



Ways and Means Joint Committee on Transportation and Economic Development

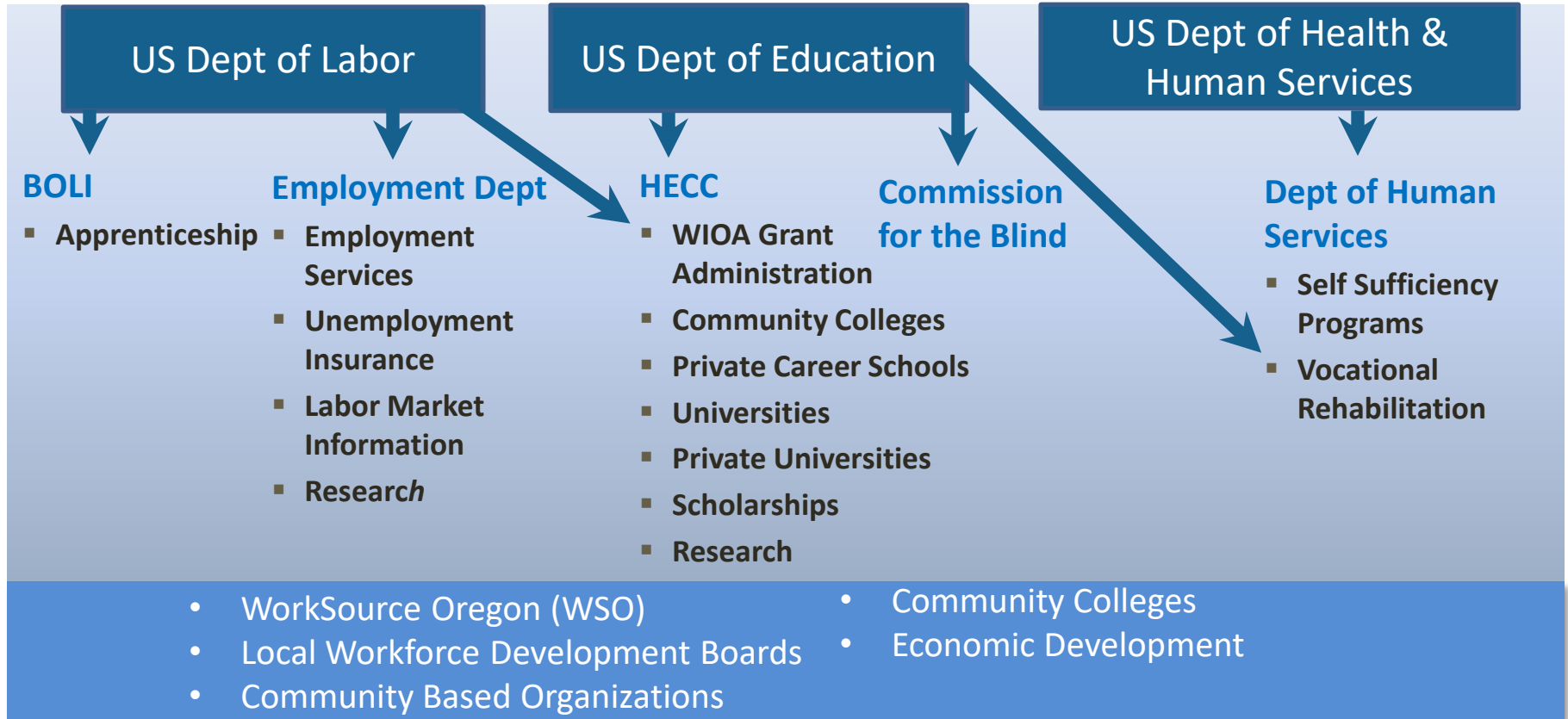
Agency Overview

Kay Erickson, Director
Graham Slater, Deputy Director

February 11 and 12, 2019



Public Workforce Agencies and Programs



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



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 Core Programs

Unemployment Insurance

- Support economic stability for Oregonians and communities during times of unemployment through the payment of unemployment benefits

Workforce Operations (WorkSource Oregon Centers)

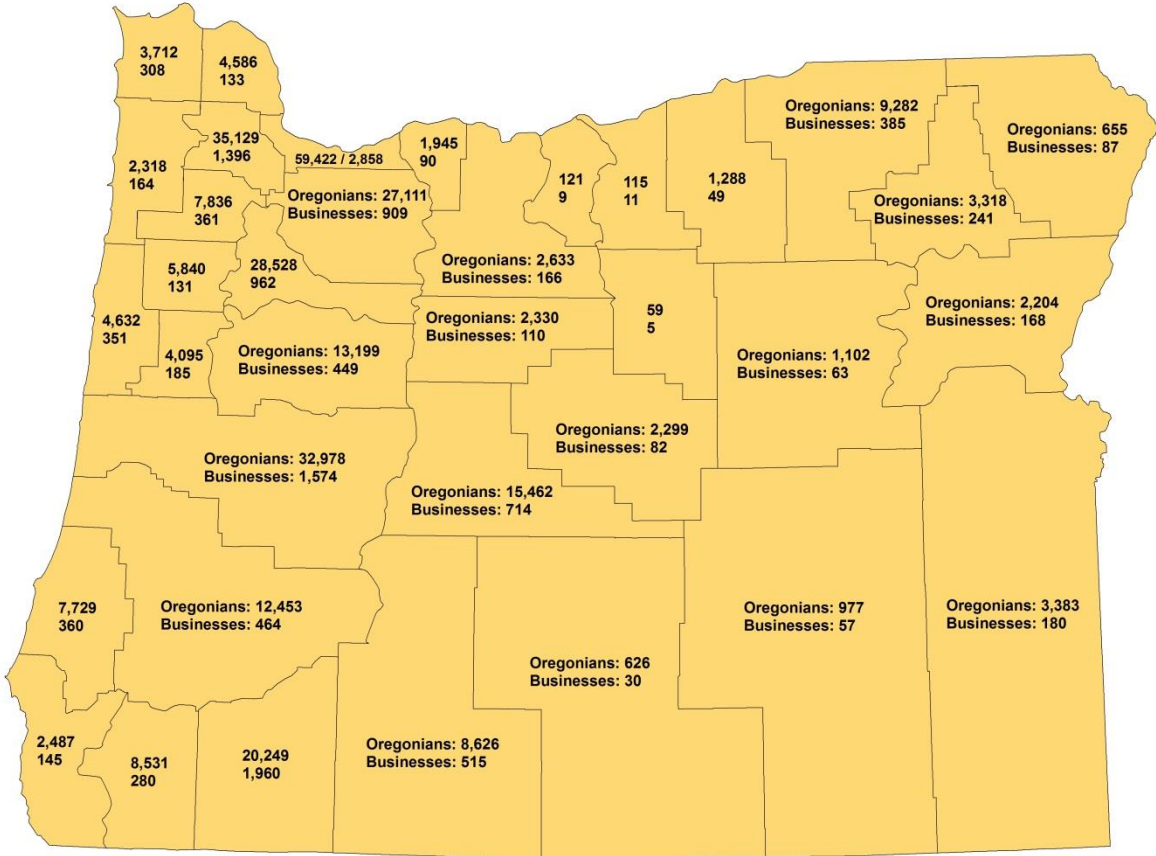
- Serve businesses by recruiting and referring the best qualified applicants to jobs
- Provide resources to diverse job seekers in support of their employment needs

Workforce and Economic Research

- Develop and distribute quality workforce and economic information to promote informed decision making



We provided unemployment benefits or job search services to almost 340,000 Oregonians in 2017 and 2018—and we helped almost 16,000 business fill vacancies across the state



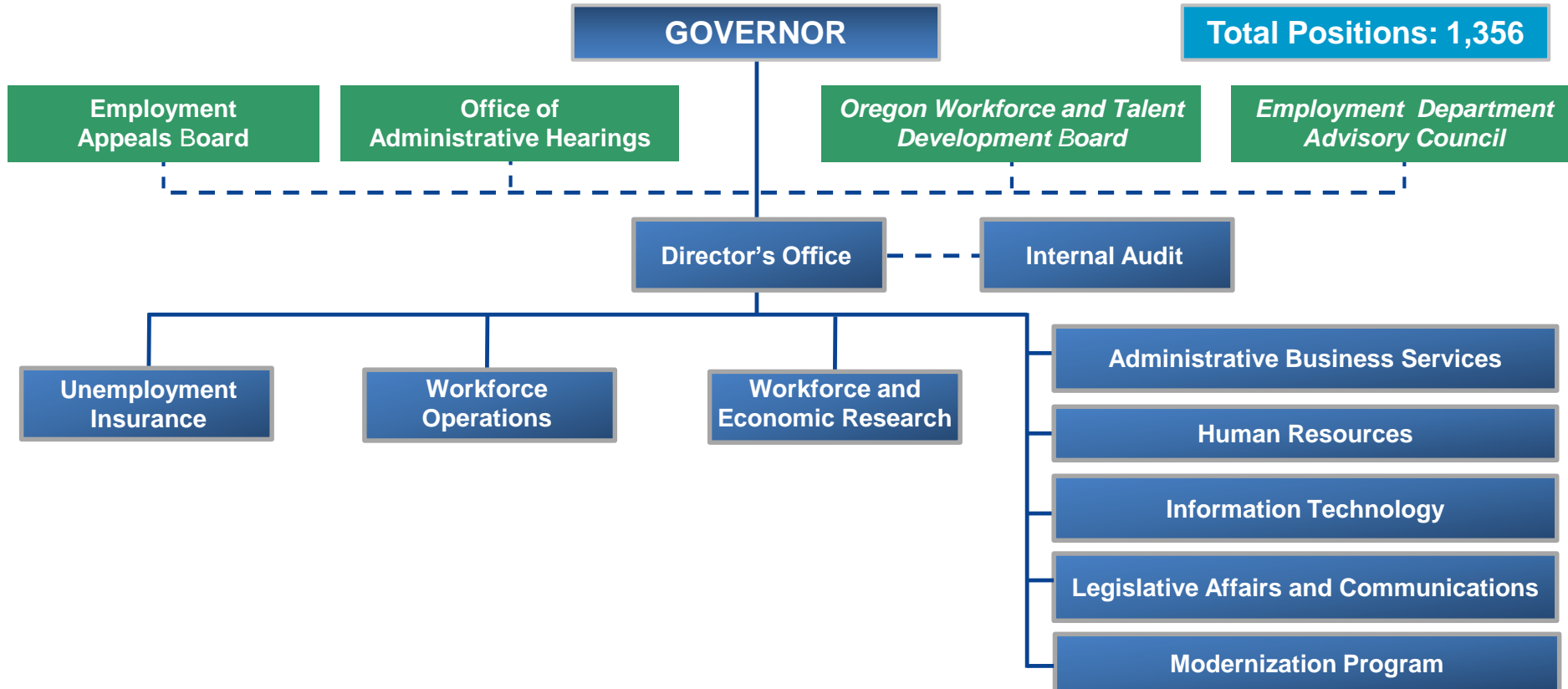
Our Core Services

In 2018:

- **Unemployment Insurance** collected 8.9 million wage records from approximately 129,000 employers and paid \$501 million in unemployment insurance benefits to about 113,000 workers
- **Workforce Operations** provided employment services to 168,268 job seekers, and assisted 14,060 businesses in finding employees
- **Workforce and Economic Research** responded to 5,200 customer information requests; gave approximately 288 presentations with a total audience of more than 10,000; distributed 685,000 reports and publications and electronic newsletters; and welcomed 488,000 visits to our QualityInfo.org website and over 12,000 visits to our blog (OregonEmployment.Blogspot.com)



Organizational Structure



Key Factors Affecting Services

Federal policies and
funding levels

Demographics

Economy

Changing nature of
work



Key Factors Affecting Services

Federal policy guidance and funding levels

- Long-term decline in federal revenues
- Our U.S. Department of Labor funding in place through September 2019
- Stronger focus on requiring work search activities if receiving benefits
- Continued support of expanding apprenticeship model
- Partial federal government shutdown and continuing resolution for funding through February 15



Key Factors Affecting Services

Demographics

- Population growth driven by in-migration
- Aging workers, looming retirements
- Long-term unemployed find it more difficult to get jobs

Key Factors Affecting Services

Economy

- Oregon job growth faster than the nation
- Broad-based recovery with growth in nearly every sector
- Lowest unemployment rate in over 40 years
- Rural areas have higher unemployment and slower employment growth
- A recession will come



Key Factors Affecting Services

Changing Nature of Work

- Diversification of industries
- Automation, technology, and artificial intelligence
- The emerging “gig economy”
- Changes impacting the incumbent workforce
- Aging, available, and skilled workforce



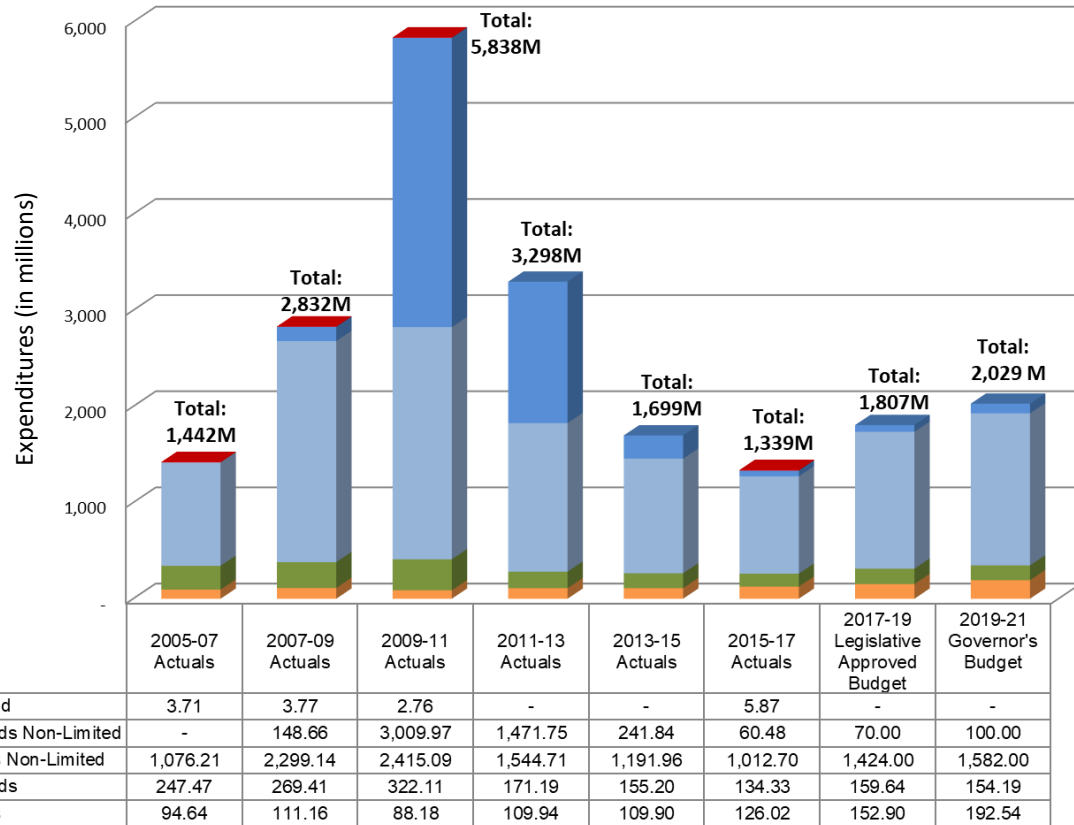
2019-21 Budget Context

- Adding resources in established programs with existing revenue, mostly in federal and contracted workforce programs
- Agency-wide priority is to modernize business and technology systems
- Expenditures managed to revenues, holding a 90-day operating reserve
- Unemployment Insurance Trust Fund is solvent for next economic downturn



