaction.

It is important to note that some people who seek benefits may not be eligible for the benefits they apply for. Therefore, some people who do not receive benefits that they may need but are not eligible for might give a lower service rating.

KPM #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.
	Data Collection Period: Jan 01 - Dec 31

\* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
<b>FOUNDATIONAL SURVEY RESPONSE RATE</b>					
Actual	87%	88%	86%	85%	86%
Target	73%	73%	73%	73%	80%

#### How Are We Doing

**PERFORMANCE:** Data reported reflect response rates for the calendar year. The 2020 measure (based on 2019 calendar year data) shows a 86% response rate.

**OUR STRATEGY:** The Workforce and Economic Research Division (Research) follows a well-established research protocol in partnership with the federal Bureau of Labor Statistics (BLS) to complete the Quarterly Census of Employment and Wages and Occupational Employment Statistics surveys. Research staff work towards maximizing compliance and lessening reporting burden.

**ABOUT THE TARGETS:** Higher response rates (percent) lead to more robust data that can produce more reliable estimates. The target response rate incorporates data from both the BLS and the Department. The target response rate is 80%.

**HOW WE COMPARE:** The actual response rate of 86% program year 2020 is well over the target of 80%.

#### Factors Affecting Results

The data represent response rates from the Quarterly Census of Employment and Wages, and the Occupational Employment Statistics surveys. These two sources of information, gathered from employers in every industry and area of Oregon, are foundational to the Workforce and Economic Research Division's published and publicly available industry and occupational statistics.

Survey response rates are influenced by an appropriate survey length; relevancy of a survey topic to the recipient; follow-up actions, such as multiple contacts to request completions; and delivery methods. The Workforce and Economic Research Division uses survey instruments designed by the BLS to provide high-quality data that meet national statistical standards. Also, research staff work

with employers to collect detailed and accurate responses.

## Oregon Employment Department 101

Oregon established the Oregon State Employment Service in 1935 with the passage of the Social Security Act of 1935. That Act authorized the United States government to levy a payroll tax on employers to fund state-run unemployment insurance programs. The Oregon Employment Department (OED) as it exists today was created by the Legislative Assembly in 1993.

The Employment Department strives to promote employment in Oregon through developing a diversified, multi-skilled workforce, and providing support during periods of unemployment. OED's mission is to help create an Oregon where meaningful work enables the state's diverse people and businesses to realize their full potential, creating prosperity in every community. The department serves job seekers and employers through 59 offices across the state: helping workers find suitable employment; providing qualified applicants for employers; supplying statewide and local labor market information; and providing unemployment insurance benefits to workers.

The department operates four core programs: Unemployment Insurance, Workforce Operations, Workforce and Economic Research and Paid Family and Medical Leave Insurance. These programs are supported by six departments: administrative business services, human resources, information technology, legislative affairs, communications, and modernization. Overall agency leadership is provided by the Director's Office.

### Unemployment Insurance Division

The Unemployment Insurance (UI) Division is OED's largest program. Its goal is to support economic stability for Oregonians and communities during times of unemployment by providing unemployment benefits to workers.

UI benefits are partial income replacement when workers become unemployed through no fault of their own. The purpose of UI benefits is to support workers who have lost their jobs in order to soften the impact of job losses on communities. In Oregon, the state and federal UI programs are administered by the Employment Department. The division is responsible for collecting employer taxes to fund the program, determining the eligibility of filed claims, discouraging fraud and paying benefits to eligible customers in an accurate and timely manner. Oregon's UI Program:

- Helps maintain purchasing power in communities where workers have been laid off to help prevent secondary unemployment of workers who provide goods and services.
- Helps keep the skilled labor force in the locality. For workers, it means they may receive partial wage replacement income until they become re-employed. For employers, it means maintaining access to a more qualified workforce.
- Softens economic slowdowns. Since the program was created, the U.S. has experienced several major economic recessions. Unemployment insurance is important in recession

recovery because it helps prevent sharp drops in consumer spending—one of many tools in preventing possible full-scale economic depressions.

You can learn more about the UI Division and UI benefits at <https://unemployment.oregon.gov> and in our second 101 document: “Unemployment Insurance 101.”

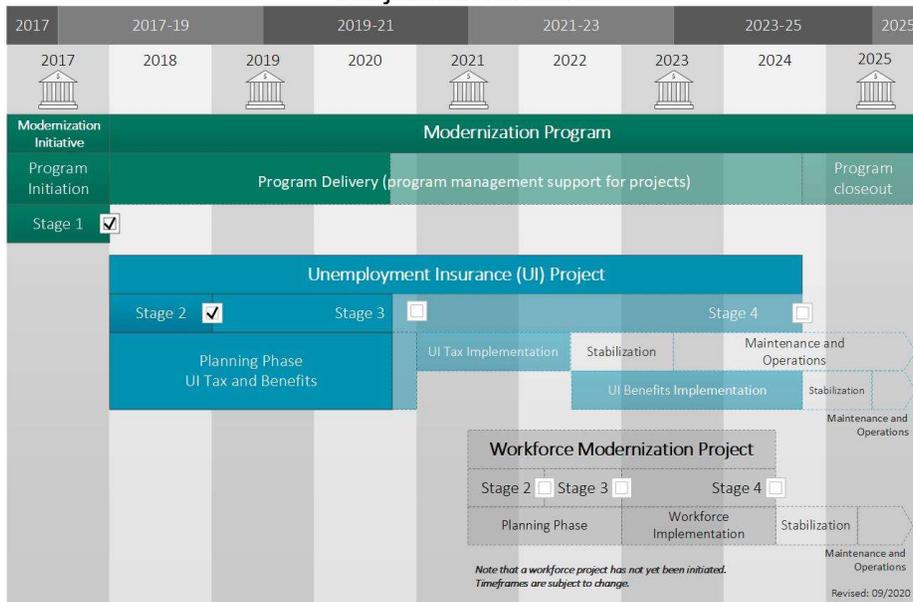
## Modernization Program

The Modernization Program is a multi-year, multi-project initiative to transform OED’s business processes and core technology systems. Throughout its life, the program will:

- **Enhance customer experience.** Deliver improved services, such as online self-service, automation, access to data, and integration with partners.
- **Transform business processes.** Leverage modern system capabilities to provide improvements and efficiencies in business processes, and deliver new tools for our employees, and support more effective service delivery to our customers.
- **Improve security.** Improve our ability to anticipate and respond to data security threats, and manage access.
- **Modernize technology.** Replace the agency's aging computer systems that support unemployment insurance taxes, payment of unemployment insurance benefits, and delivery of employment services.

