



House Interim Committee on Business and Labor

Oregon Employment Department Response to COVID-19 Pandemic

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May 27, 2020



Our Vision

An Oregon where meaningful work enables the state's diverse people and businesses to realize their full potential, creating prosperity in every community

Our Mission

Support Business · Promote Employment



Unemployment Insurance in Oregon

Early March

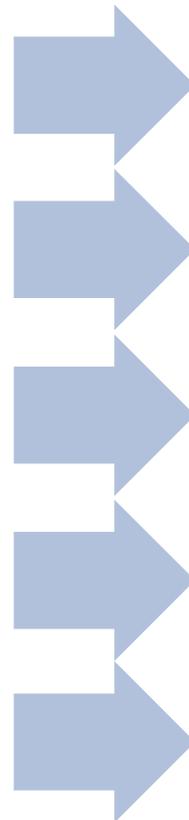
Record low unemployment – 3.5%

Many experienced UI employees focused on modernization program

Training time for new claims takers is 6 – 8 weeks

About 100 people handling claims

First UI payments issued within 3 weeks of claim 93.3% of the time



May 2020

Record high unemployment – 14.2% (April)

Employees from throughout agency focused on UI

Hundreds of employees trained on UI

About 700 people handling claims

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Unemployment Insurance System

- State-federal partnership established in 1935 after Great Depression
- Limit hardship created when job lost due to no fault of the worker
- Economic safety net provides partial wage replacement
- Cash flow to local economies
- Worker attached to community until better times



Unemployment Insurance System *cont'd*

- Benefits funded by taxes paid by employers
- State administration of benefits paid by federal government
- Oregon funding adequate to support 70-75% of need
- Oregon UI Trust Fund fully funded at \$5 billion in March

Unemployment Insurance System *cont'd*

- Fundamentally unchanged since inception
- Must be able to work, actively seeking work, available to work if suitable job offered
- Based on employer-employee relationship and verified work history and earnings
- Must file weekly claim and meet eligibility requirements each week as verified by the department

Unemployment Insurance System *cont'd*

- Rules-based, conformance required by US Department of Labor to maintain state funding and federal tax credits for employers
- Oregon system is mainframe-based, parts 30-years old
- Built to protect personal information, integrity of UI Trust Fund, guard against fraud, share data

Key Factors Affecting Services

- Overall economic conditions
- Size of Oregon's workforce
- Need for UI benefits has recurring seasonal fluctuations
- Demand for specialized programs
- Programmatic and policy changes



UI System Opportunities According to U.S. DOL

Oregon shares many challenges with UI programs nationally

- Inadequate federal administrative funding
- Need to modernize UI systems
- Loss of institutional knowledge and capacity
- Inability to provide desired levels of service

Last year, Oregon received only 71% of the federal funding needed to administer unemployment insurance

We have avoided problems other states face

- Inadequate UI Trust Fund
- Decreased safety net for unemployed workers



Preparing for Opportunities

- Oregon struggles to serve people as quickly as we would like
- Ongoing efforts to minimize improper payments – sophisticated fraud schemes and federal requirements contribute to the challenges
- Progress is being made – outdated technology and processes are barriers
- Technology limitations make it harder to work with partner agencies to best serve the public



Unemployment Insurance (UI)

Employment Appeals Board

2019-2021 Legislatively Approved Budget

Total Positions: 532

UI Tax

- Employer registration
- Tax status determination
- Combined tax reporting
- Tax collection
- Account maintenance
- Field audits

UI Benefits

- Process claims
- Determine benefit eligibility
- Pay benefits
- Benefit Payment Control (prevent, detect, and recover overpayments)
- Allocate benefit payments among employers

UI Policy

- Quality control
- Federal and state compliance
- Legislative, rule, and policy work
- Trust fund projections and analysis
- Interstate programs
- Training



