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# MEMORANDUM

Legislative Fiscal Office  
900 Court St. NE, Room H-178  
Salem, Oregon 97301  
Phone 503-986-1828  
FAX 503-373-7807

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**To:** Members of the Joint Ways and Means Subcommittee on  
Transportation and Economic Development

**From:** Michelle Deister, Legislative Fiscal Office  
(503) 986-1817

**Date:** May 6, 2015

**Subject:** Employment Department – SB 5508  
Work Session Recommendations

## Employment Department – Agency Totals

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level	2015-17 LFO Recommended
Other Funds	109,943,193	127,704,596	122,514,742	142,062,193
Other Funds -NL	1,544,709,275	1,634,912,351	1,520,000,000	1,520,105,053
Federal Funds	171,190,409	168,973,715	155,935,577	158,387,498
Federal Funds-NL	1,471,745,386	264,035,745	94,832,000	94,832,000
<b>Total Funds</b>	<b>\$3,297,588,263</b>	<b>\$2,195,626,407</b>	<b>\$1,893,282,319</b>	<b>\$1,915,386,744</b>
Positions	1,514	1,347	1,206	1,270
FTE	1,426.05	1,286.63	1,176.58	1,236.11

Attached are the recommendations from the Legislative Fiscal Office for the Employment Department. Highlights of the recommendation include the following:

- Approval of Information Technology packages that provide expenditure limitation associated with detailed planning for modernization of information systems across the agency (POP 101); one-time software enhancements related to compliance with information security upgrades (POP 104); front end security and access to the payroll reporting system for employers (POP 106); completion of the Office of Administrative Hearings Case Management System, begun in the current biennium (POP 139); and software upgrades for reprogramming needs (POP 804).
- Approval of 9 permanent positions in the Unemployment Insurance Division to maintain efforts surrounding enhanced investigations and auditing to prevent overpayments (POP 102). The Employment Department has requested and the Legislature has approved limited duration positions for these efforts for the past three biennia; the Department currently has 12 limited duration positions in the UI division dedicated to this purpose.
- Approval of 4 permanent positions (2.50 FTE) to permanently increase support for Work Share and Treasury Offset programs pursuant to federal Department of Labor guidelines (POP 111).

- Eighteen permanent and 8 limited duration positions for job placement assistance to clients of other state agencies, conducted on a contract fee-for-service basis (POP 103).
- Resources to accommodate projected enrollment in Trade Adjustment Act job placement and training caseload (POP 107);
- Expenditure limitation and limited duration position authority to remodel an estimated 8 of 25 WorkSource centers, to improve customer service and employee productivity (POP 109);
- Expenditure limitation and position authority to accommodate position reallocation, grant awards, and carry forward due to unanticipated delays in execution of certain projects, (POP 802, POP 803, and POP 804).

The Legislative Fiscal Office Recommendation maintains the Office of Administrative Hearings within the Employment Department, and assumes transfer of \$37.9 million in Supplemental Employment Department Administrative Fund (SEDAF) dollars to the General Fund, pursuant to the Co-Chairs' Budget Framework.

**Adjustments to Current Service Level:**

See attached "Work Session Presentation Report" dated April 27, 2015.

See attached Joint Ways and Means Subcommittee on Information Technology recommendation for Policy Option Package 101.

***Accept the LFO Recommendation***

*Move the LFO recommendation to SB 5508.*

**OR**

***Change the LFO Recommendation***

*Move the LFO recommendation to SB 5508 with modifications.*

**Performance Measures**

See attached "Legislatively Proposed 2013-15 Key Performance Measures" form.

***Move the LFO Recommendation***

*Move the LFO Recommendation on Key Performance Measures*

**OR**

***Change the LFO Recommendation***

*Move the LFO Recommendation on Key Performance Measures, with modifications.*

**Recommended Changes to Appropriation Bill:**

The Legislative Fiscal Office recommends a budget of: \$142,062,193 Other Funds; \$158,387,498 Federal Funds; \$1,520,105,053 Other Funds Non-Limited; \$94,832,000 Federal

Funds Non-Limited; and 1,270 positions (1,236.11 FTE) and that Senate Bill 5508 be amended accordingly.

*Move to adopt the -1 amendment to SB 5508*

**SB 5508 Final Subcommittee Action:**

***Final Motion:***

*Move SB 5508 to the full committee with a “do pass” recommendation, as amended.*

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2013-15 Agy. Leg. Adopted</b>	-	-	120,522,794	159,967,135	1,634,912,351	124,035,745	2,039,438,025	1,345	1,287.03
2013-15 Ebds, SS & Admin Act	-	-	7,181,802	9,006,580	-	140,000,000	156,188,382	2	(0.40)
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	127,704,596	168,973,715	1,634,912,351	264,035,745	2,195,626,407	1,347	1,286.63
<b>2013-15 Leg Approved Budget (Base)</b>	-	-	127,704,596	168,973,715	1,634,912,351	264,035,745	2,195,626,407	1,347	1,286.63
Summary of Base Adjustments	-	-	(7,307,542)	(8,681,792)	(114,912,351)	(169,203,745)	(300,105,430)	(169)	(129.05)
<b>2015-17 Base Budget</b>	-	-	120,397,054	160,291,923	1,520,000,000	94,832,000	1,895,520,977	1,178	1,157.58
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(211,991)	(32,098)	-	-	(244,089)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(2,506,858)	(8,364,541)	-	-	(10,871,399)	-	-
030: Inflation & Price List Adjustments	-	-	4,836,537	1,133,497	-	-	5,970,034	-	-
040: Mandated Caseload	-	-	-	2,906,796	-	-	2,906,796	28	19.00
<b>2015-17 Current Service Level</b>	-	-	122,514,742	155,935,577	1,520,000,000	94,832,000	1,893,282,319	1,206	1,176.58
<b>Adjusted 2015-17 Current Service Level</b>	-	-	122,514,742	155,935,577	1,520,000,000	94,832,000	1,893,282,319	1,206	1,176.58
<b>Total LFO Recommended Packages</b>	-	-	19,547,451	2,451,921	105,053	-	22,104,425	64	59.53
<b>2015-17 Legislative Actions</b>	-	-	142,062,193	158,387,498	1,520,105,053	94,832,000	1,915,386,744	1,270	1,236.11
Net change from 2013-15 Leg Approved Budget	-	-	14,357,597	(10,586,217)	(114,807,298)	(169,203,745)	(280,239,663)	(77)	(50.52)
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	11.2%	(6.3%)	(7.0%)	(64.1%)	(12.8%)	(5.7%)	(3.9%)
Net change from 2015-17 Current Service Level	-	-	19,547,451	2,451,921	105,053	-	22,104,425	64	59.53
Percent change from 2015-17 Current Service Level	0.0%	0.0%	16.0%	1.6%	0.0%	0.0%	1.2%	5.3%	5.1%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2013-15 Agy. Leg. Adopted</b>	-	-	12,579,089	124,863,794	-	-	137,442,883	692	633.19
2013-15 Ebds, SS & Admin Act	-	-	3,271,813	7,489,807	-	-	10,761,620	2	0.93
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	15,850,902	132,353,601	-	-	148,204,503	694	634.12
<b>2013-15 Leg Approved Budget (Base)</b>	-	-	15,850,902	132,353,601	-	-	148,204,503	694	634.12
Summary of Base Adjustments	-	-	(3,724,441)	(4,299,561)	-	-	(8,024,002)	(111)	(67.88)
<b>2015-17 Base Budget</b>	-	-	12,126,461	128,054,040	-	-	140,180,501	583	566.24
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(78,857)	65,936	-	-	(12,921)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(2,392,444)	(7,402,336)	-	-	(9,794,780)	-	-
030: Inflation & Price List Adjustments	-	-	2,091,666	563,526	-	-	2,655,192	-	-
040: Mandated Caseload	-	-	-	2,906,796	-	-	2,906,796	28	19.00
060: Technical Adjustments	-	-	(446,387)	2,879,348	-	-	2,432,961	-	-
<b>2015-17 Current Service Level</b>	-	-	11,300,439	127,067,310	-	-	138,367,749	611	585.24
<b>Adjusted 2015-17 Current Service Level</b>	-	-	11,300,439	127,067,310	-	-	138,367,749	611	585.24
<b>Total LFO Recommended Packages</b>	-	-	16,156,658	(7,031,434)	-	-	9,125,224	20	16.78
<b>2015-17 Legislative Actions</b>	-	-	27,457,097	120,035,876	-	-	147,492,973	631	602.02
Net change from 2013-15 Leg Approved Budget	-	-	11,606,195	(12,317,725)	-	-	(711,530)	(63)	(32.10)
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	73.2%	(9.3%)	0.0%	0.0%	(0.5%)	(9.1%)	(5.1%)
Net change from 2015-17 Current Service Level	-	-	16,156,658	(7,031,434)	-	-	9,125,224	20	16.78
Percent change from 2015-17 Current Service Level	0.0%	0.0%	143.0%	(5.5%)	0.0%	0.0%	6.6%	3.3%	2.9%