Expenditures by Fund Type

U.S. Department of Labor continues to pull back on state assistance

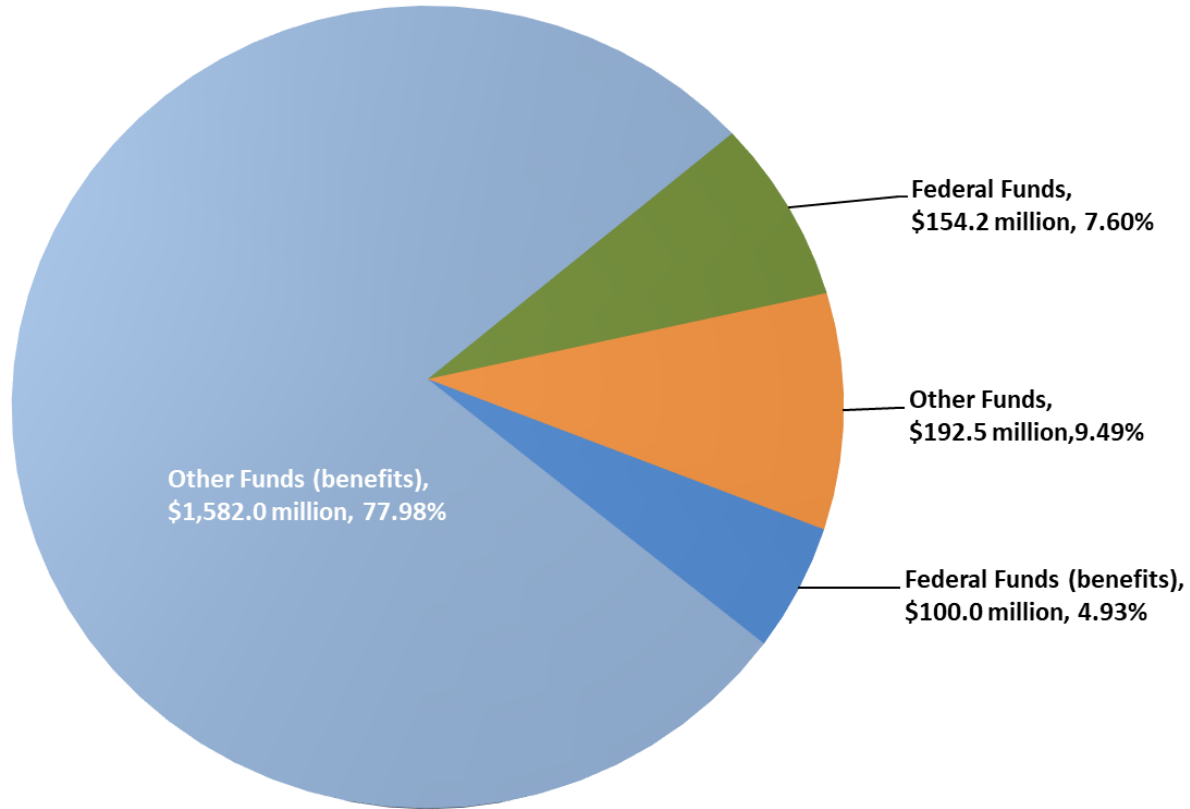


- General Fund expenditures 2005-07 to 2009-11 represent Child Care Division
- General Fund expenditures 2015-17 represent the Oregon Talent Council



2019-21 Expenditures by Fund Type

Total Expenditures
\$2,028.7 million



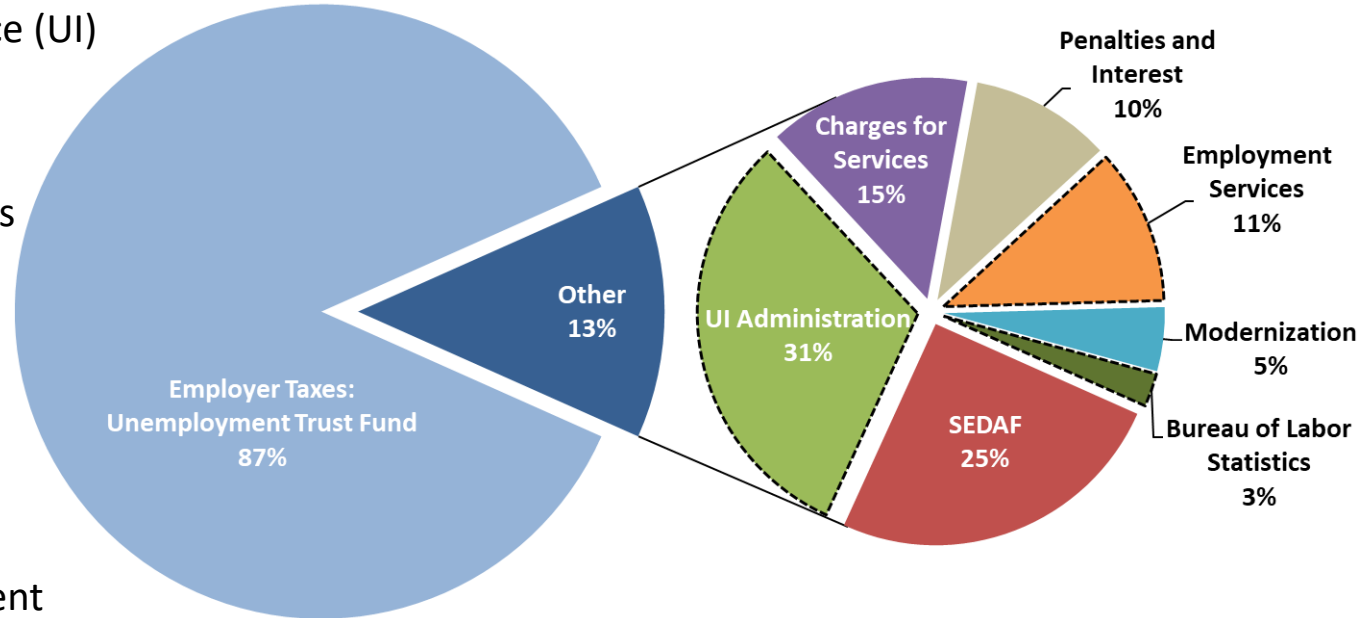
Major Revenue Sources

Federal Funds

- Unemployment Insurance (UI) Administration Grant
- Employment Services*
- Bureau of Labor Statistics

Other Funds

- Employer Taxes
- Charges for Services
- Penalties and Interest
- Modernization
- Supplemental Employment Department Administrative Fund (SEDAF)



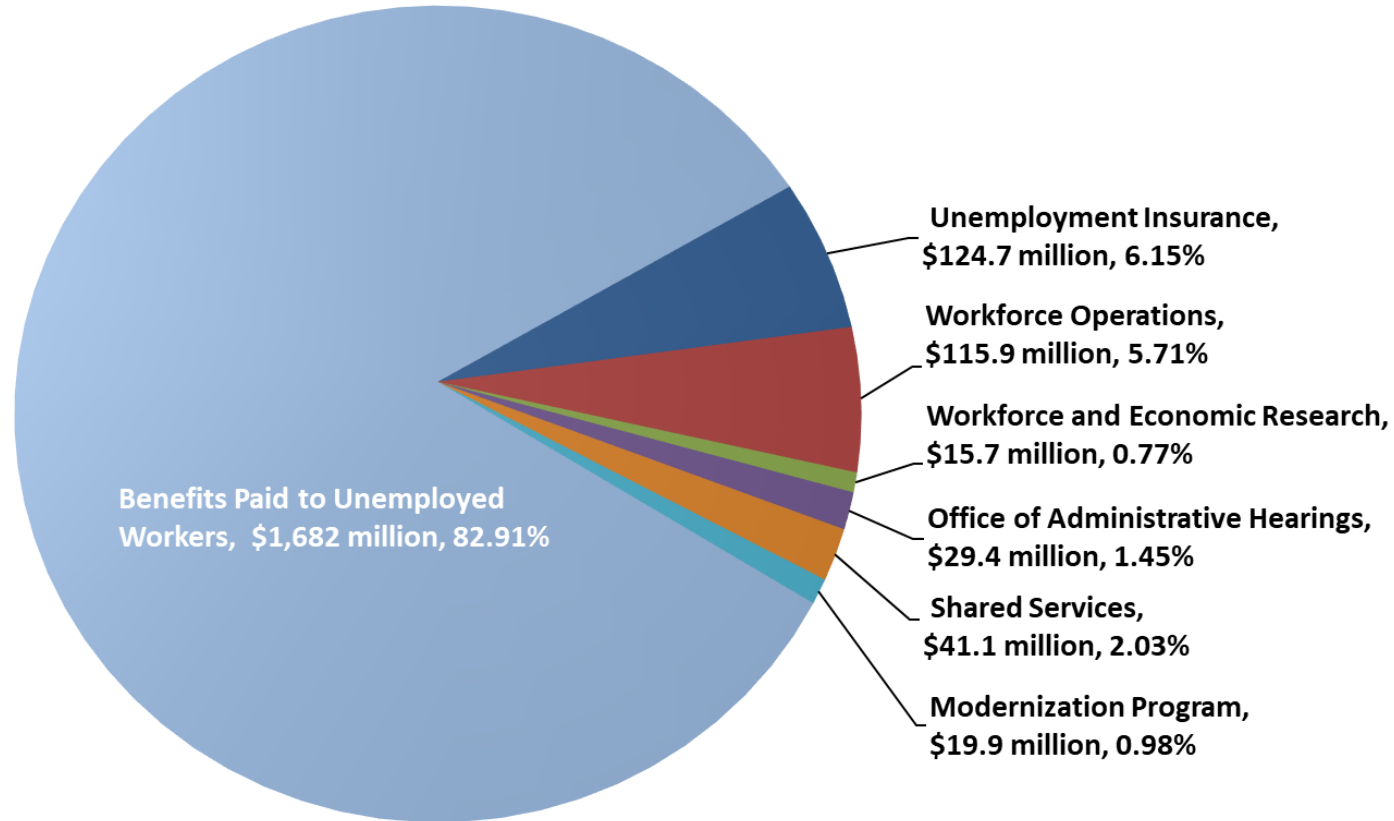
*Employment Services includes Reemployment Services and Eligibility Assessments, Wagner Peyser, Veterans Employment Services, Trade Act Administration, Work Opportunity Tax Credit, and Foreign Labor Certification Program



