

BUDGET REPORT AND MEASURE SUMMARY

Joint Committee On Ways and Means

Action:

Action Date:

Vote:

Prepared By: Michelle Lisper, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Agency: Employment Department

Biennium: 2015-17

Budget Summary*

	2013-15 Legislatively Approved Budget ⁽¹⁾	2015-17 Current Service Level	2015-17 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 127,195,975	\$ 122,182,520	\$ 141,729,971	\$ 14,533,996	11.4%
Other Funds Capital Improvements	\$ 322,546	\$ 332,222	\$ 332,222	\$ 9,676	3.0%
Other Funds Debt Service	\$ 186,075	\$ -	\$ -	\$ (186,075)	-100.0%
Other Funds Nonlimited	\$ 1,634,912,351	\$ 1,520,000,000	\$ 1,520,105,053	\$ (114,807,298)	-7.0%
Federal Funds Limited	\$ 168,973,715	\$ 155,935,577	\$ 158,387,498	\$ (10,586,217)	-6.3%
Federal Funds Nonlimited	\$ 264,035,745	\$ 94,832,000	\$ 94,832,000	\$ (169,203,745)	-64.1%
Total	\$ 2,195,626,407	\$ 1,893,282,319	\$ 1,915,386,744	\$ (280,239,663)	-12.8%

Position Summary

Authorized Positions	1,347	1,206	1,270	-77
Full-time Equivalent (FTE) positions	1,286.63	1,176.58	1,236.11	-50.52

⁽¹⁾ Includes adjustments through December 2014

* Excludes Capital Construction expenditures

Revenue Summary

For the Department of Employment, 85.5 percent of total revenue collected is designated for the Unemployment Insurance Benefits Trust Fund for payments to eligible claimants for unemployment insurance benefits. Unemployment taxes are collected by the state and held by the U.S. Treasury for the payment of benefits to eligible claimants. Benefits paid with these funds are expended as Other Funds Nonlimited. Unemployment benefits paid by the federal government under emergency and extended benefit programs, and the federal Trade Act are expended as Federal Funds Nonlimited.

The major source of Other Funds revenue supporting agency operations, the Supplemental Employment Department Administrative Fund, is generated from an assessment on employer payroll of 0.09 percent of one percent and estimated to generate \$72.2 million in 2015-17. Past distributions of federal Reed Act funds amounts to approximately \$24.3 million. Special Administrative Fund revenues from interest and tax compliance penalties will generate approximately \$10.0 million in 2015-17, and Fraud Control Fund revenues from overpayment collection activities are estimated at \$13.7 million. The agency also receives Other Funds revenues from contracts with other state agencies to provide employment placement, research services for employers and workforce partners, and administrative hearings conducted on behalf of state agencies. Collectively, Other Funds account for 9.0 percent of the agency's revenue.

Federal Unemployment Tax Act revenues are generated through a tax on employers and are based on the number of claims, employer accounts, time spent on various workload activities, and staff costs. A portion of these revenues are returned to the state to fund administration of employment security programs. Federal Wagner-Peyser Act funds are allocated based on the civilian labor force and unemployment history for employment related labor exchange services. Federal Funds also support specific services such as Trade Act administration, labor statistics, and reemployment eligibility assessments. Federal Funds revenue account for 5.5 percent of total revenue collected by the agency.

Summary of Transportation and Economic Development Subcommittee Action

The Employment Department's mission is to support business and promote employment. To accomplish this mission, the agency administers the Unemployment Insurance (UI) benefits program, recruits and refers applicants to job openings, assists job seekers in their employment searches, and develops and distributes workforce and economic information. The Office of Administrative Hearings (OAH) adjudicates citizen and business disputes with state agencies.

The Subcommittee approved a budget of \$1,915,386,744 total funds: \$142,062,193 Other Funds; \$158,387,498 Federal Funds; \$1,520,105,053 Other Funds Nonlimited; \$94,832,000 Federal Funds Nonlimited; and, 1,270 positions (1,236.11 FTE). This represents a 12.8 percent reduction in total funds and a 3.9 percent reduction in FTE from the 2013-15 Legislatively Approved Budget through December 2014. These reductions are due to an anticipated decrease in the unemployment compensation workload resulting from an improving economy, some claimants exhausting their eligibility for benefits, and the phase-out of the federal extended and emergency benefit funding.