**Unemployment Insurance**

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 Modernize Business Services & Technology**

Package Description This package provides resources for contracted information technology professionals (e.g. project management, business analysis, independent quality management services, etc.) to help the Employment Department develop a detailed business case and foundational information technology planning and procurement documentation related to modernizing its legacy information systems, as well as some limited duration position authority. The source of funding for this package is from \$85 million that the Department received in 2009 for program administration as a result of updating Unemployment Insurance laws and processes to retain conformity with federal program standards.

Currently, the Employment Department uses information systems developed before the internet was part of business practices. Extensive modifications over time have increased complexity and contributed to system outages and disruptions, and many are at or near the end of their life cycles. The package outcomes include a detailed business case, feasibility study, risk assessment, project management plans, procurement statements of work, and independent quality assurance review and oversight. A phased, incremental approach involving each of the Department’s divisions will help to ensure that the technology solutions meet the business needs, and that new technology can come on line in an orderly way. Together, these items should constitute a roadmap for planning, procurement and customization of an integrated technology platform that results in improved functionality and service to stakeholders.

Employment Department divisions are charged a pro-rata share of the Services and Supplies expenditures related to the initial planning costs associated with the agency’s IT modernization/POP 101; division-specific costs will be identified and allocated in later phases of the Modernization planning and implementation effort, in subsequent biennia.

LFO Recommendation The Legislative Fiscal Office (LFO) recommendation is intended to support the passage of this project request through “Stage 1” of a multi-stage endorsement process that apportions project resources at multiple intervals, after demonstration of appropriate due diligence and planning by the agency and evaluation of the project by the State Chief Information Officer (CIO) and LFO (i.e. the Joint State CIO/LFO Stage Gate Review process). The Legislative Fiscal Office is recommending consulting services for initial program planning assumed at 450 hours; a contracted project management position/firm for a period of 15 months; two contracted business systems analysts, also at 15 months; and a business requirements analyst, assumed at 3.5 months. Four limited duration positions (0.29 FTE each) are recommended to backfill existing Unemployment Insurance Tax positions, who will be moved to the Modernization project to serve as subject matter experts for purposes of analyzing and mapping systems, processes and program requirements. The LFO recommendation also includes services and supplies costs for contracted independent quality assurance, per HB 4122, Oregon Laws 2014, and State CIO QA policy requirements; and services and supplies costs. The Legislative Fiscal Office recommends that the Employment Department return to the February 2016 legislative session with a report on progress to date regarding development of its modernization business case, feasibility plan, foundational project management documents, and progress through the Joint State CIO/LFO Stage Gate Review process so a determination can be made about whether, when, and the extent to which additional resources are necessary to move forward with this modernization project.

<b>LFO Recommended</b>	-	-	1,620,377	-	-	-	1,620,377	4	1.16
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 102 Benefit Payment Control Staffing**

Package Description For the past three biennia, the Employment Department has included a package comprised of limited duration positions for the purpose of enhanced investigations and auditing to prevent UI overpayments. The Employment Department currently has 12 limited duration positions in the UI division for the 2013-15 biennium dedicated to this purpose.

LFO Recommendation For the 2015-17 biennium, Legislative Fiscal Office recommends \$1.4 million Other Funds, \$77,105 Federal Funds and 9 permanent positions as follows:

- One Business and Employment Specialist II position (1.0 FTE) to conduct cross matches and provide initial screening of claims with signs of potential overpayments.
- One Employment Adjudicator position (1.0 FTE) to investigate claims that have been flagged, and issue decisions involving overpayments.
- Three Investigator III positions (2.75 FTE) to investigate complex claims where fraud may have taken place.
- Two Compliance Specialist II positions (2.0 FTE) to reconcile workers benefit accounts and reported earnings, and work with the Treasury Offset Program to intercept tax refunds and issue refunds when necessary.
- One Operations and Policy Analyst II position (1.0 FTE) to analyze data to look for complex fraud schemes, identify the most appropriate tools with which to identify problematic claims, and prioritization of accounts.
- One Project Manager 2 position (1.0 FTE) to manage a standing task force and ad hoc workgroups to close claim investigations and institute new processes to prevent and detect overpayments.

Expected outcomes at this staffing level include review of approximately 10,000 claims per quarter and recovery of up to \$11 million in overpayments for the unemployment Insurance Trust Fund.

