

HB 5007 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Courtney Rogers, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

**Employment Department
2025-27**

Budget Summary*

	2023-25 Legislatively Approved Budget ⁽¹⁾	2025-27 Current Service Level	2025-27 Committee Recommendation	Committee Change from 2023-25 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 5,767,819	\$ -	\$ -	\$ (5,767,819)	(100.0%)
Other Funds Limited	\$ 425,276,313	\$ 475,441,638	\$ 502,083,817	\$ 76,807,504	18.1%
Other Funds Nonlimited	\$ 3,482,550,560	\$ 3,853,268,759	\$ 3,853,268,759	\$ 370,718,199	10.6%
Federal Funds Limited	\$ 208,606,201	\$ 198,703,316	\$ 192,329,282	\$ (16,276,919)	(7.8%)
Federal Funds Nonlimited	\$ 69,308,000	\$ 43,444,000	\$ 43,444,000	\$ (25,864,000)	(37.3%)
Total	\$ 4,191,508,893	\$ 4,570,857,713	\$ 4,591,125,858	\$ 399,616,965	9.5%

Position Summary

Authorized Positions	2,010	1,988	1,937	-73
Full-time Equivalent (FTE) positions	1,991.79	1,978.22	1,921.37	-70.42

⁽¹⁾ Includes adjustments through January 2025

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Employment Department (OED) receives funding from both federal and dedicated state sources. The Department receives Federal Funds and Other Funds revenues to support services to employers, claimants, and job seekers. Unemployment taxes are collected by the state and held by the U.S. Treasury for payment of benefits. These payments are expended as Other Funds Nonlimited. Unemployment benefits paid by the federal government under emergency and extended benefit programs, the federal Trade Act, and for federal employees are expended as Federal Funds Nonlimited. Paid Leave Oregon payroll taxes are collected by OED for the administration of the program and for benefit payments to qualified individuals. In previous biennia (2019-21 and 2021-23), the Department received General Fund for the start-up costs for the Paid Family Leave program. The General Fund was structured as a loan and OED repaid the loan received for implementation at the end of the 2021-23 biennium. General Fund in 2023-25 represented temporary resources for agency administrative expenses, until an increase in the diversion of unemployment insurance (UI) taxes going to Supplemental Employment Department Administrative Fund could take effect. There is no General Fund in OED's budget for the 2025-27 biennium.

A major source of Other Funds revenue supporting agency operations for Unemployment Insurance and Workforce programs, the Supplemental Employment Department Administrative Fund, is generated from an assessment on employer payroll of 0.109% (which generates approximately \$159 million). Assuming passage of Senate Bill 143 (2025), the rate will increase to 0.135% and provide approximately an additional \$39.7 million for agency administrative expenses, backfilling declines in federal UI administrative funding. The Department collects revenues from

interest and tax compliance penalties, which is called the Special Administrative Fund or the Penalty and Interest Fund, in addition to collecting Fraud Control Fund revenues from overpayment collection activities. The Department generates Other Funds revenue from contracts with workforce partners and other state agencies to provide employment placement, research services, and administrative hearings conducted on behalf of state agencies.

The Paid Leave Oregon program is supported through a payroll tax of 1% of paid wages up to the first \$168,600 for calendar year 2025, which ties to the social security wage index and is adjusted annually for inflation. The one percent rate is split between employers and employees. Large employers contribute 40% of the one percent rate and employees contribute 60% of the 1% rate for each individual. Benefit payments associated with the program are expended as Other Funds Nonlimited. Small employers with fewer than 25 employees and those with equivalent paid leave benefit plans are not required to contribute the employer contribution. The Paid Leave Oregon Fund will pay for Paid Leave Oregon benefits, small business grants, and administration costs.

The U.S. Department of Labor (U.S. DOL) provides OED with federal funding for a variety of functions, with the bulk of funds related to UI and several reemployment-related programs. Federal Funds become available once expenditures are documented by OED and approved for reimbursement by U.S. DOL. In general, the Department typically receives increased federal funding during economic downturns but is underfunded during economic expansions, and therefore reliant on fund reserves to continue operations.

Summary of Transportation and Economic Development Subcommittee Action

The mission of OED is to support business and promote employment. OED also provides administrative support to the Office of Administrative Hearings and the Employment Appeals Board. The Department accomplishes its mission by supporting economic stability for Oregonians and communities during times of unemployment through the payment of unemployment benefits; serving businesses by recruiting and referring the best qualified applicants to jobs, and providing resources to diverse job seekers in support of their employment needs; developing and distributing quality workforce and economic information to promote informed decision making; and providing easily accessible Paid Family and Medical Leave Insurance benefits. This suite of services helps Oregon employers and workers maintain economic stability.