The packages approved by the Subcommittee includes planning and detailed business case development funding for the modernization of business services and technology infrastructure; permanent and limited duration positions to enhance efforts in the prevention of UI overpayments; position reallocation that will abolish 20 unfilled positions across the department and re-establish 12 positions where they are needed at the appropriate position classification consistent with the agency's strategic plan, for a net impact of 1.67 FTE; grant award adjustments due to the US Department of Labor supplemental funding; and, technical adjustments due to revenue forecast updates, carryforward for grants, and completion of projects started in the 2013-15 biennium.

The Modernization Policy Package 101 impacts all agency programs. The Subcommittee's recommendations provide initial planning resources for procuring, customizing and executing an integrated technology platform that results in improved functionality and service to stakeholders.

Specifically the Subcommittee recommended the department do the following:

- work closely with and regularly report project status to the Office of the State Chief Information Officer (OSCIO) and the Legislative Fiscal Office (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 OSCIO 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 OSCIO;
 - 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 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 Quality Assurance reporting activities throughout the life of the OED Modernize Business Services and Technology Infrastructure project.

Funding for this package is from an \$85 million one-time grant the Department received 2009 for program administration, as a result of updating UI laws and processes to retain conformity with federal program standards.

Additionally, the recommendation includes Services and Supplies costs for contracted independent quality assurance, per House Bill 4122 (2014), and State Quality Assurance policy requirements.

Unemployment Insurance 10-10

The UI program provides temporary income maintenance for workers who are unemployed through no fault of their own and acts as a partial economic stabilizer for communities during periods of economic recession. The program determines eligibility and pays unemployment benefits, reviews appeals of eligibility, benefit, and tax decisions, and administers the state's unemployment tax program. The Employment Appeals Board is included in this program area.

The Subcommittee approved a budget of \$147,492,973 total funds: \$27,457,097 Other Funds; \$120,035,876 Federal Funds; and, 631 positions (602.02 FTE).

The Subcommittee approved the following adjustments to the Employment Department's current service level budget:

- Package 101: Modernization Business Services and Technology Infrastructure. This package is a one-time increase of Other Funds expenditure limitation of \$1,620,377 and four limited duration positions (1.16 FTE). The Subcommittee's recommendation supports this project as outlined in the Summary Subcommittee Action section of this report.

This package includes resources to hire a contracted project management position or firm, two Systems Analysts, and one Business Requirement Analyst. The four limited duration positions are recommended to backfill existing UI Tax positions who will be used on the

Modernization project as subject matter experts (SME) for the purposes of analyzing and mapping systems, processes and program requirements.

- Package 102: Benefit Payment Control Staffing. This package increases the total funds budget by \$1,467,997; \$1,390,892 Other Funds expenditure limitation; \$77,105 Federal Funds expenditure limitation; and, adds nine permanent full-time positions (8.75 FTE).

For the past three biennia, the Legislature has supported packages comprised of 12 limited duration positions used to enhance investigations and auditing to prevent UI overpayments. The package provides ongoing support for overpayment prevention efforts. Expected outcomes at this staffing level include review of approximately 10,000 claims per quarter and recovery of up to \$11.0 million in overpayments for the UI Trust Fund.