<b>LFO Recommended</b>	-	-	<b>1,390,892</b>	<b>77,105</b>	-	-	<b>1,467,997</b>	<b>9</b>	<b>8.75</b>
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 104 Agency Security Compliance**

Package Description Package 104 provides one-time resources for software enhancements that will reduce the risk of security breaches, data theft and compromises to the department's data systems. The package includes total expenditure limitation of \$913,000 for software and hardware to increase security, keep it up-to-date, and assist in minimizing the risk of a breach through the use of compliance, detection, identification, testing and prevention tools. The package is anticipated to have ongoing maintenance and support costs in the 2017-19 biennium of \$370,000.

LFO Recommendation The Legislative Fiscal Office recommends approval of the package, with the understanding that the Department of Administrative Services will un-schedule the expenditure limitation until the Employment Department receives formal approval from the office of the Chief Information Officer to procure and deploy its specifically proposed set of information security related enhancements. The Employment Department is expected to report back to the Legislative Fiscal Office prior to the February 2016 Session on the status of state CIO approval for these items.

<b>LFO Recommended</b>	-	-	<b>250,000</b>	<b>663,000</b>	-	-	<b>913,000</b>	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 106 Oregon Payroll Reporting System**

Package Description \$1.6 million in Other Funds expenditure limitation is requested for secure front-end access to the Oregon Payroll Reporting System, which is one of several systems used by Oregon employers to report wage and tax records. The package will enable all employers to use the Oregon Payroll Reporting System, allowing the Department to dispense with inferior and unsupported systems currently supported, including a phone-in system, paper-based reporting, and PC based software that requires submission back to the Department through encrypted email. While payroll reporting is among the systems anticipated to be included in the agency's technology modernization effort (see Policy Option Package 101), the detailed planning and execution related to larger modernization efforts are anticipated to take at least another 2-4 biennia.

The Department completed an analysis of the costs and savings of wage reporting alternatives in 2014, which examined five primary alternatives for dealing with secure access to systems for the purpose of wage and tax reporting. The analysis evaluated the impact on the following: employers and payroll service providers; Department staff both in terms of program administration and Information Systems development and maintenance; the impact on payroll tax revenue, collection and compliance; partner agencies with whom the Employment Department is authorized to share information (Department of Revenue and Department of Consumer and Business Services); and UI Benefits payments (accuracy and timeliness). Failure to provide a secure, user friendly means of accessing on-line reporting functionality will result in the Employment Department having to maintain up to five separate systems of payroll reporting, some of which are no longer supportable as they rely on software that is no longer produced or upgraded, and some of which are fraught with error and delay (paper-based reporting, or online systems that do not allow for any history of submitted data/reports).

LFO Recommendation The Employment Department has completed a preliminary business case and risk analysis for the project and is awaiting approval by the State Chief Information Office. The Department will address any issues or recommendations by the State CIO before approval is granted to award a contract for a web-based, customizable secured sign in for employers to use when electronically filing wage and tax reports. The total project cost is \$3,396,500, \$1.8 million of which will be met with existing resources. The Legislative Fiscal Office is recommending approval, with the understanding that the Department of Administrative Services will unschedule the funds until official approval to proceed with award of a contract is granted by the CIO. Assuming no delays, the Employment Department anticipates that the project could be completed and employers using the system in November of 2016.

<b>LFO Recommended</b>	-	-	1,600,000	-	-	-	1,600,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 111 Federal Conformity**

Package Description Policy Option Package 111 represents expenditure limitation associated with Senate Bill 242, a bill that keeps Oregon in conformity with federal law governing unemployment insurance administration. Federal law requires states to intercept tax refunds of people who received overpayments due to the misreporting of earnings and/or failure to pay unemployment insurance taxes. Further, the bill makes changes to Oregon’s work share program to conform with federal law by providing that an individual will not be denied work share benefits solely because of a change to working hours specified in the original workshare agreement; and by treating work share and regular UI benefits the same with regard to impact on employers.

LFO Recommendation Approve the Package. The Legislative Fiscal Office recommendation for this package is equivalent to the Fiscal Impact for SB 242. The recommended positions include three permanent seasonal positions related to the Treasury Offset Grant program -- two office specialists, and a revenue agent position -- and one permanent Compliance Specialist 2 position related to the Workshare program.

<b>LFO Recommended</b>	-	-	<b>352,484</b>	-	-	-	<b>352,484</b>	<b>4</b>	<b>2.50</b>
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 802 Position Reallocation**

Package Description This package was originally submitted as a self-funded permanent finance plan, but due to timing issues with plan submission and approval process, these adjustments are now being included as a technical adjustment. This package has the net effect of abolishing 20 unfilled positions in various divisions of the Department, and reestablishing 12 positions where they are needed, and at appropriate classifications, consistent with the agency's strategic plan. The package total exhibited in ORBITS is the "net" impact of these actions.

LFO Recommendation Approve.

LFO Recommended	-	-	(10,903)	552,249	-	-	541,346	-	1.87
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Grant Awards**

Package Description The U.S. Department of Labor allocated supplemental funding to the Oregon Employment Department for UI administration related to worker classification and UI tax compliance. An Operations and Policy Analyst 2 position and a Compliance Specialist 3 position are recommended to augment education and enforcement action related to proper worker classification (e.g. “employee” vs. “contractor”), pursuant to the goals of the Interagency Compliance Network (which consists of the Employment Department, the Department of Revenue, the Bureau of Labor and Industries, the Construction Contractor’s Board, the Landscape Contractor’s Board, and the Department of Consumer and Business Services).

The Short Term Compensation Grant (Work Share Program) grant award was received in late calendar year 2014. The agency received authority to apply for the grant in November, 2013. Completion of the employer outreach and enhanced enrollment work contemplated in the grant application will occur in the 2015-17 biennium, and includes a Project manager position and \$200,000 in Federal Funds expenditure limitation.

LFO Recommendation \$286,000 in Federal Funds expenditure limitation is recommended for this grant, and 2 positions (1.50 FTE) are recommended to accomodate supplemental funding from the Department of Labor for UI administration.

Recommended expenditure limitation related to completing the activities funded from the Short Term Compensation Grant equates to \$200,000 FF and 1 position (1.00 FTE).

<b>LFO Recommended</b>	-	-	-	<b>486,000</b>	-	-	<b>486,000</b>	<b>3</b>	<b>2.50</b>
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 804 Carryforward and Technical Adjustments**

Package Description Subsequent to the development of the Department’s budget, updated revenue forecasts for both Federal and Other Funds sources indicate that the Department will be receiving a lower amount of Federal Funds revenue than previously forecast for Unemployment Insurance administration, but a slightly higher amount of Federal Funds revenue for Business and Employment Services Administration.