OED is responsible for the implementation and administration of the Paid Leave Oregon program (established by House Bill 2005 in 2019). The program was created to provide employees in Oregon who are eligible for coverage with all or a portion of their wages, while the employee is out on family, medical, or safe leave.

The Subcommittee approved a budget of \$4,591,125,858 total funds, which includes \$502,083,817 Other Funds expenditure limitation, \$192,329,282 Federal Funds expenditure limitation, \$3,853,268,759 Other Funds Nonlimited, \$43,444,000 Federal Funds Nonlimited, and 1,937 positions (1,921.37 FTE). This represents a total funds increase of 9.5% from the 2023-25 legislatively approved budget. OED's position count is decreased by 73 positions (70.42 FTE) from the 2023-25 legislatively approved budget.

Shared Services

The budget for the Shared Services unit includes programs providing strategic and operational support to all programs, and comprises Administrative Business Services, Communications, Director's Office, Human Resources, Information Technology Services, and Internal Audit. OED Shared Services charges agency programs for actual expenditures and indirect expenditures are charged in accordance with the agency's cost allocation plan as approved by the U.S. DOL. Shared Services budgeted expenditures include costs for State Government Service Charges, property maintenance, risk management, and Capital Outlay expenditures serving the entire agency.

The Subcommittee recommended a budget of \$137,027,505 total funds (\$97,873,916 Other Funds expenditure limitation and \$39,153,589 Federal Funds expenditure limitation, and 228 positions (227.50 FTE). The Subcommittee also recommended the following packages:

Package 102: Frances Maintenance & Support. This package is for the UI Modernization project, which consists of replacing the state's payroll tax and reporting system used by both Paid Leave and the Unemployment Insurance programs, and replacement of the benefits processing and payment system, which is used by both programs. This new system, called Frances, is now live and must be maintained. Examples of maintenance include ongoing licensing, certain complex maintenance and reprogramming needs that will be contracted back to the developer, state data center costs, and IT security modules. The package is supported by revenue generated by the Supplemental Employment Department Administrative Fund, UI administrative grant funds, and Penalty and Interest funding. The recommended budget includes \$14,938,097 Other Funds expenditure limitation, and \$4,011,263 Federal Funds expenditure limitation in the Shared Services Division; approximately \$17.6 million is associated with system vendor costs for programming adjustments and subscriptions to security and ongoing maintenance services. Data processing including hosting of the solution is approximately \$1.3 million of the package total.

Package 105: Agency Workload Needs. This package is a net-zero change agency-wide and moves existing positions from the Modernization Division to the Shared Services Division to make more efficient use of existing position authority. A permanent full-time fiscal Analyst 1 position is added for additional capacity in tracking, updating and maintaining fiscal records, and one Public Affairs Specialist 2 position is also transferred from the Modernization Division. The package increases Other Funds expenditure limitation by \$494,920 and Federal Funds expenditure limitation by \$120,326.

Package 106: Overtime, Differentials & Temps. This package increases Other Funds expenditure limitation by \$416,961 and Federal Funds expenditure limitation by \$273,671 for differentials to support improved customer service delivery and respond to seasonal workload changes.

Package 801: LFO Analyst Adjustments. This package is a net-zero adjustment to the Department's budget on an agencywide basis, but reflects the movement of existing positions between divisions, allowing the agency to more effectively utilize its existing position authority. The package transfers a total of 16 positions (16.00 FTE) to the Shared Services Division, increasing the division's expenditure limitation by \$4,985,389 Other Funds, and \$296,405 Federal Funds. Positions coming to Shared Services from other divisions are the result of operationalizing the Frances system, and include the following:

- An Economist 4 and an Operations and Policy Analyst 2 position from the UI Division;
- An Information Systems Specialist, two Operations and Policy Analyst 2 positions, and 12 Operations and Policy Analyst 3 positions from the Modernization Division; and
- Transfers one Information System 8 position to the Modernization Division.

This package also centralizes all state government service charges limitation in the Shared Services Division. In total, the package increases the Shared Services Division's Other Fund expenditure limitation by \$21,513,007 and Federal Funds expenditure limitation by \$7,292,884.

