



# **Joint Ways and Means Subcommittee on Transportation and Economic Development**

Phase II Presentation Supplemental Resource Document

April 2, 2025



# 2025 Ways and Means Committee Resource Document

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## Ongoing and Forthcoming Customer Service Improvements

Improving customer service is, and has been, the top priority of the Oregon Employment Department. Over the past biennia, we have taken a number of steps to address process and technological barriers that made it difficult for customers to connect with customer service and access benefits.

The changes we implemented have meant that this winter, when we see significant increases in claim activity each year, we addressed more adjudication issues than we have in the past without adding staff to do adjudication work. New processes have given staff more information up front when they start working on issues and avoid some need for follow up with claimants and employers. This makes processes more efficient and lets our staff get more work done more quickly.

Here are some of the other improvements we have made:

### *Customer-Facing Process Improvements*

- Implemented United States Postal Service (USPS) In-person identity proofing that allows customers to verify their identity at post office locations around the state and nation (in addition to their long-standing ability to do this at local WorkSource Oregon offices).
- Updated our automated phone system (a different phone number than the one people call to talk to a person for assistance) to allow people to do more things without a computer, including start a new UI claim, file for a week of benefits on an existing UI claim, and file for multiple weeks of benefits nearly 24 hours a day, 7 days a week, in multiple languages.
- Implemented follow up calls by UI employees to people who started to file an initial claim using the automated phone system, but did not complete the claim that day.
- Based on direct customer feedback, updated initial claim and weekly claim status information provided to claimants in Frances to be more descriptive.
- Created screen recordings and instructional documents for customers to navigate Frances Online.
- Created automated notifications in Frances to claimants reminding them to respond to our requests for information and encouraging them to respond sooner.
- Questionnaires sent to claimants in many situations. This has sped up the adjudication process and helped to reduce wait times.

### *Training/Staffing Improvements*

- Trained UI employees to address any outstanding web notices while on the phone with customers, taking a 'single call resolution' approach to handling all the customer's outstanding needs.
- Implemented cross-training between units to promote single-call resolutions and reduce the number of between-unit transfers (reducing the number of transfers reduces the number of lost calls).
- Streamlined the benefit manual used by UI employees.
- Re-implemented quality control program for inbound calls. Teams are all showing improvements. In one area, Benefit Services, most scores are now 90-100%.
- Created employee engagement communities focused on areas of employee support and development to reduce high daily call-out rates. UI has now seen a 7.6% decrease in call outs.
- Implemented monthly office hours and direct meetings with UI Leadership to ensure timely feedback, concerns, and ideas from customer-facing employees are heard.
- Assigned alternative work schedules to accommodate customer contact outside of regular 8:00 AM-5:00 PM business hours.
- Offered overtime opportunities for employees who are fully trained on critical workloads.

### *Other Improvements*

- Created a public webpage specifically focused on Federal Workers.
- Used flexibility of Frances to give more response time to people whose deadlines were impacted by the mailing delays caused by the winter snowstorm and holiday weekend in February. This ensured customers didn't have payments denied due to missing a deadline that was outside of their control. This impacted about 15,000 individuals and likely prevented hundreds of incoming phone calls.

We also have several system improvements planned for the future, including the following:

- Address the approximately 50 pending Unemployment Insurance Frances tickets to streamline work queues, eliminate unnecessary work, and improve the customer experience.
- Expand cross-training within and between programs. For example: Special Programs is training all adjudicators on all programs, and Adjudication is training all adjudicators on all programs, including school employee claims. This cross-training will allow business units to adapt to workload changes.
- Continue to review UI law, rule, policy, and other requirements to find opportunities to remove barriers to program access, reduce customer errors, and enhance the overall customer experience.

- Continue to develop standard operating procedures and desk reference guides to document procedures and process changes in the Frances system. This will ensure that Frances processes are standardized and accessible. 167 of these processes have been documented so far.
- Studying the customer escalation journey to understand the root cause of why customers escalate so that UI and IT can prioritize improvements in those areas.