Development of the Agency's Enterprise Architecture Plan (an evaluation of existing IT systems) was expected to be completed in the 2013-15 biennium. The work is a necessary prerequisite to Information Technology Modernization planning (see Policy Option Package 101). Due to ongoing interaction with the State Chief Information Officer’s office regarding the statement of work to be included in the Request for Proposal, and the agency’s business case for the project, this work has not yet gone out for bid.

Call Center Upgrade: Hardware and Software Systems at the UI call centers are at the end of their lifecycle and due for replacement. Delays in finalizing a contract with an equipment vendor resulted in the need for expenditure limitation related to replacement of telephone systems for the UI Call Centers to be carried forward in the 2017-19 biennium.

Software Change Manager - Software upgrades to various information systems applications are needed to manage version control when reprogramming and updates are required.

LFO Recommendation Regarding the updated revenue forecasts, the Employment Department took these forecasts into account when re-balancing its expenditures from various sources with the assumed transfer of Supplemental Employment Department Administrative Funds assumed in the Governor’s Budget and Co-Chair’s budget Framework. This adjustment more accurately reflects the source of funds from which the Division’s expenditures are assumed to take place. A fund shift in the amount of \$10.8 million from Federal Funds to Other Funds is recommended for this adjustment.

Expenditure limitation of \$107,800 is recommended for the UI Divisions proportional share of the completion of the Enterprise Architecture Plan development. No positions are associated with this limitation.

Federal Funds Expenditure Limitation in the amount of \$1,900,000 is recommended for Call Center systems upgrades. No positions are associated with this project.

The business case for the Software Change Manager project has been approved by the CIO. The recommended limitation for the UI Division's share of this cost is \$46,008 OF and \$90,212 FF. No positions are associated with this project.

<b>LFO Recommended</b>	-	-	<b>10,953,808</b>	<b>(8,809,788)</b>	-	-	<b>2,144,020</b>	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2013-15 Agy. Leg. Adopted</b>	-	-	73,525,806	28,347,461	-	-	101,873,267	473	477.21
2013-15 Ebds, SS & Admin Act	-	-	2,604,994	646,235	-	-	3,251,229	(3)	(3.00)
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	76,130,800	28,993,696	-	-	105,124,496	470	474.21
<b>2013-15 Leg Approved Budget (Base)</b>	-	-	76,130,800	28,993,696	-	-	105,124,496	470	474.21
Summary of Base Adjustments	-	-	(3,080,300)	(4,111,245)	-	-	(7,191,545)	(49)	(55.16)
<b>2015-17 Base Budget</b>	-	-	73,050,500	24,882,451	-	-	97,932,951	421	419.05
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(125,124)	(101,457)	-	-	(226,581)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(156,228)	(663,970)	-	-	(820,198)	-	-
030: Inflation & Price List Adjustments	-	-	1,522,157	314,265	-	-	1,836,422	-	-
060: Technical Adjustments	-	-	(105,230)	(2,576,926)	-	-	(2,682,156)	-	-
<b>2015-17 Current Service Level</b>	-	-	74,186,075	21,854,363	-	-	96,040,438	421	419.05
<b>Adjusted 2015-17 Current Service Level</b>	-	-	74,186,075	21,854,363	-	-	96,040,438	421	419.05
<b>Total LFO Recommended Packages</b>	-	-	(1,438,046)	12,956,715	-	-	11,518,669	40	40.00
<b>2015-17 Legislative Actions</b>	-	-	72,748,029	34,811,078	-	-	107,559,107	461	459.05
Net change from 2013-15 Leg Approved Budget	-	-	(3,382,771)	5,817,382	-	-	2,434,611	(9)	(15.16)
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	(4.4%)	20.1%	0.0%	0.0%	2.3%	(1.9%)	(3.2%)
Net change from 2015-17 Current Service Level	-	-	(1,438,046)	12,956,715	-	-	11,518,669	40	40.00
Percent change from 2015-17 Current Service Level	0.0%	0.0%	(1.9%)	59.3%	0.0%	0.0%	12.0%	9.5%	9.6%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 Modernize Business Services & Technology**

Package Description This package provides resources for contracted information technology professionals (e.g. project management, business analysis, independent quality management services, etc.) to help the Employment Department develop a detailed business case and foundational information technology planning and procurement documentation related to modernizing its legacy information systems, as well as some limited duration position authority. The source of funding for this package is from \$85 million that the Department received in 2009 for program administration as a result of updating Unemployment Insurance laws and processes to retain conformity with federal program standards.

Currently, the Employment Department uses information systems developed before the internet was part of business practices. Extensive modifications over time have increased complexity and contributed to system outages and disruptions, and many are at or near the end of their life cycles. The package outcomes include a detailed business case, feasibility study, risk assessment, project management plans, procurement statements of work, and independent quality assurance review and oversight. A phased, incremental approach involving each of the Department’s divisions will help to ensure that the technology solutions meet the business needs, and that new technology can come on line in an orderly way. Together, these items should constitute a roadmap for planning, procurement and customization of an integrated technology platform that results in improved functionality and service to stakeholders.

Employment Department divisions are charged a pro-rata share of the Services and Supplies expenditures related to the initial planning costs associated with the agency’s IT modernization/POP 101; division-specific costs will be identified and allocated in later phases of the Modernization planning and implementation effort, in subsequent biennia.

LFO Recommendation The Legislative Fiscal Office (LFO) recommendation is intended to support the passage of this project through “Stage 1” of a multi-stage endorsement process that apportions project resources at multiple intervals, after demonstration of appropriate due diligence and planning by the agency and evaluation of the project by the State Chief Information Officer (CIO) and LFO (i.e. the Joint State CIO/LFO State Gate Review process).

Expenditure limitation recommended for the B&ES division for this project is \$1,104,603 OF, primarily for professional services costs. No positions or FTE are recommended for the package in this division.

<b>LFO Recommended</b>	-	-	<b>1,104,603</b>	-	-	-	<b>1,104,603</b>	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 103 Contracted Employment Services**

Package Description OED provides job search and placement assistance via contract to clients of the Department of Human Services. Clients of the Job Opportunity Basic Skills, Temporary Assistance to Needy Families, Oregon Food Stamp Employment Transition, and Vocational Rehabilitation programs receive more intensive skills training and placement assistance that complies with Federal work-related requirements. A similar policy option package has been approved for the past six biennia, although the number of FTE approved has varied based on the availability of funding in other agencies and estimated workload. In previous biennia, this package has been comprised exclusively of limited duration positions.

LFO Recommendation Over past biennia, the Employment Department has used a minimum of 18, and a maximum of 26 Business and Employment Specialist 2 positions. The Legislative Fiscal Office is recommending 18 permanent positions, and 8 limited duration positions for this package, consistent with the number of FTE utilized during the 2013-15 biennium. Should demand for placement services from state agencies exceed the recommended FTE for this package, the Department may return to the February 2016 session or a subsequent meeting of the Emergency Board to request additional limited duration positions for this purpose.