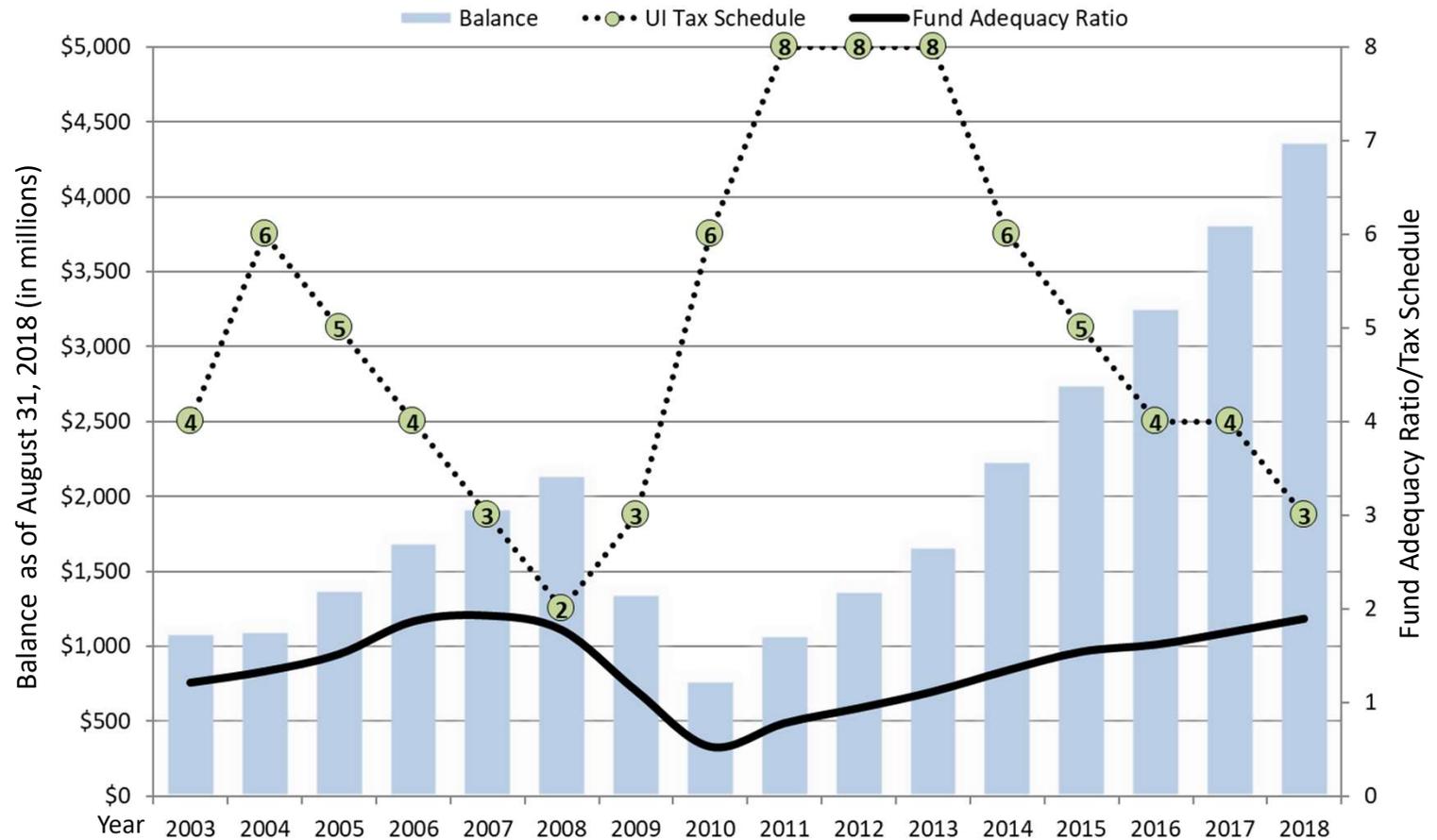
UI Trust Fund Basics

- Oregon's statutory, self-balancing formula plans ahead for economic downturns to avoid tax increases during recessions
- An "adequacy ratio" determines which of 8 tax schedules apply for a particular year
- Within each tax schedule, employers' tax rates depend on their use of the UI system
- Federal and state law only permit the UI Trust Fund to be used for specific purposes – primarily paying UI benefits
- Oregon's UI Trust Fund is viewed as a model for other states