- Package 104: Agency Security Compliance. This package is a one-time increase of \$250,000 Other Funds expenditure limitation and \$663,000 Federal Funds expenditure limitation to provide software enhancements that will reduce the risk of security breaches and data theft. The Subcommittee recommended the expenditure limitation be unscheduled until the Department receives formal approval from the OSCIO to procure and deploy its proposed information security. The Department is expected to report back to LFO, prior to the February 2016 Session, on the status of the OSCIO approval for these enhancements.
- Package 106: Oregon Payroll Reporting System. This package is a one-time increase of \$1,600,000 Other Funds expenditure limitation. The package will allow the Department to secure the front-end access to the Oregon Payroll Reporting System, which is one of the systems used by Oregon employers to report wage and tax records. Total cost of the project is \$3,396,500; \$1.8 million of which will be met with existing resources. The Committee recommended that the limitation be unscheduled until the Department obtains all necessary approvals from the OSCIO, prior to awarding a contract for a web-based customized secured sign-in for employers to use when electronically filing wage and tax reports.
- Package 111: Federal Conformity. This package is associated with Senate Bill 242, which makes changes to the Work Share program, and allows the Department to intercept tax refunds of people who receive overpayments in accordance with federal guidelines. The package increases Other Funds expenditure limitation by \$352,484, adds four permanent positions (2.50 FTE), and maintains conformity between state and federal laws governing UI Administration.
- Package 802: Position Allocation. This package is a technical adjustment that increases the total funds budget for this division by \$541,346; Other Funds expenditure limitation by (\$10,903), Federal Funds expenditure limitation by \$552,249, and FTE by 1.87.
- Package 803: Grant Awards. This package is a one-time increase of \$486,000 Federal Funds expenditure limitation, and three limited duration positions related to two separate grants. \$286,000 is associated with a US Department of Labor allocation for UI administration efforts related to worker classification, and UI tax compliance efforts. An Operations and Policy Analyst 2 and a Compliance Specialist 3 (1.50 FTE) will be responsible to augment education and enforcement actions related to proper worker classification pursuant to the goals of the Interagency Compliance Network (Employment Department, Department of Revenue, Bureau of Labor and Industries, Construction Contractor's Board,

Landscape Contractor Board and the Department of Consumer and Business Services). A second grant award was received late in calendar year 2014 related to the Short Term Compensation (Work Share) program; \$200,000 and one Project Manager position (1.00 FTE) is included for completion of employer outreach and enhanced enrollment activities related to that grant.

- Package 804: Carryforward and Technical Adjustments. This package is a net result of the following adjustments:
 - a shift in expenditure limitation from Federal Funds to Other Funds of \$10.8 million, to reflect updated revenue forecasts;
 - expenditure limitation in the amount of \$107,800 Other Funds for the UI Division's proportional share of completion of information systems Enterprise Architecture Plan development, which is a necessary prerequisite to modernization efforts in Package 101;
 - carry-forward of limitation related to upgrades to hardware and software systems utilized by the UI call centers that are at the end of their lifecycles and due for replacement. The Department has experienced delays in finalizing vendor contracts, necessitating the carryforward of \$1.9 million in Federal Funds expenditure limitation; and
 - the UI Division's share of the cost of software upgrades to various information systems applications that are needed to manage reprogramming and updates, totaling \$46,008 Other Funds and \$90,212 Federal Funds.

In total, these adjustments increase Other Funds expenditure limitation by \$10,953,808, and decrease Federal Funds expenditure limitation by \$8,809,788.

Business and Employment Services 010-20

The Business and Employment Services Division serves businesses by recruiting and referring the best-qualified applicants to jobs, and provides resources to diverse job seekers in support of their employment needs. The division has a statewide network of field offices and one-stop centers to provide a job listing/referral service for Oregon employers and a job referral/placement service for Oregon job seekers.

The Subcommittee approved a budget of \$107,559,107 total funds; \$72,748,029 Other Funds, \$34,811,078 Federal Funds and 461 positions (459.05 FTE).

The Subcommittee approved the following adjustments to the Employment Department's current service level budget:

- Package 101: Modernization Business Services and Technology Infrastructure. This package is a one-time increase of \$1,104,603 Other Funds expenditure limitation. The Subcommittee's recommendation is outlined in the Summary Subcommittee Action section of this report.
- Package 103: Contracted Employment Services. This package increases Other Funds expenditure limitation by \$3,837,858, adds 18 permanent full-time positions, and eight limited duration positions (26.00 FTE) to provide job research and placement assistance via contract to clients of the Department of Human Services. Over the past six biennia, the Department has used a minimum of 18 and a maximum of 26 Business and Employment Specialist 2 positions. The Subcommittee recommendation is consistent with the Department's utilization of FTE 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.