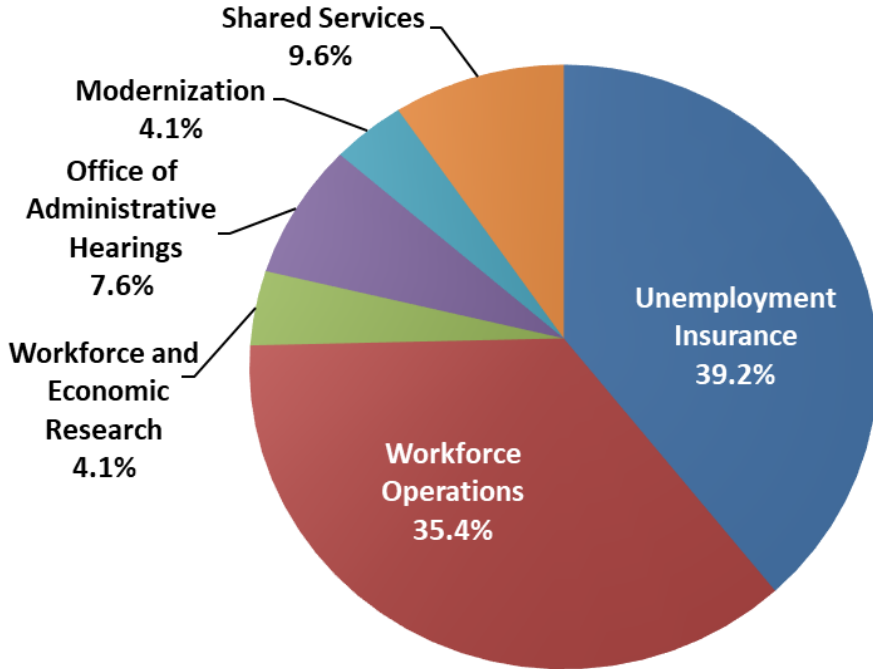
2019-21 Expenditures by Program

Total Expenditures
\$2,028.7 million

Benefit payments
make up
approximately 83%
of expenditures

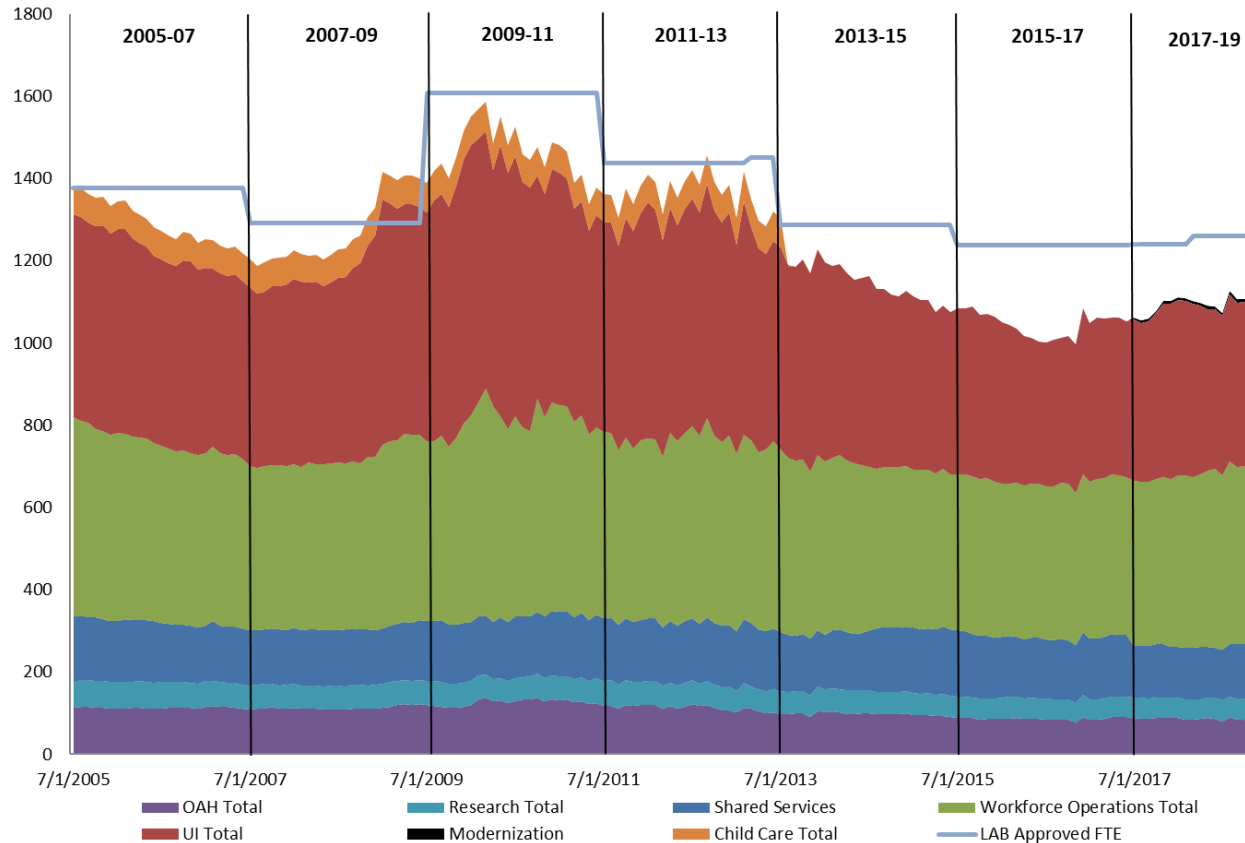


2019-21 Operational Budget: Positions



Program	2017-19 Legislatively Approved Budget	2019-21 Governor's Budget
Unemployment Insurance	563	532
Workforce Operations	443	480
Workforce and Economic Research	54	55
Office of Administrative Hearings	104	103
Modernization	17	55
Shared Services	138	131
Total Agency Positions	1,319	1,356

Agency Staffing is Managed to Economic Needs



Supervisory Span of Control Report

- **107 total supervisors** = 100 employees in a supervisory role + 8 vacant supervisory – 1 agency head
- **1,223 total non-supervisors** = 1039 employees in a non-supervisory role + 184 vacant non-supervisory
- **1:11.43 supervisory ratio** = 107 supervisors for 1,223 non-supervisors



Supervisory Span of Control Report

Applicable factors

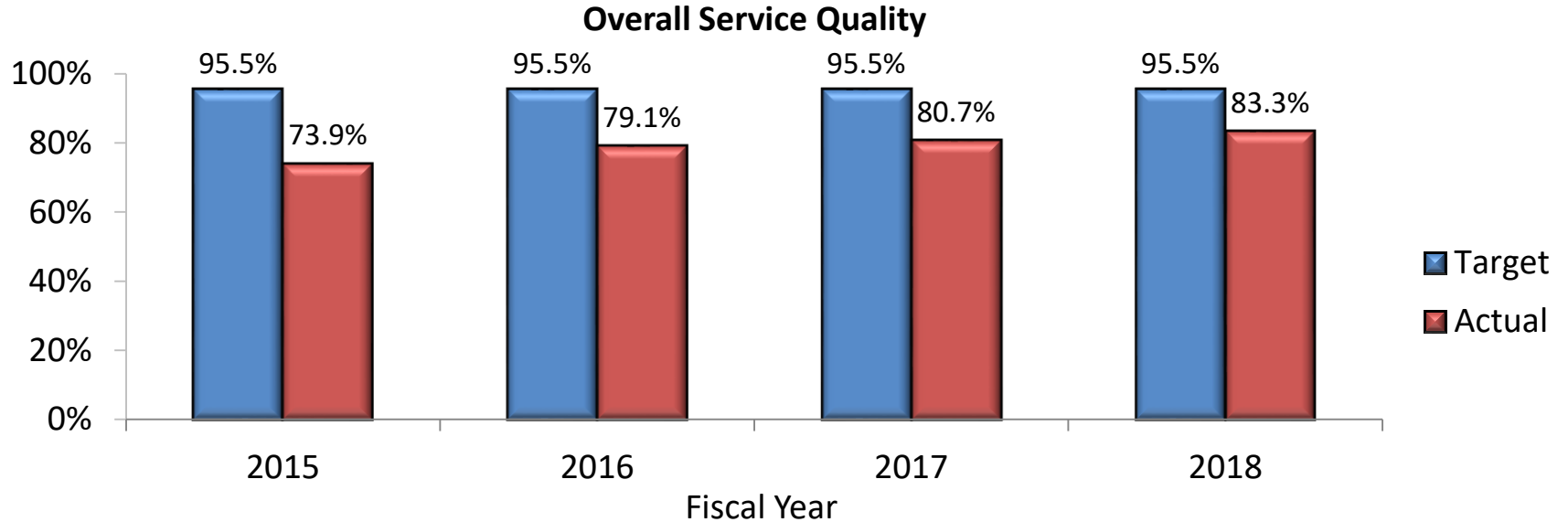
- Risk to public and employee safety
- Geographic locations of employees
- Complexity of duties and mission
- Agency size and hours of operation
- Non agency staff and temporary employees

No change requested at this time



Key Performance Measures and Outcomes for 2018

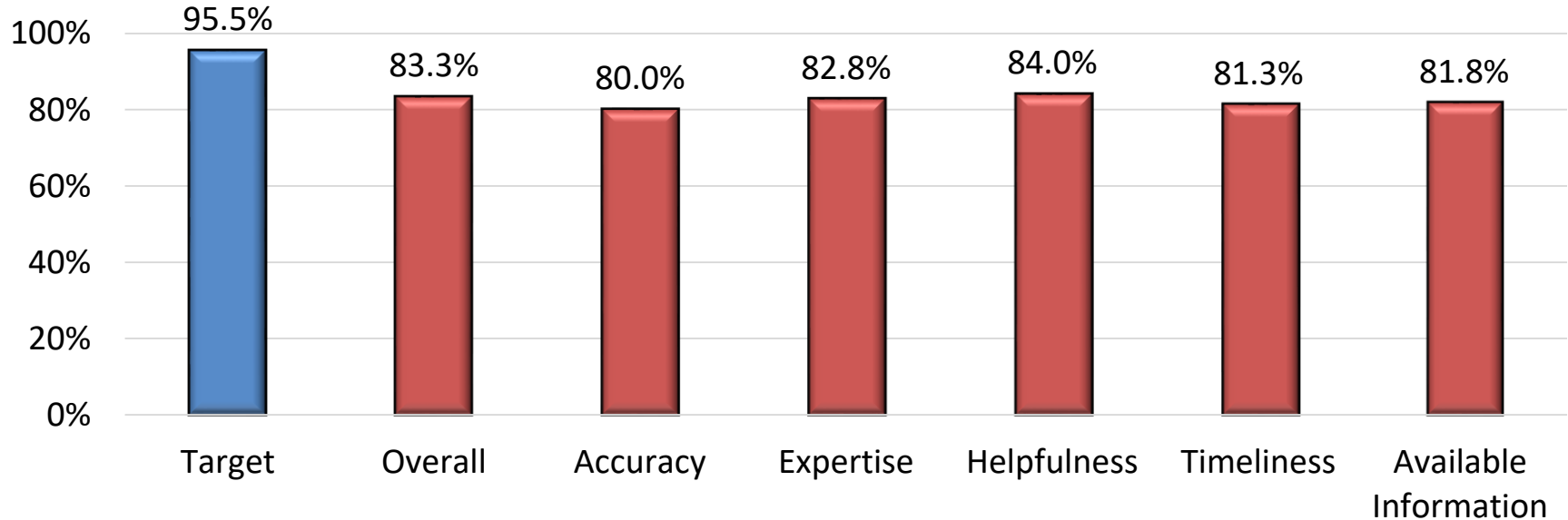
KPM #13 Customer Service: Percentage of customers rating their satisfaction with the agency's customer service as "good" or "excellent" • A higher percentage is better



Key Performance Measures and Outcomes for 2018

KPM #13 Customer Service: Percentage of customers rating their satisfaction with the agency's customer service as "good" or "excellent" • A higher percentage is better

Fiscal Year 2018





Workforce and Economic Research

Bob Uhlenkott, Division Director





Workforce and
Economic Data,
Information, and
Analytics are the
“Gold Rush” of
the 21st Century!