Unemployment Insurance (UI)

The UI Division administers Unemployment Insurance benefits, including federal extensions when they are available and other specialized programs. OED partners with the U.S. DOL and other state agencies (including the Department of Consumer and Business Services, Department of Revenue, and other members of the Interagency Compliance Network) on matters related to employer and employee relationships. The UI program is a federal-state partnership. The program pays UI benefits, a temporary partial wage replacement, to workers who are unemployed through no fault of their own. The program collects payroll taxes from Oregon employers, which are deposited into the Unemployment Insurance Trust Fund and used to pay unemployment insurance benefits.

The Subcommittee recommended a budget of \$149,555,458 total funds (\$59,178,158 Other Funds expenditure limitation and \$90,377,300 Federal Funds expenditure limitation) and 469 positions (461.34 FTE). The Subcommittee also recommended the following packages:

Package 102: Frances Maintenance & Support. This package transitions UI Modernization and the Frances IT system to ongoing system maintenance and support. The project replaced the state's payroll tax and reporting system used by both Paid Leave and the UI programs, and replaced the benefits processing and payment system, which is used by both programs. This new system, called Frances, is now live and must be maintained. Examples of maintenance include ongoing licensing, certain complex maintenance and reprogramming needs that are contracted back to the developer, state data center costs, and IT security modules. The package is supported by revenue generated by the Supplemental Employment Department Administrative Fund, and Penalty and Interest funding. The UI Division's share of these costs is \$1,428,613 million Other Funds expenditure limitation. Five permanent full-time Operations and Policy Analyst positions (5.00 FTE) are included to plan and test maintenance and programming changes, and inform and train system users and partners, to mitigate unforeseen impacts of policy and system changes to employers and claimants.

Package 106: Overtime, Differentials & Temps. This package increases Other Funds expenditure limitation by \$269,988 for wage differentials and temporary workers, to support improved customer service delivery and address seasonal workload fluctuations.

Package 801: LFO Analyst Adjustments. This package allows three positions (3.00 FTE) to be transferred from the UI Division to Shared Services, enabling the Department to more effectively use existing position authority. The positions are one Economist 4 and two Operations and Policy Analyst positions, resulting in a reduction to personal services expenditure limitation of \$513,640 Other Funds and \$594,368 Federal Funds. Services and supplies expenditure limitation is reduced by \$108,000 Other Funds and \$5,893,141 Federal Funds, reflecting the centralization of state government service charges, which will now be budgeted in the Shared Services Division.

Workforce Operations

Workforce Operations has functional authority and responsibility for Title III (Wagner-Peyser Act) of the Workforce Innovation and Opportunity Act (WIOA). The program serves as a key stakeholder and service provider within WorkSource Oregon, a statewide partnership between state, local, and nonprofit organizations. Workforce Operations personnel identify, screen, and refer job applicants to employers and assist businesses in securing federal tax credits to offset training costs for hiring specific populations, such as persons receiving public assistance, people with disabilities, veterans, and the long-term unemployed (longer than six months).

The Subcommittee recommended a budget of \$149,153,943 total funds (\$123,866,286 Other Funds expenditure limitation and \$25,287,657 Federal Funds expenditure limitation) and 480 positions (475.51 FTE). The Subcommittee also recommended the following packages:

Package 103: Contracted Employment Services. This package provides Personal Services costs of \$1,917,681 total funds and position-related services and supplies costs of \$384,525 total funds to support 11 total positions (9.66 FTE). The positions will provide Workforce Innovation and Opportunity Act Title 1 reemployment and training services to adults and dislocated workers in Jackson and Josephine Counties through a fee for service contract with Rogue Workforce Partnership. One Business and Employment Services 2 position (0.92 FTE) is recommended as permanent. Limited duration positions include eight Business and Employment Specialist 2 positions (6.90 FTE), an Employment Services Supervisor 2 position (0.92 FTE), and a Program Analyst 2 position (0.92 FTE). Federal Funds expenditure limitation in the amount of \$3,000,000 is included for training and support services (special payments on behalf of qualifying enrolled workers).

Package 106: Overtime, Differentials & Temps. This package increases Other Funds expenditure limitation by \$35,644 and Federal Funds expenditure limitation by \$23,740 for differentials to support improved customer service delivery and seasonal workload fluctuations.

Package 801: LFO Analyst Adjustments. This package reduces Other Funds expenditure limitation in the Workforce Operations Division by \$7,196,548, reflecting the centralization of state government service charges, which will now be budgeted in the Shared Services Division.

