



Oregon

John A. Kitzhaber MD, Governor

Employment Department

875 Union Street NE

Salem, Oregon 97311

(503) 947-1394

TTY-TDD 711

www.WorkingInOregon.org

April 16, 2013

The Honorable Bob Jenson, Co-Chair

The Honorable Betsy Johnson, Co-Chair

Ways and Means Subcommittee on Transportation and Economic Development

900 Court Street NE

Salem, OR 97301



RE: Response to Questions from the 4/2/13 – 4/4/13 Hearings on the Oregon Employment Department Budget

Dear Co-Chairs:

Thank you for the opportunity to present a summary of the Oregon Employment Department's programs and budget to your subcommittee.

During the discussion, Subcommittee Members asked several questions that we were unable to answer during the budget hearing. This letter provides responses to the following questions:

- How many work searches has the Unemployment Insurance Division reviewed, and what are the results of those reviews?
- How much in Unemployment Insurance benefit overpayments has Oregon had over the last year?
- How has the Unemployment Insurance Division handled overpayment recovery?
- Could the National Veterans' Training Institute in Denver train Oregon Department of Veterans' Affairs staff, and would having them come to Oregon provide a cost saving?
- What kinds of questions does the Business and Employment Services Customer Satisfaction Survey ask?
- How many Oregonians receive Trade Readjustment Allowances (TRA)?
- How many participants are in training?
- Are there discrepancies in the way trade-affected industries impact urban and rural communities?
- Could the Employment Department Veterans Representatives be used to supplement County Veterans Service Officers (CVSO)?
- What are the profiles of the Employment Department Veterans Representatives? Are they Veterans?
- Can you provide a copy of the Office of Administrative Hearings Code of Ethics?
- Can you provide a list of the Workforce and Economic Research Division's fee-for-service projects?
- Can you provide a copy of the On-Shoring Survey conducted by the Research Division in collaboration with the Oregon Business Development Department?
- Can you provide data on the number of job seekers served over the past few years, and how many got jobs?

How many work searches has the Unemployment Insurance Division reviewed, and what are the results of those reviews?

In the first quarter of 2013, we audited approximately 12,500 work search reports. Of those reviewed, 14.3% of the people were either advised of additional work search efforts they needed to undertake to remain eligible for benefits, or they were denied benefits for not doing a legally sufficient work search.

How much in Unemployment Insurance benefit overpayments has Oregon had over the past year?

The U.S. Department of Labor uses statistical sampling to estimate improper payments for all states. Oregon's regular Unemployment Insurance overpayments are estimated at \$107.6 million for July 1, 2011 through June 30, 2012. This represents an improper payment rate of 10.12%, which is near the national average.

How has the Unemployment Insurance (UI) Division handled overpayment recovery?

Co-Chair Johnson asked specifically about the recovery of \$41 million dollars in overpaid benefits mentioned in the media, which refers to a newspaper story from August 2012 based on a Secretary of State audit. The report from that audit is included as an appendix to the Employment Department's presentation materials. Approximately \$24 million of the \$41 million has been recovered.

The Department has been taking many actions to prevent overpayments, and to recoup overpaid benefits when payment errors do take place. The actions we have taken include several that were mentioned during our presentation:

- People are required to report each week what they did to try and find a new job;
- We audit some of those work search reports, some on a random basis and some based on factors indicating a higher likelihood of fraud or potential overpayment;
- In 2012 we added an electronic system to communicate with employers about why people are unemployed. We receive information more quickly and avoid payment errors due to our not having complete information;
- We compare claims for benefits each week with records from county jails and the Department of Corrections to avoid paying benefits to people who are incarcerated;
- We conduct a detailed review of our work processes to find ways to avoid or more quickly detect payment errors; and,
- We introduced the following bills in the 2013 legislative session to help reduce overpayments:
 - SB 191 – Permits additional penalties against those who commit fraud to receive UI benefits; extends the time period for the Department to recover some overpayments by offsetting against future UI benefits the person would otherwise receive.

- SB 192 – Provides for sanctions against employers who have a pattern of not responding to Employment Department requests for information when those failures cause an overpayment.
- SB 252 A – Increases penalty for employers that repeatedly fail to file quarterly payroll reports. These reports are used to accurately administer the UI program.
- SB 259 A – Permits overpayments caused by fraud to be referred to the U.S. Department of the Treasury so federal tax refunds the debtor would otherwise receive are instead sent to the Employment Department to satisfy the debt.