We are approaching the process iteratively and with care, and considering business needs and technology solutions from an agency-wide perspective. We are learning and adapting as we go to help the agency better serve our customers in the future.

### Modernization Program Projected Timeline



You can learn more about the program here: <https://www.oregon.gov/employ/modernization>

## Paid Family and Medical Leave Insurance Program

On August 9, 2019, Governor Brown signed House Bill (HB) 2005 into law, creating a paid family and medical leave insurance program in Oregon. This was the culmination of several years of dedicated effort, including a bipartisan, bicameral, legislative workgroup that considered many aspects of this complex issue.

At its core, the PFMLI program addresses the inevitable: that workers need time away from work to attend to health and family concerns. In the short term, the program will provide an important safety net for working Oregonians who need to take leave for a qualifying event. In the long term, PFMLI will also increase economic security, improve equitable access to health care, promote child development, reduce employee turnover and promote long-term employee retention, productivity, and morale.

Once benefits are offered in January 2023, PFMLI will provide wage replacement benefits for short-term leave for eligible workers to address a qualifying event. In most cases, this will be up to 12 weeks of leave to care for themselves if they have a serious health condition; to care for a family member who is ill; to bond with a new child in the first year after the child’s birth, adoption, or foster placement; or to take safe leave to deal with situations involving domestic violence, harassment, sexual assault, or stalking.

Staff in the PFMLI division have worked tirelessly to get this program up and running on schedule. As such, information on the program is constantly evolving. You can find the most up-to-date information on the program on its website: <https://www.oregon.gov/employment/PFMLI>

### Paid Family and Medical Leave Insurance Timeline



## Workforce and Economic Research Division

The Workforce and Economic Research Division collects, analyzes, publishes, and distributes employment-related data for a variety of audiences: from elected officials and state agencies, to job seekers and media outlets, businesses and educational institutions.

The division is spread across Oregon: its employees live and work throughout the state, which allows researchers to compile and analyze workforce and economic data as it impacts those communities, in particular: communities of color, workers with disabilities and veterans.

The Research Division's impact is far-reaching. In 2020 alone: the Research Division distributed 1.85 million reports, publications and newsletters; there were over 11,000 interactions on the division's blog, more than 675,000 visits (and 1.8 million page views) to QualityInfo.Org; approximately 12,200 attendees at 233 presentations; over 3,800 information and data requests fulfilled; and, nearly 645,000 publications accessed.

The Research Department ensures that policy decisions, media stories and community investment are based on real data about real Oregonians.

You can dive further into the data with us at <https://www.qualityinfo.org>.

## **Workforce Operations Division**

OED's Workforce Operations Division is the WorkSource Oregon public partner that manages the connection of job seekers to employers, coordinates with other state agency partners that serve common customers and operates most WSO facilities located all over the state.

WorkSource Oregon (WSO) is a network of public and private partners who work together to effectively respond to workforce challenges through high-quality services to individuals and businesses, resulting in job attainment, retention and advancement. Its partners include: Oregon Department of Corrections, Local Workforce Development Boards, Oregon Youth Authority, Vocational Rehabilitation, Oregon Bureau of Labor and Industries, Higher Education Coordinating Commission, Oregon Department of Human Services, and Oregon Commission for the Blind.

Workforce Operations also implements key federal programs: the Migrant and Seasonal Farmworker program, Foreign Labor Certification, Connection to Apprenticeships, Veteran Programs, Oregon's Trade Act Program, Reemployment Services and Eligibility Assessments (RESEA), the Supplemental Nutrition Assistance Program (SNAP), and the Work Opportunity Tax Credit.

The Workforce Operations Division is essential to Oregon's economy and ensuring Oregonians are able to access the full range of programs at their disposal.

You can learn more about WorkSource Oregon at:  
[www.oregon.gov/employ/jobseekers/Pages/WorkSource-Oregon](http://www.oregon.gov/employ/jobseekers/Pages/WorkSource-Oregon) and  
[www.worksourceoregon.org](http://www.worksourceoregon.org).

**This document will be updated, as necessary.**

**To get the most up-to-date information, learn more about these programs, or access our FAQs on a variety of topics, visit: [unemployment.oregon.gov](http://unemployment.oregon.gov) and [oregon.gov/employ](http://oregon.gov/employ)**

## Unemployment Insurance 101

Unemployment Insurance (**UI**) benefits are partial income replacement when workers become unemployed through no fault of their own. The purpose of UI benefits is to support workers who have lost their jobs in order to soften the impact of job losses on communities. In Oregon, the state and federal UI programs are administered by the Employment Department. The division is responsible for collecting employer taxes to fund the program, determining the eligibility of filed claims, discouraging fraud and paying benefits to eligible customers in an accurate and timely manner.

Congress enacted the UI program as part of the Social Security Act (**SSA**) in 1935, in response to the Great Depression. The program is a federal-state partnership with oversight from the U.S. Department of Labor (**DOL**). The SSA provides grants to states with UI laws that meet federal requirements for administering the UI program and overseeing benefit payments. States are permitted to use this federal funding only for the administration of UI programs.