Package 803: Federal Revenue Shortfall. This package eliminates expenditure limitation of \$8,227,844 Other Funds, \$19,162,313 Federal Funds, and 90 positions (93.15 FTE) from OED's budget to reflect that the Federal Trade Act failed to be renewed by Congress. Funding for case managers and worker training and benefits will no longer be available to displaced workers beginning in 2025-27. The program will continue to serve people authorized by current petitions that were already approved by the U.S. DOL prior to the program sunset. Fifteen positions will

remain with the program through January 2027, which is the estimated timing for when current Trade Adjustment Assistance funding will run out.

Contributions and Recovery

The Contributions and Recovery Division will provide services to two distinct programs: the UI program and the Paid Leave Oregon program. To ensure the Contributions and Recovery Division is complying with the laws, policies, and procedures applicable to each program, the Contributions and Recovery policy team works closely with both the UI and Paid Leave Oregon policy teams. This unified approach focuses on creating policies and procedures for the collection of employer contributions ensures program compliance and maintains a customer-centric focus, while still meeting regulatory needs. The services of this program will build on the work and services previously provided to employers through the UI Tax section.

The Subcommittee recommended a budget of \$44,447,171 total funds (\$20,152,931 Other Funds expenditure limitation and \$24,294,240 Federal Funds expenditure limitation) and 166 positions (164.14 FTE). The Subcommittee recommended the following packages:

Package 105: Agency Workload Needs. This package establishes eight permanent positions and nine limited duration positions to address workload demands and to resolve backlogs. Positions added in this division will help ensure employer records are accurate, which will allow for expedited resolution of benefit claims in both Paid Leave and Unemployment Insurance. These resources will enable the division to complete wage investigations within their goal of 10 days, leading to more timely payment of benefits. Positions added consist of five permanent Compliance Specialists; two Administrative Specialists (one of which is a limited duration position for the 2025-27 biennium); six limited duration Revenue Agents; two limited duration Office Specialists; one permanent Operations and Policy Analyst; and one permanent Employment Services Supervisor. The package increases Other Funds expenditure limitation by \$3,420,179 and adds 17 positions (15.64 FTE).

Package 106: Overtime, Differentials & Temps. This package increases Other Funds expenditure limitation by \$52,393 and Federal Funds expenditure limitation by \$37,606 for wage differentials and temporary workers, to support improved customer service delivery and address seasonal workload fluctuations.

Package 801: LFO Analyst Adjustments. This package reflects the net change of position movements to and from the Contributions and Recovery Division, allowing OED to more effectively utilize its existing position authority. The package also reflects the centralization of state government service charges, which will now be budgeted in the Shared Services Division. In total, the package decreases Other Funds expenditure limitation by \$1,143,079, reduces Federal Funds expenditure limitation by \$740,526, and transfers one position (1.00 FTE) out of the Contributions and Recovery unit.

Office of Administrative Hearings

The Office of Administrative Hearings (OAH) holds contested case hearings (dispositions) referred by over 70 Oregon agencies, boards, and commissions. These hearings are constitutionally required to give Oregonians and businesses a chance to dispute actions taken by the state, which may affect their individual interests. OAH Administrative Law Judges conduct hearings and make decisions independently from the agencies that took the initiating action. Oregon's Attorney General writes the rules of procedure applying to hearings conducted by OAH and represents state agencies in contested case hearings. The work of OAH is reviewed by the OAH Oversight Committee, comprised of eight representatives appointed by the Governor, Senate President, Speaker of the House, and Oregon Attorney General. OED is responsible for providing administrative services to OAH. The Chief Administrative Law Judge is appointed by the Governor and has independent statutory authority to manage OAH.

The Subcommittee recommended a budget of \$42,784,250 Other Funds expenditure limitation and 122 positions (120.88 FTE). The Division is supported by assessment rates and direct billing charged to agencies for services. The Subcommittee recommended the following package:

Package 801: LFO Analyst Adjustments. This package reduces Other Funds expenditure limitation in the Office of Administrative Hearings by \$1,508,723, reflecting the centralization of state government service charges, which will now be budgeted in the Shared Services Division.

Workforce and Economic Research

The Workforce and Economic Research Division collects, estimates, analyzes, publishes, and distributes economic and workforce information to help stakeholders understand current and future economic conditions and workforce trends. The Workforce and Economic Research Division has ongoing collaborative partnerships with state and local entities relating to education (K-12 through higher education), social services, and economic development. The Division provides key information to the Department of Administrative Services' Office of Economic Analysis, for forecasts of the state's economy, revenue, and population.