The agency has taken a number of other actions as well, including:

- There are additional opportunities for payment errors whenever we move from one calendar quarter to the next. We now review each claim when calendar quarters change before issuing any benefit payments. This is resource intensive, but has helped us avoid a significant number of potential overpayments without delaying payments to those who are eligible;
- We are working on revising our communications with the public to better explain the UI system so inadvertent errors leading to overpayments can be reduced;
- We created an Integrity Taskforce comprised of front line workers and management staff from across the agency to analyze causes of payment errors and work on solutions to those causes;
- Training was significantly revised for our Unemployment Insurance claims staff, with objective tests and standards for people to meet;
- We increased performance monitoring of our staff to improve accuracy and accountability;
- We improved the way we compare the people claiming benefits to other data sources to minimize overpayments; and,
- We are revising the process and standards by which overpayments that were not caused by claimants may be waived.

Could the National Veterans' Training Institute (NVTI) in Denver train Oregon Department of Veterans' Affairs staff, and would having them come to Oregon provide a cost saving?

The Oregon Department of Veterans' Affairs (ODVA) County Veterans Service Officers (CVSO) are trained and focused on the very detailed legal issues surrounding veterans' health and education benefits, while the Employment Department's Veteran Representatives are trained through a federal grant by the NVTI to help veterans get jobs.

The National Veterans' Training Institute can come to the state and train at a cost to the state of approximately \$10,000 - \$30,000 per class.

Sending Employment Department Veterans Representatives to NVTI costs the state very little. NVTI pays for airfare, lodging, and meals, while the Employment Department pays for airport parking fees and meals on travel days.

What kinds of questions does the Business and Employment Services Customer Satisfaction Survey ask?

“Attachment 1” is a copy of the Customer Satisfaction Survey.

How many Oregonians receive Trade Readjustment Allowances (TRA)? How many participants are in training?

Oregon is home to 2,957 Trade Affected Workers. Of these, 945 are active in training.

Are there discrepancies in the way trade-affected industries impact urban and rural communities?

Trade Adjustment Assistance (TAA) participation in both urban and rural communities are proportional to the area’s average share of the labor force. “Attachment 2” contains data comparing the distribution of the state’s labor force with the distribution of TAA participation across regions.

Could the Employment Department Veterans Representatives be used to supplement County Veterans Service Officers (CVSO)?

The Employment Department’s Veterans Representatives could not be used to supplement CVSOs. Federal law directs that the Veterans Representatives work only on helping Veterans search for jobs. CVSOs are trained and certified to help Veterans receive health, education, and legal benefits.

What are the profiles of the Employment Department Veterans Representatives? Are they Veterans?

All of the Employment Department’s Veterans Representatives are Veterans, representing all branches of the military: Army, Air Force, Marines, Coast Guard, and Oregon Army and Air Force Guard. This is a requirement of Title 38, United States Code, Chapter 41, Section 4104.

The Department employs a total of 32 Veterans Representatives in Oregon WorkSource offices throughout the state: 29 individuals work with the Disabled Veterans Outreach Program, and 3 individuals work with the Local Veterans Employment Representative Program.

Can you provide a copy of the Office of Administrative Hearings Code of Ethics?

“Attachment 3” is a copy of the Code of Ethics.

Can you provide a list of the Workforce and Economic Research Division’s fee-for-service projects?

“Attachment 4” lists the Research Division’s fee-for-service projects.

Can you provide a copy of the On-Shoring Survey conducted by the Research Division in collaboration with the Oregon Business Development Department?

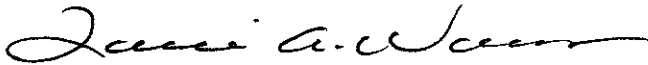
“Attachment 5” is a copy of the On-Shoring Survey form.

Can you provide data on the number of job seekers served by Business and Employment Services over the past few years, and how many got jobs?

“Attachment 6” contains data on the total number of job seekers served during 2006-2012, as well as how many entered employment after receiving services.

Please let me know if there are other questions or if we can provide any other information that would be helpful to you or the subcommittee.

Sincerely,



Laurie A. Warner
Director

Attachments (6)

cc: George Naughton, BAM Administrator
William McGee, DAS, BAM
Michelle Deister, Legislative Fiscal Office
Krista McDowell, Legislative Fiscal Office

Attachment 1

Online Oregon Employment Department – WorkSource Oregon Customer Comment Survey

Welcome to the Oregon Employment Department's customer comment form. Please indicate your language preference.