- Package 107: Trade Act - Trade Adjustment Assistance. This package is a one-time increase of \$2,826,105 Federal Funds expenditure limitation, and adds 19 limited duration positions (19.00 FTE) to address anticipated job training placement services provided under the Trade Adjustment Act. Of the 19 positions, 17 are Business and Employment Specialist positions to maintain a 75:1 caseload to worker ratio, one is a Program Analyst 3 position to serve as a liaison between the Department and its partners, and one is an Office Specialist 2 position.
- Package 109: Customer Flow and Service Access. This package provides one-time resources in the amount of \$1,904,881 Other Funds expenditure limitation, and one limited duration project management position (1.00 FTE) to remodel approximately eight Work Source Centers within the state. The remodeling efforts are for the purpose of improving customer service and increasing staff productivity.

The Employment Department is directed to report on this project during the 2016 Legislative Session regarding progress made on remodeling efforts and the average cost per center. At that time, the agency may request additional expenditure limitation for this purpose, the amount of which should be based on realistic expectations of the number of additional centers the agency will be able to remodel for the remainder of the biennium.

- Package 802: Position Allocation. This package is a technical adjustment that decreases the total funds budget for this division by \$734,058; it decreases Other Funds expenditure limitation by \$99,520, decreases Federal Funds expenditure limitation by \$634,538, and abolishes six positions (6.00 FTE).
- Package 803: Grant Awards. This package is a one-time expenditure limitation increase of \$2,400,000 Federal Funds. The package reflects the US Department of Labor allocation of additional funds for grants related to Reemployment Eligibility Assessment (REA). The REA program provides administrative funding to support enhanced evaluation of a UI claimant's eligibility, work search efforts to provide targeted assistance that results in an acceleration of a UI claimant's transition from UI benefits to employment. The REA program has been integrated into the department's regular operation, and this package will allow the agency to train staff to perform the functions outlined in the grant award as specified by the US Department of Labor.
- Package 804: Carryforward and Technical Adjustments. This package is the net result of the following adjustments:
 - a shift in expenditure limitation from Other Funds to Federal Funds of \$8.3 million, to reflect updated revenue forecasts;
 - expenditure limitation in the amount of \$79,200 Other Funds for the Business and Employment Services (B&ES) Division's proportional share of completion of information systems Enterprise Architecture Plan development, which is a necessary prerequisite to modernization efforts in Package 101;
 - the B&ES Division's share of the cost of software upgrades to various information system applications that are needed to manage reprogramming and updates, totaling \$34,932 Other Funds and \$65,148 Federal Funds; and
 - a shift in expenditure category from Other Funds Services and Supplies to Other Funds Capital Outlay, in the amount of \$615,454. This adjustment nets to \$0.

In total, these adjustments decrease Other Funds expenditure limitation by \$8,185,868, and increase Federal Funds expenditure limitation by \$8,365,148, for a total funds increase of \$179,280.

Additionally, the agency will need to correct the following expenditure allocation within the Legislatively Approved Budget, Services and Supplies category for a net zero gain as follows: reduce State Government Service Charge account 4225 by \$1,298,143; increase the telecommunication account 4200 by \$429,057; and, increase the Data Processing account 4250 by \$869,086.

Office of Administrative Hearings 101-40

The Office of Administrative Hearings (OAH) provides an independent and impartial forum for citizens and businesses to adjudicate their disputes with state agencies.

The Subcommittee approved a budget of \$29,090,375 Other Funds, and 114 positions (112.29 FTE).

The Subcommittee approved the following adjustments to the Employment Department's current service level budget:

- Package 101: Modernization Business Services and Technology. This package is a one-time increase of \$214,031 Other Funds expenditure limitation. The Subcommittee's recommendation supports this project as outlined in the Summary Subcommittee Action section of this report.
- Package 139: OAH Case Management. This package provides a one-time increase of \$856,803 Other Funds expenditure limitation and three limited duration positions (2.50 FTE). The purpose of this package is to complete development of a single integrated case management system for the division. The completed project allows for case related document collections, storage and access by case stakeholders electronically, collection for accurate data for reporting and managing hearing operations, and efficient scheduling of hearings.