The Subcommittee recommended a budget of \$18,342,526 total funds (\$13,580,390 Other Funds expenditure limitation and \$4,762,136 Federal Funds expenditure limitation) and 52 positions (52.00 FTE). The Subcommittee recommended the following package:

Package 801: LFO Analyst Adjustments. This package reduces Other Funds expenditure limitation by \$481,287 and reduces Federal Funds expenditure limitation by \$178,010 to reflect the centralization of state government service charges, which will now be budgeted in the Shared Services Division.

Paid Leave Oregon

The Paid Leave Oregon division was created through House Bill 2005 (2019). The program was created to provide employees in Oregon who are eligible for coverage of all or a portion of their wages while the employee is out on family, medical, or safe leave. The program began collection of payroll contributions in January 2023, and payment of benefits and small business grants in September 2023. Benefit amounts are based on

the workers' prior earnings, with statutory minimum and maximum benefit amounts set at 5% and 120% of Oregon's average weekly wage. Workers can receive up to 12 weeks of Paid Leave for any covered purpose and up to two more weeks of Paid Leave for limitations related to pregnancy, childbirth, or a related medical condition. Up to four more weeks of unpaid leave are available for purposes covered by the Oregon Family Leave Act.

The Subcommittee recommended a budget of \$109,427,132 Other Funds expenditure limitation and 371 positions (371.00 FTE). The Subcommittee recommended the following packages:

Package 102: Frances Maintenance and Support. Paid Leave Oregon funds support a share of maintenance and support for the Frances system, as it is used by employers to report and pay employer taxes related to Paid Leave, as well as manage and pay claims related to the Paid Leave Oregon program. Included to support planning and testing of requested system modifications are \$1,467,272 Other Funds expenditure limitation and five permanent full-time positions, which will both increase efficiency and improve customer service delivery. Two Operations and Policy Analyst positions are needed for ongoing engagement with the UI and Shared Services Divisions, as well as other agency partners (including BOLI and Department of Revenue) to ensure planned changes don't negatively impact operations elsewhere. Three Operations and Policy Analyst 2 positions will add capacity associated with language translation, customer support materials and how-to guides across multiple platforms and manage communication regarding system and process changes.

Package 106: Overtime, Differentials & Temps. This package increases Other Funds expenditure limitation by \$269,999 to support overtime payments, temporary employees, and salary differentials to address seasonal workload increases and support improved customer service delivery.

Package 801: LFO Analyst Adjustments. This package reduces Other Funds expenditure limitation by \$4,852,018 to reflect the centralization of state government service charges, which will now be budgeted in the Shared Services Division.

Modernization Initiative

The Modernization Program was created to assist with monitoring and tracking the resources devoted to the multi-biennial task of replacing and updating the Department's information technology and business processes systems. Many of the systems identified for updates or replacement supported the OED's core business functions were based on obsolete or outdated technology. Modernization of business processes involves identifying and replacing existing business processes are inefficient, manual, or constrained by current system capabilities that do not provide flexibility to meet the changing needs and expectations of customers and partners.

The Subcommittee recommended a budget of \$43,675,114 total funds (\$35,220,754 Other Funds expenditure limitation and \$8,454,360 Federal Funds expenditure limitation) and 49 positions (49.00 FTE). The Subcommittee also recommended the following packages:

Package 101: Workforce Modernization Project. Other Funds expenditure limitation is increased by \$10,305,270 and Federal Funds expenditure limitation is increased by \$5,075,730 to support modernization of information and business systems, primarily in the Workforce Operations Division. The labor exchange system and case management systems supporting various job training, reemployment, and tax credit programs are included in the project scope. The Workforce Modernization Project is projected to be a multi-biennia project with expenditures projected through the 2027-29 biennium. The recommended budget includes limitation to support the following:

- IT professional Services including procurement costs, and implementation: approximately \$12.1 million.
- Professional Services such as Independent Quality Management Services, communications and change management: approximately \$1.4 million.
- Data processing, hosting, DAS Charges: approximately \$1.9 million.

The package is supported by Modernization Funds approved by Congress and distributed to the Department in 2009, revenue from the Supplemental Employment Department Administrative Fund, Penalty and Interest earnings, and federal grant funds.

Package 105: Agency Workload Needs. This package is a net-zero change agency-wide and moves an existing position from the Modernization Division to the Shared Services Division to make more efficient use of existing position authority. The package decreases Other Funds expenditure limitation by \$375,574 and transfers one Public Affairs Specialist 2 position (1.00 FTE).

Package 106: Overtime, Differentials & Temps. This package increases Other Funds expenditure limitation by \$89,999 for differentials to support improved customer service delivery and respond to seasonal workload fluctuations.