Bienvenido al formulario para comentarios del cliente del Departamento de Empleo de Oregon. Por favor, indique su preferencia de idioma.

- English
- Spanish

1. How do you rate the timeliness of the services provided by WorkSource Oregon Employment Department?

- Excellent
- Good
- Fair
- Poor

2. How do you rate the ability of WorkSource Oregon Employment Department to provide services correctly the first time?

- Excellent
- Good
- Fair
- Poor

3. How do you rate the helpfulness of WorkSource Oregon Employment Department employees?

- Excellent
- Good
- Fair
- Poor

4. How do you rate the knowledge and expertise of WorkSource Oregon Employment Department employees?

- Excellent
- Good
- Fair
- Poor

5. How do you rate the availability of information at WorkSource Oregon Employment Department?

- Excellent
- Good
- Fair
- Poor

6. How do you rate the overall quality of services provided by WorkSource Oregon Employment Department?

- Excellent

- Good
- Fair
- Poor

7. What services did you use?

- Skills Testing
- Job search information
- Veterans services
- Career counseling
- Job search classes or workshops
- Referral to other agencies for additional services
- Referrals to jobs
- Information about schools and training
- Use of resource library and technology (Internet, resume, etc.)
- iMatchSkills
- Employer job application process
- Trade Act
- Unemployment Insurance
- Other (specify):

8. How did you hear about our services?

- From a current or former employer
- From the Employment Department Web site
- From a WorkSource Oregon letter or publication
- From a "help wanted" advertisement
- Walked or drove by office
- Phone book
- From media advertising (bill board, radio, etc.)
- Referred by another government agency
- From a friend, family member, spouse, relative
- Past experience or knowledge
- Other (specify):

9. What improvements could we make to the services you received? Please do not include any personally identifiable information. Comments are limited to 750 characters, approximately eight lines.

Attachment 2

Based on Dec 31, 2012 Data

945 Active In Training on Dec 31, 2012
 2,073 Actively Receiving Service on Dec 31, 2012
 2,957 Trade Affected Workers (Petitions Certified Jan 1, 2011 to Dec 31, 2012)

<u>2012 Avg Labor Force (% of state)</u>	<u>Trade Act % Participants in Area</u>	<u>Metropolitan Areas</u>
49.4%	42.1%	Portland Clackamas Columbia Multnomah Washington Yamhill
34.7%	38.6%	Counties with significant size city Linn Deschutes Benton Lane Josephine Jackson Marion Polk
15.8%	19.4%	Non-Metropolitan Areas

Per US 2010 Census, 81% of Oregon's Population is located in an Urban Area

Attachment 3

CODE OF ETHICS FOR ADMINISTRATIVE LAW JUDGES OF THE OFFICE OF ADMINISTRATIVE HEARINGS

(Foreword: This Code of Ethics is adapted from the Oregon Association of Administrative Law Judges' "Code of Conduct for Oregon Administrative Law Judges." It is aspirational only, and describes the standards of professionalism which every Administrative Law Judge in Oregon's Office of Administrative Hearings should strive to achieve. It does not supercede state law, Employment Department policy, collective bargaining agreement, or performance expectations of OAH management.)

MAINTAINING THE INTEGRITY OF THE ADMINISTRATIVE HEARINGS PROCESS

1-101 (A) An Administrative Law Judge shall observe high standards of conduct so that the integrity, impartiality and independence of Oregon's administrative hearings system is preserved, and shall act at all times in a manner that promotes public confidence in the conduct of administrative hearings as a part of state government. Public confidence is promoted when an Administrative Law Judge conducts hearings in a dignified and respectful manner, and arrives at decisions in which facts have been found fairly and the law has been applied accurately.

(B) An Administrative Law Judge shall not engage in conduct that reflects adversely on the officer's character, competence, temperament or fitness to serve as a Administrative Law Judge. An Administrative Law Judge shall not engage in conduct involving misrepresentation, fraud, dishonesty, deceit or felonious criminal behavior.

(C) An Administrative Law Judge shall not, in the performance of official duties, by words or conduct, manifest bias or prejudice based upon sex, race, national origin, religion, sexual orientation, marital status, disability, age, or socioeconomic status.

(D) An Administrative Law Judge shall not allow family, social or other relationships to influence official conduct or judgment.

(E) An Administrative Law Judge shall not use the position to advance the private interests of the officer or any other person, nor shall an Administrative Law Judge convey the impression that anyone has a special influence with the ALJ.