<b>LFO Recommended</b>	-	-	<b>3,837,858</b>	-	-	-	<b>3,837,858</b>	<b>26</b>	<b>26.00</b>
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 107 Trade Act - Trade Adjustment Assistance**

Package Description This package includes Federal Funds expenditure limitation and limited duration position authority to accommodate work load resulting from the Trade Adjustment Act, which provides services to workers that have lost their jobs due to foreign competition. The 2013-15 Legislatively Approved budget included 24 limited duration positions, and the Employment Department has 12 permanent full-time staff allotted to the program.

LFO Recommendation \$2.8 million in Federal Funds expenditure limitation and 19 limited duration positions (19.00 FTE) are recommended to address anticipated job training and placement services provided under the Trade Adjustment Act. Of the 19 positions requested, 17 are Business and Employment Specialist positions, and maintain a 75:1 caseload to worker ratio. A Program Analyst Three position to serve as a liaison between the Department and its several partners, and an Office Specialist 2 position constitute the remaining recommended positions for the package.

<b>LFO Recommended</b>	-	-	-	<b>2,826,105</b>	-	-	<b>2,826,105</b>	<b>19</b>	<b>19.00</b>
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	<b>General Fund</b>	<b>Lottery Funds</b>	<b>Other Funds</b>	<b>Federal Funds</b>	<b>Nonlimited Other Funds</b>	<b>Nonlimited Federal Funds</b>	<b>Total Funds</b>	<b>Positions</b>	<b>Full-Time Equivalent (FTE)</b>
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**Package 109 Customer Flow and Service Access**

Package Description The Employment Department requested Other Funds expenditure limitation to remodel its 25 WorkSource centers to improve customer service and flow. The remodeling effort is also anticipated to facilitate increased productivity among WorkSource Center staff.

LFO Recommendation The Legislative Fiscal Office recommends \$1,904,881 for this effort, which is estimated to allow for a limited duration project management position and the remodel of approximately eight WorkSource Centers. The Employment Department is encouraged to report back to the Legislature in February, 2016 on progress made on remodeling efforts, including the number of centers completed and average cost per center. At that time the agency may request additional expenditure limitation based on progress through January 2016 and realistic expectations of the number of additional center remodels possible for the remainder of the biennium.

The recommendation includes Personal Services expenditures for a limited duration project manager position (1.00 FTE).

<b>LFO Recommended</b>	-	-	<b>1,904,881</b>	-	-	-	<b>1,904,881</b>	<b>1</b>	<b>1.00</b>
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 802 Position Reallocation**

Package Description This package was originally submitted as a self-funded permanent finance plan, but due to timing issues with plan submission and approval process, these adjustments are now being included as a technical adjustment. This package has the net effect of abolishing 20 unfilled positions in various divisions of the Department, and reestablishing 12 positions where they are needed, and at appropriate classifications, consistent with the agency's strategic plan. The package total exhibited in ORBITS is the "net" impact of these actions.

LFO Recommendation The Legislative Fiscal Office recommends approval of the package.

<b>LFO Recommended</b>	-	-	(99,520)	(634,538)	-	-	(734,058)	(6)	(6.00)
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	<b>General Fund</b>	<b>Lottery Funds</b>	<b>Other Funds</b>	<b>Federal Funds</b>	<b>Nonlimited Other Funds</b>	<b>Nonlimited Federal Funds</b>	<b>Total Funds</b>	<b>Positions</b>	<b>Full-Time Equivalent (FTE)</b>
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**Package 803 Grant Awards**

Package Description This Package is included to accommodate expenditure limitation related to grant awards received by the Employment Department.

The U.S. Department of Labor has again allocated additional funds for a grant related to Reemployment Eligibility Assessment (REA), in the amount of \$2,400,000 FF. The grant provides administrative funding to support enhanced evaluation of a UI claimant's eligibility, work search efforts and skills to provide targeted job search and reemployment assistance. The goal is to accelerate the claimant's transition from UI benefits to employment.

LFO Recommendation Reemployment Eligibility Assessment grant: The Legislative Fiscal Office recommends \$2,400,000 in Federal Funds expenditure limitation related to receipt of the Reemployment Eligibility Assessment Program grant. The REA program has been integrated with regular department operations, so that staff are trained to perform the interviews. No additional position authority/FTE is associated with this recommended expenditure limitation.

<b>LFO Recommended</b>	-	-	-	<b>2,400,000</b>	-	-	<b>2,400,000</b>	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 804 Carryforward and Technical Adjustments**

Package Description Updated Revenue Forecast: Subsequent to the development of the Department’s budget, updated revenue forecasts for both Federal and Other Funds sources indicate that the Department will be receiving a lower amount of Federal Funds revenue than previously forecast for Unemployment Insurance administration, but a slightly higher amount of Federal Funds revenue for Business and Employment Services Administration.

Development of the agency’s Enterprise Architecture plan (an evaluation of existing IT systems) was expected to be completed in the 2013-15 biennium. The work is a necessary prerequisite to Information Technology Modernization planning (see Policy Option Package 101). Due to ongoing interaction with the State Chief Information Officer’s office regarding the statement of work to be included in the Request for Proposal, and the agency’s business case for the project, this work has not yet gone out for bid.

Software Change Manager: Software upgrades to various information systems applications are needed to manage version control when reprogramming and updates are required.

Capital Improvement - Facilities Projects: This adjustment matches expenditure limitation to the proper expenditure category, and increases expenditure limitation to accommodate delays related to improvements to the Eugene Office that were originally assumed to take place in the 2013-15 biennium.

	<b>General Fund</b>	<b>Lottery Funds</b>	<b>Other Funds</b>	<b>Federal Funds</b>	<b>Nonlimited Other Funds</b>	<b>Nonlimited Federal Funds</b>	<b>Total Funds</b>	<b>Positions</b>	<b>Full-Time Equivalent (FTE)</b>
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LFO Recommendation Regarding the updated revenue forecasts, the Employment Department took these forecasts into account when re-balancing its expenditures from various sources with the assumed transfer of Supplemental Employment Department Administrative Funds assumed in the Governor's Budget and Co-Chair's budget Framework. This adjustment more accurately reflects the source of funds from which the Division's expenditures are assumed to take place. A fund shift in the amount of \$8.3 million from Other Funds to Federal Funds is recommended for the B&ES Division.

Enterprise Architecture Plan: Expenditure limitation is recommended for completion of the project, and is based on each agency division's relative size and complexity relative to IT system needs and requirements. The Legislative Fiscal Office recommends \$79,200 in Other Funds expenditure limitation related to the Enterprise Architecture Plan for the B&ES division.