Specifically, this package will allow the agency to complete phase two of this project, which will transition remaining state agencies to the case management system. The limited duration positions will train agencies to load and access case related documents, as well as input required reporting data into the system. Positions associated with this recommendation include two Administrative Law Judges (0.75 FTE each) and one Information System Specialist 8 position (1.00 FTE). Funding for this package will be derived through charges to state agencies for adjudication and related expenses of contested cases.

- Package 804: Carryforward and Technical Adjustments. This package is the net result of the following adjustments:
 - increase expenditure limitation in the amount of \$22,000 Other Funds, Services and Supplies for the division's proportional share of completion of information systems Enterprise Architecture Plan development, which is a necessary prerequisite to modernization efforts in Package 101; and
 - increase expenditure limitation in the amount of \$27,800 Other Funds, Services and Supplies for the division's share of the cost of software upgrades to various information systems applications that are needed to manage reprogramming and updates.

In total, these adjustments increase Other Funds expenditure limitation by \$49,800.

Workforce and Economic Research 010-50

The Workforce and Economic Research Division has primary responsibility for providing quality workforce and economic information for the state, its workforce regions, and counties. The division is Oregon's designated Employment Statistics Agency (under the federal Workforce Investment Act of 1998) and Oregon's designated agency for the coordination of occupational and career information.

The Subcommittee approved a budget of \$12,766,692 Other Funds, \$3,540,544 Federal Funds and 64 positions (62.75 FTE), for a total funds expenditure limitation of \$16,307,236.

The Subcommittee approved the following adjustments to the Employment Department's current service level budget:

- Package 101: Modernization Business Services and Technology Infrastructure. This package is a one-time increase of \$107,015 Other Funds expenditure limitation. The Subcommittee's recommendation supports this project as outlined in the Summary Subcommittee Action section of this report.
- Package 802: Position Allocation. This package is a technical adjustment that decreases the Other Funds expenditure limitation for this division by \$414,070 and abolishes two positions (2.00 FTE).
- Package 803: Grant Awards. This package is a one-time expenditure limitation increase of \$517,000 Federal Funds related to receipts of a federal grant to improve the longitudinal data system known as the Prism System. A grant of \$1.15 million was awarded in June 2013 and \$720,000 of related expenditure limitation was approved by the Legislature in February 2014. The project improves the information collection and reporting data so the Department can better evaluate the long-term effectiveness of programs related to training, applying for and keeping work and wage data.

Delays in approval of the initial business case related to the project resulted in a carryforward need of \$82,000 Federal Funds expenditure limitation for the 2015-17 biennium. In addition, the agency is requesting an additional \$435,000 Federal Funds expenditure limitation and position authority for the remainder of the grant award to complete refinement, user testing and training. Three limited duration Information Systems Specialist positions (2.25 FTE) are recommended for this effort.

- Package 804: Carryforward and Technical Adjustments. This package is the net result of the following adjustments:
 - a shift in expenditure limitation from Federal Funds to Other Funds of \$4 million, to reflect updated revenue forecasts and the source of Workforce and Economic Research division expenditures;
 - expenditure limitation in the amount of \$11,000 Other Funds for the division's proportional share of completion of information systems Enterprise Architecture Plan development, which is a necessary prerequisite to modernization efforts in Package 101; and
 - the division's share of the cost of software upgrades to various information systems applications that are needed to manage reprogramming and updates, totaling \$4,260 Other Funds and \$9,640 Federal Funds;

In total, these adjustments increase Other Funds expenditure limitation by \$4,015,260 and decrease Federal Funds expenditure limitation by \$3,990,360, for a total funds increase of \$24,900.

Nonlimited 087

Nonlimited funds include unemployment tax collections, trust fund interest earnings, and federal revenues that are used to pay UI and associated benefits to qualified applicants. Nonlimited funds also include federal revenues that are used to pay benefits related to federal training programs, such as the Trade Adjustment Assistance Program and as reimbursement of UI benefit paid for deferral workers. Both Other Funds Nonlimited and Federal Funds Nonlimited are projected to decrease significantly as unemployed workers find jobs or exhaust their eligibility.