## **Outside Consultants**

OED sought the expertise of several outside consultants to inform our efforts to improve customer service. The engagements are described below along with their deliverables and impacts.

### **Resultant**

Engagement: July 2021 – September 2021

OED contracted with Resultant to review claimant customer service at the Contact Center and benefit adjudication. Their key recommendations, some of which overlap with those of other consultants, included:

- *Streamline the Caller Experience* - Make changes to the phone queues and queue management, provide additional automated messaging during the hold times, and add information about how calls were resolved to provide visibility into why customers were calling. This was completed in December 2021.
- *Claimant Self-Help Enhancements* - Streamline and improve the resources available online for claimants and encourage claimants to use self-help resources. The UI website was redesigned with improved resources based on this recommendation. The feedback was also used in designing Frances, and we are regularly updating this public information.
- *Single Source of Truth for Work Items* - Consolidate the many different lists of items that needed to be worked into a single location. This was completed in September 2022.
- *Paper Mailing Efficiency* - Update our legacy mainframe system to hold mail being that was being sent to bad addresses. This was incorporated into our new Frances system when that launched in March 2024.
- *Internal Communications and Training Optimization* - Condense communication, policies, and related information regarding UI benefit administration for staff into a single location, making it easier for all UI employees to stay up to date on policies and procedures. Training was redesigned and is now housed in the learning module of the state's human resources system (Workday). 180 standard operating procedures have been updated since March 4, 2024, with another 111 in process.

- *Single Sign On (SSO) and Identity Verification Enhancements* - Incorporate single sign-on and identify verification enhancements into the design of Frances. This was implemented in March 2024.

## **Alvarez and Marsal**

Engagement: September 2021 -April 2022

This vendor brought in deep expertise in overall process improvement and call-center expertise. Key recommendations related to UI customer service included:

- *A series of 'quick wins' to make customer service improvements regarding the contact center phone system*
  - Remove the 2-hour inactivity timer for agents in the phone queue system – Completed November 2021.
  - Implement call result codes to better identify the reason for calls – Completed December 2021.
  - Standardize the outbound caller ID that appears when OED calls a customer – Completed February 2022.
  - Deliver calls directly to the next available agent – Completed March 2022.
- *Centralize and Improve Workforce Management* - Purchase a Workforce Management tool to provide better tracking of schedule adherence for the Contact Center management team and provide better information about “non-phone work” – work that is essential to processing benefits but is not typically done during telephone calls. This was completed in March 2023.
- *Streamline Workflows* - Consolidate similar work lists into a single format and change from agents pulling work from lists when a work item was completed to instead pushing work to the agent upon completing a work item. This was completed in September 2022.
- *Develop Balanced Performance Scorecards* - Consolidate multiple information sources for Contact Center employees and teams into a single source. Use the information to create dashboards in real time and publish the information to managers and team members via performance scorecards on an established cadence. Initial implementation was completed in March 2022. This work is now being redone in Frances.
- *Prioritize & Expand Digital Channels* - Update and improve the UI chatbot that was implemented during the pandemic and pilot a live chat with agents. The chatbot update was implemented in April 2022, and the live chat pilot was implemented in June 2022.
- *Implement Additional Supplemental Improvements*
  - Build Mobile Specific Experience – This was enhanced in March 2024, with Frances.

- Proactively Message Claimants – This was enhanced in March 2024, with Frances.
- Monitor Real Estate Footprint – The UI division no longer maintains physical locations outside of the Salem Administration building and a few employees working in local WorkSource Oregon offices.
- Pilot Robotic Process Automation – This was rolled out in March 2024 with Frances.

## **US Department of Labor**

Engagement: November 2021 – June 2022

In November of 2021, OED requested support from the United States Department of Labor (US DOL) using their federally funded Tiger Team engagement. The Tiger Team consisted of several experts in different aspects of the UI program who reviewed our systems, processes, and communications and made several recommendations. Importantly, there was some federal funding provided to implement the suggestions made by the Tiger Team.