Oregon's UI Program:

- Helps maintain purchasing power in communities where workers have been laid off to help prevent secondary unemployment of workers who provide goods and services.
- Helps keep the skilled labor force in the locality. For workers, it means they may receive partial wage replacement income until they become re-employed. For employers, it means maintaining access to a more qualified workforce.
- Softens economic slowdowns. Since the program was created, the U.S. has experienced several major economic recessions. Unemployment insurance is important in recession recovery because it helps prevent sharp drops in consumer spending—one of many tools in preventing possible full-scale economic depressions.

### Financing

Regular UI benefits are paid out of the UI Trust Fund. Regular UI benefits are funded by employers subject to Oregon's unemployment laws; workers do not contribute to this fund. Private employers pay taxes directly to the State of Oregon on an annual rate schedule. Political subdivisions and non-profit employers may choose to pay the tax or reimburse the Oregon UI Trust Fund dollar-for-dollar for benefits paid. Government entities must reimburse the fund.

In Oregon, the statutory formula for establishing the annual rate schedule is tied to the solvency of the UI Trust Fund, it is set in such a way to finance benefits over a period of business cycles while remaining solvent. There are eight UI tax schedules set in statute. Each September, OED determines

which tax schedule will go into effect for the following calendar year, and notices are mailed to employers in November on the upcoming year's tax schedule. Due to the self-balancing formula, Oregon was one of the few states that maintained a solvent Trust Fund during the Great Recession and, thus far, has been solvent during the COVID-19 pandemic.

In addition to state unemployment taxes, most employers also pay a federal tax according to the Federal Unemployment Tax Act (**FUTA**). The FUTA tax rate is 6 percent on the first \$7,000 of an employee's wages. Employers can take a credit against the FUTA tax for amounts paid into state unemployment funds, as long as state UI laws are consistent with federal requirements—as they can in Oregon. The maximum allowable credit is 5.4 percent, resulting in a net payable FUTA tax rate of 0.6 percent on the first \$7,000 for each employee. These funds are collected by the Internal Revenue Service (IRS) to fund some of the administrative costs of the Oregon Employment Department and UI programs throughout the country.

### **When Can a Customer File for Unemployment?**

Anyone may file a regular UI claim and potentially be eligible for benefits at any time if they meet the definition of being unemployed. In Oregon, a customer is unemployed any week they work fewer than 40 hours and earn less than their weekly benefit amount (the maximum amount of UI benefits they are eligible to receive on a weekly basis for partial wage replacement).

For regular UI claims, a customer can only qualify if they meet both monetary and non-monetary requirements. To meet the monetary requirements, a customer must have enough subject work and earnings to qualify for a valid claim. To meet the non-monetary requirements, the reason the customer separated from work must be permissible by law, and they must meet the subsequent ongoing weekly eligibility requirements. Monetary and non-monetary eligibility are determined by the facts of each claim applied under unemployment law according to Oregon Administrative Rules and department policies.

During the COVID-19 pandemic, workers who are out of work due to COVID-19 and who are not eligible for regular UI benefits in Oregon or any other state, may file a PUA claim (see PUA section for more information).

### **How Can a Customer File a Claim?**

New regular UI claims can be filed by using the department's Online Claim System (OCS) on our website at <https://employment.oregon.gov/ocs> or by calling the UI contact center at 877-345-3484. When filing a new regular UI claim, a customer needs to be ready to provide their complete work

history for the past 18 months including employer names, addresses, phone numbers, and dates of employment.

### **Online Claim System (OCS)**

For customers who file either regular UI or PUA claims, the OCS provides the ability to:

- Claim a week of benefits;
- View the status of their most recent weekly claim report;
- Change an address;
- Apply for or change a direct deposit account;
- File a new claim;
- View the balance and expiration date of a claim;
- View weekly payments for the last 12 months including each week's payment details;
- Access 1099G tax forms for the last three years; and
- Reset Personal Identification Number (PIN).

Customers on regular UI may also use the OCS to restart an existing claim (after a break in reporting due to a return and subsequent lay off from work). Customers can access most of these functions by entering in their SSN and PIN, however a few functions also require their CID (Customer Identification) number.

### **What Happens after a Customer Files a Claim?**

When a customer submits an application for regular UI, department staff process it and identify whether or not an adjudicator needs to perform an investigation based on what was reported. If the customer is monetarily eligible and no adjudication of the claim is required, benefit payments are automatically issued for the corresponding weekly claims filed. If the customer reports that they had a job separation (such as voluntarily quitting a job or being fired) or other information which could potentially interfere with their ongoing eligibility for benefits, then their claim is internally queued for an investigation.

If an administrative decision is issued to deny UI benefits, the customer has the right to appeal the decision (if applicable, their employer also has the right to appeal).

### **Appeals**

When a customer is denied benefits (or a customer is allowed regular UI and their employer disagrees), either party has 20 days from the date the administrative decision was issued to submit a

timely request for a hearing with the Office of Administrative Hearings (OAH). Hearings may be requested via mail, fax, email, or using the online form.

OAH hearings are held telephonically, and are presided over by an Administrative Law Judge (ALJ). Prior to the hearing, all parties have the opportunity to submit any evidence and during the hearing, have an opportunity to testify. After the hearing is held, the ALJ makes their own decision based on the information and facts provided by the parties involved. Anyone who disagrees with an OAH decision regarding eligibility for regular UI benefits can submit a timely request for a review to the Employment Appeals Board (EAB) within 20 days from the date the OAH decision was issued.

If a customer (or an employer) fails to submit a request for a hearing or a request for review within 20 days, then the request is considered untimely, and they will need to demonstrate they had good cause to submit it late, before the underlying issue will be considered by the OAH or the EAB.