2018 Workforce and Economic Information Snapshot



Population

11th Among States



In-Migration

10th Among States



Employment

9th Among States



Wages

+1.5%



Unemployment

4.1%



Labor Force Participation

62.1%



Job Vacancies

60,500



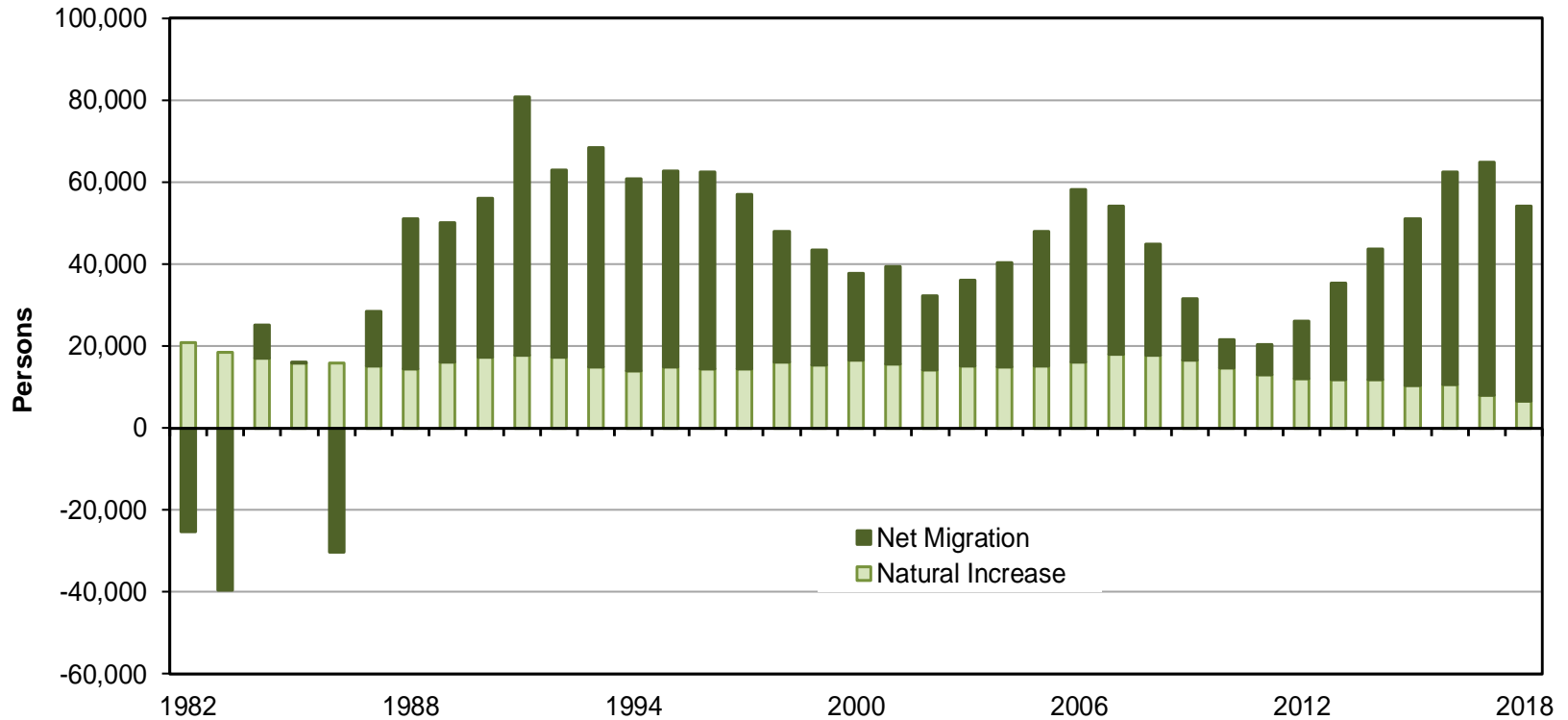
Aging Workforce

23% are 55+

Data are for recent year, or over-the-year, December 2018



Components of Oregon's Annual Population Change

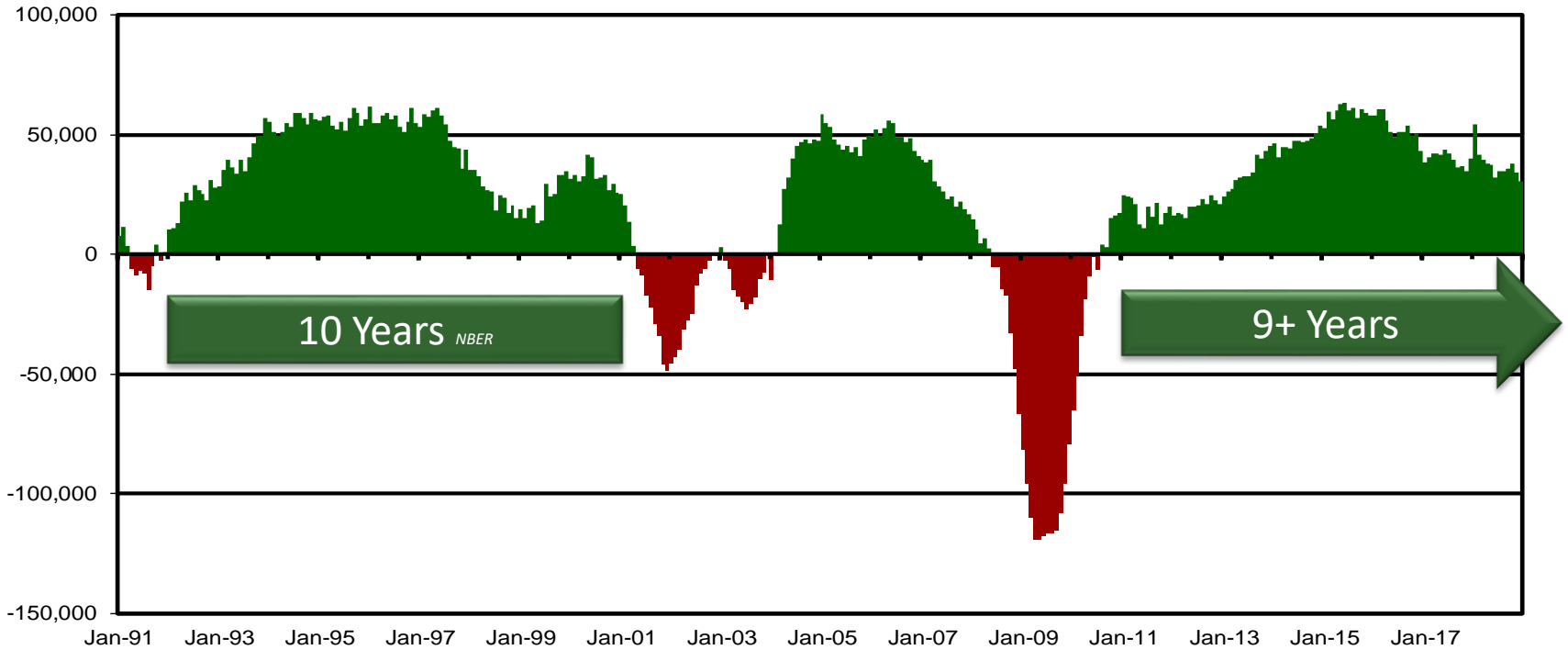


Source: Portland State University, Population Research Center



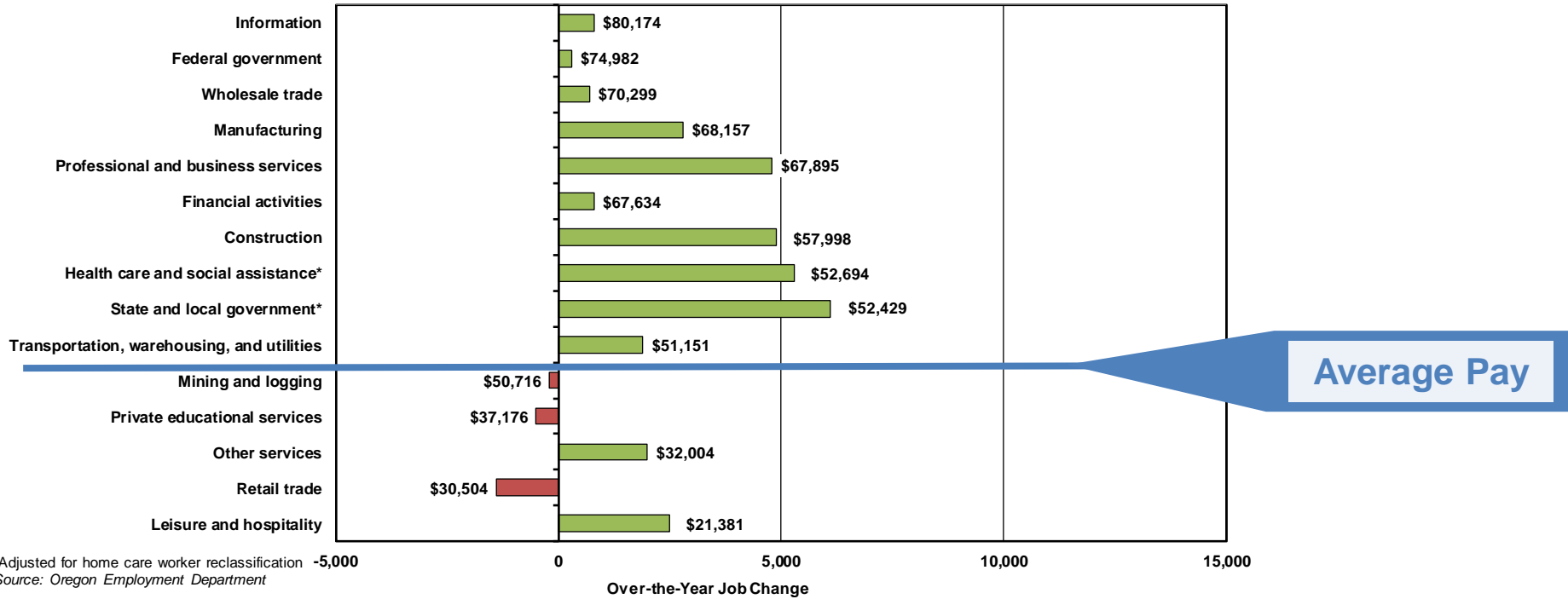
Oregon's Year-Over-Year Job Growth and Decline

-seasonally adjusted-



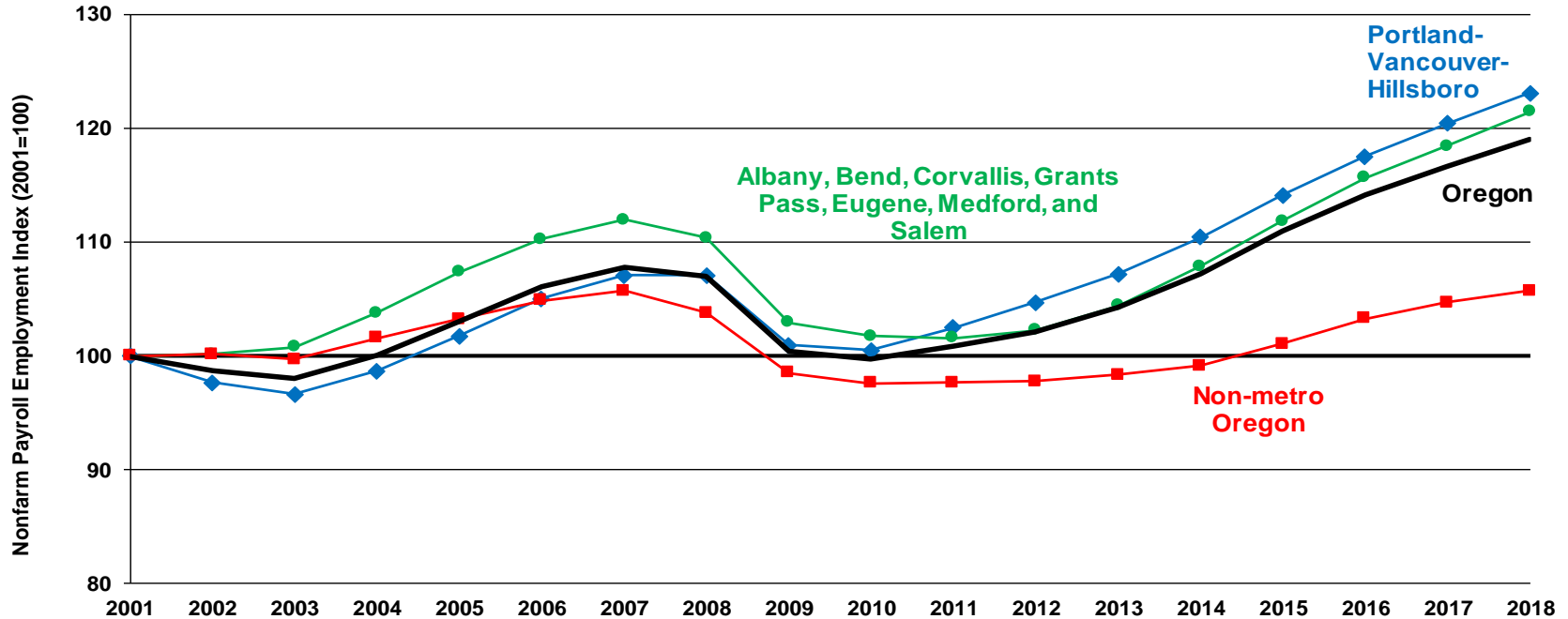
Oregon Job Growth and Average Pay by Industry

December 2017 – December 2018, 2017 Average Pay



Employment Levels Relative to 2001

Portland Area, Other Metro Areas, and Combined Non-Metro Counties

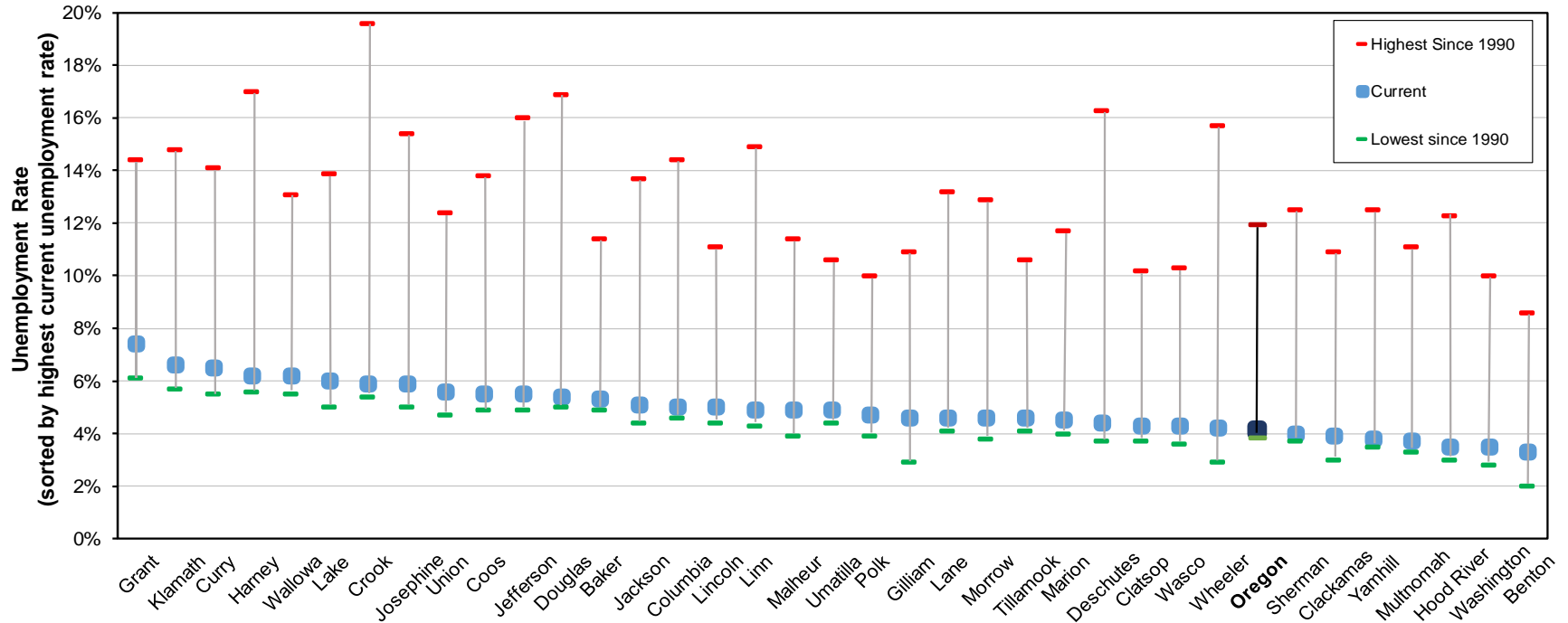


Source: Oregon Employment Department, Current Employment Statistics



Unemployment Rates in Oregon Counties

December 2018 and Maximum and Minimum since 1990, Seasonally Adjusted



Workforce and Economic Research

Total Positions: 55

Surveys

- Conduct surveys of Oregon businesses and individuals
- Develop key economic indicators for Oregon and counties
- Conduct construction industry wage survey

Analysis

- Analyze data from Employment Department surveys and other sources
- Prepare publications, reports, presentations
- Respond to customized information requests

Business

- Develop information products geared to Oregon businesses
- Bridge the information gap between education and work
- Respond to customized information requests for community and government entities

Systems

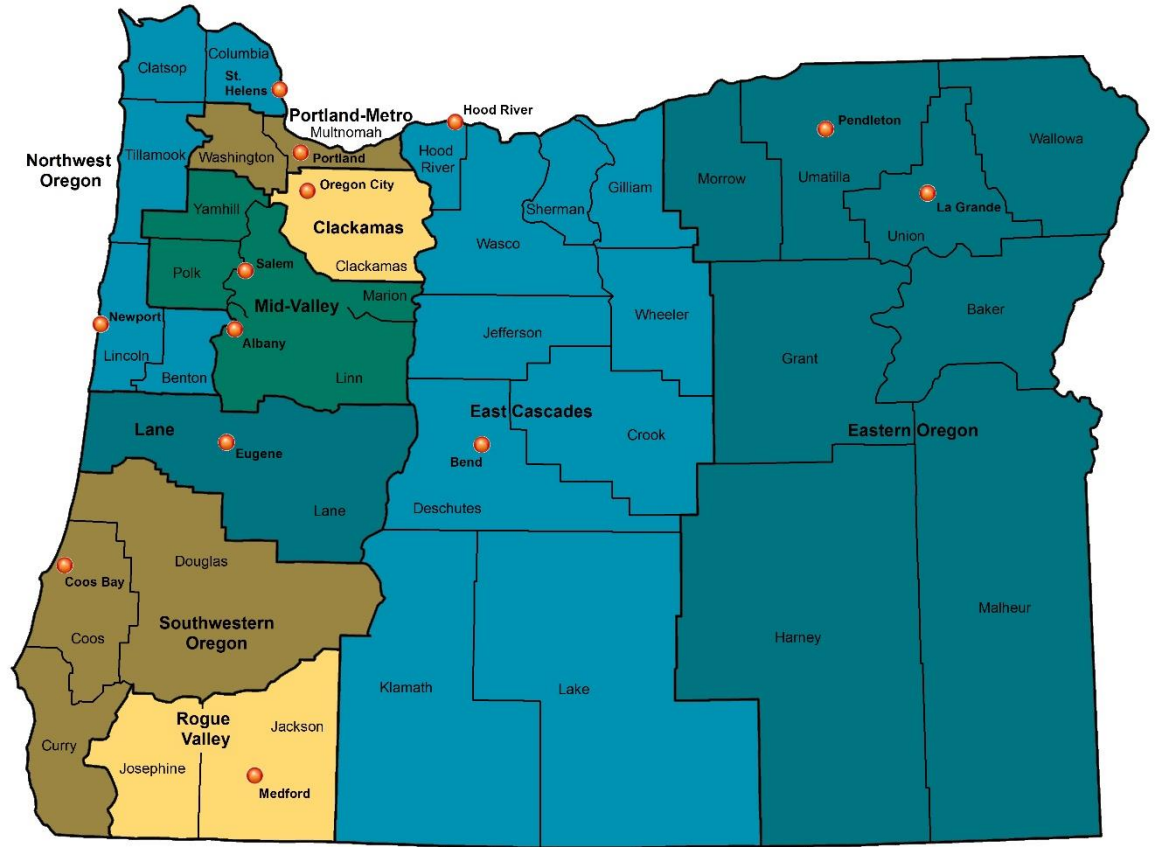
- Provide workforce and economic information through QualityInfo.org
- Provide geographic information systems analyses and services