Software Change Manager: The business case has been approved by the CIO. \$34,932 in OF expenditure limitation and \$65,148 in FF limitation is recommended for the B&ES division for this adjustment.

Capital Improvement Facilities Projects: The Legislative Fiscal Office recommends a shift in expenditure category from Other Funds Services and Supplies to Other Funds Capital Improvement, in the amount of \$615,454. The adjustment nets to \$0.

<b>LFO Recommended</b>	-	-	<b>(8,185,868)</b>	<b>8,365,148</b>	-	-	<b>179,280</b>	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2013-15 Agy. Leg. Adopted</b>	-	-	26,001,576	-	-	-	26,001,576	114	111.13
2013-15 Ebds, SS & Admin Act	-	-	1,146,175	-	-	-	1,146,175	1	0.67
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	27,147,751	-	-	-	27,147,751	115	111.80
<b>2013-15 Leg Approved Budget (Base)</b>	-	-	27,147,751	-	-	-	27,147,751	115	111.80
Summary of Base Adjustments	-	-	(177,445)	-	-	-	(177,445)	(4)	(2.01)
<b>2015-17 Base Budget</b>	-	-	26,970,306	-	-	-	26,970,306	111	109.79
010: Non-PICS Pers Svc/Vacancy Factor	-	-	13,126	-	-	-	13,126	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	39,450	-	-	-	39,450	-	-
030: Inflation & Price List Adjustments	-	-	946,859	-	-	-	946,859	-	-
<b>2015-17 Current Service Level</b>	-	-	27,969,741	-	-	-	27,969,741	111	109.79
<b>Adjusted 2015-17 Current Service Level</b>	-	-	27,969,741	-	-	-	27,969,741	111	109.79
<b>Total LFO Recommended Packages</b>	-	-	1,120,634	-	-	-	1,120,634	3	2.50
<b>2015-17 Legislative Actions</b>	-	-	29,090,375	-	-	-	29,090,375	114	112.29
Net change from 2013-15 Leg Approved Budget	-	-	1,942,624	-	-	-	1,942,624	(1)	0.49
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	7.2%	0.0%	0.0%	0.0%	7.2%	(0.9%)	0.4%
Net change from 2015-17 Current Service Level	-	-	1,120,634	-	-	-	1,120,634	3	2.50
Percent change from 2015-17 Current Service Level	0.0%	0.0%	4.0%	0.0%	0.0%	0.0%	4.0%	2.7%	2.3%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 Modernize Business Services & Technology**

Package Description This package provides resources for contracted information technology professionals (e.g. project management, business analysis, independent quality management services, etc.) to help the Employment Department develop a detailed business case and foundational information technology planning and procurement documentation related to modernizing its legacy information systems, as well as some limited duration position authority. The source of funding for this package is from \$85 million that the Department received during the 2009-11 biennium for program administration as a result of updating Unemployment Insurance laws and processes to retain conformity with federal program standards.

LFO Recommendation Approve. The Legislative Fiscal Office (LFO) recommendation is intended to support the passage of this project request through “Stage 1” of a multi-stage endorsement process that apportions project resources at multiple intervals, after demonstration of appropriate due diligence and planning by the agency and evaluation of the project by the State Chief Information Officer (CIO) and the LFO (i.e. the Joint State CIO/LFO Stage Gate Review process). Specific to the Office of Administrative Hearings, resources recommended for Policy Option Package 101 are \$214,031 S&S.

Division-specific costs related to specific IT needs will be identified and allocated in later phases of the Modernization planning and implementation effort, in subsequent biennia.

<b>LFO Recommended</b>	-	-	214,031	-	-	-	214,031	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 139 OAH Case Management**

Package Description This package provides for additional expenditure limitation in the amount of \$837,380 OF and 3 limited duration positions (2.50 FTE) to complete the development of a single, integrated case management system for the Office of Administrative Hearings that will allow for case related documents to be collected, stored and accessed by parties to the case electronically, collection of accurate data for reporting and managing hearing operations, and efficient scheduling of hearings. The project was begun in the 2009-11 biennium, and worked continued in 2013-15. This phase of the project transitions remaining agencies to the case management system, and includes limited duration staff to train those agencies on how to load and access case related documents as well as input required reporting data into the system. Ongoing licensing maintenance costs in 2017-19 are expected to be \$717,000. The source of funding for this package is charges to state agencies for adjudication and related expenses of contested cases.

LFO Recommendation Approve. The positions associated with this recommendation include two Administrative Law Judge positions (0.75 FTE each) and an ISS8 position (1.0 FTE).

<b>LFO Recommended</b>	-	-	<b>856,803</b>	-	-	-	<b>856,803</b>	<b>3</b>	<b>2.50</b>
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2013-15 Agy. Leg. Adopted</b>	-	-	8,416,323	6,755,880	-	-	15,172,203	66	65.50
2013-15 Ebds, SS & Admin Act	-	-	158,820	870,538	-	-	1,029,358	2	1.00
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	8,575,143	7,626,418	-	-	16,201,561	68	66.50
<b>2013-15 Leg Approved Budget (Base)</b>	-	-	8,575,143	7,626,418	-	-	16,201,561	68	66.50
Summary of Base Adjustments	-	-	(325,356)	(270,986)	-	-	(596,342)	(5)	(4.00)
<b>2015-17 Base Budget</b>	-	-	8,249,787	7,355,432	-	-	15,605,219	63	62.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(21,136)	3,423	-	-	(17,713)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	2,364	(298,235)	-	-	(295,871)	-	-
030: Inflation & Price List Adjustments	-	-	275,855	255,706	-	-	531,561	-	-
060: Technical Adjustments	-	-	551,617	(302,422)	-	-	249,195	-	-
<b>2015-17 Current Service Level</b>	-	-	9,058,487	7,013,904	-	-	16,072,391	63	62.50
<b>Adjusted 2015-17 Current Service Level</b>	-	-	9,058,487	7,013,904	-	-	16,072,391	63	62.50
<b>Total LFO Recommended Packages</b>	-	-	3,708,205	(3,473,360)	-	-	234,845	1	0.25
<b>2015-17 Legislative Actions</b>	-	-	12,766,692	3,540,544	-	-	16,307,236	64	62.75
Net change from 2013-15 Leg Approved Budget	-	-	4,191,549	(4,085,874)	-	-	105,675	(4)	(3.75)
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	48.9%	(53.6%)	0.0%	0.0%	0.7%	(5.9%)	(5.6%)
Net change from 2015-17 Current Service Level	-	-	3,708,205	(3,473,360)	-	-	234,845	1	0.25
Percent change from 2015-17 Current Service Level	0.0%	0.0%	40.9%	(49.5%)	0.0%	0.0%	1.5%	1.6%	0.4%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 Modernize Business Services & Technology**

Package Description This package provides resources for contracted information technology professionals (e.g. project management, business analysis, independent quality management services, etc.) to help the Employment Department develop a detailed business case and foundational information technology planning and procurement documentation related to modernizing its legacy information systems, as well as some limited duration position authority. The source of funding for this package is from \$85 million that the Department received during the 2009-11 biennium for program administration as a result of updating Unemployment Insurance laws and processes to retain conformity with federal program standards.