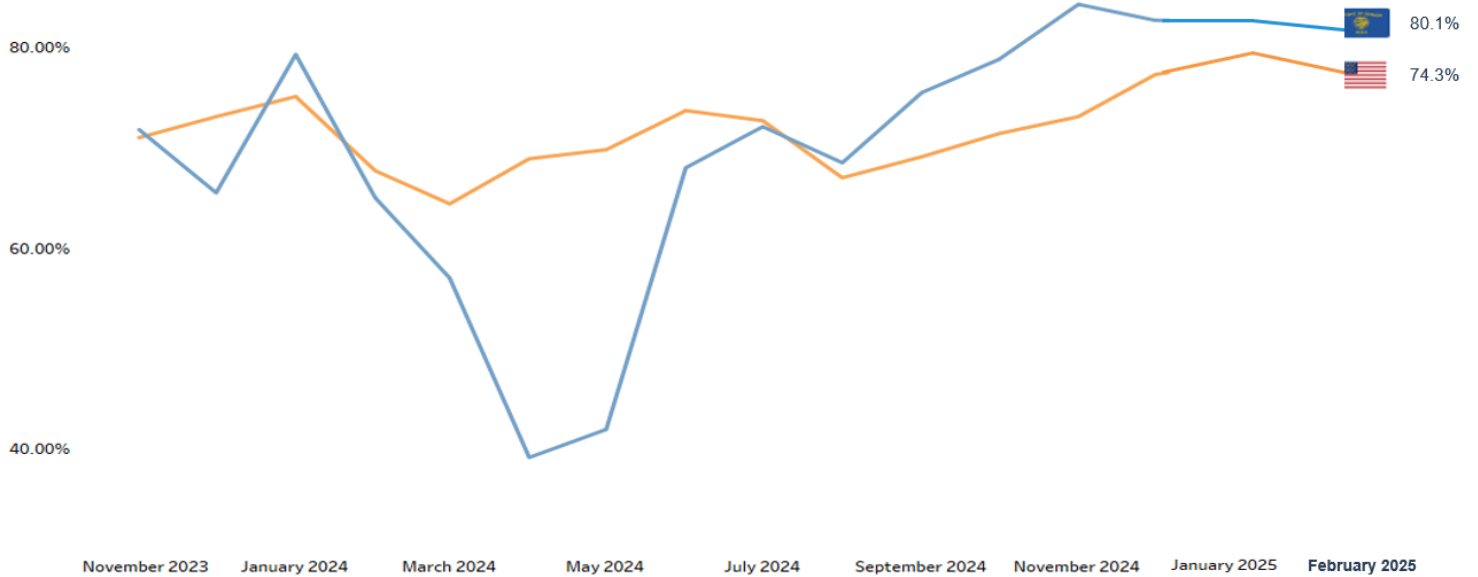
- *Claimant Experience Enhancement* - Improve the functionality of the online UI initial claim and translate it into Spanish. The updated UI initial claim was implemented in March 2024 in English and Spanish with the rollout of Frances.
- *Claim Risk Scoring* - Engage with a vendor to enhance the fraud and identity theft detection OED was already conducting – to both help combat fraud and reduce access barriers resulting from anti-fraud tools and approaches. This was implemented in February 2023 and has since been integrated into our automated benefits system, Frances.
- *Securing the Claimant Login* - Improve the security of the login claimants used to file an initial claim or a weekly claim. This was implemented in March 2024 with the rollout of Frances.
- *Community Outreach* - Further the work being done by the Equitable Access to UI team by translating more claimant communications into languages other than English, starting with the ten most sent letters. This was implemented in June 2024 when the ten most sent letters began being sent in English or Spanish based on the claimant's preferred language.
- *Robotic Process Automation* - Automate simple tasks to allow team members to focus on more difficult tasks that could not be automated. This was implemented in March 2024 with the rollout of Frances. For example, we have developed processes to:
  - Combine multiple electronic messages from the same person into a single item.
  - Combine multiple possible UI eligibility issues into a single investigation process.
  - Send out automated reminders to claimants and employers to respond to inquiries.