Subsequent timely appeals require a petition for judicial review in the Oregon Court of Appeals filed within 30 days from the date the EAB decision was issued.

### **Determining Benefit Amount**

The weekly benefit amount (WBA) for regular UI customers is calculated based on one point two five percent (.0125) of the total amount they earned in wages subject to UI. If not a multiple of \$1, all weekly benefit amounts are computed to the next lower multiple of \$1.

The maximum WBA a customer can receive per week in regular UI or PUA benefits is sixty-four percent (0.6400) of the state average covered weekly wage for the preceding calendar year.

The state average weekly covered wage is the amount calculated by dividing the total wages paid by subject employers during the year by 52 times the average monthly employment reported by subject employers for the year.

The minimum amount a customer can receive in regular UI benefits is 15 percent (0.1500) of the state average weekly covered wage for the preceding calendar year.

The maximum amount a customer can earn before receiving a reduction in their weekly benefit amount was increased to \$300 during the COVID-19 pandemic as a result of Senate Bill 1701 (2020 Second Special Legislative Session). Although SB 1701 increased the threshold for the amount a customer could earn and still receive benefits, customers with WBAs less than \$300 receive no benefits if they earn \$300 or more in a week.

### **What is a Benefit Year?**

Filing a valid claim establishes a benefit year. In Oregon, the benefit year is the 52-week period starting with the first effective week of the claim. The benefit year is the period of time within which the customer may receive regular UI benefits based on his/her employment during the base year.

Once a benefit year is established, the base year for the claim remains the same for the duration of the benefit year. It does not change with each calendar quarter. Oregon claims always expire on a Saturday.

When an initial regular UI claim is filed, a customer is sent a Wage and Potential Benefit Report. This report lists the wages reported in the base year and the weekly benefit amount (WBA) and the maximum benefit amount (MBA) the customer may receive on their claim if otherwise eligible.

### **How do Earnings Affect a Weekly Claim?**

For regular UI, a customer is required to report all work they do and their gross earnings for that work each week claimed. If a customer works less than 40 hours, grosses less than their weekly benefit amount, and is otherwise eligible, the customer can receive at least part of the weekly benefit amount.

### **What is a Waiting Week?**

After filing a new regular UI claim, customers are required by law to “wait” a week they have claimed, and would otherwise be eligible to receive a benefit payment, without receiving payment before they can receive payments for other weeks they claim. All customers must serve a waiting week before any regular benefits can be paid on a claim but only have to serve one waiting week per claim (52 weeks).

Governor Kate Brown waived the requirement for customers to serve the waiting week in April 2020 for the duration of the COVID-19 state of emergency. All customers who filed an initial claim after the Governor declared the State of Emergency may receive payment for the waiting week.

## **Pandemic Unemployment Assistance (PUA)**

PUA is a federal unemployment benefit program created in response to the COVID-19 pandemic. It is for individuals who are self-employed, contract workers, and other workers who are not eligible for regular benefits.

Under the CARES Act, PUA benefits were available starting the week of Feb. 2, 2020 and ending the week of Dec. 26, 2020. Under the recently passed Continued Assistance Act (CAA), PUA benefits are available from Dec. 27, 2020, to the week ending March 13, 2021. The CAA provides additional PUA benefits for a total of 50 weeks.

With the CAA, a new phase-out program was created. If a customer receives a PUA payment for the week ending March 13, 2021, and they still have weeks left on their claim, they may be eligible to participate in a phase-out period. That means they may continue filing weekly claims and receiving PUA through the week ending April 10, 2021.

### **Who qualifies for PUA?**

For PUA claims, there are no specific monetary requirements: a customer may qualify if they are out of work due to COVID-19 and are not eligible for any other unemployment benefits. To meet the ongoing week-to-week eligibility requirements for PUA, a customer must certify that they continue to be out of work due to COVID-19 and are ready to return to work as soon as they can.

When a customer submits an application for PUA benefits, department staff process it to determine if the customer is first potentially eligible for regular UI, and if they are out of work due to COVID-19. If the customer meets the eligibility requirements, benefit payments are automatically issued for the applicable weekly claims filed. If the customer is potentially eligible for regular UI, they are referred to the UI Contact Center for processing. If the customer is not eligible for regular UI, but is not out of work due to COVID-19, the department sends a letter to confirm their application was rejected. If a letter is issued to reject PUA benefits, the customer has the right to appeal the decision.

New PUA claims can be filed by using the OCS, by calling the PUA contact center 833-410-1004, by mailing an application to the department at P.O. Box 14165, Salem, OR 97311, or by submitting it via the PUA fax line at 503-371-2893. When filing a new PUA claim, a customer needs to be ready to confirm the direct reason they are unemployed as a result of the COVID-19 pandemic and provide information that the department can use to determine they are not eligible for regular UI.

## Special Unemployment Programs

The **Work Share** program provides an alternative to employers who are facing the prospect of laying off employees by providing partial unemployment benefits to supplement the reduced wages of qualified employees whose work hours are reduced. Employers must apply for the program. Each employee must have worked for the Work Share employer full-time for six months, or part-time for 12 months, before receiving Work Share benefits.

The **Self-Employment Assistance (SEA)** program is an option for customers who have been identified as likely to run out of benefits before returning to work. Qualifications for the program include having a viable business idea, the willingness to work full-time in developing the business and the ability to obtain financial backing needed to start and sustain the business until it is self-supporting. Enrolled customers can attend self-employment counseling and training programs and engage in self-employment activities on a full-time basis and are required to complete both a written business plan and a market feasibility study. The department partners with Oregon's Small Business Development Center to make training and guidance on entrepreneurship available to customers participating in the **SEA** program.