Package 801: LFO Analyst Adjustments. This package moves 12 existing Operations and Policy Analyst 3 positions (12.00 FTE) from the Modernization Division to Shared Services, allowing OED to more effectively utilize its existing position authority. The package also reflects the centralization of state government service charges, which will now be budgeted in the Shared Services Division. In total, this package reduces Other Funds expenditure limitation by \$5,709,712 and increases Federal Funds expenditure limitation by \$113,161.

Paid Leave Oregon Trust Fund Nonlimited

This program unit consists of Paid Leave Oregon contributions received from employers (40.0% of total) and from employees (60.0%). Interest earned on the account also accrues into the Paid Leave Oregon Trust Fund. Penalties and interest received from employers for underpayment of contributions and from employees related to overpayment of benefits are deposited into the Paid Leave Oregon Trust Fund. Funds are transferred from the Paid Leave Oregon Trust Fund to pay benefits disbursed and for payment of administrative expenditures for the Paid Leave Oregon program.

The Subcommittee recommended a budget of \$1,808,568,759 Other Funds Nonlimited. There are no positions within this program structure.

Employment Department - Nonlimited

Nonlimited funds budgeted for payment of UI benefits to qualified applicants include unemployment tax collections, UI Trust Fund interest earnings, and federal revenues used to pay UI and associated benefits. Federal Funds Nonlimited are used to pay benefits related to federal training programs such as the Trade Adjustment Assistance Program and as reimbursement of UI benefits paid for federal workers. UI taxes are assessed to employers pursuant to ORS 657.462, collected by the state and then transferred to Oregon's specific account within the Federal Unemployment Trust fund, in accordance with Sections 303 (a)(4) and (5) of the Social Security Act and Sections 3304 (a)(3) and (4) of the Federal Unemployment Tax Act. Interest earnings accrue to the fund balance.

The Subcommittee recommended a budget of \$2,088,144,000 total funds (\$2,044,700,000 Other Funds Nonlimited and \$43,444,000 Federal Funds Nonlimited). There are no positions within this budget structure.

Summary of Performance Measure Action

See attached Legislatively Adopted 2025-27 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Employment Department
Courtney Rogers -- 971.446.8187

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE							
			LIMITED	NONLIMITED	LIMITED	NONLIMITED										
SCR 010-05 - Shared Services																
Package 102: Frances Maintenance & Support																
Services and Supplies	\$	-	\$	-	\$	14,938,097	\$	-	\$	4,011,263	\$	-	\$	18,949,360		
Package 105: Agency Workload Needs																
Personal Services	\$	-	\$	-	\$	440,907	\$	-	\$	101,333	\$	-	\$	542,240	2	2.00
Services and Supplies	\$	-	\$	-	\$	54,013	\$	-	\$	18,993	\$	-	\$	73,006		
Package 106: Overtime, Differentials & Temps																
Personal Services	\$	-	\$	-	\$	416,961	\$	-	\$	273,671	\$	-	\$	690,632	0	0.00
Package 801: LFO Analyst Adjustments																
Personal Services	\$	-	\$	-	\$	4,985,389	\$	-	\$	296,405	\$	-	\$	5,281,794	16	16.00
Services and Supplies	\$	-	\$	-	\$	16,527,618	\$	-	\$	6,996,479	\$	-	\$	23,524,097		
SCR 010-10 - Unemployment Insurance																
Package 102: Frances Maintenance & Support																
Personal Services	\$	-	\$	-	\$	1,209,791	\$	-	\$	-	\$	-	\$	1,209,791	5	5.00
Services and Supplies	\$	-	\$	-	\$	218,822	\$	-	\$	-	\$	-	\$	218,822		
Package 106: Overtime, Differentials & Temps																
Personal Services	\$	-	\$	-	\$	269,988	\$	-	\$	(1)	\$	-	\$	269,987	0	0.00
Package 801: LFO Analyst Adjustments																
Personal Services	\$	-	\$	-	\$	(513,640)	\$	-	\$	(594,368)	\$	-	\$	(1,108,008)	(3)	(3.00)
Services and Supplies	\$	-	\$	-	\$	(108,000)	\$	-	\$	(5,893,141)	\$	-	\$	(6,001,141)		
SCR 010-20 - Workforce Operations																
Package 103: Contracted Employment Services																
Personal Services	\$	-	\$	-	\$	1,744,798	\$	-	\$	172,883	\$	-	\$	1,917,681	11	9.66
Services and Supplies	\$	-	\$	-	\$	311,464	\$	-	\$	73,061	\$	-	\$	384,525		
Special Payments	\$	-	\$	-	\$	-	\$	-	\$	3,000,000	\$	-	\$	3,000,000		
Package 106: Overtime, Differentials & Temps																
Personal Services	\$	-	\$	-	\$	35,644	\$	-	\$	23,740	\$	-	\$	59,384	0	0.00
Package 801: LFO Analyst Adjustments																
Services and Supplies	\$	-	\$	-	\$	(7,196,548)	\$	-	\$	-	\$	-	\$	(7,196,548)		
Package 803: Federal Revenue Shortfall																
Personal Services	\$	-	\$	-	\$	(8,227,844)	\$	-	\$	(15,251,996)	\$	-	\$	(23,479,840)	(90)	(93.15)
Services and Supplies	\$	-	\$	-	\$	-	\$	-	\$	(3,910,317)	\$	-	\$	(3,910,317)		