- *Translation Services Enhancements* - Translate more of the communications sent by the UI program. This was done, and more than 95% of the communication sent by the UI program is now available in Spanish.
- *Enhance the Online Environment* - Improve the UI website and implement Web Content Accessibility Guidelines (WCAG) 2.1 Standards. This was completed in October 2023.
- *Communications Review and Improvements* - Use behavioral insights methodology (behavioral economics) to review our most often sent communications to make them more understandable and improve the readability so any “calls to action” so are clearer. This work is underway but not yet completed.
- *SIDES Single Sign On & Web Services Integration* - Create a single sign-on for the State Information Data Exchange System (SIDES) modules that many employers use to engage with the UI system and fully integrate the web services portions of SIDES. This work has been mostly completed. We are continuing to work to address some remaining pain points for employers.
- *Supplemental Analytic Licenses and Training* - Obtain additional software tools to make the employee scorecards (described in the Alvarez & Marsal recommendation above about developing balanced scorecards) viewable to front-line staff in real time and to provide expanded training to the UI data analysts. This was completed in December 2024.

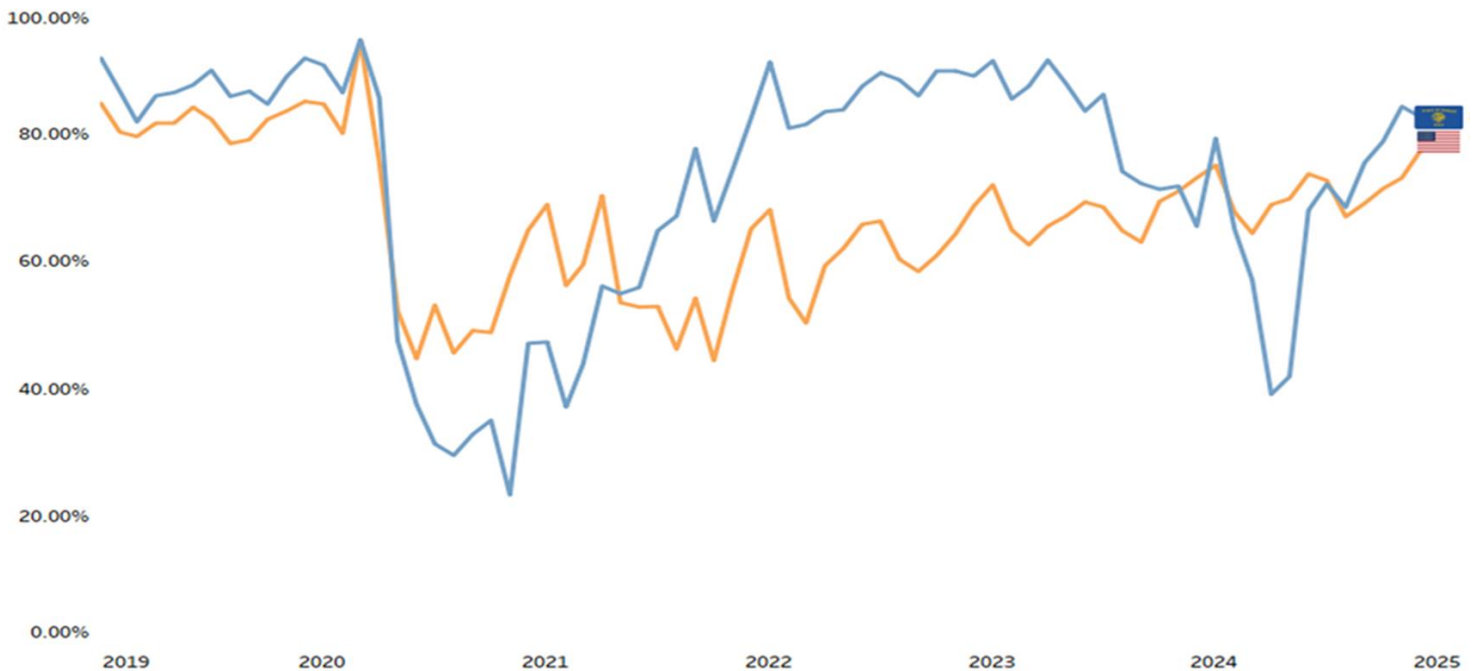


# Overview of Unemployment Insurance Call Statistics

## National Comparison – First Payment Timeliness – November 2023 to January 2025

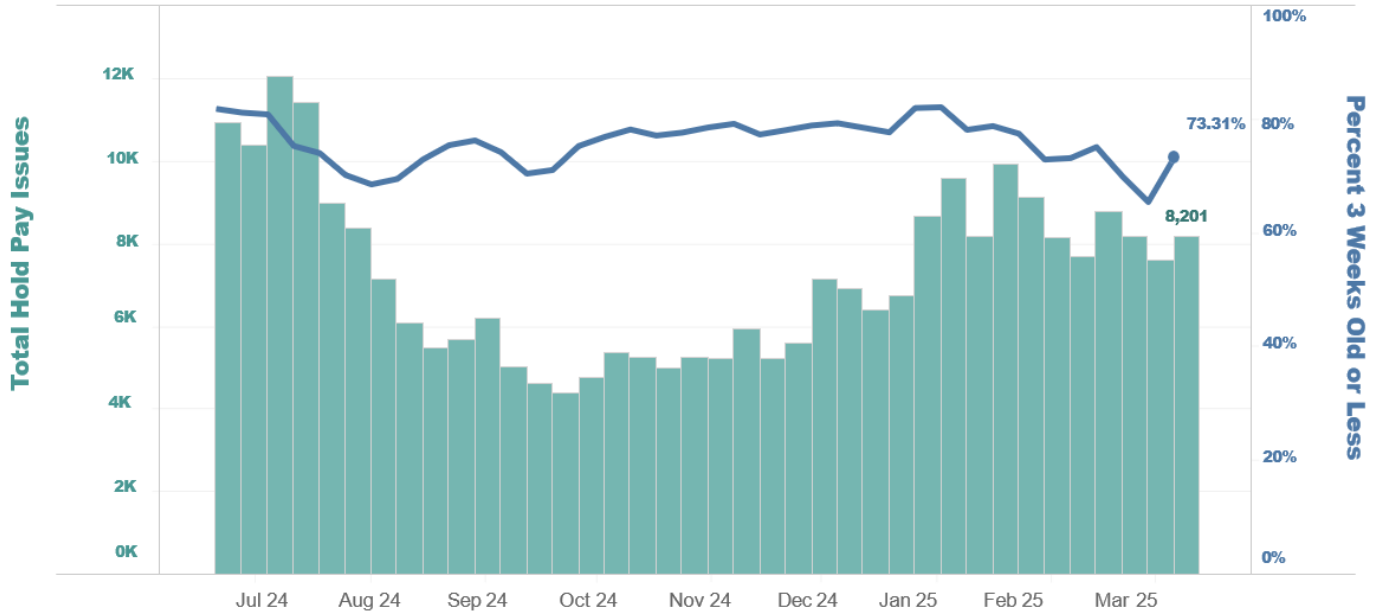


## National Comparison – First Payment Timeliness – January 2019 to February 2025



Oregon is beating the national average in terms of first-payment timeliness, with an average of 80.1% of first payments being timely compared to an average of 74.3% on the federal level.