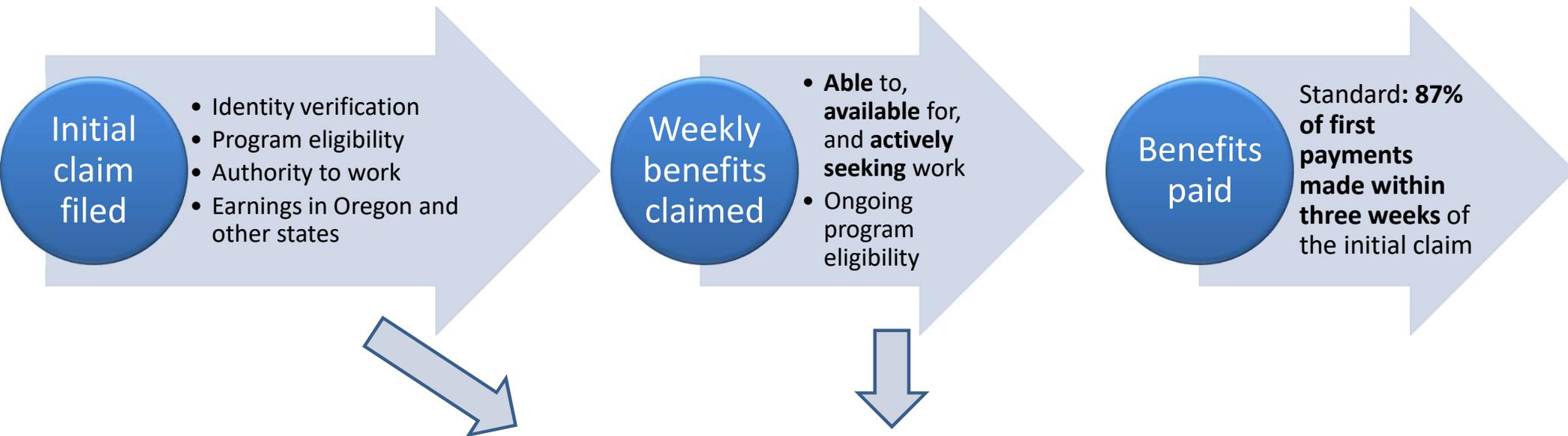


Trust Fund Balance, Schedule, and Fund Adequacy Ratio

Federal and state law restrict the use of funds to Unemployment Insurance



UI Process to Get Benefits



Issues can arise at any point in a claim, requiring an adjudication process done consistent with federal requirements. Generally requires contacting person seeking benefits and their employer. Payments sometimes must be paused until the adjudication is complete

Some Common Complications – Initial Claim

- Work for the federal government or military
- Wages earned in another state
- National system use to communicate with other states and federal government not working first few weeks of pandemic
- Wages not properly reported by employer –name, SSN, etc.
- Not enough prior earnings or work
- Need to examine if person was employee or independent contractor
- Social Security Administration requires proof of authority to work in United States
- Signs of potential identity theft
- Penalty weeks from prior intentional misrepresentations
- Reason for being unemployed may disqualify worker from benefits



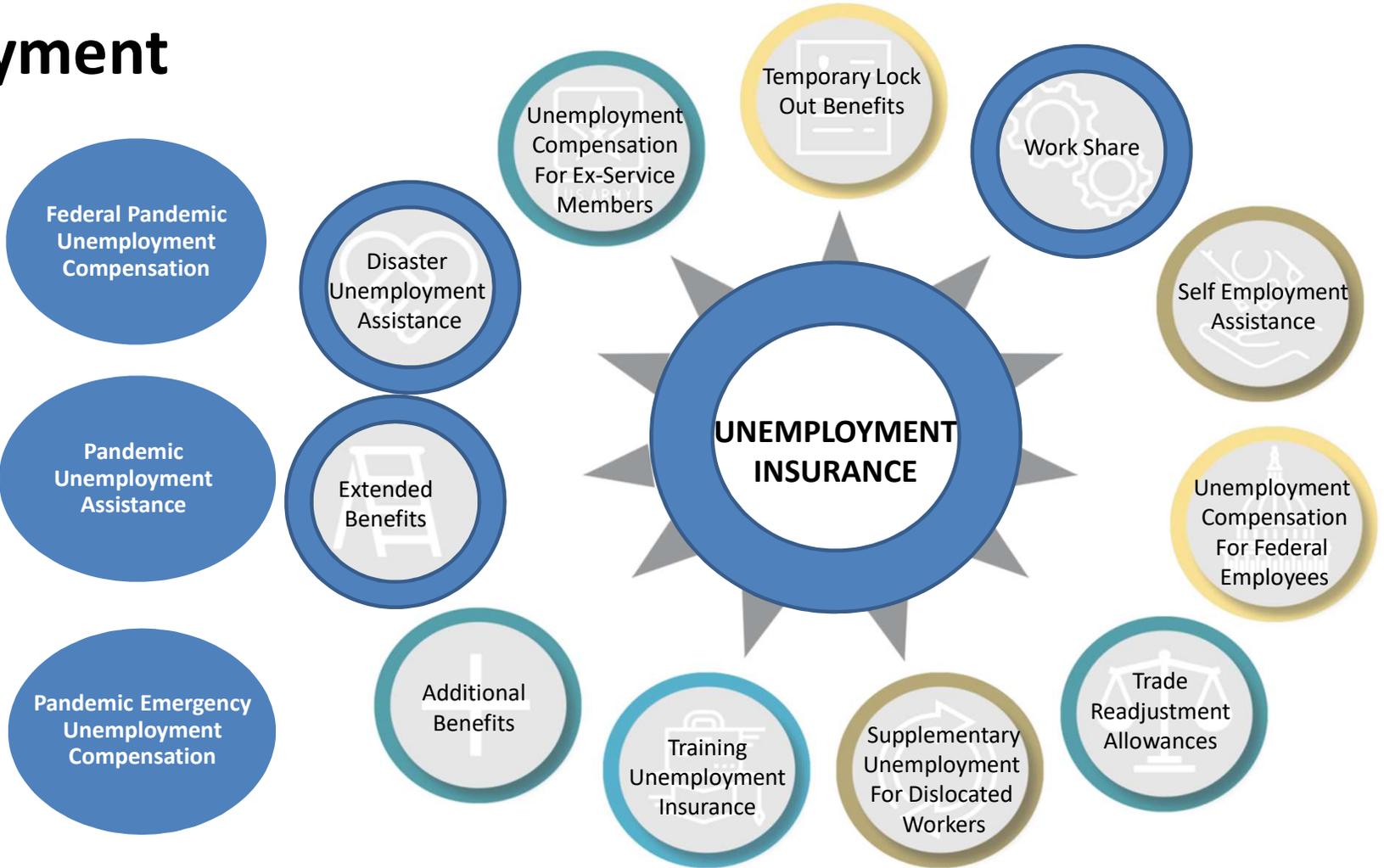
Some Common Complications – Weekly Claim