LFO Recommendation The Legislative Fiscal Office (LFO) recommendation is intended to support the passage of this project request through “Stage 1” of a multi-stage endorsement process that apportions project resources at multiple intervals, after demonstration of appropriate due diligence and planning by the agency and evaluation of the project by the State Chief Information Officer (CIO) and the LFO (i.e. the Joint State CIO/LFO Stage Gate Review process). Specific to the Workforce and Economic Research Program, resources recommended for Policy Option Package 101 are \$107,015 S&S.

Division-specific costs will be identified and allocated in later phases of the Modernization planning and implementation effort, in subsequent biennia.

<b>LFO Recommended</b>	-	-	107,015	-	-	-	107,015	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 802 Position Reallocation**

Package Description This package was originally submitted as a self-funded permanent finance plan, but due to timing issues with plan submission and approval process, these adjustments are now being included as a technical adjustment. This package has the net effect of abolishing 20 unfilled positions in various divisions of the Department, and reestablishing 12 positions where they are needed, and at appropriate classifications, consistent with the agency's strategic plan. The package total exhibited in ORBITS is the "net" impact of these actions.

LFO Recommendation Approve.

<b>LFO Recommended</b>	-	-	(414,070)	-	-	-	(414,070)	(2)	(2.00)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 803 Grant Awards**

Package Description This Package is included to accommodate expenditure limitation related to grant awards received by the Employment Department.

Prism Grant – The Employment Department received authority to apply for a \$1.15 million federal grant to improve its longitudinal data system in May 2013, and was awarded the grant in June, 2013. \$720,000 in associated expenditure limitation was approved during the 2014 legislative session, for work that was reasonably expected to be completed during the 2013-15 biennium. The project is underway and improves information collection and reporting, so that the agency can better evaluate the long-term effectiveness of programs related to training, applying for and keeping work, and wage data.

LFO Recommendation Delays in approval of the initial business case related to the project result in a need to carry forward \$82,000 of the spending authority granted in 2013-15, and the agency is also requesting limitation and position authority for the remainder of the grant award, \$435,000 to complete refinement, user testing and training. Three limited duration Information Systems Specialist positions (2.25 FTE) are also recommended for this effort.

<b>LFO Recommended</b>	-	-	-	<b>517,000</b>	-	-	<b>517,000</b>	<b>3</b>	<b>2.25</b>
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 804 Carryforward and Technical Adjustments**

Package Description Updated Revenue Forecast: Subsequent to the development of the Department’s budget, updated revenue forecasts for both Federal and Other Funds sources indicate that the Department will be receiving a lower amount of Federal Funds revenue than previously forecast for the Workforce and Economic Research Division.

Development of the agency’s Enterprise Architecture plan (an evaluation of existing IT systems) was expected to be completed in the 2013-15 biennium. The work is a necessary pre-requisite to Information Technology Modernization planning (See Policy Option Package 101). Due to ongoing interaction with the State Chief Information Officer’s office regarding the statement of work to be included in the Request for Proposal, and the agency’s business case for the project, this work has not yet gone out for bid.

Software Change Manager: Software upgrades to various information systems applications are needed to manage version control when reprogramming and updates are required.

LFO Recommendation Updated Revenue Forecast: A fund shift of \$4 million from Federal Funds to Other Funds revenue is recommended, to more accurately reflect the source of WER division expenditures.

Enterprise Architecture: Expenditure limitation is recommended for completion of the project, and is based on each division’s size and complexity relative to IT system needs and requirements. The recommended amount for the WER division for this project is \$11,000 Other Funds; no personal services expenditures or positions are recommended for this division’s share of the project.

Software Change Manager: The business case for the Software Change Manager project has been approved by the CIO and project costs are allocated to the WER division based on system needs. Limitation in the amount of \$4,260 OF and \$9,640 Federal Funds is recommended. No personal services or position authority is necessary for this project.

<b>LFO Recommended</b>	-	-	<b>4,015,260</b>	<b>(3,990,360)</b>	-	-	<b>24,900</b>	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2013-15 Agy. Leg. Adopted</b>	-	-	-	-	1,634,912,351	124,035,745	1,758,948,096	-	-
2013-15 Ebds, SS & Admin Act	-	-	-	-	-	140,000,000	140,000,000	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	-	-	1,634,912,351	264,035,745	1,898,948,096	-	-
<b>2013-15 Leg Approved Budget (Base)</b>	-	-	-	-	1,634,912,351	264,035,745	1,898,948,096	-	-
Summary of Base Adjustments	-	-	-	-	(114,912,351)	(169,203,745)	(284,116,096)	-	-
<b>2015-17 Base Budget</b>	-	-	-	-	1,520,000,000	94,832,000	1,614,832,000	-	-
<b>2015-17 Current Service Level</b>	-	-	-	-	1,520,000,000	94,832,000	1,614,832,000	-	-
<b>Adjusted 2015-17 Current Service Level</b>	-	-	-	-	1,520,000,000	94,832,000	1,614,832,000	-	-
<b>Total LFO Recommended Packages</b>	-	-	-	-	105,053	-	105,053	-	-
<b>2015-17 Legislative Actions</b>	-	-	-	-	1,520,105,053	94,832,000	1,614,937,053	-	-
Net change from 2013-15 Leg Approved Budget	-	-	-	-	(114,807,298)	(169,203,745)	(284,011,043)	-	-
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	(7.0%)	(64.1%)	(15.0%)	0.0%	0.0%
Net change from 2015-17 Current Service Level	-	-	-	-	105,053	-	105,053	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 111 Federal Conformity**

Package Description Policy Option Package 111 represents expenditure limitation associated with Senate Bill 242, a bill that maintains conformity between state and federal law governing unemployment insurance administration. Federal law requires states to intercept tax refunds of people who received overpayments due to the misreporting of earnings and/or failure to pay unemployment insurance taxes. Further, the bill makes changes to Oregon's work share program to conform with federal law by providing that an individual will not be denied work share benefits solely because of a change in working hours specified in the original work share agreement; and by treating work share and regular UI benefits the same with regard to impact on employers.

LFO Recommendation Approve. The LFO Recommendation is consistent with the Fiscal impact for SB 242.

