

HB 5007 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Employment Department

2017-19

PRELIMINARY

Budget Summary*

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 6,133,655	\$ 6,252,676	\$ -	\$ (6,133,655)	(100.0%)
Other Funds Limited	\$ 145,365,204	\$ 146,103,191	\$ 147,269,635	\$ 1,904,431	1.3%
Other Funds Capital Improvements	\$ 938,000	\$ 765,500	\$ 765,500	\$ (172,500)	(18.4%)
Other Funds Nonlimited	\$ 1,520,105,053	\$ 1,424,000,000	\$ 1,424,000,000	\$ (96,105,053)	(6.3%)
Federal Funds Limited	\$ 162,865,912	\$ 156,502,819	\$ 160,330,161	\$ (2,535,751)	(1.6%)
Federal Funds Nonlimited	\$ 94,832,000	\$ 70,000,000	\$ 70,000,000	\$ (24,832,000)	(26.2%)
Total	\$ 1,930,239,824	\$ 1,803,624,186	\$ 1,802,365,296	\$ (127,874,528)	(6.6%)

Position Summary

Authorized Positions	1,272	1,260	1,298	26	2.0%
Full-time Equivalent (FTE) positions	1,237.76	1,204.84	1,239.78	2.02	0.2%

⁽¹⁾ Includes adjustments through December 2016

*Excludes Capital Construction expenditures

Summary of Revenue Changes

The majority of revenue in the Oregon Employment Department (OED) is designated for Unemployment Insurance benefits payments to eligible claimants. Unemployment taxes are collected by the state and held by the U.S. Treasury for payment of benefits. These payments are expended as Other Funds Nonlimited. Unemployment insurance benefits paid by the federal government under emergency and extended benefit programs, the federal Trade Act, and for federal employees are expended as Federal Funds Nonlimited.

The major source of Other Funds revenue supporting agency operations, the Supplemental Employment Department Administrative Fund (SEDAF), is generated from an assessment on employer payroll of 0.09 % of one % and estimated to generate \$82.6 million in the 2017-19 biennium. Reed Act funds distributed in 2002 and 2008 by the federal government amount to approximately \$3.3 million of total 2017-19 revenue, and are anticipated to be fully expended in the 2017-19 biennium. Special Administrative Fund revenues from interest and tax compliance penalties will generate approximately \$16.0 million in the 2017-19 biennium, and Fraud Control Fund revenues from overpayment collection activities are estimated at \$8.5 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.

Unemployment Insurance Modernization funds were received in 2009 as a result of legislative adoption of several changes to the Unemployment Insurance program; the distribution amounted to \$85.6 million and these funds can only be used for expenditures relating to UI and Employment Services administration. These dollars are held in the Unemployment Insurance Trust Fund, and are being utilized to fund activities relating to updating and the Department's aging business and information technology infrastructure. The recommended budget expends \$5.4 million from this source.

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 6.4 % of total revenue collected by the agency.

Summary of Transportation and Economic Development Subcommittee Action

OED'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 disputed unemployment insurance benefit eligibility determinations and citizen and business disputes with most state agencies.

The Subcommittee approved a budget of \$1,802,365,296 total funds, consisting of the following: \$148,035,135 Other Funds expenditure limitation; \$1,424,000,000 Other Funds Nonlimited expenditures; \$160,330,161 Federal Funds expenditure limitation; \$70,000,000 Federal Funds Nonlimited expenditures; and 1,298 positions (1,239.78 Full Time Equivalent). This represents a 6.6 % reduction in total funds and a 0.2 % increase in FTE from the 2015-17 Legislatively Approved Budget through December 2016. The reductions in expenditure limitation are due to an anticipated decrease in the Unemployment Insurance division 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 increase in FTE is due to an expansion of two federal programs, and staffing needs associated with the modernization of the agency's business practices and information technology systems.

The packages approved by the Subcommittee include the following:

- A revenue reduction package to balance with the available revenue, reflecting declining federal administrative funding and the depletion of Reed Act funding, which is largely spent with no additional funding from this source anticipated to be available in the near future for agency administrative costs.