The Subcommittee approved \$1,520,105,053 Other Funds Nonlimited and \$94,832,000 Federal Funds Nonlimited, for a budget of \$1,614,937,053 total funds. No positions are included in this program unit.

- Package 111: Federal Conformity. This package is associated with Senate Bill 243 (2015), which makes changes to the Work Share program and allows the Department to intercept tax refunds of people who receive overpayments, in accordance with federal guidelines. This package decreases Other Funds Nonlimited expenditure limitation associated with Senate Bill 243 by \$ 24,067. The bill maintains conformity between state and federal laws governing unemployment insurance administration.
- Package 115: Unemployment Insurance Benefits Eligibility. This package increases Other Funds Nonlimited expenditure limitation by \$129,120, and is associated with House Bill 2440 (2015). The bill changes existing law to allow individuals receiving UI benefits to leave their labor market in order to apply for work. These are Nonlimited expenses within the Employment Department budget.

Summary of Performance Measure Action

See attached Legislatively Adopted 2015-17 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5508-A

**Oregon Employment Department
Michelle Lisper -- 503-378-3195**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2013-15 Legislatively Approved Budget at Dec 2014 *	\$ -	\$ -	\$ 127,704,596	\$ 1,634,912,351	\$ 168,973,715	\$ 264,035,745	\$ 2,195,626,407	1,347	1,286.63
2015-17 Current Service Level (CSL)*	\$ -	\$ -	\$ 122,514,742	\$ 1,520,000,000	\$ 155,935,577	\$ 94,832,000	\$ 1,893,282,319	1,206	1,176.58
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010-10 - Unemployment Insurance									
Package 101: Modernization Business Services and Technology									
Personal Services	\$ -	\$ -	\$ 187,034	\$ -	\$ -	\$ -	\$ 187,034	4	1.16
Services and Supplies	\$ -	\$ -	\$ 1,433,343	\$ -	\$ -	\$ -	\$ 1,433,343		
Package 102: Benefit Payment Control Staffing									
Personal Services	\$ -	\$ -	\$ 1,253,997	\$ -	\$ -	\$ -	\$ 1,253,997	9	8.75
Services and Supplies	\$ -	\$ -	\$ 136,895	\$ -	\$ 77,105	\$ -	\$ 214,000		
Package 104: Agency Security Compliance									
Capital Outlay	\$ -	\$ -	\$ 250,000	\$ -	\$ 663,000	\$ -	\$ 913,000	0	0.00
Package 106: Oregon Payroll Reporting System									
Capital Outlay	\$ -	\$ -	\$ 1,600,000	\$ -	\$ -	\$ -	\$ 1,600,000	0	0.00
Package 111: Federal Conformity									
Personal Services	\$ -	\$ -	\$ 292,484	\$ -	\$ -	\$ -	\$ 292,484	4	2.50
Services and Supplies	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000		
Package 802: Position Allocation									
Personal Services	\$ -	\$ -	\$ (7,903)	\$ -	\$ 504,249	\$ -	\$ 496,346	0	1.87
Services and Supplies	\$ -	\$ -	\$ (3,000)	\$ -	\$ 48,000	\$ -	\$ 45,000		
Package 803: Grant Awards									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 413,000	\$ -	\$ 413,000	3	2.50
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 73,000	\$ -	\$ 73,000		
Package 804: Carryforward and Technical Adjustments									
Services and Supplies	\$ -	\$ -	\$ 10,953,808	\$ -	\$ (8,809,788)	\$ -	\$ 2,144,020	0	0.00
SCR 010-20 - Business and Employment Services									
Package 101: Modernization Business Services and Technology									
Services and Supplies	\$ -	\$ -	\$ 1,104,603	\$ -	\$ -	\$ -	\$ 1,104,603	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 103: Contracted Employment Services									
Personal Services	\$ -	\$ -	\$ 3,214,536	\$ -	\$ -	\$ -	\$ 3,214,536	26	26.00