(F) An Administrative Law Judge shall not testify as a character witness except pursuant to subpoena; however, an Administrative Law Judge may provide a character or ability reference for a person about whom the ALJ has personal knowledge.

IMPARTIAL AND DILIGENT PERFORMANCE OF OFFICIAL DUTIES

2-101 An Administrative Law Judge shall perform diligently all official duties.

2-102 (A) An Administrative Law Judge shall provide to all parties or participants in a proceeding, and to their legal representatives, the right to be heard according to law.

(B) The Administrative Law Judge shall comply with all applicable statutes, codes and ethical rules that define and regulate *ex parte* contacts as they relate to any matter before the officer. When applicable, the Administrative Law Judge shall specifically consider the enabling statute creating a central panel of hearings in Oregon, and the Oregon Attorney General's Model Rules.

(C) An Administrative Law Judge may communicate *ex parte* when circumstances require for scheduling, administrative purposes or emergencies that do not deal with substantive matters or issues on the merits, provided that the ALJ reasonably believes that no party will gain a procedural or tactical advantage as a result of *ex parte* communication.

(D) An Administrative Law Judge shall promptly disclose to the parties any communication not otherwise prohibited by this rule that will or reasonably may influence the outcome of an adversary proceeding. At a minimum, the disclosure shall identify the person with whom the communication occurred and the substance of the communication and the Administrative Law Judge shall give the parties a reasonable opportunity to respond to the information disclosed.

(E) This rule does not apply where the Administrative Law Judge is acting as a mediator.

2-103 An Administrative Law Judge shall not, while a proceeding is pending in any forum within the officer's jurisdiction, make any public comment that might reasonably be expected to affect the outcome or impair the fairness of the proceeding. This rule shall not prohibit an Administrative Law Judge from making public statements in the course of official duties, from explaining for public information the procedures of the forum, from establishing a defense to a criminal charge or civil claim against the ALJ, or from otherwise responding to allegations concerning the ALJ's conduct in the proceeding.

2-104 (A) Except as provided in (B) herein, the Administrative Law Judge shall disqualify himself or herself in a proceeding in which the ALJ's impartiality reasonably may be questioned, including but not limited to instances when:

(1) the Administrative Law Judge has a bias or prejudice concerning a party, a representative, or any other participant in the proceeding before the ALJ, or has knowledge, obtained from sources outside the proceeding, of disputed evidentiary facts concerning the proceeding;

(2) the Administrative Law Judge served as a lawyer in the matter in controversy, or a lawyer with whom the officer previously was associated served during the period of association as a lawyer in the matter, or the ALJ or the lawyer has been a material witness in the matter;

(3) the Administrative Law Judge knows that the ALJ, individually or as a personal representative, trustee, conservator or guardian, or the ALJ's spouse, or any other person residing in the ALJ's household has a financial interest in the subject matter of the controversy, is a party to the proceeding or has any other interest that could be substantially affected by the outcome of the proceeding. A financial interest exists when the decision regarding the subject in controversy may substantially affect the value of a legal or equitable interest owned by the Administrative Law Judge, the ALJ's spouse, or residents of the ALJ's household other than ownership interests in mutual or common investment funds, insurance policies or mutual savings associations.

(4) the Administrative Law Judge, the ALJ's spouse, parent or child wherever residing, or any other person residing in the ALJ's household:

(a) is a party to the proceeding or an officer, director, partner or trustee of a party;

(b) is acting as a lawyer in the proceeding; or

(c) is to the ALJ's knowledge, likely to be a material witness in the proceeding.

(B) An Administrative Law Judge who may be disqualified under subsections (A)(3) and (A)(4) of this section may continue to hear the case under the following conditions:

(1) The Administrative Law Judge fully discloses to the parties the basis for the disqualification; and

(2) After the disclosure, all parties agree in writing or on the record of the proceeding that the Administrative Law Judge can continue.

2-105 An Administrative Law Judge shall be faithful to the law and shall decide matters on the basis of the facts and applicable law.

2-106 An Administrative Law Judge shall not be swayed by partisan interests, public clamor or fear of criticism.

2-107 An Administrative Law Judge shall maintain order and decorum in proceedings before the officer.

2-108 An Administrative Law Judge shall not act in a way that the officer knows, or reasonably should know, would be perceived by a reasonable person as biased or prejudiced toward any of the litigants, witnesses, lawyers or members of the public.