- Costs and staffing associated with the completion of a feasibility study and beginning of a detailed business case for the modernization of the Employment Department’s business practices and information technology systems. The Subcommittee recommends that the Chief Financial Office unschedule \$2.8 million of the approved \$4.7 million Other Funds limitation pending the results of the progress report that is due during the February 2018 Legislative Session. In addition, favorable determinations must be made by the Office of State Chief Information Officer (OSCIO) and the Legislative Fiscal Office (LFO) on the project’s readiness to proceed.
- \$4.8 million in additional Federal Funds limitation and 30 positions to accommodate the reauthorization and expansion of the Federal Trade Act program, provided there is an increase in program participation.
- \$0.5 million in additional Federal Funds limitation and three positions to promote the federal Work Opportunity Tax Credit program among Oregon employers.
- \$0.8 million in Other Funds limitation and five limited duration positions associated with contracted job placement assistance to state agency clients.
- The abolishment of vacant positions.
- Transfer of three Information Technology Security positions to the OSCIO.

Budget Note:

The Employment Department (OED) is directed to report to the Joint Committee on Ways and Means or to a meeting of the Emergency Board after the release of the Legislative Fiscal Office’s annual Report on Liquidated and Delinquent Accounts Receivable, scheduled for December 2017. The Employment Department’s report will include the following:

- *How much of the total ending balance of reported liquidated and delinquent accounts are attributable to uncollected Unemployment Insurance Benefit overpayments, uncollected Unemployment Insurance Taxes, and other causes;*
- *What actions and circumstances are defined as write-offs, adjustments and reversals for purposes of the Liquidated and Delinquent Accounts Receivable report;*
- *The efforts made to reduce the agency’s delinquent debt as reported, progress made to reduce the ending balance of liquidated and delinquent accounts receivable as compared to the previous year’s report by 10 %, and how its debt collection efforts relate to federal performance metrics; and*
- *An action plan for continued progress toward reducing delinquent debt as reported, including additional resources that may be necessary to improve performance.*

Shared Services

This division provides a broad range of strategic and operational support services for all OED programs. Core administrative functions are provided by the Director's Office, Legislative Affairs and Communications, Administrative Business Support (which includes Accounting and Payroll, Budget and Program Analysis, Contracts and Procurement, Facilities and Safety/Risk), Information Technology Services and Human Resources. Centralization of core administrative functions allows other agency divisions to focus on the delivery of services to customers.

The Subcommittee approved a budget of \$44,028,166 total funds: \$15,827,793 Other Funds limitation; \$28,200,373 Federal Funds limitation; and 138 positions (136.91 FTE).

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

Package 070, Revenue Shortfall. This package balances expenditures with available revenues, reducing Other Funds limitation by \$1,737,000. This reduction is necessary due to a decline in administrative grant revenue attributable to lower unemployment rates and reflects that one-time federal Reed Act funding – once a source of funding for the agency's administrative costs – is largely spent.

Package 801, LFO Analyst Adjustments. This package adds \$195,206 Other Funds limitation, \$847,459 Federal Funds limitation, and five positions (5.00 FTE). This reflects the approval of a Department of Administrative Services (DAS) permanent finance plan for the agency, since the release of the Governor's Budget. This package moves five positions to the Shared Services division from the Unemployment Insurance division.

Package 802, Position Reclassification. Expenditure limitation is adjusted for the reclassification of existing staff positions deemed to be working out-of-class by DAS, Chief Human Resource Office (CHRO). In the Shared Services division, a Principal Executive Manager F will be reclassified to a Principal Executive Manager D and a Human Resource Analyst III position will be reclassified to an Operations and Policy Analyst III, resulting in a decrease in Federal Funds limitation of \$26,471.

Package 814, IT Security Positions Consolidation. This package aids in the consolidation of Information Technology (IT) positions in the state by transferring three positions (3.00 FTE) from the agency to OSCIO. The limitation is reduced by a total of \$820,481 total funds to reflect the movement of these positions.

Unemployment Insurance

The UI program provides partial, temporary income replacement for workers who are unemployed through no fault of their own. Division staff determine eligibility, pays unemployment benefits reviews appeals of eligibility, benefit, and tax decisions, and administer the state's unemployment tax program. The Employment Appeals Board is included in this program area.

The Subcommittee approved a budget of \$122,347,564 total funds: \$31,659,379 Other Funds limitation; \$90,688,185 Federal Funds limitation; and 563 positions (513.49 FTE).