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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE							
			LIMITED	NONLIMITED	LIMITED	NONLIMITED										
SCR 010-30 - Contributions and Recovery																
Package 105: Agency Workload Needs																
Personal Services	\$	-	\$	-	\$	2,977,865	\$	-	\$	-	\$	2,977,865	17	15.64		
Services and Supplies	\$	-	\$	-	\$	442,314	\$	-	\$	-	\$	442,314				
Package 106: Overtime, Differentials & Temps																
Personal Services	\$	-	\$	-	\$	52,393	\$	-	\$	37,606	\$	-	\$	89,999	0	0.00
Package 801: LFO Analyst Adjustments																
Personal Services	\$	-	\$	-	\$	(181,750)	\$	-	\$	184,802	\$	-	\$	3,052	(1)	(1.00)
Services and Supplies	\$	-	\$	-	\$	(961,329)	\$	-	\$	(925,328)	\$	-	\$	(1,886,657)		
SCR 010-40 - Office of Administrative Hearings																
Package 801: LFO Analyst Adjustments																
Services and Supplies	\$	-	\$	-	\$	(1,508,723)	\$	-	\$	-	\$	-	\$	(1,508,723)		
SCR 010-50 - Workforce and Economic Research																
Package 801: LFO Analyst Adjustments																
Services and Supplies	\$	-	\$	-	\$	(481,287)	\$	-	\$	(178,010)	\$	-	\$	(659,297)		
SCR 010-80 - Paid Leave Oregon																
Package 102: Frances Maintenance & Support																
Personal Services	\$	-	\$	-	\$	1,239,559	\$	-	\$	-	\$	-	\$	1,239,559	5	5.00
Services and Supplies	\$	-	\$	-	\$	227,713	\$	-	\$	-	\$	-	\$	227,713		
Package 106: Overtime, Differentials & Temps																
Personal Services	\$	-	\$	-	\$	269,999	\$	-	\$	-	\$	-	\$	269,999	0	0.00
Package 801: LFO Analyst Adjustments																
Services and Supplies	\$	-	\$	-	\$	(4,852,018)	\$	-	\$	-	\$	-	\$	(4,852,018)		
SCR 010-90 - Modernization Initiative																
Package 101: Workforce Modernization Project																
Services and Supplies	\$	-	\$	-	\$	10,305,270	\$	-	\$	5,075,730	\$	-	\$	15,381,000		
Package 105: Agency Workload Needs																
Personal Services	\$	-	\$	-	\$	(339,574)	\$	-	\$	-	\$	-	\$	(339,574)	(1)	(1.00)
Services and Supplies	\$	-	\$	-	\$	(36,000)	\$	-	\$	-	\$	-	\$	(36,000)		
Package 106: Overtime, Differentials & Temps																
Personal Services	\$	-	\$	-	\$	89,999	\$	-	\$	-	\$	-	\$	89,999	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ (4,289,999)	\$ -	\$ 113,161	\$ -	\$ (4,176,838)	(12)	(12.00)
Services and Supplies	\$ -	\$ -	\$ (1,419,713)	\$ -	\$ -	\$ -	\$ (1,419,713)		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 26,642,179	\$ -	\$ (6,374,034)	\$ -	\$ 20,268,145	(51)	(56.85)
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 502,083,817	\$ 3,853,268,759	\$ 192,329,282	\$ 43,444,000	\$ 4,591,125,858	1,937	1,921.37
% Change from 2023-25 Leg Approved Budget	(100.0%)	0.0%	18.1%	10.6%	(7.8%)	(37.3%)	9.5%	(3.6%)	(3.5%)
% Change from 2025-27 Current Service Level	0.0%	0.0%	5.6%	0.0%	(3.2%)	0.0%	0.4%	(2.6%)	(2.9%)

