



Data breach, manager resignation point to more Employment Department woes

The embattled Oregon Employment Department found itself back in the spotlight for all the wrong reasons Friday, after news surfaced of a **security breach** that may have affected as many as 1.3 million Oregonians.

The breach, on a system that stores personal information of people searching for jobs, wasn't discovered until an anonymous tipster emailed an agency developer on Monday. Although security was restored by Tuesday, the agency waited to tell the public until late Friday afternoon.

The hit exposed ongoing vulnerabilities within the Employment Department's information technology division, which **wasted millions of dollars** on failed computer software projects that launched in the aftermath of the recession. The problems escalated as managers feuded, and a **state review** found an agency so dysfunctional that it couldn't properly do its job.

For many Oregonians, the agency plays a critical role, not only making sure they receive weekly insurance benefits, but also helping them find work.

The issues surfaced last year, and new leadership is now in control. The current leaders were not only tasked with cleaning up the mess, but also with implementing the **governor's reforms of the state's workforce training systems**.

Those leaders, though, are now under renewed scrutiny themselves.

Kim Parker, a high-level manager who played a central role in the workforce reforms, **announced her resignation Thursday** in a widely distributed email that disclosed her personal relationship with Salvador Llerenas, the agency's second in command.

Llerenas, the Employment Department's deputy director, is a veteran bureaucrat who stepped in last year amid the turmoil.

He oversees the agency's technology division, among a handful of others. He told The Oregonian last year that it could not afford any more tech setbacks.

Data breach

A major blow arrived Monday in a developer's inbox.

The email alerted the agency that its WorkSource Oregon Management Information System, an application that unemployed Oregonians use to register for the state's job search services, was hacked. The system stores personal information commonly used on job applications, such as names, addresses and, most critically, Social Security numbers.

The agency was able to block access to those numbers the day it discovered the leak, said Gerald Fahrenkopf, the Employment Department's chief information officer.

But he said access to other information wasn't shut off until the close of business Tuesday.

State technology and crime experts were still working Friday to pinpoint the scope and source of the leak.

Its impact may be far-reaching: Fahrenkopf said the database contains roughly 1.3 million users who have at some point turned to the state to help them find jobs. The agency will open a hotline starting Saturday to address people's concerns.

It's unclear why the disclosure didn't happen until late Friday.

Andrea Fogue, an Employment Department spokeswoman, said the agency prioritized the security of the information first, then worked to understand more about what happened and who was affected. She said the agency will offer free credit monitoring for people whose information was accessed.

Management upheaval

The agency's troubles extend to its highest ranks, as spelled out in an all-employee email Thursday.

The message, sent by director Lisa Nisenfeld, detailed the resignation of Parker and disclosed Parker's relationship with Llerenas.

Nisenfeld said the pair informed her of their relationship a few weeks ago, and both offered to tender their resignation at the time. There have been no complaints of impropriety on the part of either, she said.

"Perceived conflict of interest is always something we want to think about," she said.

Neither Llerenas nor Parker responded to messages left by The Oregonian on Friday.

Yet Parker, an assistant director in charge of the department's business and employment programs, described her reasons in the agency wide email.

"In the best interest of the agency, and to avoid any appearance of conflict of interest, we agreed that a change needs to occur over the next several weeks," Parker wrote.

The date of Parker's departure from the Employment Department has not been set, Fogue said.

Court records show Llerenas filed for divorce from his wife July 16 in Marion County Circuit Court. Parker jointly filed for divorce with her then-husband in Clackamas County Circuit Court on August 6.

-- Molly Young