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

Package 070, Revenue Shortfall. This package balances expenditures with available revenues, reducing the limitation by \$2,299,052 total funds; \$1,367,654 Other Funds limitation and \$931,398 Federal Funds limitation. Eight permanent positions (7.67 FTE) are eliminated.

Package 801, LFO Analyst Adjustments. This package reduces \$195,206 Other Fund limitation, \$847,459 Federal Funds limitation and five positions (5.00 FTE). This package reflects the approval of a DAS permanent finance plan for the agency since the release of the Governor's Budget. This package moves the five positions from the UI division to the Shared Services division.

Package 802, Position Reclassification. This package increases Federal Funds limitation by \$56,002 to reclassify six existing staff deemed to be working out-of-class by DAS, CHRO. Four Business and Employment Specialist II positions are being reclassified to two Program Analyst I positions and two Training and Development Specialist I positions; one Legal Secretary is being reclassified to an Operations and Policy Analyst I; and, one Revenue Agent III is being reclassified to a Compliance Specialist I.

Package 812, Vacant Position Elimination. This package reduces Federal Funds limitation by \$318,445 and eliminates one (1.00 FTE) vacant Principal Executive Manager F position.

Workforce Operations

The Workforce Operations Division (formerly known as the Business and Employment Services Division) connects Oregon employers and job seekers by helping businesses find skilled workers and employee training opportunities and by offering skill assessments and career pathways to job seekers, by division, has a statewide network of field offices and one-stop centers. The division partners with regional and local training providers (Workforce Innovation and Opportunity Act Title I), the Oregon Workforce Investment Board, Local Workforce Development Boards, inter-agency partnerships (including the Department of Human Services, the Commission for the Blind and the Higher Education Coordinating Commission), local economic development organizations, Oregon community colleges, and local workforce organizations.

The Subcommittee approved a budget of \$95,275,940 total funds; \$61,485,161 Other Funds limitation, \$33,790,779 Federal Funds limitation; and 421 positions (419.05 FTE).

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

Package 102, Trade-Act Trade Adjustment Assistance Program. This package increases Federal Funds limitation by \$4,849,999, adds 19 permanent full-time positions (19.00 FTE) and 11 full-time limited duration positions (11.00 FTE). The agency, through this program, assists workers who have lost their jobs due to foreign competition, pursuant to the guidelines associated with the Federal Trade Act. Congress reauthorized the program through June 30, 2021. This package augments the existing 12 permanent positions.

The agency is seeing an increase in the number of petitions being filed and approved. This package funds additional staffing to meet anticipated program demands, as follows: 24 Business and Employment Specialists; one Program Analyst II to facilitate cooperation among workforce partners; three Program Analyst I positions to facilitate connections among employers and clients in the Tri-county area (which historically has the highest number of trade affected workers); one Office Specialist; and one additional management position.

Package 103, Federal Work Opportunity Tax Credit Program. In this package, Federal Funds limitation is increased by \$497,050, and three permanent full-time positions (3.00 FTE) are added to provide training and technical assistance to Oregon employers regarding the Work Opportunity Tax Credit (WOTC) program.

WOTC provides employers with a tax credit when they hire individuals with certain barriers to employment. The agency successfully implemented an on-line application and filing system for employers to enhance ease and access to federal tax credits associated with this program. The department reports that less than 10 % of Oregon employers participate in the program. The goal of involving more employers has the potential to provide a tax benefit to more employers at little cost to the State of Oregon, while increasing incomes and self-sufficiency of WOTC target populations. The program is federally funded and has no match requirements. Federal funding for the program is partially based on the number of tax credit certifications issued per year; additional program usage by employers will generate additional Federal Funds revenue to sustain the program.

Package 104, Workforce Contracted Employment Services. Other Funds limitation is increased by \$794,420, and five full-time limited duration (5.00 FTE) positions are added to provide job placement assistance for the Department of Human Services clients via an inter-agency contract. A similar package has been previously approved for the past seven biennia.

Package 802, Position Reclassification. Other Funds limitation is increased by \$256,022 and Federal Funds limitation by \$220,310; two new permanent full-time (2.00 FTE) positions are established.