- Person indicates they are not able to work, available for work, or actively seeking work
- Person indicated they would return to work at a certain time, but continues seeking benefits
- Somebody has an opportunity to return to work but does not
- Being away from your labor market area
- Person works for an educational institution during a time that is usually a school recess period
- A break in weeks you are seeking benefits
- Receiving vacation, holiday, retirement or other pay while seeking benefits



Unemployment Insurance Programs

During the Pandemic



Unemployment Insurance in Oregon

Early March 2020

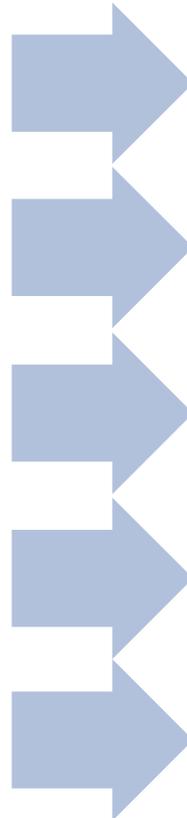
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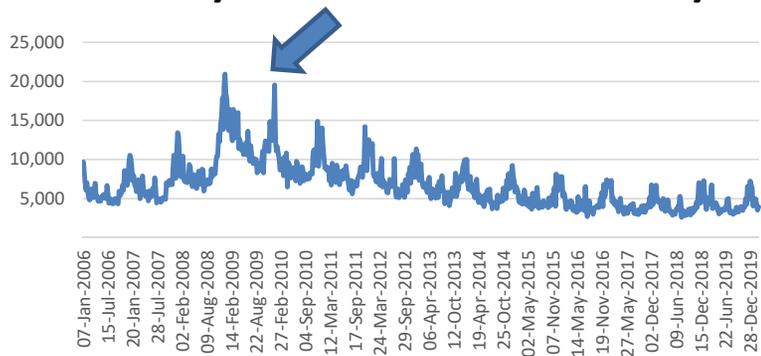
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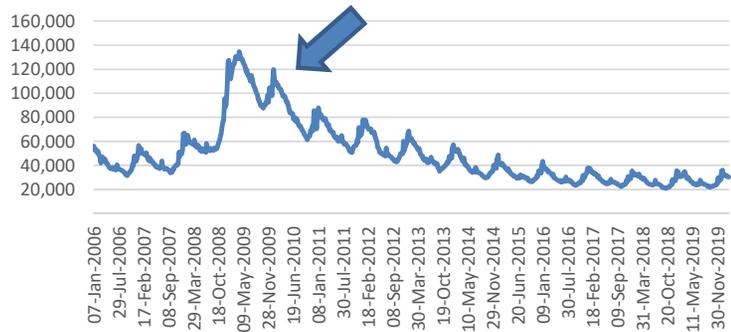
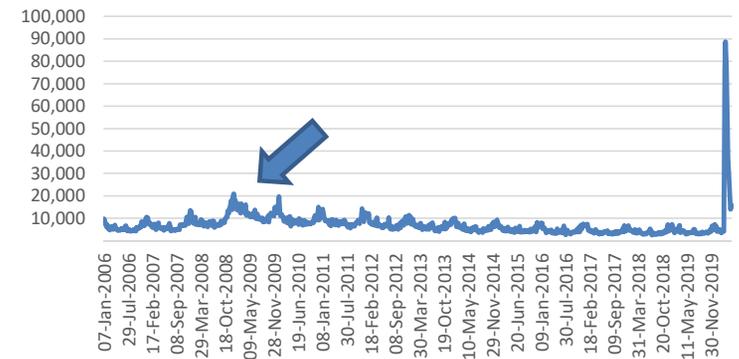
Claims filed per week January 2006 – February 2020



Initial
claims

Arrows indicate the
Great Recession

Claims filed per week January 2006 – May 16 2020



Weekly
claims



Pandemic creates national crisis for state unemployment insurance programs

Initial benefit claims and those receiving benefits as a share of each state work force

The variation between the states reflects both economic differences and lags in processing claims.