Individuals may also receive benefits if their unemployment was the direct result of:

- A major disaster - **Disaster Unemployment Assistance**;
- From foreign trade entering U.S. markets or production being shifted to other foreign countries - **Trade Act Program**; and
- Eligible dislocated workers can be approved by the department to attend school and receive benefits at the same time through the **Training Unemployment Insurance (TUI)** program. Customers who are eligible for TUI can receive an extension of benefits. The program does not pay for training but waives the availability and work search requirements while the customer attends school full-time.

Most of these programs are federally funded or administered thru collaborative efforts with other organizations.

## Learn More

You can learn more about these and all programs at <https://unemployment.oregon.gov>.

# UNEMPLOYMENT INSURANCE PAYROLL TAXES

## Oregon Employment Department Offers Payroll Tax Relief in 2020 and 2021

In March 2020, the Oregon Employment Department used its existing statutory authority to offer relief to businesses impacted by the pandemic. Employers unable to pay all of their 1st quarter 2020 UI payroll taxes by the statutory deadline because of COVID-19 related factors would not have any penalties or interest imposed, as long as they paid the amount in full within 30 days of the end of Governor Brown's COVID-19 emergency declaration.

OED later extended that relief to apply to subsequent quarters of 2020 payroll taxes. The COVID-19 emergency period has been extended multiple times and is still in place.

### 2021 UI PAYROLL TAX RELIEF

The Oregon Employment Department recognizes that the COVID-19 pandemic has severely impacted businesses across Oregon. Therefore, OED is taking additional action in 2021 to help employers by offering relief for 2021 UI payroll taxes.

No penalties or interest will be assessed for taxes covering calendar year 2021 for employers meeting these requirements:

-  UI tax rate increased by .5% or more from 2020 to 2021;
-  Were in “good standing” with their Oregon UI taxes before the emergency declaration in March 2020. Good standing means that a business has filed and paid all payroll taxes by Feb. 1, 2020 for previous calendar years.
-  Files quarterly payroll reports timely and accurately;
-  Pays at least two-thirds of quarterly UI payroll taxes on time; and
-  Pays the remaining amount of payroll taxes owed (if any) no later than June 30, 2022.

*This relief only applies to Oregon UI payroll taxes.  
OED does not have authority over other payroll taxes.*

### ADDITIONAL INFORMATION

[unemployment.oregon.gov/PayrollTaxes](https://unemployment.oregon.gov/PayrollTaxes)

The Oregon Employment Department is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Language assistance is available to persons with limited English proficiency at no cost.

El Departamento de Empleo de Oregon es un empleador/programa que respeta la igualdad de oportunidades. Disponemos de servicios o ayudas auxiliares, formatos alternos y asistencia de idiomas para personas con discapacidades o conocimiento limitado del inglés, a pedido y sin costo.

# Legislative Fiscal Office

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## Budget Information Report

### Oregon Employment Department Information Technology Modernization

This Budget Information Report provides an overview of the history, issues, and decisions surrounding efforts to modernize unemployment insurance (UI) information technology infrastructure at the Oregon Employment Department (OED). A combination of circumstances – including failures in information technology (IT) oversight and project delivery, leadership and management turnover, agency reorganization and staffing issues, the state economic environment, and new state IT processes and procedures – have played a role in the timing of decisions and investments to modernize OED’s UI information technology systems.

#### **2009-11 Biennium**

OED’s Oregon Benefit Information System was developed in 1993 as a mainframe system, to track and process payments related to the administration of UI benefits. During the 2009-11 biennium in the midst of the Great Recession, Oregon experienced high levels of unemployment. OED administered UI, Emergency Unemployment Compensation, and benefit extensions to qualifying unemployed Oregonians, as well as job training programs financed by federal funds extended under the American Recovery and Reinvestment Act (ARRA). Legislative changes enacted during this biennium ensured that Oregon’s benefit eligibility requirements were in compliance with the federal unemployment insurance tax act, and implemented an alternative base year calculation of benefits which effectively increased the number of Oregonians eligible for UI benefits. The adoption of the alternative base year resulted in a one-time payment of additional federal funding to Oregon in 2009, totaling \$85.6 million for unemployment insurance administration expenses (these funds are commonly referred to as “modernization funds”). Because federal administrative grant funding has never been sufficient to cover 100% of the cost of agency administration of UI tax and benefit administration, the Employment Department deposited these funds into the UI Trust Fund account for later use.

During this period, OED initiated a series of IT projects ranging from approximately \$250,000 to \$7,000,000, including:

- UI Service Center Consolidation
- UI Adjudication System
- Identity and Access Management
- Enterprise Business Intelligence Software Suite
- Enterprise Data Warehouse for Unemployment Insurance
- Office of Administrative Hearings Case Management System Project

- Enterprise Document Management System Upgrade
- OTTER Online (later called Oregon Payroll Reporting System)

### **2011-13 Biennium**

Workload projections for UI benefit administration were still high in 2011, as Oregon's economic recovery was slow. Shortcomings of the agency's benefit payment system were pointed out in a 2012 Secretary of State audit, including the difficulty in updating the system to accommodate federal rule and eligibility changes and the need for manual processes for more complicated claims.<sup>1</sup> The age and complexity of the system, as well as a lack of timely determinations, contributed to \$56 million in non-fraud "overpayments" of benefits to Oregonians for period of nearly a year between 2010 and 2011.

Despite these findings, OED's budget request included expenditure limitation for other agency information technology improvements begun in the previous biennium but not yet completed, rather than for the UI Benefit Information System. By early to mid-2012, several of those projects were experiencing significant challenges: The Enterprise Data Warehouse project had been closed, the UI Adjudication System project had been placed on hold, and the Identity and Access Management system project was stopped following a third-party review<sup>2</sup>. By late 2012 to early 2013, the Enterprise Document Management System and Oregon Payroll Reporting System projects were experiencing significant schedule delays and scope changes.