The LFO adjustment reflects the reclassification of 20 existing staff deemed to be working out-of-class by DAS, CHRO as follows:

- 17 Business and Employment Specialist II positions reclassified to seven Training and Development Specialist I positions and 10 Program Analyst I positions;
- An Office Specialist I reclassified to a Business and Employment Specialist II;
- A Principal Executive Manager D downward reclassification to a Principal Executive Manager C;
- An Operation and Policy Analyst II reclassified to an Economist II position;
- Two new Operations and Policy Analyst positions are established.

Package 812, Vacant Position Elimination. Other Funds limitation is reduced by \$236,439 and one (1.00 FTE) vacant Principal Executive Manger F position is eliminated.

Office of Administrative Hearings

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 \$27,506,872 Other Funds limitation and 104 positions (102.88 FTE).

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

Package 812, Vacant Position Elimination. Other Funds limitation was reduced by \$624,567 and three (3.00 FTE) vacant Administrative Law Judge positions were eliminated.

Workforce and Economic Research

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 information.

The Subcommittee approved a budget of \$6,873,617 Other Funds limitation, \$7,650,824 Federal Funds limitation and 54 positions (53.50 FTE).

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

Package 802, Position Reclassification. This package increases Other Funds expenditure limitation by \$63,168, and \$49,706 Federal Funds limitation. This adjustment reflects the reclassification of existing staff deemed to be working out-of-class by DAS, CHRO. The agency reclassified three Economist I to Economist II positions; one Economist II to an Economist III; three Research Analyst III to Research Analyst IV positions; and two management positions to Principal Executive Manager E positions.

Package 812, Vacant Position Elimination. This package reduces Other Funds limitation by \$412,749 and eliminates one (1.00 FTE) vacant Principal Executive Manager D position and one (0.67 FTE) Research Analyst II position.

Oregon Talent Council

The Oregon Talent Council was created to promote growth and competitiveness in Oregon's traded sector and high growth industries by administering limited duration investments guided by a Council-developed talent plan to address Oregon's talent gaps.

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

Package 801, LFO Analyst Adjustments. This package eliminates General Fund support for the Oregon Talent Council within the Employment Department's budget. Two positions (1.67 FTE) and \$6,252,676 General Fund are eliminated.

Modernization Initiative

A new budgetary structure is created to track expenditures and FTE associated with the evaluation, improvement and replacement of core business processes and aging information technology systems for the agency. The agency is expected to work closely with OSCIO, LFO and the Chief Financial Office (CFO) to accomplish this project's mission.

The Subcommittee approved a budget of \$4,682,313 Other Funds limitation, and eighteen permanent (13.95) positions.

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

Package 101, Modernization Business Services and Technology Infrastructure. This package creates a new budgetary reporting structure and includes \$4,682,313 Other Funds limitation and 18 permanent (13.95 FTE) positions to lead a multi-biennia effort to evaluate, improve and replace core business processes and aging information technology systems. Of this amount, the Subcommittee recommended DAS un-schedule \$2,796,000 Other Funds limitation and one position, pending a report by OED during the 2018 Legislative Session, on project status and favorable recommendations from the State CIO and LFO on readiness to proceed.

This packages provides for the continuation of seven existing positions, as follows: one program manager; three Operations and Policy Analyst positions serving as a business analytic function; one Operations and Policy Analyst position serving as a subject matter expert from the Workforce Operations division; one Information Systems Specialist project manager; one Executive Assistant; one Public Affairs Specialist to keep agency personnel apprised of data needs and project milestones; and one Operations and Policy Analyst to manage and prepare personnel for changes the agency will need to make to successfully implement new systems.

In addition, the package provides for a contract specialist to help develop and manage quality assurance, other vendor contracts and to help draft a request for proposals in anticipation of completion of the feasibility study. All of the positions associated with this package are permanent, as the project is expected to continue at least through the next biennia and quite possibly beyond. Expenditure limitation is included for vendors associated with quality assurance, systems engineering and training. An additional eight subject matter experts will assist with mapping data and processes for compliance, quality assurance, tax collection, administrative and accounting functions in specific divisions of the agency, as the project progresses. These positions will be phased into the new division over the course of the 2017-19 biennium.