From April 30, 2020
 NY Times article
 based on U.S. Dept.
 of Labor data



Note: Initial claims include those made from March 15 to April 25. The percentage receiving benefits reflects continued claims made the week ending April 25 by workers experiencing continued unemployment the previous week. • Source: Department of Labor • The New York Times



Employment Department COVID-19 Response

- Regular guidance to employees beginning March 2, 2020
- Cleaning buildings per CDC protocols daily, hygiene items available, public health signage in all worksites
- Job Centers open by-appointment-only on March 24, then closed to all in-person on April 6
- Implemented staggered shifts March 25 at UI Contact Centers
- Six foot social distancing practiced and monitored, virtual meetings
- Telework for eligible positions, about 200 employees



Employment Department COVID-19 Response *cont'd*

- Get the most benefits to the most people as quickly as possible
- Update guidance for people on how to file claims – on line, and information with claim related documentation
- Modified systems to increase automation, and stop some automation that does not fit pandemic situation
- Reassigned employees from across the agency, and other agencies, to help with UI
- Working weekends and more hours of the day



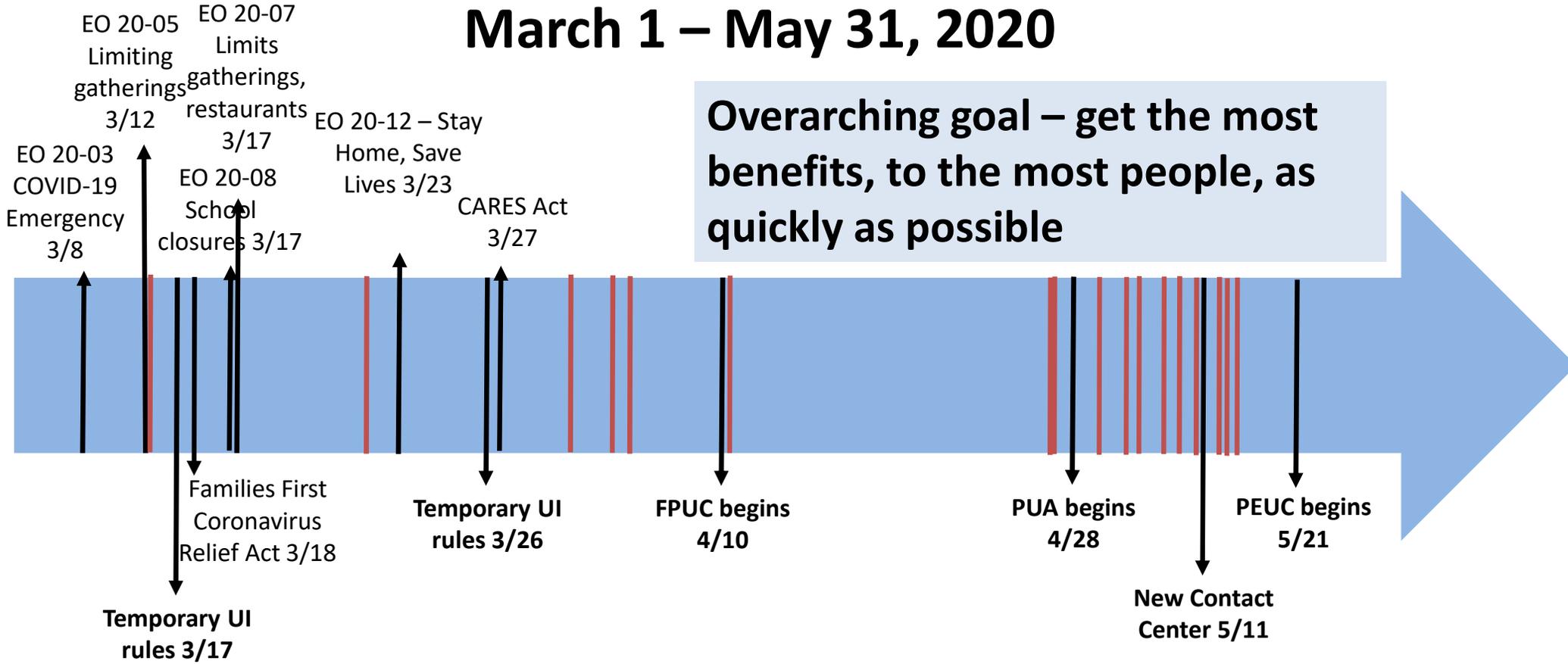
Employment Department COVID-19 Response *cont'd*

- Rapid hiring of hundreds of employees
- Retired experts called back to help out with claims and technology
- Rapid training – will take time to build capacity for increasingly complex UI programs
- Opened a new contact center
- Added phones and phone lines
- Expanded phone hours from 7:00 am to 6:00 pm