In July 2012, the agency Chief Information Officer resigned at or near the completion of an OED internal audit of the agency's IT organization<sup>3</sup>. Among other things, the audit found the agency lacked an up-to-date IT strategic plan and that the supervisory structure and authority over the IT function throughout the agency was deficient. The agency was structured in such a way that IT projects and those that worked on them were decentralized, into the various agency divisions for which the projects would be undertaken and completed. This resulted in multiple projects being undertaken simultaneously, without clear prioritization or communication. This organizational structure likely contributed to multiple project delays and cost overruns. Around the same time, the State Chief Information Officer (CIO) found OED out of compliance with the Statewide IT investment review and approval policy, which required executive branch agencies to request State CIO approval to proceed with any IT project with an expected cost exceeding \$150,000; many OED IT projects were active and underway without prior notification to or approval from the State CIO to proceed.

The agency's budget request for the next biennium was released in the summer of 2012. It sought funding and position authority related to a number of smaller projects to support various division operations, including child care provider reporting, call center technology improvements, additional personnel to support IT systems, and planning dollars to replace the agency's database to match job seekers with available job openings. Again, no request was made to begin planning for replacement of the UI tax and benefit system.

A change to agency leadership ensued in the summer of 2013, resulting in the appointment of an interim director and deputy director.<sup>4</sup>

<sup>1</sup> <http://records.sos.state.or.us/ORSOSWebDrawer/Recordpdf/2244155>

<sup>2</sup> <https://www.documentcloud.org/documents/713876-online-business-systems-iam-assessment-january.html>

<sup>3</sup> <https://www.documentcloud.org/documents/713874-oed-internal-audit-fy-2012-redacted.html>

<sup>4</sup> [https://www.oregonlive.com/politics/2013/06/oregon\\_employment\\_department\\_c.html](https://www.oregonlive.com/politics/2013/06/oregon_employment_department_c.html)

## **2013-15 Biennium**

Other senior management changes swiftly followed after internal reviews by the Department of Administrative Services' Chief Operations Officer chronicled hostility and dysfunction within the agency<sup>5</sup>, and agency turnover continued to be high. Given that IT management challenges were by this time well documented, the 2013-15 legislatively adopted budget reflected decisions that declined to fund the majority of the agency's IT-related requests.

A new permanent OED director was appointed in October 2013.

Elsewhere in state government, the Oregon Health Insurance Exchange System (aka CoverOregon) experienced a highly publicized and incredibly costly failure exceeding \$300,000,000<sup>6</sup>. Although the Oregon Health Authority was responsible for project management and implementation of this project, its failure further heightened calls for increased executive branch, legislative branch, and independent third-party quality assurance oversight of agency planning and management of all major IT projects.

Statewide personnel and policy changes also impacted the processes by which state agencies could undertake larger IT projects. A new State CIO was appointed by Governor Kitzhaber in January 2014. In May 2014, the State CIO and the Legislative Fiscal Office (LFO) partnered to create a Joint Stage Gate Review Process to enhance the rigor and standardized criteria by which agency IT projects (including those initiated by OED) would be reviewed, monitored, and controlled as the projects moved through specific phases in the project lifecycle (e.g., Initiation, Planning, Execution, and Closure).

While the worst of the recession seemed over, economic recovery for job seekers was slow, with many Oregonians seeking training and job opportunities. As federal revenue for agency operations began to decline in the aftermath of the recession, OED's director began concentrating on internal reorganization and service streamlining in an effort to deliver services more cost effectively, in part by leveraging available federal worker training funds. Another management initiative involved OED securing professional assistance in creating a strategic IT operations plan. The plan recommended surveying the skills of existing IT employees; centralizing IT within the agency so that project prioritization and resource needs could be better communicated and monitored; and consolidating UI call centers. Management and employee turnover continued within the agency, which included the interim appointment of a new OED Chief Information Officer in February 2014.

Among other challenges, OED experienced a major IT security breach in the fall of 2014 affecting the confidential records of more than 800,000 Oregonians.<sup>7</sup> It was against this backdrop that OED established its budget priorities for the 2015-17 biennium.

## **2015-17 Biennium**

In February 2015, Governor Kitzhaber resigned and Governor Brown took office.

<sup>5</sup> [http://media.oregonlive.com/money\\_impact/other/OED%20Report%2007%2003%2013.pdf](http://media.oregonlive.com/money_impact/other/OED%20Report%2007%2003%2013.pdf)

<sup>6</sup> [https://www.oregonlive.com/health/2013/12/oregon\\_health\\_exchange\\_technol.html](https://www.oregonlive.com/health/2013/12/oregon_health_exchange_technol.html)

<sup>7</sup> <https://katu.com/news/local/oregon-employment-department-notifies-customers-of-data-breach>

The 2015-17 legislatively adopted budget for OED included \$3,046,026 in expenditure limitation and four positions to begin planning for the replacement of key OED IT systems, funded by the “modernization” funds received from the Department of Labor in 2009. Funding was allocated per the “stage gate review” process adopted in 2014 that incorporated incremental resource allocation along with oversight by the State CIO and Legislative Fiscal Office in an effort to control scope, monitor progress, and ensure that large IT projects were appropriately planned and well documented. In addition to the budget request, the agency would shift existing “base budget” resources to the project, totaling \$986,633. The funding was intended to enable the agency to devote personnel to project management, analysis for project justification, risk analysis, a preliminary scope of work, and identification of affected stakeholders. The legislatively adopted budget also centralized administrative functions under one division, including the Director’s Office, human resources, legislative affairs and communications, and Information Technology.

Following the close of the 2015 legislative session, the OED CIO retired and a July 2015 interim CIO appointment of his successor was made permanent in November 2015.