*Excludes Capital Construction Expenditures

Legislatively Approved 2025 - 2027 Key Performance Measures

Published: 6/4/2025 10:45:02 AM

Agency: Employment Department

Mission Statement:

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

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
1. ENTERED EMPLOYMENT - Percentage of job seekers who receive service from Workforce Operations that are still employed after six months.		Approved	68%	63%	63%
2. EMPLOYMENT RETENTION - Percent of job seekers who receive service from Workforce Operations that are still employed after 12 months.		Approved	68%	65%	65%
3. COST PER PLACEMENT - Total cost of Workforce Operations (Business & Employment Services) program divided by the total number of job seekers entered into employment after receiving services.		Approved	\$974.00	\$459.00	\$478.00
4. FIRST PAYMENT TIMELINESS - Percentage of initial Unemployment Insurance payments made within 21 days of eligibility.		Approved	73%	89%	89%
5. NON-MONETARY DETERMINATIONS TIMELINESS - Percentage of claims that are adjudicated within 21 days of issue detection.		Approved	56%	80%	80%
6. UNEMPLOYMENT INSURANCE ADMINISTRATIVE COSTS AS A PERCENT OF BENEFITS PAID - Compares dollars paid to unemployed workers against the cost of providing those benefits. Specifically, all costs associated with Unemployment Insurance administration, including related Department of Justice and Office of Administrative Hearings costs, less Re-Employment Eligibility Assessments and State Government Service Charges, divided by Total Unemployment Insurance Benefits paid.		Approved	13%	10%	10%
7. UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - Percentage of cases requesting a hearing that are heard or are otherwise resolved within 30 days of the date of request.		Approved	34%	60%	60%
8. NON-UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - Percentage of orders issued within the standards established by the user agencies.		Approved	93%	93%	93%
9. Paid Leave First Eligibility Determination Timeliness - Percentage of initial Paid Leave Oregon determinations made within 21 days of a claim being filed.		Approved		80%	80%
10. AVERAGE DAYS TO ISSUE AN ORDER - Average number of days to issue an order following the close of record.		Approved	4.51	6.60	6.60
11. COST PER REFERRAL TO OAH - Average cost of hearing referral to the Office of Administrative Hearings.		Approved	\$746.00	\$902.00	\$902.00
12. HIGHER AUTHORITY APPEALS TIMELINESS - Percentage of cases requesting an appeal that receive a decision within 45 days of the date of request.		Approved	87%	80%	80%
13. TIMELINESS OF NEW STATUS DETERMINATIONS - Percentage of new status determinations completed within 90 days of the end of the liable quarter.		Approved	59%	80%	80%
14. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent," including overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Expertise	Approved	67.27%	95.50%	95.50%

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Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
	Accuracy		59.06%	95.50%	95.50%
	Availability of Information		60.93%	95.50%	95.50%
	Timeliness		56.97%	95.50%	95.50%
	Overall		62.03%	95.50%	95.50%
	Helpfulness		67.50%	95.50%	95.50%
15. FOUNDATIONAL SURVEY RESPONSE RATE - Ordinary (non-weighted) arithmetic mean of four annual response rates: (1) Occupational Employment Statistics employment; (2) Occupational Employment Statistics units; (3) Annual Refiling Survey employment; and (4) Annual Refiling Survey units.		Approved	77%	80%	80%

LFO Recommendation:

Key Performance Measures include a new KPM 9 for the Paid Leave Oregon program that considers the timeliness of benefit determinations on initial claims, pursuant to direction provided the agency in the 2023 Legislative Session.

The target for KPM #11 – cost per referral to the Office of Administrative Hearings – is based on state agency assessment rates, recent experience regarding the mix of cases the agency is projected to receive (the extent to which they are complicated vs relatively simple determinations) and the volume of claims. The target will change each biennium.

Results for KPM #13 (Customer Service) over time show that customer service bottomed out in 2021, began to recover in 2022-23 and declined again in 2024 as customers experienced long wait times and questions when the Frances system went live. More claims are being handled online, but as federal administrative reimbursements for the UI system have declined, fewer employees are available to take live calls and answer questions about filing or claim status. Results for this KPM should improve based on investments in policy option packages 102 and 105 that are intended to test and communicate systems changes and reconcile contributions information. Taken together, these investments are intended to minimize disruption to claimants and to improve timely resolution of claims.

SubCommittee Action:

The Subcommittee approved the Key Performance Measures as presented.