March 1 – May 31, 2020

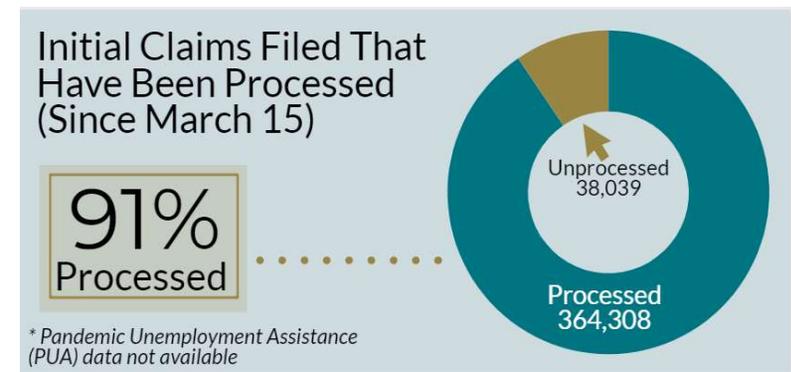
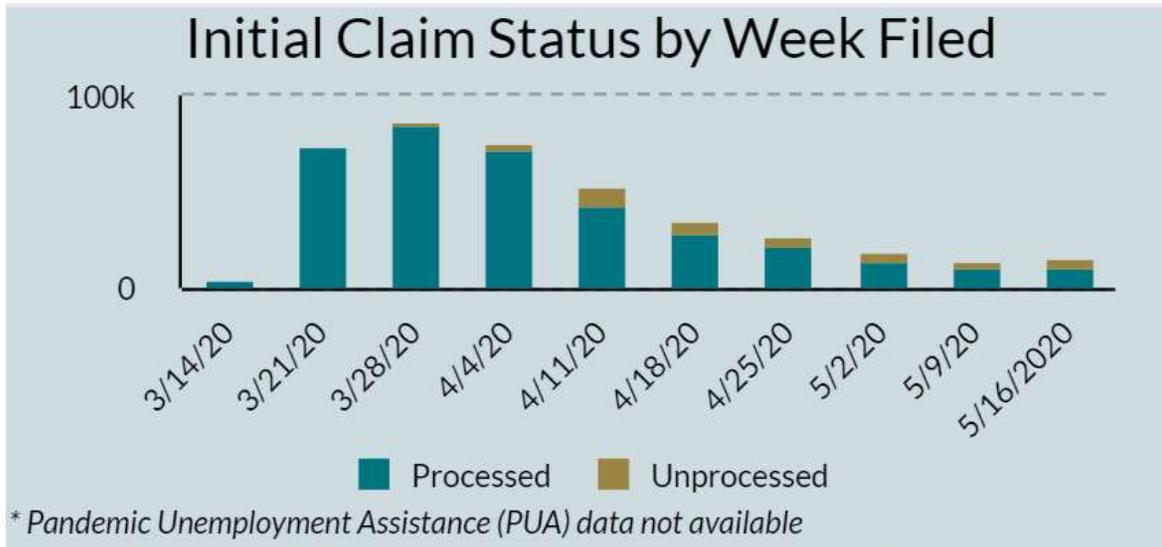
Overarching goal – get the most benefits, to the most people, as quickly as possible