Services and Supplies	\$ -	\$ -	\$ 623,322	\$ -	\$ -	\$ -	\$ 623,322		
Package 107: Trade Act- Trade Adjustment									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 2,370,593	\$ -	\$ 2,370,593	19	19.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 455,512	\$ -	\$ 455,512		
Package 109: Customer Flow and Service Access									
Personal Services	\$ -	\$ -	\$ 166,001	\$ -	\$ -	\$ -	\$ 166,001	1	1.00
Services and Supplies	\$ -	\$ -	\$ 1,738,880	\$ -	\$ -	\$ -	\$ 1,738,880		
Package 802: Position Reallocation									
Personal Services	\$ -	\$ -	\$ (51,520)	\$ -	\$ (538,538)	\$ -	\$ (590,058)	-6	-6.00
Services and Supplies	\$ -	\$ -	\$ (48,000)	\$ -	\$ (96,000)	\$ -	\$ (144,000)		
Package 803: Grant Awards									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 2,016,000	\$ -	\$ 2,016,000	0	0.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 384,000	\$ -	\$ 384,000		
Package 804: Carryforward and Technical Adjustments									
Services and Supplies	\$ -	\$ -	\$ (8,801,322)	\$ -	\$ 8,365,148	\$ -	\$ (436,174)	0	0.00
Capital Outlay	\$ -	\$ -	\$ 615,454	\$ -	\$ -	\$ -	\$ 615,454		
SCR 010-40 - Office of Administrative Hearings									
Package 101: Modernization Business Services and Technology									
Services and Supplies	\$ -	\$ -	\$ 214,031	\$ -	\$ -	\$ -	\$ 214,031	0	0.00
Package 139: OAH Case Management									
Personal Services	\$ -	\$ -	\$ 494,803	\$ -	\$ -	\$ -	\$ 494,803	3	2.50
Services and Supplies	\$ -	\$ -	\$ 362,000	\$ -	\$ -	\$ -	\$ 362,000		
Package 804: Carryforward and Technical Adjustments									
Services and Supplies	\$ -	\$ -	\$ 49,800	\$ -	\$ -	\$ -	\$ 49,800	0	0.00
SCR 010-50 - Workforce and Economic Research									
Package 101: Modernization Business Services and Technology									
Services and Supplies	\$ -	\$ -	\$ 107,015	\$ -	\$ -	\$ -	\$ 107,015	0	0.00
Package 802: Position Reallocation									
Personal Services	\$ -	\$ -	\$ (366,070)	\$ -	\$ -	\$ -	\$ (366,070)	-2	-2.00
Services and Supplies	\$ -	\$ -	\$ (48,000)	\$ -	\$ -	\$ -	\$ (48,000)		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 803: Grant Awards									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 417,000	\$ -	\$ 417,000	3	2.25
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000		
Package 804: Carryforward and Technical Adjustments									
Services and Supplies	\$ -	\$ -	\$ 4,015,260	\$ -	\$ (3,990,360)	\$ -	\$ 24,900	0	0.00
SCR 087 - Nonlimited									
Package 111: Federal Conformity									
Special Payments	\$ -	\$ -	\$ -	\$ (24,067)	\$ -	\$ -	\$ (24,067)	0	0.00
Package 115: Unemployment Insurance Benefits Eligibility									
Special Payments	\$ -	\$ -	\$ -	\$ 129,120	\$ -	\$ -	\$ 129,120	0	0.00
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 19,547,451	\$ 105,053	\$ 2,451,921	\$ -	\$ 22,104,425	64	59.53
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 142,062,193	\$ 1,520,105,053	\$ 158,387,498	\$ 94,832,000	\$ 1,915,386,744	1,270	1,236.11
% Change from 2013-15 Leg Approved Budget	0.0%	0.0%	11.2%	-7.0%	-6.3%	-64.1%	-12.8%	-77	-50.52
% Change from 2015-17 Current Service Level	0.0%	0.0%	16.0%	0.0%	1.6%	0.0%	1.2%	64	59.55

*Excludes Capital Construction Expenditures

Legislatively Approved 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
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
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

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
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:

Approve the LFO recommendation.