Performance Reporting Information System

- Develop Oregon's new workforce performance measurement system
- Compute and publish performance measures
- Provide customized wage match services



We are *“working and living”* all throughout the state, in both rural and urban areas, to provide customized analysis and research to serve customers in their communities



Information About Oregon's Diverse Workforce

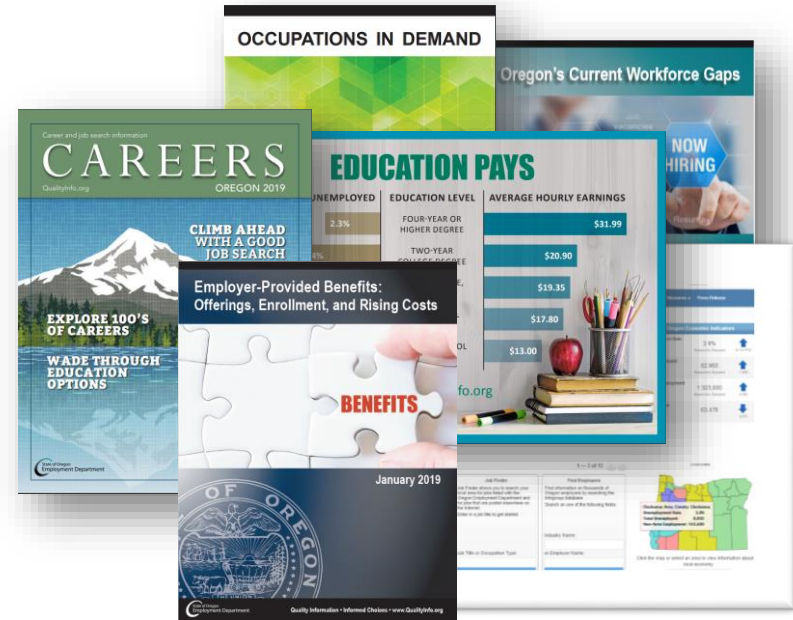
Workforce information available for:

- Employment and earnings outcomes of workers who receive state services
- Native American and tribal workforce in Oregon
- Communities of color
- Oregon's veterans
- Workers with a disability
- Workers nearing retirement age
- Young workers
- Women in the workforce



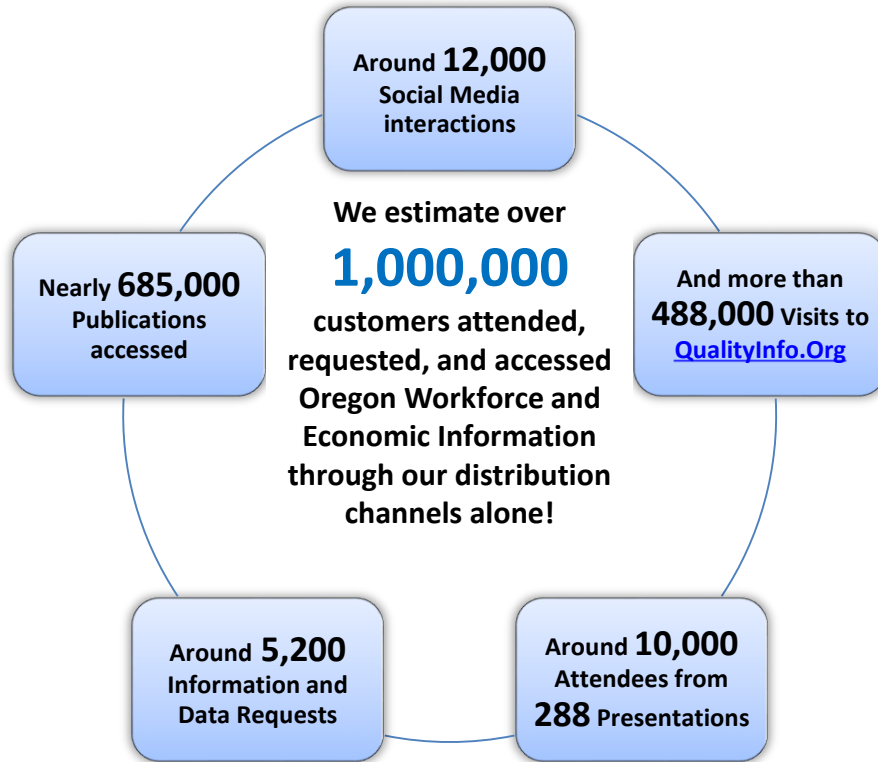
Improvements and Research Priorities

- Electronic story boards
- New videos and information on skills and training required for occupations in the workforce
- Sharing, leveraging, and matching data with other state and local entities to assist them in their missions



- Careers Publication | Education Pays Illustration | Occupations in Demand
Oregon's Current Workforce Gaps Report | Oregon Fringe Benefit Survey

Products and Service Exposure in 2018

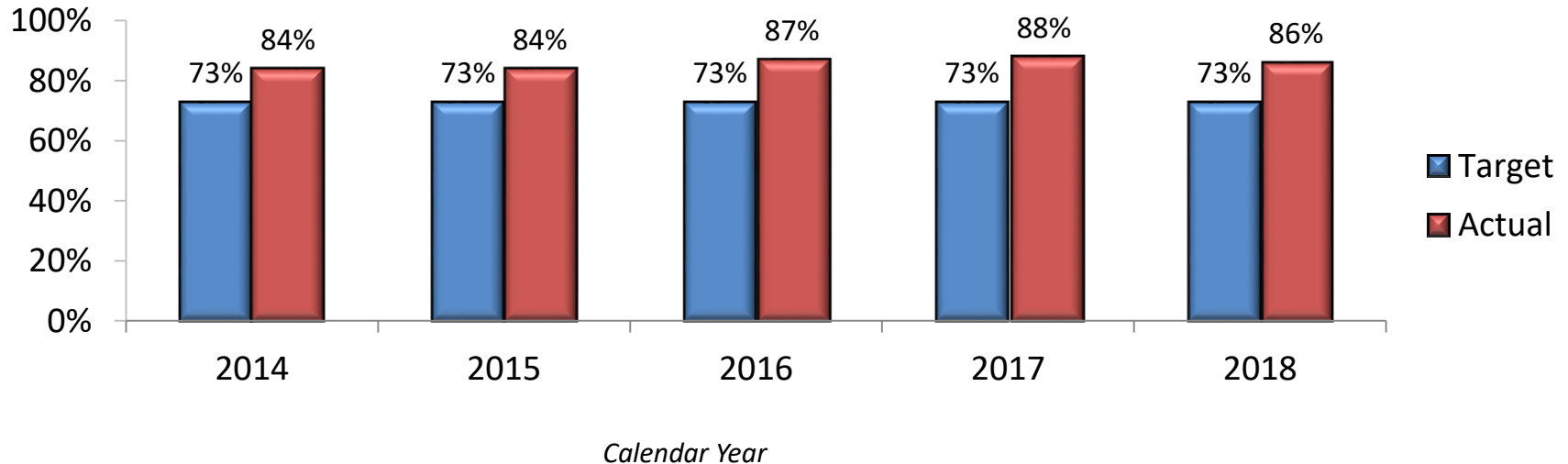


Most Personal Contacts:

- Education entities
- Businesses
- State and local government
- Local Workforce Development Boards
- Media

Key Performance Measures and Outcomes for 2018

KPM #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; and (4) Annual Refiling Survey units • A higher percentage is better





Workforce Operations

Jim Pfarrer, Division Director





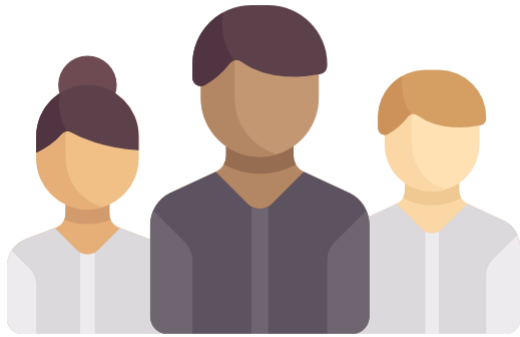
WorkSource Oregon (WSO) is a network of public and private partners who work together to effectively respond to workforce challenges through high-quality services to individuals and businesses, resulting in job attainment, retention and advancement—state agency partners include:

- Department of Human Services
- Vocational Rehabilitation
- Oregon Youth Authority
- Department of Corrections
- Higher Education Coordinating Commission
- Bureau of Labor and Industries
- Commission for the Blind



Workforce Operations Division is the WorkSource Oregon public partner that:

- Manages the connection of Job Seekers to Employers
- Manages and delivers several key programs of WSO
- Manages and operates most WSO facilities



Job Seekers
168,268
17 – 19 Biennium



Employers
14,060
17 – 19 Biennium

Workforce Operations

Total Positions: 480

Central Office

Central OR

Bend
Klamath Falls
Madras
Prineville
Redmond
The Dalles

Clackamas

Oregon City

Lane

Eugene-Springfield
Florence

Eastern OR

Baker City
Burns
Canyon City
Enterprise
Hermiston
La Grande
Ontario
Pendleton

Mid-Valley

Albany
Dallas
Lebanon
McMinnville
Salem
Woodburn

Northwest OR

Astoria
Corvallis
Lincoln City
Newport
St. Helens
Tillamook

Portland Metro

Beaverton/Hillsboro
Gresham
N/NE Portland
SE Portland
Tualatin

South Coast

Brookings
Coos Bay
Roseburg

Southern OR

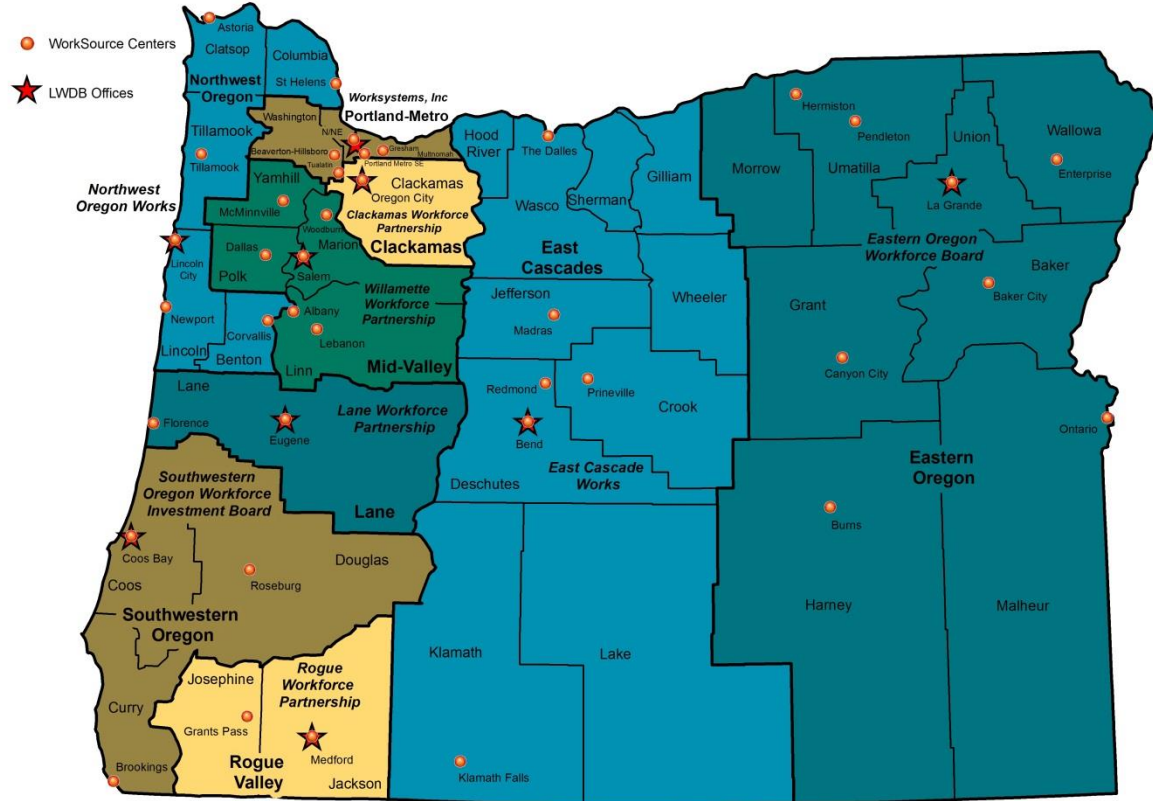
Grants Pass
Medford



Oregon's WorkSource Centers

Total Positions:
480

\$115,895,118



Job Seekers and Businesses Served

Job Seekers: 168,268

Businesses: 14,060

(Totals for July 2017-December 2018)

WorkSource Center	Job Seekers	Employers
Albany	4,853	488
Astoria	1,683	442
Baker City	1,173	238
Bend	6,329	748
Brookings/Harbor	1,458	209
Burns	357	97
Canyon City	685	81
Coos Bay	4,242	512
Corvallis	1,472	369
Dallas	1,442	174
Enterprise	266	N/A
Eugene-Springfield	15,514	1,361
Florence	558	153

WorkSource Center	Job Seekers	Employers
Grants Pass	5,394	432
Hermiston	2,356	399
Klamath Falls	4,560	503
La Grande	1,627	432
Lebanon	1,658	195
Lincoln City	576	199
Madras	602	N/A
McMinnville	3,520	484
Medford	11,160	952
Newport	1,457	345
Ontario	1,846	547
Oregon City	9,736	1,208
Pendleton	1,672	293

WorkSource Center	Job Seekers	Employers
Portland Metro - Beaverton/Hillsboro	13,444	886
Portland Metro - Gresham	12,712	2,678
Portland Metro - N/NE	12,443	820
Portland Metro - SE	11,017	349
Portland Metro - Tualatin	11,685	1,694
Prineville	720	N/A
Redmond	2,548	605
Roseburg	6,208	518
Salem	13,876	1,254
St Helens	2,168	239
The Dalles	2,103	469
Tillamook	991	236
Woodburn	2,193	335



Key Factors Affecting Services

- Demand from local businesses and job seekers for help with their employment needs—businesses finding it harder to find qualified individuals
- Low unemployment rate means staff are serving more customers with barriers to employment making conversations longer with customers
- New or expanded grant opportunities
- Opportunities to collaborate with state workforce agencies and local partners to:
 - Attract business to Oregon
 - Ensure local communities have skilled workers
 - Connect skilled workers with employers
 - Assist populations with barriers to enter or advance in the workforce



Key Federal Programs



Job Seekers



Employers



Key Federal Programs



The annual **Migrant and Seasonal Farmworker** conference provided training to all outreach staff and managers in 2018—the agency signed two Memorandums of Understanding this biennium to enhance workforce opportunities for farmworkers—one with the Oregon Human Development Corporation and one with the Mexican Consulate

Foreign Labor Certification applications continue to grow—30 were received in 2015, compared to 238 since July 2017—**Policy Package 103** establishes one position that is federally funded to increase agency capacity to effectively serve the employer community



Key Federal Programs



Oregon's Trade Act Program continues to be considered the best in the nation. Trade Act served 6,323 participants in the 17-19 biennium—local Trade Act Navigators expand job seeker and employer access to services—**Policy Package 103** establishes seven positions that are federally funded to increase agency capacity to effectively serve Oregon communities

Annually, 15,000 **veterans access services** through local offices—roughly 2,000 of those veterans have significant barriers to employment and are provided intensive services by 22 veteran employment specialists—strong partnerships exist with the Veterans Administration, Oregon Department of Veterans Affairs, Oregon military units, and other community support organizations



Key Federal Programs

Since July 2017, over 75,000 **Reemployment Services and Eligibility Assessments** occurred with unemployment insurance claimants—customized Business Services staff have been responsible for many unemployment insurance claimants interviewing for and accepting jobs ranging between \$70,000 and \$150,000 annually



Workforce Operations delivers intensive services to **supplemental nutrition assistance program (SNAP)** recipients—since the start of the biennium, 22,500 SNAP recipients volunteered to participate, and DHS required another 6,000 to participate—**Policy Package 102** establishes 41 positions that are federally funded through charges for services to state agencies to handle program growth

Key Federal Programs



Partnerships between Bureau of Labor and Industries, Employment Department, and the Higher Education Coordinating Commission are stronger than ever and **registered apprenticeship** has expanded into two new industries—healthcare and information technology

The **Work Opportunity Tax Credit (WOTC)** has an annual growth rate of 9%—a position was added last year to educate employers and WSO staff about the WOTC program—application processing time has been reduced from 88 to 28 days!