In December 2015, another Secretary of State audit of the UI tax and benefit system documented information security concerns, management issues related to access and programming of the aging UI tax and benefit technologies (many of which were also documented in the audit of 2012), and called for their replacement.<sup>8</sup> Another agency leadership change quickly followed: in January 2016, the director of the Employment Department was fired by Governor Brown<sup>9</sup> and an interim director (Kay Erickson) was appointed. Further turnover ensued<sup>10</sup> and new managers were identified, which had implications for the progress of the modernization effort that was funded by the Legislature. By biennium’s end, the agency had spent just \$1.2 million of the \$4.3 million budgeted for the modernization effort.

### **2017-19 Biennium**

By 2017, the Employment Department had put a dedicated project team in place to further the modernization effort. The agency began a more in-depth analysis of its business processes and needs, as well as its capacity, and narrowed the focus of “IT Modernization” specifically to modernization of the primary UI tax and benefit functions. The agency made use of expertise in the National Association of State Workforce Agencies Information Technology Support Center to evaluate options being considered by other states that had recently completed or initiated similar improvements. The legislatively adopted budget included approval of additional expenditure limitation totaling \$4,682,314, with agency “base budget” resources directed toward the project of \$688,247 and 18 positions (13.95 FTE). Deliverables associated with this funding included completion of the agency’s feasibility study, a detailed business case, risk assessment, and project management plans; procurement statements of work, and vendor selection and contracting; data analysis, management and cleansing; and independent quality assurance review and oversight as required by the Joint State CIO/LFO stage gate review process. Procurement costs for the replacement solution could not be forecast with certainty, so the agency made the decision to fund part of its planned work using other sources of administrative revenue. By biennium’s end, actual expenditures included \$1.4 million from the

<sup>8</sup> <http://records.sos.state.or.us/ORSOSWebDrawer/Recordpdf/4469256>

<sup>9</sup> [https://www.oregonlive.com/politics/2016/01/kate\\_brown\\_replaces\\_head\\_of\\_em.html](https://www.oregonlive.com/politics/2016/01/kate_brown_replaces_head_of_em.html)

<sup>10</sup> <https://pamplinmedia.com/pt/9-news/293974-171390-investigation-cleared-fired-employment-department-managers-of-wrongdoing>

Supplemental Employment Department Administrative Fund, \$0.1 million from UI Penalty and Interest funds, and \$2 million from Modernization funds. Although the \$3.6 million in actual expenditures was well below the budgeted amount, significant work on the modernization program was completed. OED completed, developed, or submitted the following during the 2017-19 biennium:

- Completed feasibility study and initial project management documents (January 2018)
- Received Stage Gate 1 endorsement from the State CIO for the Modernization Program (January 2018)
- Initiated the Unemployment Insurance Tax and Benefits Replacement project (April 2018)
- Updated charter(s) and foundational project management documents (December 2018)
- Updated the business case and solution requirements for the UI project (February 2019)
- Received Stage Gate 2 endorsement from the State CIO for the UI project (February 2019)
- Issued an intent to award a contract for Independent Quality Management Services (March 2019)

### **2019-21 Biennium**

By mid-2019, the Employment Department had finished its business case and technical requirements for UI systems replacement; completed the first phase of a facilities build-out and moved operations into the space; had governance plans and schedules in place; finalized and validated documentation of current-state processes and systems inventory; procured an independent quality management services vendor and initiated services; hired additional management and technical positions (though the team members continue to turn over); and put together a Request for Proposal for a solution vendor after examining the solutions implemented or procured by unemployment insurance divisions in other states.

At the time of its 2019 session budget hearing, OED had received Stage Gate 2 endorsement from the State CIO, clearing the way for legislative approval to proceed with the next phase of the project, including contracting with the vendor and beginning procurement. The legislatively adopted budget included resources for staff support to the project as the solution (once selected) is implemented, and is planned to be funded from the Supplemental Employment Department Administrative Fund (SEDAF) and Penalty and Interest earnings, totaling \$19.9 million: \$13.7 million and another 37 permanent positions were included in a policy option package, to augment the 18 existing positions and \$6.3 million in base budget expenditures. This budget was assumed to enable OED to maintain its existing system while simultaneously providing the person-power to implement and test the new one, so that the changeover, when it comes, goes smoothly. Capital Outlay for the procurement of a solution itself will be requested when a vendor has been selected and the cost is known, though it was estimated at between \$80 million and \$123 million, with a completion date of 2023. The majority of those costs are assumed as coming from the UI Modernization dollars, the balance of which stands at \$81.7 million.

Importantly, in 2019 the Legislature passed HB 2005, creating a Paid Family and Medical Leave Insurance (PFMLI) Program to be implemented and administered by the Employment Department. OED was directed via budget note to hire a vendor to conduct an agency-wide risk assessment to evaluate whether and how it can successfully deliver both the UI IT modernization and create a new Paid Family and Medical Leave benefit program (and business processes and information technology infrastructure to support it) without compromising

services to Oregonians or daily operations. That risk assessment is underway and will soon be finalized.<sup>11</sup> One option OED may consider involves the possible inclusion (merging) of the PFMLI IT component within the UI Tax and Benefits project. Prior to making a decision, OED must complete and submit to the State CIO and the Legislative Fiscal Office a robust analysis of cost and schedule impacts, and clearly identify the risks and benefits associated with pursuing this course of action.

The agency provided a UI project update to the Joint Legislative Committee on Information Management and Technology in February 2020<sup>12</sup>, indicating that it planned to complete the following: recruit and hire approved positions; select a vendor, negotiate the contract, and onboard the vendor team; seek Stage Gate 3 endorsement from the State CIO and LFO; and carry out detailed planning for the execution phase, anticipated to begin in August 2020.