MINIMIZING THE RISK OF CONFLICT WITH OFFICIAL OBLIGATIONS

3-101 An Administrative Law Judge shall not serve as an officer, director, trustee or advisor of a private or public corporation or of an educational, religious, charitable, fraternal, political or civic organization if the corporation or organization recurrently participates in proceedings that would ordinarily come before the ALJ.

3-102 An Administrative Law Judge shall not use his or her official position to solicit funds for any private or public corporation or for any educational, religious, charitable, fraternal, political or civic organization or permit the use of the prestige of the office for that purpose, but may be an officer, director or trustee of such an organization. This rule does not prohibit an Administrative Law Judge from assisting an organization or governmental agency devoted to improvement of the law, legal education, the legal system or the administration of justice in raising, managing or investing funds nor does it prohibit the Administrative Law Judge from making recommendations to public and private granting agencies on project and programs concerning the law, legal education, the legal system and the administration of justice.

3-103 Nonpublic information acquired by an Administrative Law Judge in an official capacity shall not be used or disclosed for any purpose not related to official duties. An Administrative Law Judge shall comply with applicable law and rules regulating confidential information.

3-104 Neither an Administrative Law Judge, the ALJ's spouse, nor any other person residing in the ALJ's household, shall accept a gift, bequest, or loan from any individual or legal entity who has a significant interest in a matter that is or will be pending before the ALJ.

Attachment 4

Oregon Employment Department - Workforce and Economic Research Division "Fee for Service" Projects Summary for 2011-2013 Biennium To Date Contract Payments Received 7/1/11 through 4/9/13

Date	Description	Special Analyses	PRISM Contract	CAREERS Contract	BOLI Contract
	Oregon Small Business Development Network - performance measurement - wage match	\$12,383			
	Linn-Benton Community College - performance measurement - wage match	\$1,500			
	BOLI - Prevailing Wage Survey				\$343,418
	Oregon Department of Community Colleges and Workforce Development - program analysis - wage match	\$9,055			
	Oregon Department of Consumer and Business Services - performance measurement/program analysis - wage match	\$3,110			
	City of Gresham - economic analysis	\$2,750			
	Oregon Department of Human Services, Office of Vocational Rehabilitation Services - performance measurement - wage match	\$8,055			
	Mt. Hood Community College - performance measurement - wage match	\$1,055			
	Oregon Department of Corrections - performance measurement/program analysis- wage match	\$1,000			
	Oregon Business Development Department (Business Oregon) - performance measurement - wage match	\$1,397			
	State of Washington - performance measurement - wage match of individuals served in Washington who find jobs in Oregon	\$4,555			
	Oregon Department of Forestry - program/economic analysis - summary employment data	\$715			
	Oregon Commission for the Blind - program analysis/performance measurement - wage match	\$3,055			
	Rogue Community College - program analysis/performance measurement - wage match	\$555			
	Oregon Department of Community Colleges and Workforce Development - partner/shared cost of CAREERS publication			\$74,000	
	Oregon Department of Education - partners/shared cost of CAREERS publication			\$57,000	
	Oregon Department of Human Services, Office of Forecasting and Analysis - program analysis/performance measurement - wage match	\$3,055			
	Oregon Corrections Enterprises - prevailing wage determination - wage data analysis	\$1,870			
	Oregon Department of Community Colleges and Workforce Development - Performance Reporting Information System (PRISM)		\$94,207		
	Oregon Department of Human Services - PRISM		\$92,198		
	Oregon Department of Human Services - Supplemental Nutrition Assistance Program - program analysis/performance measurement - wage match	\$1,555			
	Clackamas Community College - program analysis - wage match	\$1,555			
	Open Meadow Alternative Schools - wage match	\$555			
	Workforce Investment Council of Clackamas Co - Provide various data tables (OPT4 spreadsheet)	\$1,535			
	Oregon University System - program analysis/performance measurement	\$1,555			
	Oregon Dept of Energy - Employment and payroll data	\$303			
	Oregon Dept of Education - Wage Match	\$3,000			
	Tri-Met - Employer listing by geographic area	\$440			
	Lane Co. Workforce Partnership -Labor Market Analysis	\$4,510			
	Oregon Health Authority - special surveys	\$16,241			

TOTALS

\$85,359	\$186,405	\$131,000	\$343,418	\$746,182
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Attachment 5

STATE OF OREGON
EMPLOYMENT DEPARTMENT
875 UNION STREET NE
SALEM, OR 97311

YOUR SURVEY ID IS: <SURVEY ID>

<MAILNAME>

<MAILADDRESS1>

<MAILADDRESS 2>

<MAILCITY>, <MAILSTATE> <MAILZIP9>

Question 1:

Has your company produced any goods or services outside the United States (including contract work) over the past three years?