2017 – 2019 Accomplishments

- Over \$158,667,400 in tax credits were issued to Oregon Employers since July 2017
- Processing time was reduced from 88 days to 28 days
- New outreach efforts increased Oregon employer participation by 10%
- WOTC participation in the Second Chance Tour resulted in an 8% increase in applications for job seekers with legal histories



Work Opportunity Tax Credit

2017 – 2019 Accomplishments

Trade Act Navigator success stories:

- Pacific Crest workers became eligible through a Navigator's efforts with 31 workers in training to date
- Workers from Rough Ready and a food plant in Hermiston became aware of Trade Act through the Rapid Response and Navigator partnership with 61 workers in training to date



Trade Adjustment Assistance

2017 – 2019 Accomplishments

- The SNAP Training and Employment Program (STEP) is now available in WorkSource Oregon centers statewide
- Services to able bodied adults without dependents (ABAWD) are expanding from seven to fourteen counties—supportive services provided include transportation, clothing, and education



SNAP Training and Employment Program

Program Video

<https://www.youtube.com/watch?v=W8-VmJEFaX0&feature=youtu.be>



Areas of Future Focus

- Expand Registered Apprenticeship programs into new industries
- Build stronger partnerships with Oregon Youth Authority to provide early employment services to youth
- Integrate STEP and ABAWD services into WorkSource Oregon centers statewide
- Partner with workforce system leadership to continuously improve operational standards for WorkSource Oregon centers
- Scale business services model statewide
- Evolve business processes as we modernize the IT systems that support us



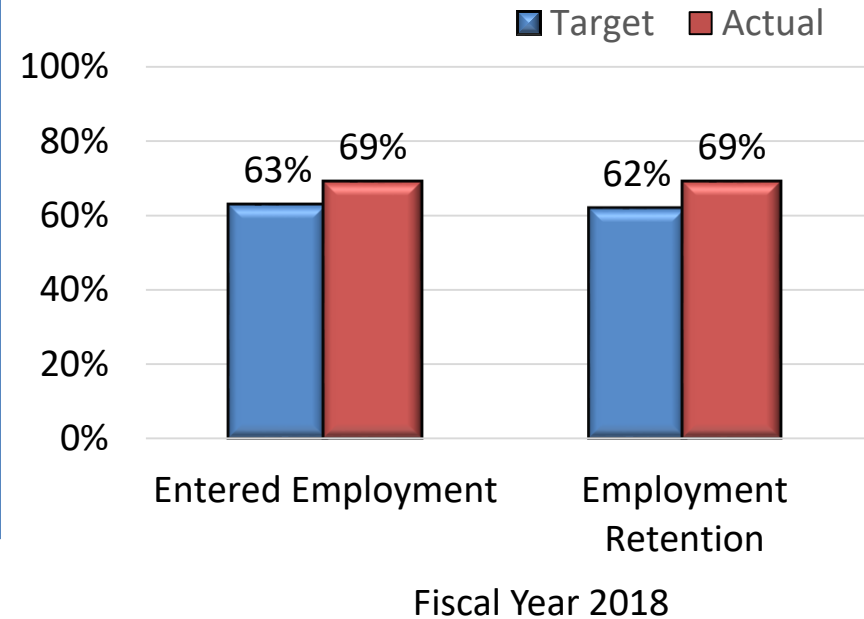
Key Performance Measures and Outcomes for 2018

KPM #1 Entered Employment:

Percentage of adult program participants who are in unsubsidized employment during the second quarter after utilizing Workforce Operations services • A higher percentage is better

KPM #2 Employment Retention:

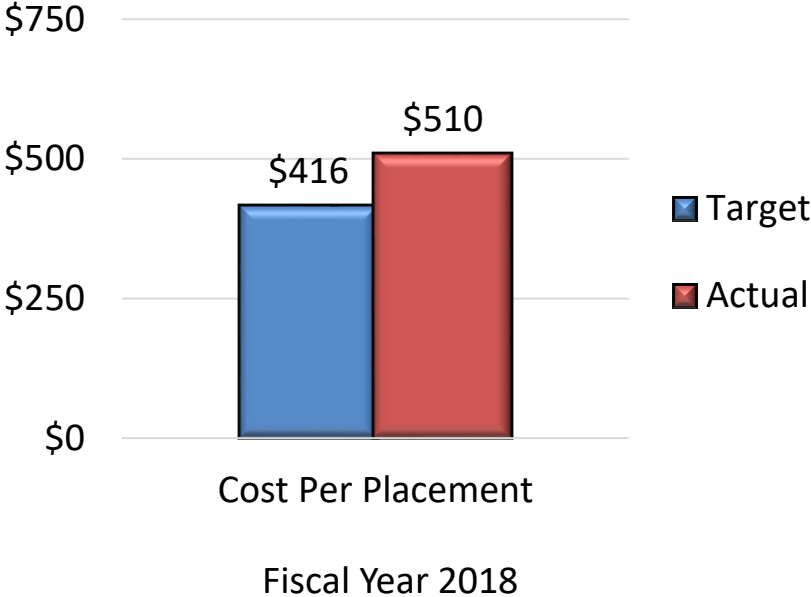
Percentage of adult program participants who are in unsubsidized employment during the fourth quarter after exiting the program • A higher percentage is better



Key Performance Measures and Outcomes for 2018

KPM #3 Cost Per Placement:

Total cost of Workforce Operations program divided by the total number of job seekers entered into employment after receiving services





Unemployment Insurance

David Gerstenfeld, Division Director



Unemployment Insurance (UI)

*Employment
Appeals Board*

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



The Purpose of Unemployment Insurance

- Provide partial wage replacement to unemployed workers
- Stabilize the economy in local communities
- Preserve a trained, local workforce for businesses
- Collaborate with WorkSource Oregon to get people back to work faster
- Weekly, eligibility based program that provides up to 26 weeks of benefits