OED will transfer existing employees from its UI division, Workforce Operations division, budgeting and accounting expertise from the Shared Services division and from the Workforce and Economic Research divisions to serve as the subject matter experts. The department will fill the vacancies in the various divisions, created by the transfers, to ensure regular duties continue to be carried out. The limitation and position authority is expected to enable the agency to complete a feasibility study, which will include the following:

- a strategic plan for modernization incorporating business needs;
- identify business and solutions requirements through process mapping;
- determine what market solutions exist;
- perform a readiness assessment to identify the department's level of readiness to initiate the project.

OED expects to complete its feasibility study by January 2018. After it's completion, OED will work with OSCIO and LFO to secure endorsement of further work on the project (a.k.a. Stage Gate II approval), which entails the development of a more detailed business case, foundational project management documents, independent third party quality control reviews and risk assessments, solution requirements and development of statements of work and other procurement documents.

Nonlimited

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 workers. Both Other Funds Nonlimited expenditures and Federal Funds Nonlimited expenditures are projected to decrease as unemployed workers find jobs or exhaust their eligibility.

The Subcommittee approved a budget of \$1,424,000,000 Other Funds Nonlimited and \$70,000,000 Federal Funds Nonlimited expenditures. No positions are included in this program unit.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Employment Department
Michelle Lisper -- 971-283-6360

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 6,133,655	\$ -	\$ 146,303,204	\$ 1,520,105,053	\$ 162,865,912	\$ 94,832,000	\$ 1,930,239,824	1,272	1,237.76
2017-19 Current Service Level (CSL)*	\$ 6,252,676	\$ -	\$ 146,868,691	\$ 1,424,000,000	\$ 156,502,819	\$ 70,000,000	\$ 1,803,624,186	1,260	1,204.84
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010-05 - Shared Services									
Package 070: Revenue Shortfall									
Services and Supplies	\$ -	\$ -	\$ (1,737,000)	\$ -	\$ -	\$ -	\$ (1,737,000)		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 173,606	\$ -	\$ 749,059	\$ -	\$ 922,665	5	5.00
Services and Supplies	\$ -	\$ -	\$ 21,600	\$ -	\$ 98,400	\$ -	\$ 120,000		
Package 802: Position Reclassification									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ (26,471)	\$ -	\$ (26,471)	0	0.00
Package 814: IT Security Positions Consolidation									
Personal Services	\$ -	\$ -	\$ (227,070)	\$ -	\$ (521,411)	\$ -	\$ (748,481)	(3)	(3.00)
Services and Supplies	\$ -	\$ -	\$ (24,000)	\$ -	\$ (48,000)	\$ -	\$ (72,000)		
SCR 010-10 - Unemployment Insurance									
Package 070: Revenue Shortfall									
Personal Services	\$ -	\$ -	\$ (118,656)	\$ -	\$ (819,328)	\$ -	\$ (937,984)	(8)	(7.67)
Services and Supplies	\$ -	\$ -	\$ (1,248,998)	\$ -	\$ (112,070)	\$ -	\$ (1,361,068)		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ (195,206)	\$ -	\$ (847,459)	\$ -	\$ (1,042,665)	(5)	(5.00)
Package 802: Position Reclassification									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 56,002	\$ -	\$ 56,002	0	0.00
Package 812: Vacant Position Elimination									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ (318,445)	\$ -	\$ (318,445)	(1)	(1.00)
SCR 010-20 - Workforce Operations									
Package 102: Trade Act-Trade Adjustment Assistance Program									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 4,129,999	\$ -	\$ 4,129,999	30	30.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 720,000	\$ -	\$ 720,000		
Package 103: Federal Work Opportunity Tax Credit Program									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 425,050	\$ -	\$ 425,050	3	3.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 72,000	\$ -	\$ 72,000		
Package 104: Workforce Contracted Employment Services									
Personal Services	\$ -	\$ -	\$ 674,420	\$ -	\$ -	\$ -	\$ 674,420	5	5.00
Services and Supplies	\$ -	\$ -	\$ 120,000	\$ -	\$ -	\$ -	\$ 120,000		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 802: Position Reclassification Personal Services	\$ -	\$ -	\$ 256,022	\$ -	\$ 220,310	\$ -	476,332	2	2.00
Package 812: Vacant Position Elimination Personal Services	\$ -	\$ -	\$ (236,439)	\$ -	\$ -	\$ -	(236,439)	(1)	(1.00)
SCR 010-40 - Office of Administrative Hearings									
Package 812: Vacant Position Elimination Personal Services	\$ -	\$ -	\$ (624,567)	\$ -	\$ -	\$ -	(624,567)	(3)	(3.00)
SCR 010-50 - Workforce and Economic Research									
Package 802: Position Reclassification Personal Services	\$ -	\$ -	\$ 63,168	\$ -	\$ 49,706	\$ -	112,874	0	0.00
Package 812: Vacant Position Elimination Personal Services	\$ -	\$ -	\$ (412,749)	\$ -	\$ -	\$ -	(412,749)	(2)	(1.67)
SCR 010-70 - Oregon Talent Council									
Package 801: LFO Analyst Adjustments Personal Services	\$ (450,727)	\$ -	\$ -	\$ -	\$ -	\$ -	(450,727)	(2)	(1.67)
Services and Supplies	\$ (188,579)	\$ -	\$ -	\$ -	\$ -	\$ -	(188,579)		
Special Payments	\$ (5,613,370)	\$ -	\$ -	\$ -	\$ -	\$ -	(5,613,370)		
SCR 010-90 - Modernization Initiative									
Package 101: Modernization Business Service & Technology Infrastructure Personal Services	\$ -	\$ -	\$ 2,467,699	\$ -	\$ -	\$ -	2,467,699	18	13.95
Services and Supplies	\$ -	\$ -	\$ 2,214,614	\$ -	\$ -	\$ -	2,214,614		
TOTAL ADJUSTMENTS	\$ (6,252,676)	\$ -	\$ 1,166,444	\$ -	\$ 3,827,342	\$ -	(1,258,890)	38	34.94
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 148,035,135	\$ 1,424,000,000	\$ 160,330,161	\$ 70,000,000	\$ 1,802,365,296	1,298	1,239.78
% Change from 2015-17 Leg Approved Budget	(100.0%)	0.0%	1.2%	(6.3%)	(1.6%)	(26.2%)	(6.6%)	2.0%	0.2%
% Change from 2017-19 Current Service Level	(100.0%)	0.0%	0.8%	0.0%	2.4%	0.0%	(0.1%)	3.0%	2.9%