YES
NO

Question 2:

If you answered yes to question one, has your company onshored any jobs back to Oregon over the past three years?

YES
NO

Question 3:

If you answered yes to question one, is your company planning to onshore any jobs back to Oregon over the next three years?

YES
NO

Completed by: _____
Telephone: _____
Email: _____

Thank you for completing the survey! If you answered YES to either questions two or three, a representative from Business Oregon may contact you to learn more.

OFFICIAL BUSINESS
PENALTY FOR
PRIVATE USE \$300

NO POSTAGE
NECESSARY IF
MAILED IN THE
UNITED STATES

*Example of business reply side of postcard.
Correct USPS BRM FIM attached with the draft
postcard*

BUSINESS REPLY MAIL		
FIRST-CLASS MAIL	PERMIT NO. 9356	SALEM OR
POSTAGE WILL BE PAID BY ADDRESSES		

WORKFORCE AND ECONOMIC RESEARCH
OREGON EMPLOYMENT DEPARTMENT
875 UNION STREET NE
SALEM, OR 97311-9903



Are some Oregon jobs returning home from overseas?

That's the question we have and we would like your help in finding some answers. We are in the process of exploring the trend of "onshoring" in Oregon. The opposite of offshoring, onshoring is the return of a company's jobs from a foreign country back to where the company is located, in this case, Oregon.

To help us, would you please take a moment to answer the brief questions on the back of this card? Be assured that your response is strictly confidential and the information gathered will be aggregated with others and used for research purposes only.

Please complete and return the survey by June 22, 2012. Fold the post-paid card so the business reply address is on the outside, then close the card with tape.

Or if you choose, you can complete this survey online by going to <http://tinyurl.com/onshoring>. To complete the survey online you will need the Survey ID found directly above the business name and address on the front of this postcard.

If you have any questions about this survey, please call Employment Department staff at 855-710-5500 or 503-947-1884. You can also reach us by e-mail at surveys.emp@state.or.us.

Thank you for your help!

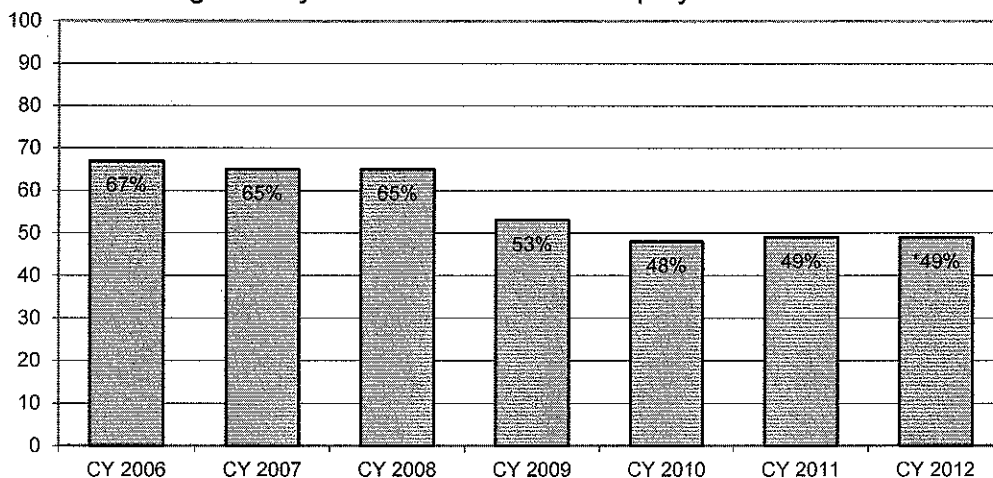
Karen W. Goddin, Managing Director
Business, Innovation & Trade Division
Business Oregon

Graham Slater, Research Director
Workforce & Economic Research
Oregon Employment Department

Attachment 6

Calendar Year	Hires	Total Job Seekers Served	Entered Employment Rate (Staff + Self-Referral Hires)
CY 2006	149,621	223,701	67
CY 2007	127,114	196,518	65
CY 2008	145,615	225,198	65
CY 2009	151,714	284,257	53
CY 2010	153,773	322,431	48
CY 2011	156,769	322,102	49
CY 2012	158,900	324,312	49

Wagner-Peyser Federal Entered Employment Rate



*EER through June 30, 2012 (most recent data available)