Unemployment Insurance Programs



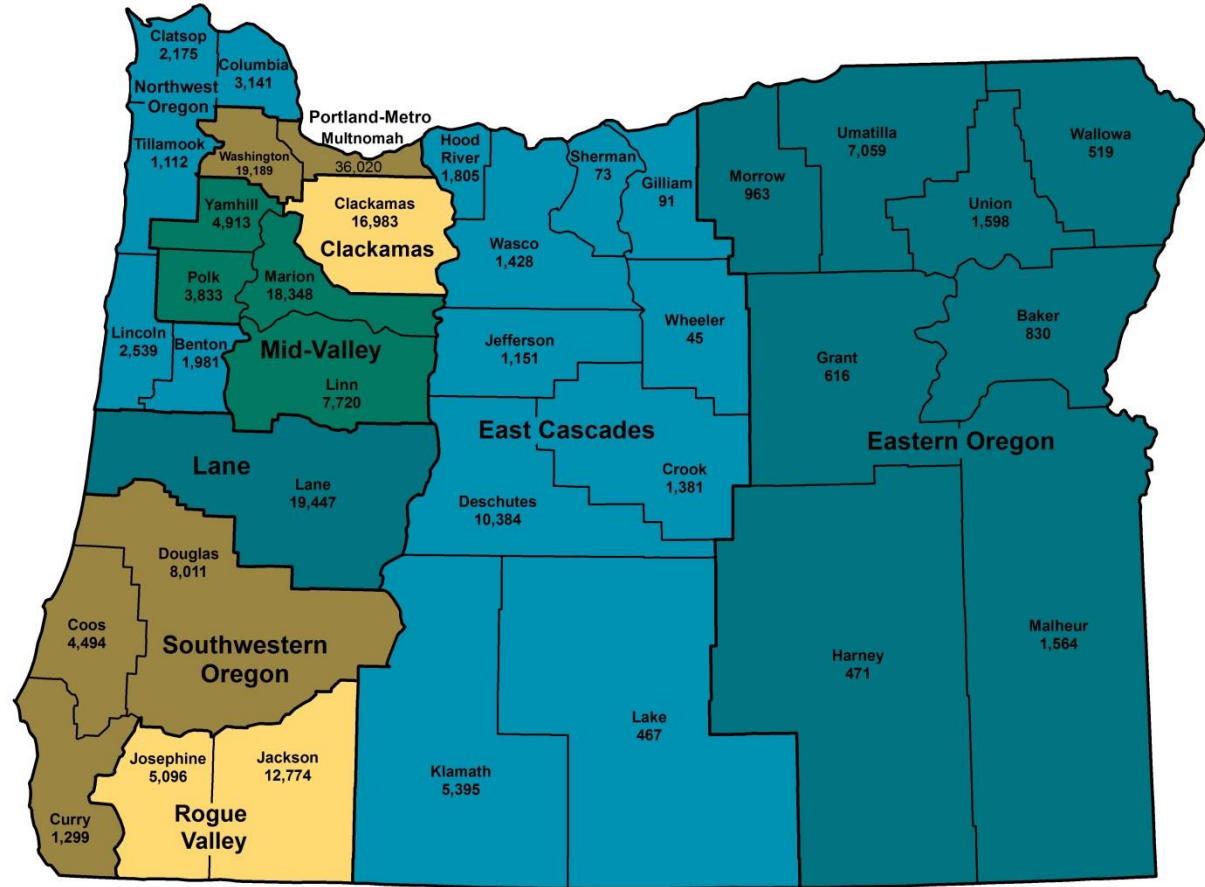
Key Factors Affecting Services

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



Unemployment Insurance Claims for 2018

Total Claims
223,914

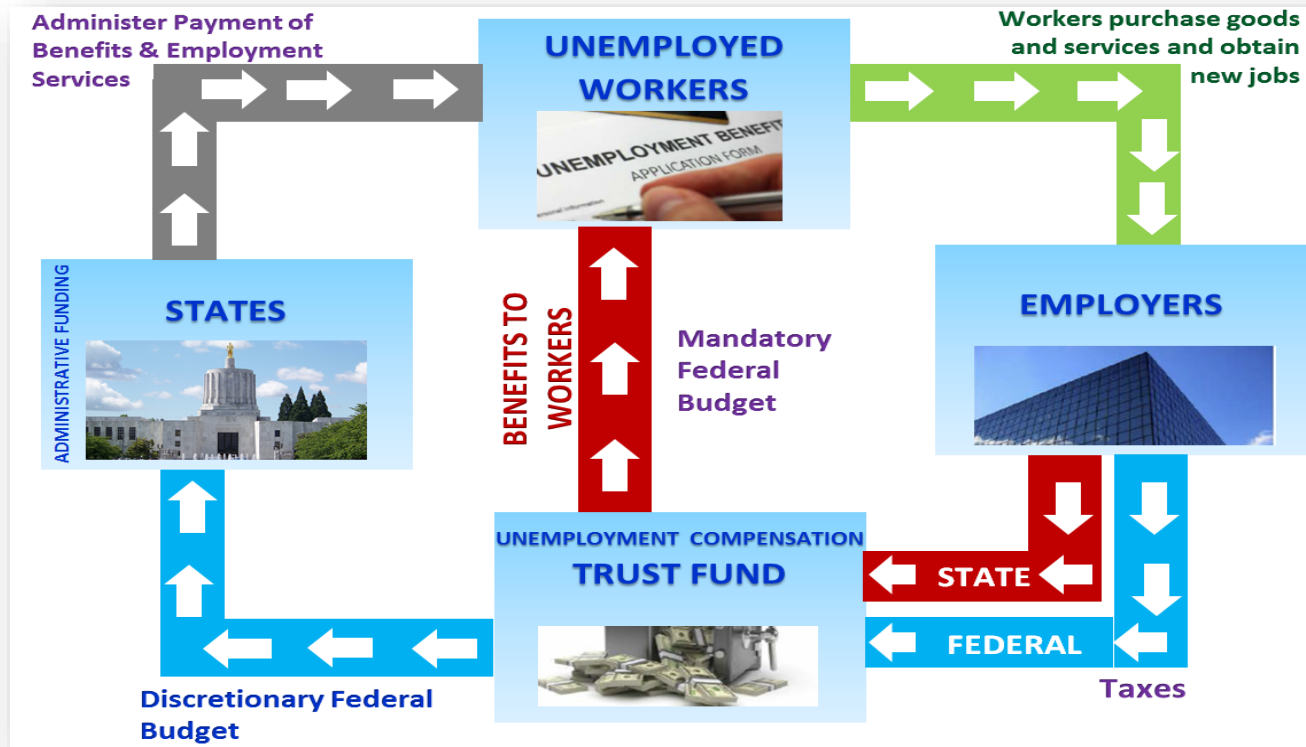


Federal-State Partnership

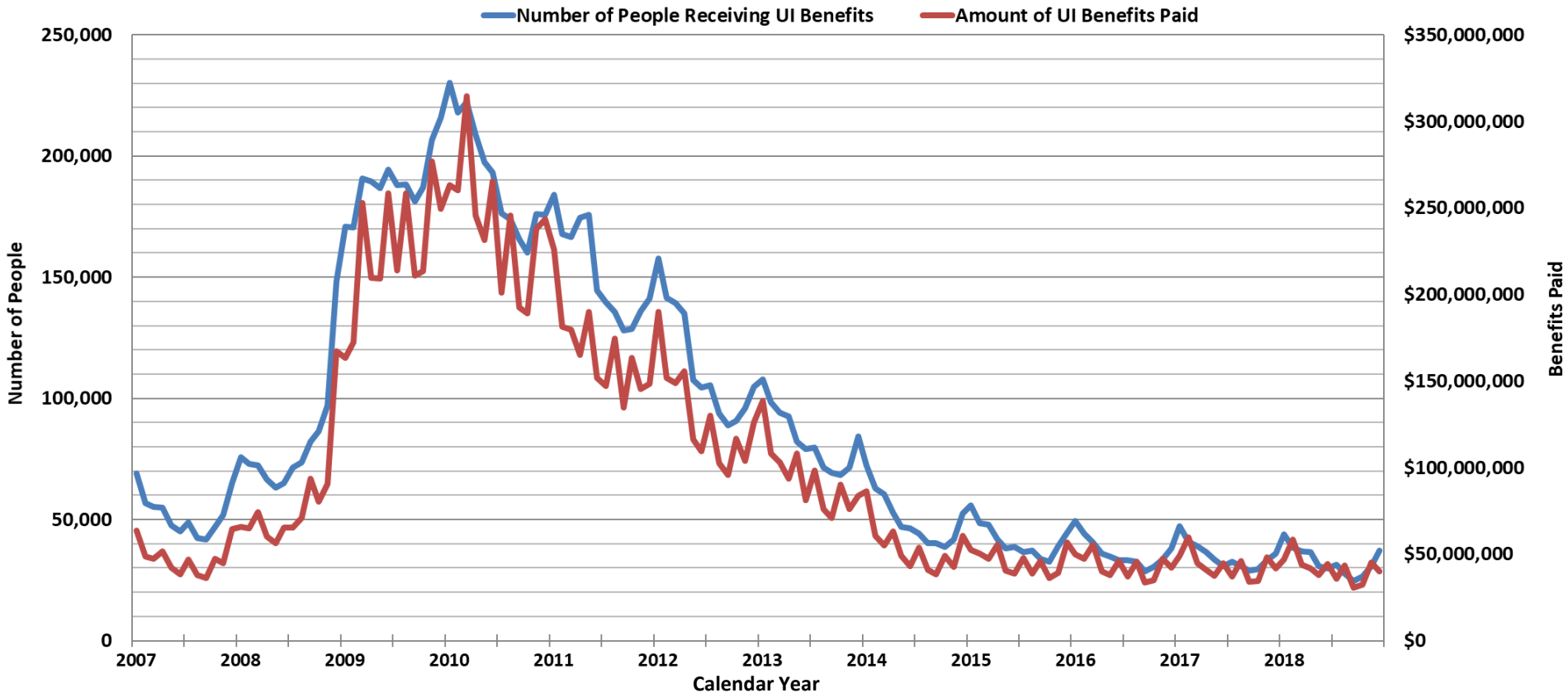
- Oregon employers pay state UI payroll taxes
- The federal government holds that money in the UI Trust Fund for Oregon to pay UI benefits
- U.S. Department of Labor provides an administrative grant to Oregon to operate the UI program
- If Oregon conforms to federal requirements, employers have reduced Federal Unemployment Tax Act (FUTA) payroll taxes



Unemployment Insurance and Employment Services System



Monthly Unemployment Insurance Benefits



People Served by the Unemployment Insurance Program

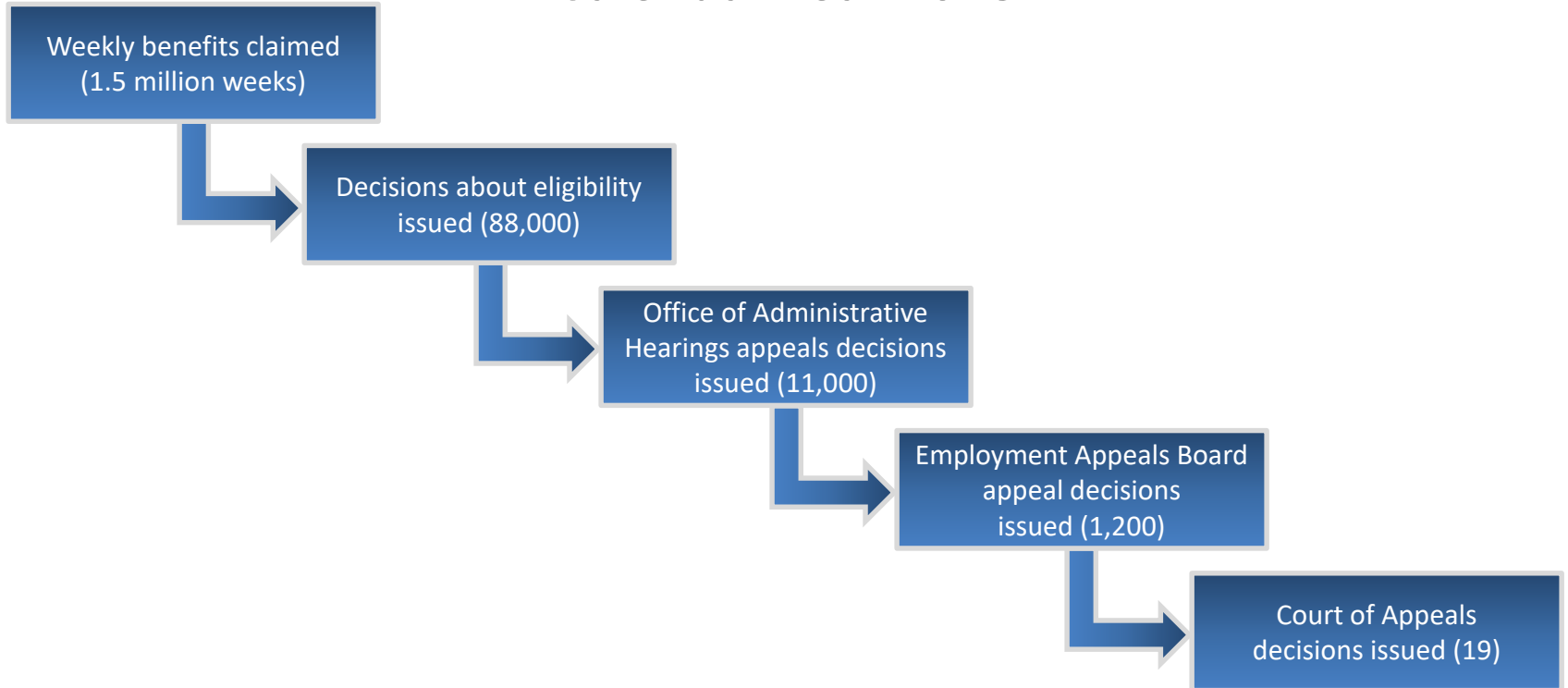
Calendar Year 2018

- 1.5 million weeks of benefits claimed
- 113,000 workers received \$501 million in unemployment insurance benefits
- 377,000 calls answered through contact center
- 129,000 employers filed 8.9 million wage records
- \$886,000,000 million in payroll taxes collected



Decisions about UI Eligibility

Calendar Year 2018



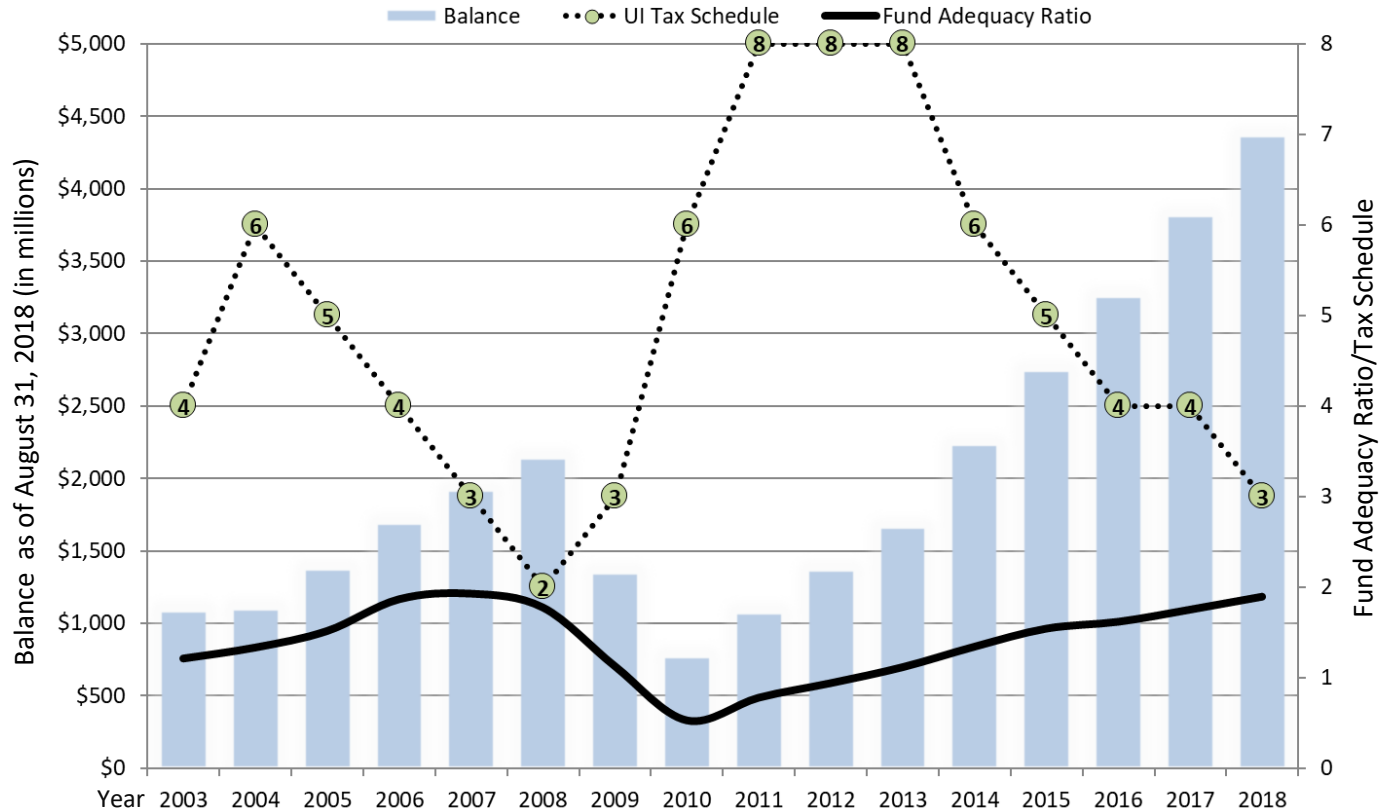
UI Trust Fund Basics

- 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 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

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 is Part of the Workforce System

- Connectivity team supports collaboration and communication between Unemployment Insurance, Workforce Operations and the Office of Workforce Investments to better help unemployed job seekers
- Close collaboration with Workforce Operations to administer the Reemployment Services and Eligibility Assessment program, helping people get reemployed more quickly and preventing benefit overpayments
- Collaborate with partners to align UI with training, apprenticeship and other workforce development strategies



Interagency Compliance Network

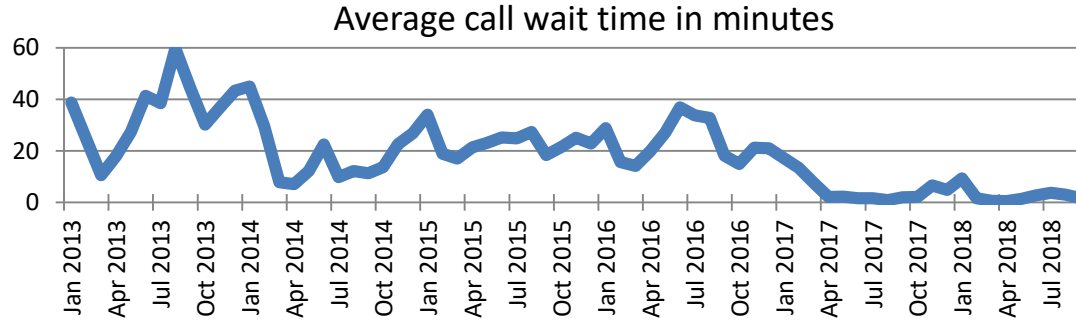
Multi-agency group collaborating on common issues related to workers

- Consistency in determinations relating to worker classification
- Gather and share information regarding improper payment practices
- Coordinate public education and enforcement efforts



Accomplishments

- People calling about UI claims have significantly shorter wait times



- Oregon is one of only five states that passed federal data validation requirements for its UI program
- Oregon employers timely pay their UI taxes 96.5% of the time
- Proactively preparing for the next recession

2019-21 Priorities

- Modernizing outdated processes and systems
- Serving the public more timely
- Improving benefit accuracy and collection efforts
- Preparing for the next recession

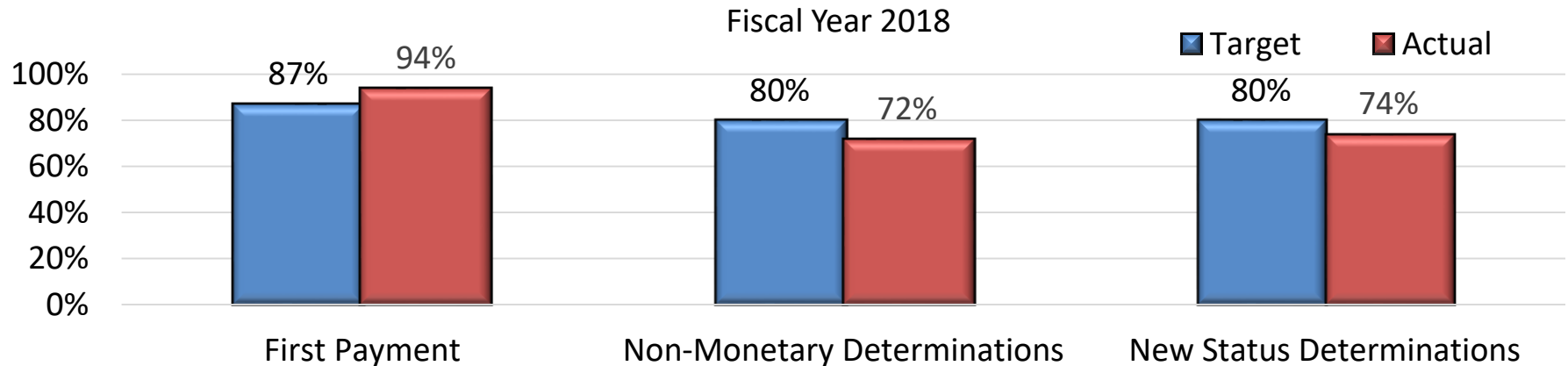


Key Performance Measures and Outcomes for 2018

KPM #4 First Payment Timeliness: Percentage of initial unemployment insurance payments made within 21 days of eligibility • A higher percentage is better

