

**74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5510

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Shields
Carrier – Senate: Sen. Verger**

Action: Do Pass

Vote: 17 – 3 – 1

House – Yeas: D. Edwards, Galizio, Garrard, Jenson, Nathanson, Nolan, Shields

– Nays: Hanna, Morgan

– Exc:

Senate – Yeas: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson, Schrader, Verger, Westlund

– Nays: Whitsett

– Exc: Winters

Prepared By: Bill McGee, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Meeting Date: 2/23/07

Agency

Employment Department

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Biennium

2007-09

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Senator Kurt Schrader, Co-Chair

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Representative Mary Nolan, Co-Chair

Senator Betsy Johnson, Transportation and Economic Development
Subcommittee Chair

Budget Summary*

	2005-07		2007-09		Percentage Committee
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	Change from Governor's Budget
General Fund	\$ 3,714,007	\$ 3,891,934	\$ 3,891,934	\$ 0	0.0%
Other Funds	108,993,033	118,093,393	118,093,393	0	0.0%
Other Funds Debt Service	369,915	374,383	374,383	0	0.0%
Other Funds Nonlimited	1,328,108,136	1,436,098,557	1,436,098,557	0	0.0%
Federal Funds	250,528,265	243,709,505	243,709,505	0	0.0%
Total	\$ 1,691,713,356	\$ 1,802,167,772	\$ 1,802,167,772	\$ 0	0.0%

Position Summary

Authorized Positions	1,431	1,288	1,288	0
Full-time Equivalent (FTE) Positions	1,368.12	1,273.35	1,273.35	0.00

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

General Fund supports the Child Care Commission and the Child Care Resource and Referral Network.

The primary source of Other Funds is state unemployment taxes. These taxes are collected by the state and held by the United States Treasury for the payment of benefits to eligible claimants. They are included in the agency budget as Other Funds Nonlimited.

The major sources of Other Funds supporting agency operations are the Supplemental Employment Department Administrative Fund (SEDAF) generated from unemployment tax proceeds, periodic distributions of Federal Reed Act funds, Special Administrative Fund revenues from interest and tax compliance penalties, and Fraud Control Fund revenues from overpayment collection activities.

The agency also receives Other Fund revenues from contracts with other state agencies to provide employment placement services. The Child Care Division receives revenues from licensing fees and the child care tax credit program. The Office of Administrative Hearings (OAH) is funded with charges to agencies for which it conducts hearings.

Federal Unemployment Tax Act (FUTA) revenues are generated through a tax on employers to support employment security program administration and are based on the number of claims, employer accounts, time spent on various workload activities, and staff cost. Wagner-Peyser Act funds are allocated based on the civilian labor force and unemployment history for employment related labor exchange services.

The federal Child Care and Development Block Grant funds payments to providers, licensing and regulation, system planning and coordination, research and evaluation, and administration.

There were no revenue forecast changes, fee ratifications, revenue source changes or other significant revenue actions approved by the Subcommittee.

Summary of Subcommittee Action

The Employment Department's mission is to support business and promote employment. To accomplish this mission, the agency administers the unemployment benefits program, recruits and refers applicants to jobs openings, assists job seekers in their employment search, develops and distributes workforce and economic information, and coordinates the state's child care program. The OAH adjudicates citizen and business disputes with state agencies.

The Subcommittee approved a budget of \$3,891,934 General Fund, \$1,802,167,772 total funds, and 1,273.35 full-time equivalent (FTE) positions. General Fund is unchanged from the Essential Budget Level while total funds are increased by 0.8 percent and FTE is increased by 2.7 percent.

The approved budget includes fund shifts and reductions in the Unemployment Insurance, Business and Employment Services, and Workforce and Economic Research program units resulting from cuts in federal support of the employment security program as well as reductions in the OAH resulting from fewer unemployment benefits hearings. As a result of the reduction in federal support for these programs, Package 050 shifts \$6.4 million from Federal Fund to Other Funds and Package 070 reduces Other Funds and Federal Funds by \$17.7 million. Package 040 reduces the Unemployment Insurance program unit in anticipation of workload reductions.

The Subcommittee approved Package 401 that includes 25 limited duration positions to allow the Employment Department to respond to requests for contracted services. These positions would be used to respond to grants and contracts and would be filled only when sufficient workload and funding becomes available. Similar packages have been approved in the last five biennia.

Summary of Performance Measure Action

The Subcommittee approved the proposed Key Performance Measures, including a new measure 5 to accommodate a change in how data is measured by the US Department of Labor, and a new measure 12 which measures against a standard for timeliness imposed by the US Department of Labor. Deletion of six existing measures which are either obsolete or better measured by the new measures were also approved. In addition, the Subcommittee approved adjustments to targets for measures 8 and 9 related to timeliness of appeals orders.

See attached Legislatively Adopted 2007-09 Key Performance Measures form.