## UI Hold Pay Issues – July 2024 to March 2025



Some Unemployment Insurance claims have outstanding issues (such as adjudication) that take some time to resolve before payments can be issued. We have been steadily improving the percentage of hold pay issues that are resolved in three weeks or less. As of March 2025, approximately 73.31% of hold pay issues are resolved in three weeks or less.

## Customer Service Data – May 2024 to March 2025

	May	June	July	August	September	October	November	December	January	February	March
Total Calls Answered	28,632	20,469	28,545	23,429	25,711	25,639	20,064	22,835	24,503	19,151	12,617
Answered w/in 15 minutes	48.8%	43.4%	45.9%	55.6%	61.0%	68.3%	66.3%	68.7%	64.6%	69.8%	73.0%
Answered 15 to 30 mins	9.6%	8.6%	11.5%	9.9%	8.5%	6.0%	7.2%	8.0%	9.8%	6.9%	5.4%
Answered 30 to 60 mins	11.0%	11.9%	12.5%	9.3%	8.0%	5.2%	7.4%	6.4%	7.3%	5.2%	5.1%
Answered - > 1 hour	30.6%	36.0%	30.1%	25.2%	22.6%	20.5%	19.2%	16.9%	18.3%	18.2%	16.5%
Average Speed of Answer	01:00:40	01:01:19	00:52:41	00:50:39	00:46:13	00:42:40	00:43:50	00:44:53	00:46:54	00:43:00	00:38:50
Avg. Handle Time (m)	29	35	41	36	33	31	35	34	35	30	30

As of March 2025, approximately 78% of calls are answered in 30 minutes or less. This is a significant improvement from May 2024, when only 57% of calls were answered in 30 minutes or less.

## Planned Division Cuts

Division	Classification	# of Positions
C&R	Compliance Specialist 2 - SR25 - Non Exempt	3
C&R	Revenue Agent 1 - SR17 - Non Exempt	2
<b>C&amp;R Total</b>		<b>5</b>
Mod	Information Systems Specialist 8 - SR34	4
<b>Mod Total</b>		<b>4</b>
Research	Administrative Specialist 1 - SR17 - Non Exempt	1
<b>Research Total</b>		<b>1</b>
Shared Services	Accountant 1 - SR23 - Non Exempt	1
Shared Services	Administrative Specialist 2	1
Shared Services	Budget and Fiscal Manager 3 - SR35 - Exempt	1
Shared Services	Fiscal Analyst 3	1
Shared Services	Human Resource Analyst 2	1
Shared Services	Information Systems Specialist 6 - SR29 - Exempt	2
Shared Services	Information Systems Specialist 7 - SR31 - Exempt	1
Shared Services	Information Systems Specialist 8 - SR34 - Non Exempt	1
Shared Services	Operation & Policy Analyst 2	1
Shared Services	Operations & Policy Analyst 2 - SR27 - Non Exempt	1
Shared Services	Operations & Policy Analyst 3 - SR30 - Exempt	1
Shared Services	Project Manager 2 - SR30 - Exempt	1
Shared Services	Public Affairs Specialist 2	1
<b>Shared Services Total</b>		<b>14</b>
UI	Office Specialist 1 - SR13 - Non Exempt	6
<b>UI Total</b>		<b>6</b>
WO	BES2 - SR21 - Non Exempt	18
WO	ECON1 - SR23 - Non Exempt	1
WO	ESS2 - SR28 - Exempt	1
WO	OS2 - SR15 - Non Exempt	1
<b>WO Total</b>		<b>21</b>
<b>Grand Total</b>		<b>51</b>

The above chart provides details for the base position reductions by division, classification, and count. As of 3/27/2025, 30 of the 51 positions are vacant.