Then, in March 2020, circumstances radically altered OED operations. Since that time, OED has attempted to process an unprecedented number of UI claims due to the COVID-19 pandemic and deal with statewide economic shutdowns which began March 12, 2020. The number of unemployment insurance initial claims hit a record 92,700 in early April according to the Department of Administrative Services Office of Economic Analysis<sup>13</sup>, which vastly surpassed the highest number of initial claims of 20,000 that were received during the height of the recession in 2009. By the end of April, Oregon Unemployment numbers were approximately double that of the Great Recession.<sup>14</sup> An “all hands on deck” approach was instituted to concentrate on servicing UI claims, reprogramming the existing system to accommodate the eligibility and benefit specifications of the federal pandemic economic relief CARES act, fixing error messages, and quadrupling the number of claims processing staff to eliminate the backlog of claimants. It should be noted that Oregon is not alone in its struggle to get benefits to claimants in a timely way; states across the nation have reported unprecedented numbers of UI claims<sup>15</sup>, with many struggling to process those claims on outdated computer systems, dealing with jammed phone lines, and adding workers to handle the surge.<sup>16</sup> This suggests that even if OED had modernized its UI systems sooner, it still would have been unprepared for the number and complexity of claims pouring in related to the COVID-19 pandemic.

This massive economic and organizational disruption and resulting delays in claims processing resulted in yet another turnover of the agency director. On May 31, 2020, Kay Erickson resigned after repeated calls for change at the Department<sup>17</sup>. In the month prior, OED had indicated it was close to proceeding with vendor selection; however, it’s unknown whether it has the organizational capacity and program and technical staff availability to provide the necessary attention and support to a UI solutions vendor in the present circumstances. Per the OED Employment Modernization Team’s March 2020 status report, the agency has expended

<sup>11</sup> <https://olis.oregonlegislature.gov/liz/2020R1/Downloads/CommitteeMeetingDocument/217784>

<sup>12</sup> <https://olis.oregonlegislature.gov/liz/2020R1/Downloads/CommitteeMeetingDocument/217786>

<sup>13</sup> <https://oregoneconomicanalysis.com/2020/04/03/covid-19-initial-claims-sectors-and-unemployment/>

<sup>14</sup> <https://www.statesmanjournal.com/story/news/2020/04/30/oregon-unemployment-claims-twice-during-great-recession/3057236001/>

<sup>15</sup> <https://www.nbcnews.com/business/economy/unemployment-claims-state-see-how-covid-19-has-destroyed-job-n1183686>

<sup>16</sup> <https://www.politico.com/news/2020/04/01/unemployed-workers-benefits-coronavirus-159192> ; <https://www.cnbc.com/2020/04/02/state-unemployment-offices-scramble-to-handle-jobless-claims-surge.html>

<sup>17</sup> <https://www.statesmanjournal.com/story/news/2020/05/31/oregon-employment-director-kay-erickson-resigns-kate-brown-request/5301621002/>

approximately \$7,309,611 of the \$19,953,564 funds authorized for expenditure to date. The report indicates that, “the overall project rating remains red due to the number of high risks, issues, and continued impacts on schedule and quality due to reduced resource capacity and shifting priorities related to the COVID pandemic.” Moreover, OED’s own project status report indicates that, “Resource-related risks and issues continue to impact quality, schedule, and ability to complete work. Two additional program staff announced their resignation in March. Many Modernization resources, particularly the UI business team, have been temporarily reassigned to assist agency operations.” Further, the agency’s independent quality management services vendor, CSG Government Solutions, indicated in a February 2020 report (issued April 10) that the health status rating for the UI Modernization project changed from yellow (medium) to red (high) risk during this reporting period. The report cited, among other risks, an increase in Modernization Team turnover due to burnout or stressful conditions.

In the last several months there have been at least four departures of key team members, including the project manager (May 1, 2020) and the modernization program director (July 1, 2020). Although a number of these positions have now been filled, the vacancies and time required to on-board new hires have impacted the project’s ability to complete tasks as planned and has required the team to reassign activities, adjust due dates, and re-prioritize remediation actions.

Despite having available resources to embark on a modernization project for Unemployment Insurance taxes and claims, the Employment Department has not yet had the necessary combination of organizational stability and sustained professional and technical capacity needed to ensure project success. The scale and complexity of the needed improvements demand a level of sustained attention and effort that circumstances have, so far, failed to allow.



### **Notice of Lawsuit Filed**

A lawsuit was filed against the Employment Department and its Acting Director David Gerstenfeld around access to unemployment benefits. Other than the costs of defending the litigation, this is not anticipated to have any budgetary impact as monetary damages are not being sought.



## Resources and Helpful Links

- Learn more about:
  - [Continued Assistance Act \(CAA\)](#)
  - [Pandemic Unemployment Assistance \(PUA\)](#)
  - [Mixed-Earners Unemployment Compensation \(MEUC\)](#)
  - [Extra \\$300/week: Federal Pandemic Unemployment Compensation \(FPUC\)](#)
  - [Pandemic Emergency Unemployment Compensation \(PEUC\)](#)
  - [UI Payroll Taxes](#)
- [Access our exhaustive FAQs;](#)
- [Sign up for upcoming webinars and watch recordings of past webinars;](#)
- Sign-up for our [email list](#) to get important benefit information and announcements;
- Always continue [claiming their weekly benefits](#), no matter what program you are in;
- Access to weekly media briefings, press releases, and most recent Claims Progress Dashboard: <https://unemployment.oregon.gov/media>
- Follow progress on the Modernization Program here : [State of Oregon: Modernization -](#)
- Follow our progress on the Paid Family and Medical Leave Insurance Program here: [State of Oregon: Paid Family and Medical Leave Insurance - Paid Family and Medical Leave Insurance](#)
- Additional information on Unemployment Insurance Payroll Taxes available: [EDPUB204\\_1120.pdf \(oregon.gov\)](#)
- View the Employment Department 2021-23 Governor's Budget: <https://www.oregon.gov/employ/Agency/Pages/About-Us.aspx>