| Federal guidance related to COVID-19 issued

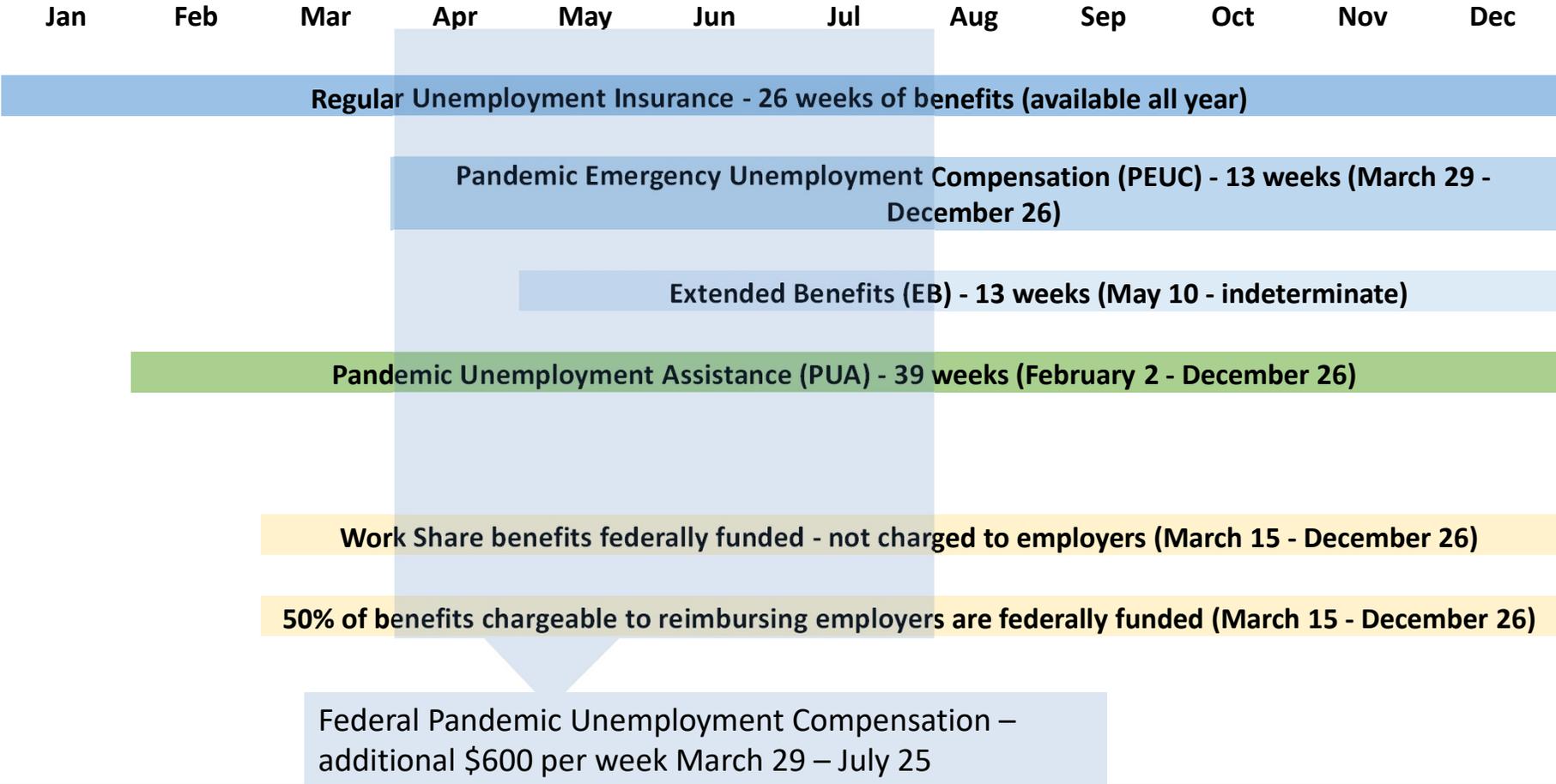


Unemployment Insurance Claims Processing



Data as of May 25, 2020

Benefits Available in 2020



COVID-19 Response – Project Focus 100

- Project Focus 100, May 29 – June 12
- Process 38,000 claims backlog as quickly as possible
- Continue hiring surge
- Focus all experienced employees on oldest and most complex claims
 - Increase outbound calls to individuals waiting longest
 - Time away from answering phones to focus on outreach and resolution



COVID-19 Response – Project Focus 100 *cont'd*

- Train and deploy employees in Eugene, Oregon City, and Salem job centers to take incoming UI calls
 - Address and phone number changes
 - Looking up customer ID (CID) numbers
 - Resetting PINs
 - Help with filing new claim or processing internet initial claim
 - Restarting a claim
 - Checking status of claim for those unable to use online system
 - Services available in all languages



COVID-19 Response – Project Focus 100 *cont'd*

- Prerecorded phone messages and emails to PUA customers to confirm we've received their claim
 - For initial and weekly claims
 - Look backward and going forward
- Working with vendor to add customer service “chat bot” to COVID-19 website
- Use technology to close gaps and improve service
- Continue to listen and learn as we face challenge in real time



Federal Pandemic Unemployment Compensation (FPUC)

- Additional \$600 per week with any other benefit payment
- In effect March 29 - July 25, 2020
- Workers need not do anything extra to get benefits
- Part of federal CARES Act, benefits are federally funded
- Implemented April 10, 2020 – only 2 weeks after CARES Act.
Some key work still to be completed including
 - Withholding one-half of benefits to repay prior UI overpayments
 - Data tracking and reporting



Pandemic Unemployment Assistance (PUA)

- Covers those ineligible for regular UI
 - Independent contractors
 - Self-employed
 - Gig workers – those who are not already covered by regular UI
 - Insufficient work and earnings history
 - Work is not covered by UI system
- Implemented April 28, 2020



Pandemic Unemployment Assistance *cont'd*

- Up to 39 weeks of benefits
- In effect February 2 through December 26, 2020 (was retroactive when enacted into law)
- Requires different information on initial application and weekly certifications than regular UI
- CARES Act law sets out eligibility criteria
- Department must confirm person cannot receive regular UI in Oregon or any other state

PUA Complications

- Confirming not eligible for regular UI – many require independent contractor investigations which are complex
- Brand new program for Oregon – new to people seeking benefits and our employees
- Covers several different groups of people – hard to make process fit all situations
- Benefit amount depends on prior gross earnings if you were an employee, prior net earnings if you were self-employed – for most PUA applicants, we do not have earnings information