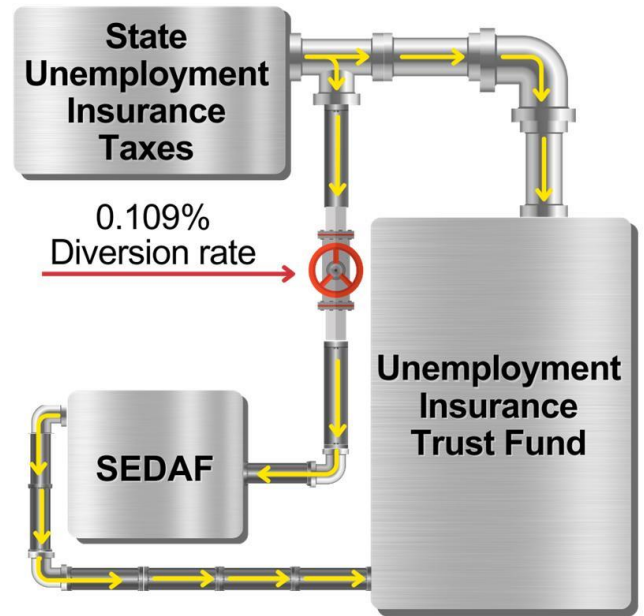
# Supplemental Employment Department Administrative Fund (SEDAF)

## What is the Supplemental Employment Department Administrative Fund (SEDAF)?

By law, most Oregon employers pay payroll taxes into the Unemployment Insurance (UI) Trust Fund. This fund is what Oregon uses to pay UI benefits. Designed to be self-balancing, Oregon's UI Trust Fund is one of the healthiest in the country. The UI Trust Fund balance also earns interest, which helps keep employer's UI tax rates lower.

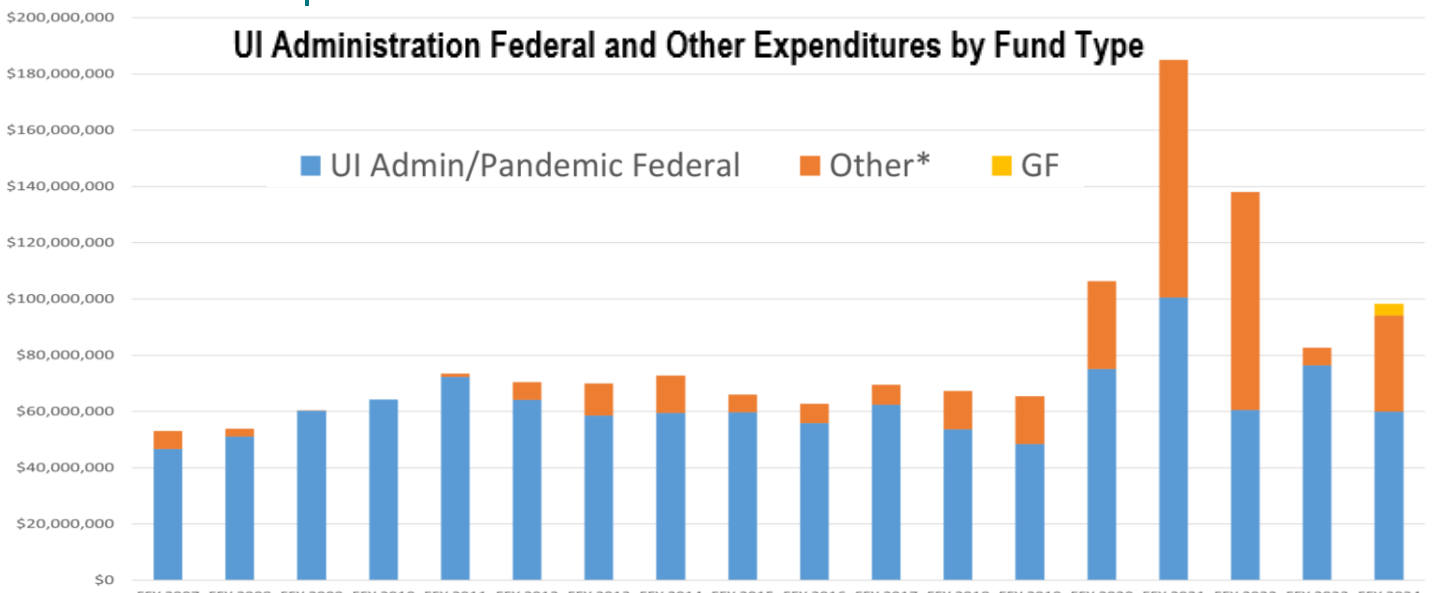
The Legislature created SEDAF in 1987, diverting a portion of employers' unemployment taxes from the UI Trust Fund to SEDAF.