<b>LFO Recommended</b>	-	-	-	-	(24,067)	-	(24,067)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 115 Unemployment Insurance Benefits Eligibility**

Package Description Policy Option Package 115 is linked to HB 2440, which will change existing law to allow individuals receiving unemployment insurance benefits to leave their labor market in order to apply for work. Passage of this legislation will result in an estimated \$129,120 in additional unemployment insurance benefits paid per biennium. These are non-limited expenses within the Employment Department budget.

LFO Recommendation Approve.

<b>LFO Recommended</b>	-	-	-	-	129,120	-	129,120	-	-
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# MEMORANDUM

Legislative Fiscal Office  
900 Court St. NE, Room H-178  
Salem, Oregon 97301  
Phone 503-986-1828  
FAX 503-373-7807

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**To:** Transportation and Economic Development Subcommittee  
Joint Committee on Ways and Means

**From:** Information Technology Subcommittee  
Joint Committee on Ways and Means

**Date:** May 5, 2015

**Subject:** Oregon Employment Department: SB 5508 - POP #101  
LFO Recommendations

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The Information Technology Subcommittee recommends incremental, conditional approval of Policy Option Package #101 - Modernize Business Services and Technology Infrastructure Project - assuming the spending authority and personnel resources are made available to the Oregon Employment Department (OED) within SB 5508. Specifically, the Information Technology Subcommittee recommends that OED:

- Work closely with and regularly report project status to the Office of the State Chief Information Officer (OSCIO) and the LFO throughout the project's lifecycle.
- Follow the Joint State CIO/LFO Stage Gate Review Process
- Contract for qualified project management services with experience in planning and managing projects of this type, scope and magnitude.
- Develop and update the Business Case and foundational project management documents as required
- Work with the Office of the State CIO to obtain independent quality management services. The contractor shall:
  - Conduct an initial risk assessment
  - Perform quality control reviews on the Business Case, and foundational project management documents as appropriate.
  - Perform ongoing, independent quality management services as directed by the Office of the State CIO
- Submit the Business Case, project management documents, initial risk assessment and quality control reviews to the OSCIO and LFO for Stage Gate Review
- Report back to the Legislature on project status during the 2016 Annual Legislative Session and/or to interim Legislative committees as required
- Request Legislative approval to proceed with the project prior to initiating project execution activities (i.e. prior to contract signature/execution).
- Utilize the Office of the State CIO's Enterprise Project and Portfolio Management system as it is deployed for all project review, approval, and project status and QA reporting activities throughout the life of the OED Modernize Business Services and Technology Infrastructure Project.

## Legislatively Proposed 2015-2017 Key Performance Measures

**Agency: EMPLOYMENT DEPARTMENT**

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

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
13 - CHILD CARE HEALTH & SAFETY REVIEWS – % of family child care facilities required to have health & safety onsite reviews that were reviewed by Child Care Division.		Proposed Delete KPM	100.00		
1 - ENTERED EMPLOYMENT - % of job seekers who got a job with a new employer after registering with the Employment Department.		Approved KPM	54.00	57.00	57.00
2 - EMPLOYMENT RETENTION - % of Job Seekers who were in employment two quarters after registering with the Employment Department.		Approved KPM	82.00	80.00	80.00
3 - COST PER PLACEMENT– total cost of B&ES programs divided by the total number of job seekers entered into employment after receiving services.		Approved KPM	281.00	200.00	200.00
4 - FIRST PAYMENT TIMELINESS – % of initial unemployment insurance payments made within 21 days of eligibility.		Approved KPM	96.30	95.00	95.00
5 - NON-MONETARY DETERMINATIONS TIMELINESS – % of claims that are adjudicated within 21 days of issue detection		Approved KPM	77.00	80.00	80.00
6 - COST PER CLAIM – total cost of UI programs divided by the total number of initial claims for UI benefits filed.		Approved KPM	201.00	160.00	160.00
7 - UNEMPLOYMENT INSURANCE APPEALS TIMELINESS – % of cases requesting a hearing that are heard or are otherwise resolved within 30 days of the date of request.		Approved KPM	35.00	60.00	60.00
8 - NON-UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - Percentage of orders issued within the standards established by the user agencies.		Approved KPM	94.06	93.00	93.00
9 - AVERAGE DAYS TO ISSUE AN ORDER - Average number of days to issue an order following the close of record.		Approved KPM	6.31	6.60	6.60

**Agency: EMPLOYMENT DEPARTMENT**

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

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
10 - COST PER REFERRAL TO OAH – total cost of OAH programs divided by the total number of referrals.		Approved KPM	422.00	429.00	429.00
11 - HIGHER AUTHORITY APPEALS TIMELINESS – % of cases requesting an appeal that receive a decision within 45 days of the date of request.		Approved KPM	94.00	75.00	75.00
12 - TIMELINESS OF NEW STATUS DETERMINATIONS - % of new status determinations completed within 90 days of the end of the liable quarter.		Approved KPM	77.00	80.00	80.00
14 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	84.60	95.50	95.50
14 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	82.90	95.50	95.50
14 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	86.50	95.50	95.50
14 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	87.90	95.50	95.50
14 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	84.00	95.50	95.50
14 - CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	85.20	95.50	95.50

**LFO Recommendation:**

The Legislative Fiscal Office recommends that the Employment Department evaluate and revise agency key performance measures to reflect standards and requirements of the federal Workforce Innovation and Opportunity Act. It is recommended that each division of the agency have at least one Key Performance Measure, and that the new measures be proposed in conjunction with development of the 2017-19 budget. A progress report on the KPM updates should be made to the Legislative Fiscal Office in February 2016. In the mean-time, it is recommended that KPM # 13 be deleted (the child care division is no longer in the Employment Department) and that the agency continue to track and report progress on existing/remaining measures, until such time as new measures are proposed to and approved by the Legislature.

**Sub-Committee Action:**

**PROPOSED AMENDMENTS TO  
SENATE BILL 5508**

1 On page 1 of the printed bill, line 14, delete “\$108,285,857” and insert  
2 “\$112,033,818”.

3 After line 14, insert:

4 “(2) Office of Administrative Hearings.....\$29,090,375”

5 In line 15, delete “(2)” and insert “(3)” and delete “\$332,222” and insert  
6 “\$938,000”.

7 In line 19, delete “\$20,900,000” and insert “\$24,300,000”.

8 In line 25, delete “\$21,000,000” and insert “\$25,000,000”.

9 On page 2, line 3, delete “(2)” and insert “(3)”.

10 In line 6, delete “\$23,800,000” and insert “\$15,000,000”.

11 In line 10, delete “(2)” and insert “(3)”.

12 In line 12, delete “\$158,875,848” and insert “\$158,387,498”.

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