Legislatively Approved 2017 - 2019 Key Performance Measures

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Agency: Employment Department

Mission Statement:

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

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. ENTERED EMPLOYMENT - LFO Recommendation - Percentage of adult program participants who are in unsubsidized employment during the second quarter after utilizing workforce operations services. Targets changed from 60% to 63%.		Approved	61%	63%	63%
2. EMPLOYMENT RETENTION - LFO Recommendation - Percentage of adult program participants who are in unsubsidized employment during the fourth quarter after exiting the program. Target changed from 80% to 62%.		Approved	83%	62%	62%
3. COST PER PLACEMENT - Total cost of Workforce Operations (B&ES) program divided by the total number of job seekers entered into employment after receiving services. LFO Recommendation - At present, the target is static and does not take into consideration escalation in agency costs related to personal services and services and supplies inflation. The Legislative Fiscal Office recommendation modifies the target from \$200 to \$400, and adding an inflation factor of 4% to the target in subsequent biennia.		Approved	\$400.00	\$400.00	\$416.00
4. FIRST PAYMENT TIMELINESS - % of initial unemployment insurance payments made within 21 days of eligibility.		Approved	86.74%	87%	87%
5. NON-MONETARY DETERMINATIONS TIMELINESS - % of claims that are adjudicated within 21 days of issue detection		Approved	45.80%	80%	80%
7. UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - Percentage of cases requesting a hearing that are heard or are otherwise resolved within 30 days of the date of request.		Approved	71.55%	60%	60%
8. NON-UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - Percentage of orders issued within the standards established by the user agencies.		Approved	95.54%	93%	93%
9. AVERAGE DAYS TO ISSUE AN ORDER - Average number of days to issue an order following the close of record.		Approved	4.10	6.60	6.60
10. COST PER REFERRAL TO OAH - LFO recommendation: Revise the methodology for calculating KPM #10, from TOTAL cost of Office of Administrative Hearings programs divided by the total number of referrals, to the AVERAGE cost of hearing referral to the Office of Administrative Hearings. Revise the Target from \$467 to \$515 and allow new targets to be proposed each successive biennium based on Governor's Recommend Budget and OAH anticipated caseload.		Approved	\$500.23	\$532.00	\$532.00
11. HIGHER AUTHORITY APPEALS TIMELINESS - Percentage of cases requesting an appeal that receive a decision within 45 days of the date of request.		Approved	91%	80%	80%
12. TIMELINESS OF NEW STATUS DETERMINATIONS - Percentage of new status determinations completed within 90 days of the end of the liable quarter.		Approved	75.40%	80%	80%