It was created, and is only statutorily permitted to be used, to help the Employment Department administer its programs where federal funding is inadequate to cover the real costs of administration. SEDAF has been modified multiple times over the years, most recently in 2024 when the rate was increased to 0.109%.



## How does SEDAF fit into the department's administrative revenue stream?

The U.S. Department of Labor reimburses Oregon for administering the Employment Department's federal programs, such as UI and workforce operations. However, federal funding does not cover the entire cost of running the programs and has become increasingly inadequate. The difference in program costs is covered by other funds, which includes SEDAF and interest and fees from overpaid benefits and late taxes.



back into the UI Trust Fund. These changes are needed to allow OED to adequately

**What changes to SEDAF are needed and why are they needed?**

serve the public given inadequate federal revenue, and to minimize the risks posed by interruptions in federal funding, or the onset of a severe recession.

**Why is OED recommending an increase to the SEDAF diversion?**

When the Governor's Recommended Budget was prepared, it was balanced according to revenue projections at that time. Since then, however, federal and state revenue projections have fallen significantly. This, and inflation, mean that without additional revenue, OED will not be able to maintain its current customer service levels, let alone continue the agency's current trajectory of improvement. Without additional revenue, OED will have to make significant reductions to keep its spending within the revenue it is currently projected to receive.

**What happens without an increase to the SEDAF diversion?**

Without an increase in the SEDAF diversion, the department will be underfunded and required to implement a 'cut package', reducing staff and further impacting its ability to provide adequate customer service. Some Oregonians already have difficulty receiving the level of service they need and the department faces ongoing coordinated attempts to defraud the UI Trust Fund. Less funding means OED will be less equipped to provide adequate customer service, and there will be a greater risk to the UI Trust Fund.

**What will the increase in SEDAF pay for?**

An increase to the SEDAF diversion would help the Employment Department avoid making cuts, which would result in:

- 1) A reduction to OED's 2025-27 biennial budget by \$33 million.
- 2) Elimination of 74 positions across almost every part of the agency.
- 3) Declines in customer service – for unemployed workers, other job seekers, and employers.
- 4) Increased risk of fraud depleting the UI Trust Fund.
- 5) Closure of a WorkSource Oregon office, impacting services for job seekers and employers.

**Will employers pay more in UI taxes?**

No. Employers will pay the same amount of taxes. The proposed change would just permit, with legislative approval each budget cycle, OED to use more of those payments to administer its programs. The department projects this change would not result in higher UI tax rates in the foreseeable future, and it would not put the UI Trust Fund's solvency at risk. In other words, employers pay the same amount, but a small percentage more of the revenue would go to SEDAF instead of going into the UI Trust Fund.

**What ensures the department will use the increase for its intended purpose?**

Just like any other funding source, the Legislature must authorize OED's use of SEDAF revenue, and if the department doesn't spend all SEDAF revenue, the money goes back into the UI Trust Fund. The department is also seeking to change the statutory formula that determines how much SEDAF is 'excess' and therefore is returned to the UI Trust Fund. Instead of using the historical amount of taxes collected, the new formula would take current needs into account but the mechanism to return excess money would remain in place.

**For more information, please contact: [OED Legislative Affairs@employ.oregon.gov](mailto:OED_Legislative_Affairs@employ.oregon.gov).**