PUA

- Iterative approach to implementation to speed up benefits
- Working with Google on possible improvements – hoping for more user friendly process and increased automation to speed up processing
- Paying almost everyone minimum weekly benefit (\$205) pending review for possible higher eligibility
 - If you earned more than \$16,480 in 2019, you can get more, requires proof of earnings and staff review of that proof
- Last week started emails and automated phone messages to those whose applications are not yet processed



Pandemic Emergency Unemployment Compensation (PEUC)

- Extension of 13 weeks more benefits for those who exhaust regular UI benefits
- In effect March 29 through December 26, 2020
- Part of CARES Act, benefits are federally funded
- Implemented May 21, 2020
- Federal law requires an “application” to start PEUC – we have streamlined this as much as possible



Extended Benefits (EB)

- Preexisting extension program providing 13 weeks additional benefits for those who exhaust regular benefits and PEUC
- Triggered by formula around increase in unemployment rate – Oregon triggered on effective May 10, 2020; do not know when it will end
- CARES Act provides full federal funding of benefits (instead of usual 50%)
- Possible High Extended Benefits (HEB) will trigger on if unemployment rate continues to increase; would increase the number of weeks of benefits from 13 to 20
- Not yet implemented



Work Share

- Oregon has a nationally admired Work Share program
- Workers' hours reduced, they get partial UI benefits
- Work Share plan must cover at least 3 employees (federal law permits reducing this to 2)
- Hours must be reduced 20-40% (federal law permits expanding this to 10-60%)
- Employees must have worked for employer for six months – state law requirement
- CARES Act provides federal funding of benefits March 15 – December 26, 2020. Not charged to employers
- Labor intensive to administer

March 15 – May 16, 2020

Employer plans processed: 1,009

Initial claims processed: 10,195

Prior 12 months

Employer plans processed: 168

Initial claims processed: 3,018



Reimbursing Employers

- Many state, local, and tribal governments, and non-profits, do not pay UI payroll taxes, but reimburse the UI Trust Fund for benefits paid
- CARES Act provides that 50% of benefits chargeable to reimbursing employers are federally funded - March 15 – December 26, 2020
- States may refund those savings to reimbursing employers – not required, but Oregon plans to
- Currently, USDOL requires states to collect full payment from the reimbursing employer, then the federal government pays 50%, then state can refund that amount to the employer



Still to Implement

- Extended Benefits
- Complete data tracking, reporting, and other work needed to comply with federal requirements (for FPUC, PUA, and PEUC)
- 50% federal funding of benefits chargeable to reimbursing employers
- Federal funding of Work Share benefits
- Waive the waiting week



Other Issues

- Businesses reopening
- Workers getting back pay
- Increased attempts to defraud UI programs
- Ongoing historic workload – adjudicating issues, combating fraud, appeals, moving people between programs and claims, restoring systems to pre-pandemic state



Returning to Work – Unemployment Insurance

- People are not denied benefits if work they decline is not “suitable”
 - Requires individual, case specific review, considers many factors
 - Includes looking at risk to health, safety, and morals of worker and their prior earnings, experience, and training
- Not denied benefits for declining work if you have “good cause” – can include a risk to health

Returning to Work – Unemployment Insurance *cont'd*

Temporary COVID-19 rules say people will not be denied benefits if they are not working because they

- are sick with COVID-19
- are under a mandatory quarantine due to potential COVID-19 exposure
- were advised by a health care provider or public health official to self-quarantine due to COVID-19
- have to care for a family or household member suffering from COVID-19 or subject to a mandatory quarantine
- have to care for a child due to closure of schools, child care providers or similar facilities due to COVID-19
- Refuse to work in conditions that would violate directives about workplace safety to limit the spread of the coronavirus



Returning to Work – PUA

CARES Act requires people to meet at least one of the statutorily defined criteria to continue getting PUA benefits

- Diagnosed with COVID-19 or having symptoms of COVID-19 and seeking a medical diagnosis
- A member of household diagnosed with COVID-19
- Caring for a family member, or a member of the household who has been diagnosed with COVID-19
- Child, or other person in the household for which the individual has primary caregiving responsibility, cannot attend school or another facility that is closed as a direct result of COVID-19 and that prevents the person from working
- Cannot reach place of employment because of a quarantine imposed as a direct result of COVID-19



Returning to Work – PUA *cont'd*

Federal law says that a generalized fear of COVID-19 exposure is not enough to qualify you for PUA

- Cannot reach place of employment because they were individual has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
- Was scheduled to start work and does not have a job or cannot reach the job as a direct result of COVID-19
- Has become breadwinner or major support for a household because the head of the household died as a direct result of COVID-19
- Has to quit job as a direct result of COVID-19
- Place of employment is closed as a direct result of the COVID-19 public health emergency



Thank You