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
13. 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	79.80%	95.50%	95.50%
	Accuracy		77.70%	95.50%	95.50%
	Availability of Information		78%	95.50%	95.50%
	Timeliness		75.80%	95.50%	95.50%
	Overall		79.10%	95.50%	95.50%
	Helpfulness		80.90%	95.50%	95.50%
6. UNEMPLOYMENT INSURANCE ADMINISTRATIVE COSTS AS A PERCENT OF BENEFITS PAID - Compares dollars paid to unemployed workers against the cost of providing those benefits. Specifically, all costs associated with Unemployment Insurance administration, including related Department of Justice and Office of Administrative Hearings costs, less Re-Employment Eligibility Assessments and State Government Service Charges, divided by Total Unemployment Insurance Benefits paid. LFO Recommendation: approve.		Proposed New	No Data	10%	10%
14. FOUNDATIONAL SURVEY RESPONSE RATE - Ordinary (non-weighted) arithmetic mean of four annual response rates: (1) Occupational Employment Statistics employment; (2) Occupational Employment Statistics units; (3) Annual Refiling Survey employment; (4) Annual Refiling Survey units. LFO Recommendation: approve.		Proposed New	No Data	73%	73%
6. COST PER CLAIM - Total cost of UI programs divided by the total number of initial claims for UI benefits filed.		Proposed Delete	\$242.00	\$160.00	\$0.00

LFO Recommendation:

The Legislative Fiscal Office recommends Key Performance Measures for the Employment Department as set out above. Recommended changes are summarized as follows:

KPM #1 - Change wording from: Percentage of job seekers who got a job with a new employer after registering with the Employment Department. Target changed from 60% to 63%. These changes align the measure with similar data the Department must report pursuant to the federal Workforce Innovation and Opportunity Act, as determined by the US Department of Labor.

KPM #2 - Change wording from: Percentage of job seekers who were in employment two quarters after registering with the Employment Department. Target changed from 80% to 62%, as the calculation is based on participants employed in Program Year quarter 4 after exit divided by total participant exits. These changes align the measure with similar data the Department must report pursuant to the federal Workforce Innovation and Opportunity Act, as determined by the US Department of Labor.

KPM #3 - Change target from a static \$200 to \$400 for 2018 and \$416 for 2019, with targets adjusted for inflation each biennium by a maximum of 4%.

KPM #6 - Replace the previous measure, which measured total cost of UI insurance programs divided by the total initial claims, with a revised KPM 6 as proposed. The measure proposed for deletion does not take into account how many claims were denied, nor the total cost of benefits actually paid to claimants, so it was not as relevant as the measure recommended to replace it.

KPM #10 - The proposed change will better reflect the complexity of various cases (over which the Office of Administrative Hearings has little control) that are influenced by economic factors and policies that govern agencies that refer cases.

KPM #11 - Recommend changing the target for "Higher Authority Appeals Timeliness" from 75% to 80% based on recent performance data.

KPM # 13 - The Employment Department has refined its customer service survey and anticipates proposing revised targets in 2019-21, after evaluating survey response rates and performance utilizing the new survey mechanism.

KPM #14 - A new proposed KPM is presented based on a recommendation from the Legislative Fiscal Office in 2015 to develop a measure for the Workforce and Economic Research Division. The agency has a goal of ensuring a mean response rate to its four key surveys of approximately 73%, as these surveys are the basis upon which the division makes the majority of its key research findings and projections.

SubCommittee Action:

The Subcommittee approved the Employment Department's KPMs as submitted. Subcommittee members encouraged the Department to view future changes to measures in the context of what the Department is hoping to achieve with regard to outcomes for Oregonians, and not solely within the context of uniform reporting alignment with the Federal government, which may change more frequently.