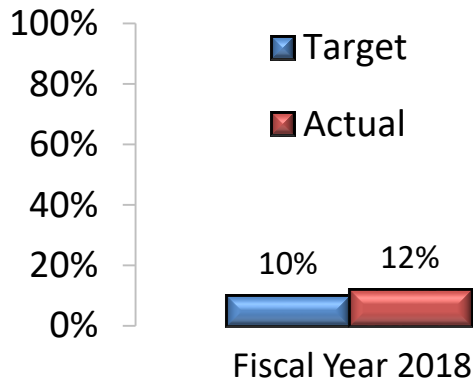
KPM # 5 Non-Monetary Determinations Timeliness: Percentage of claims that are adjudicated within 21 days of issue detection • A higher percentage is better

KPM #12 Timeliness of New Status Determinations: Percentage of new status determinations completed within 90 days of the end of the liable quarter • A higher percentage is better

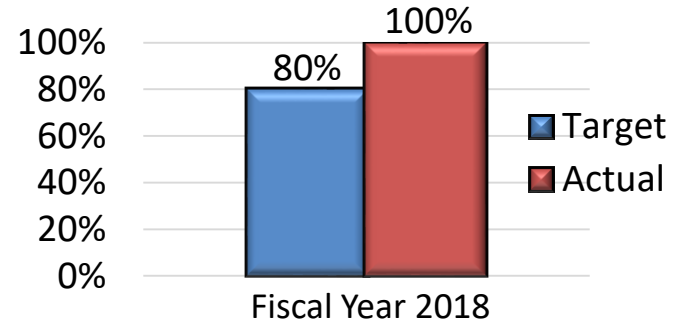


Key Performance Measures and Outcomes for 2018

KPM #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 • A lower percentage is better



KPM #11 Higher Authority Appeals Timeliness: Percentage of cases requesting an appeal that receive a decision within 45 days of the date of request. A higher percentage is better.



Program Video

<https://youtu.be/uZLQgTdohTU>





Modernization Program

Kay Erickson, Director



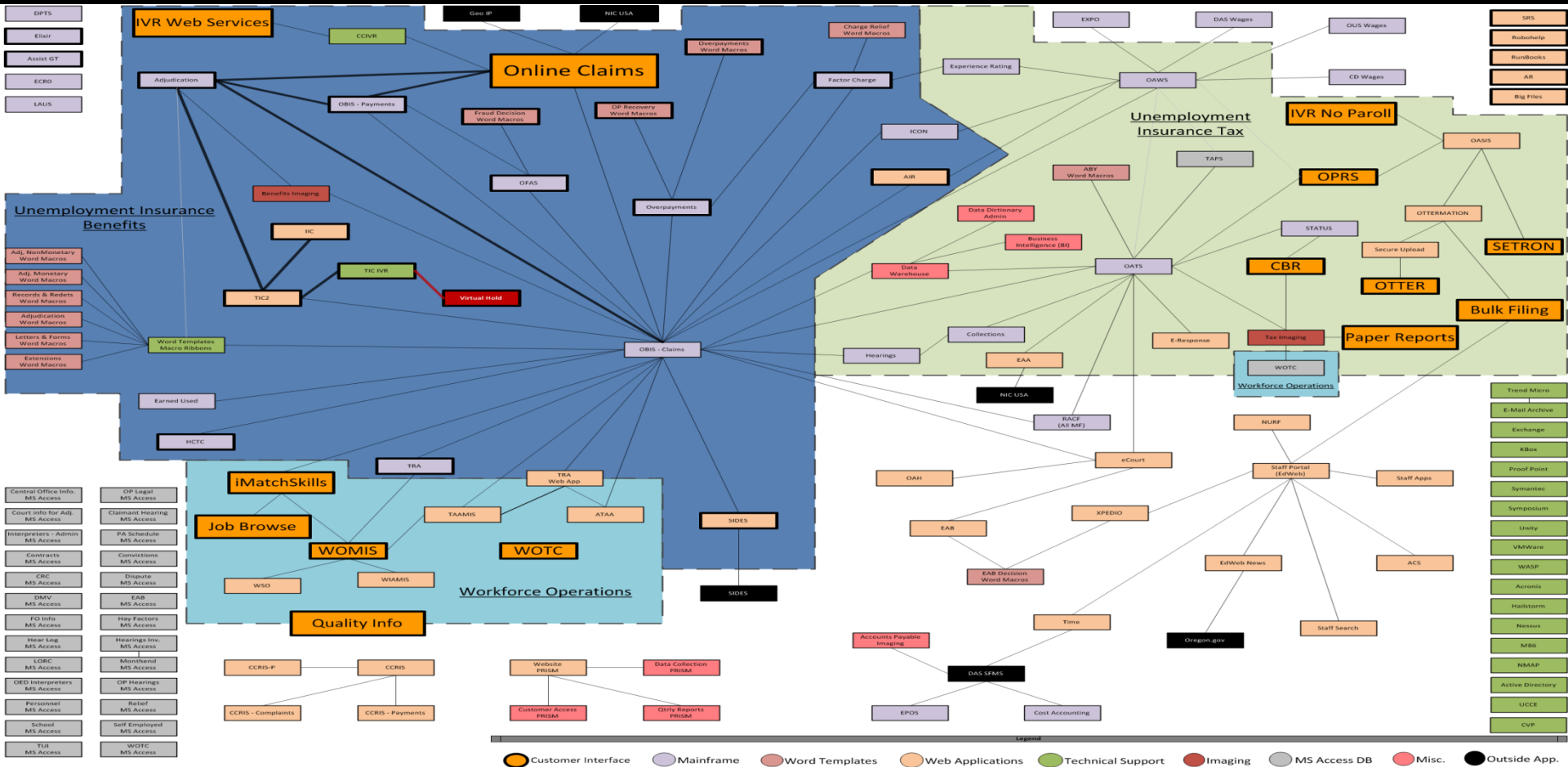
Program Overview

Modernization Program is a **multi-year initiative** focused on **transforming the agency's business processes and core technology systems**

Computer systems supporting receipt of **unemployment insurance taxes**, payment of **unemployment insurance benefits**, and delivery of **employment services will be replaced**

Business processes will be transformed to take advantage of **new system capabilities**





Modernization Program Goals

Enhance customer
experience

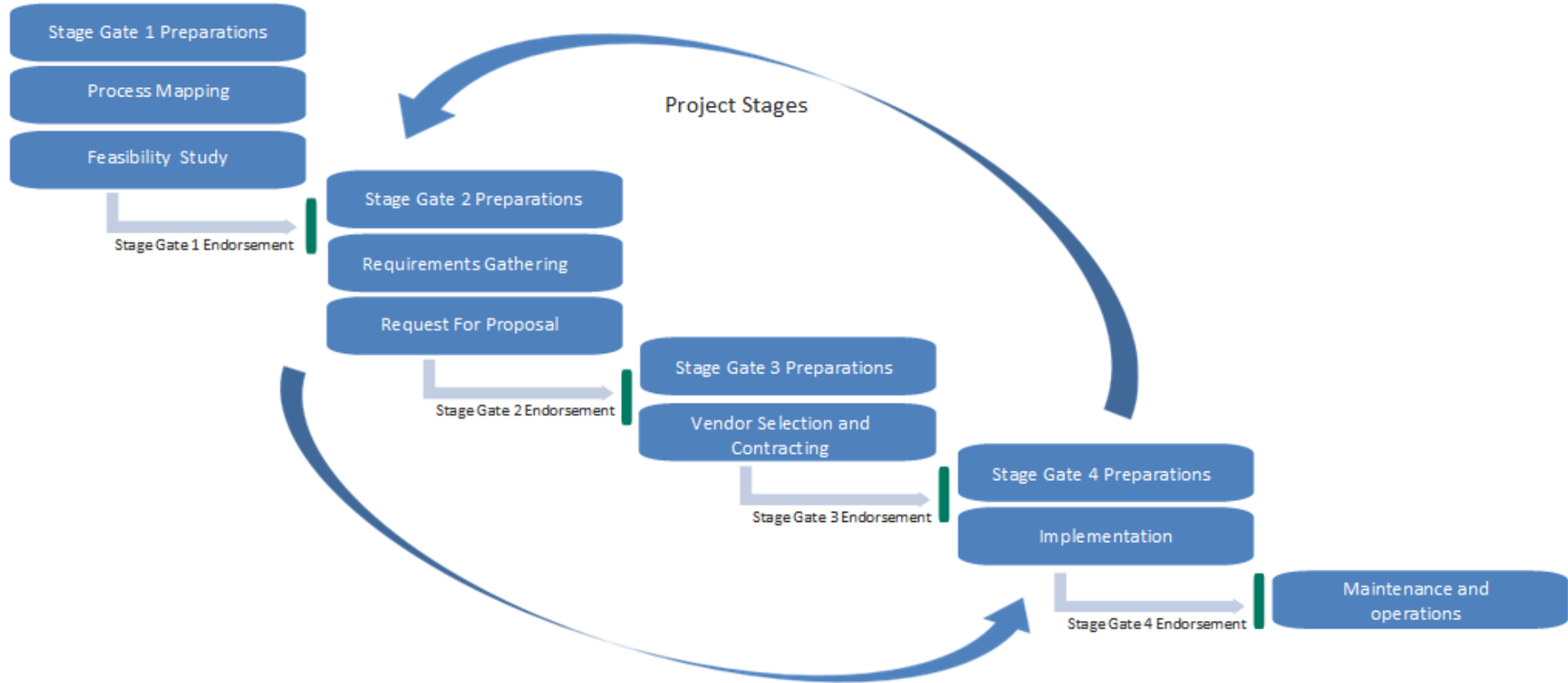
Modernize technology

Transform business
processes

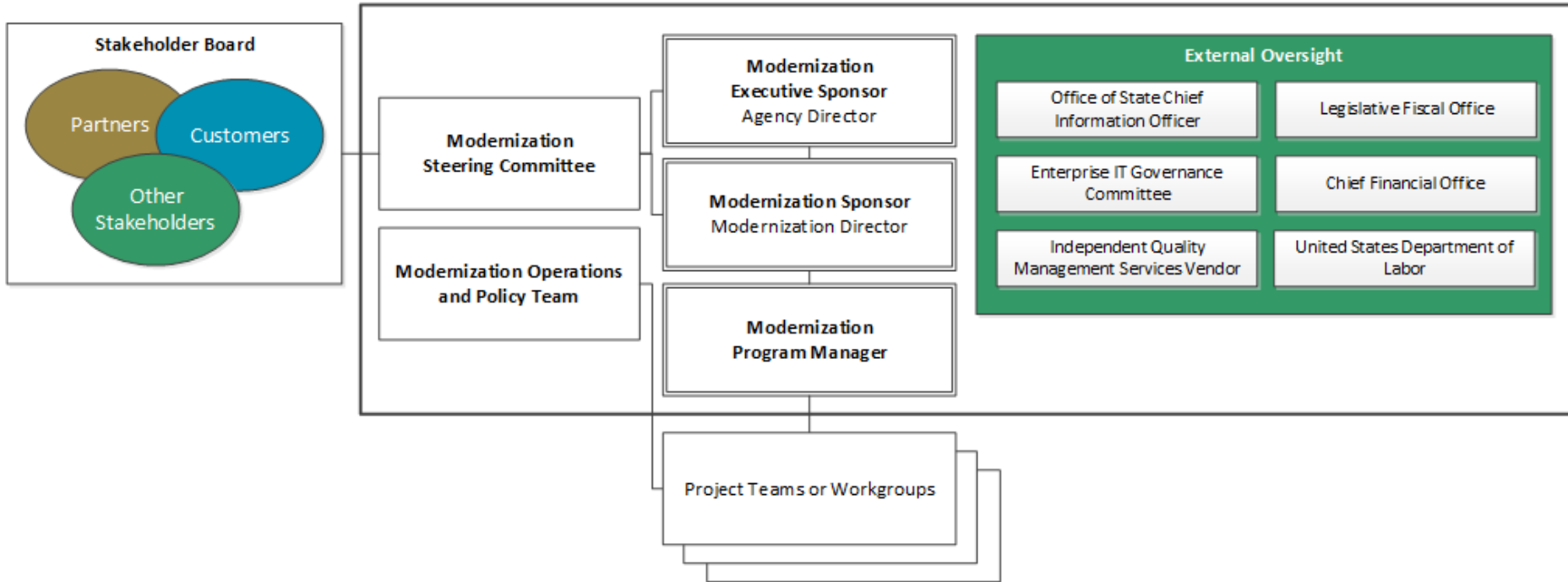
Improve security



Modernization Program Steps and Stages



Modernization Program Governance



Revised: 2/1/2019



Partners are Necessary for Core Business Processes*

Unemployment Insurance Tax

Tax Payments

Banks
Department of Consumer
and Business Services
Department of Revenue
State Treasury

Data Sharing

Department of Human Services
Public Employees Benefit Board
Oregon Health Authority
U.S. Department of Labor
Higher Education
Coordinating Commission
U.S. Department of Health
and Human Services

Combined Business Registration

Department of Consumer
and Business Services
Department of Revenue
Secretary of State

Employer Quarterly Reporting

Department of Consumer
and Business Services
Department of Revenue

Unemployment Insurance Benefits

UI Benefit Payments

Banks
State Treasury

Collections

Department of Justice
Department of Revenue
Internal Revenue Service

Data Sharing

Department of Human Services
National Association of State Workforce Agencies
Social Security Administration
State and County Jails
U.S. Department of Labor

**lists not exhaustive*



Partners are Necessary for Core Business Processes*

Employment Services

Data Sharing

Department of Consumer
and Business Services

Department of Human
Services

Direct Employers

Higher Education
Coordinating Commission

Local Workforce
Development Boards

U.S. Department of Labor

Service Partners

Business Oregon

Community Colleges

Department of Corrections

Department of Human Services

Department of Veterans' Affairs

Higher Education Coordinating Commission

Local Workforce Development Boards

Non-Profits

Oregon Commission for the Blind

Oregon Youth Authority

Title I Providers

U.S. Department of Veterans Affairs

Workforce and Talent Development Board

Research and Administrative Functions

Data Sharing

Bureau of Labor and Industries

Business Oregon

Department of Administrative Services

Department of Human Services

Department of Transportation

Higher Education Coordinating Commission

Oregon Counties and Cities

Other Federal and State Agencies

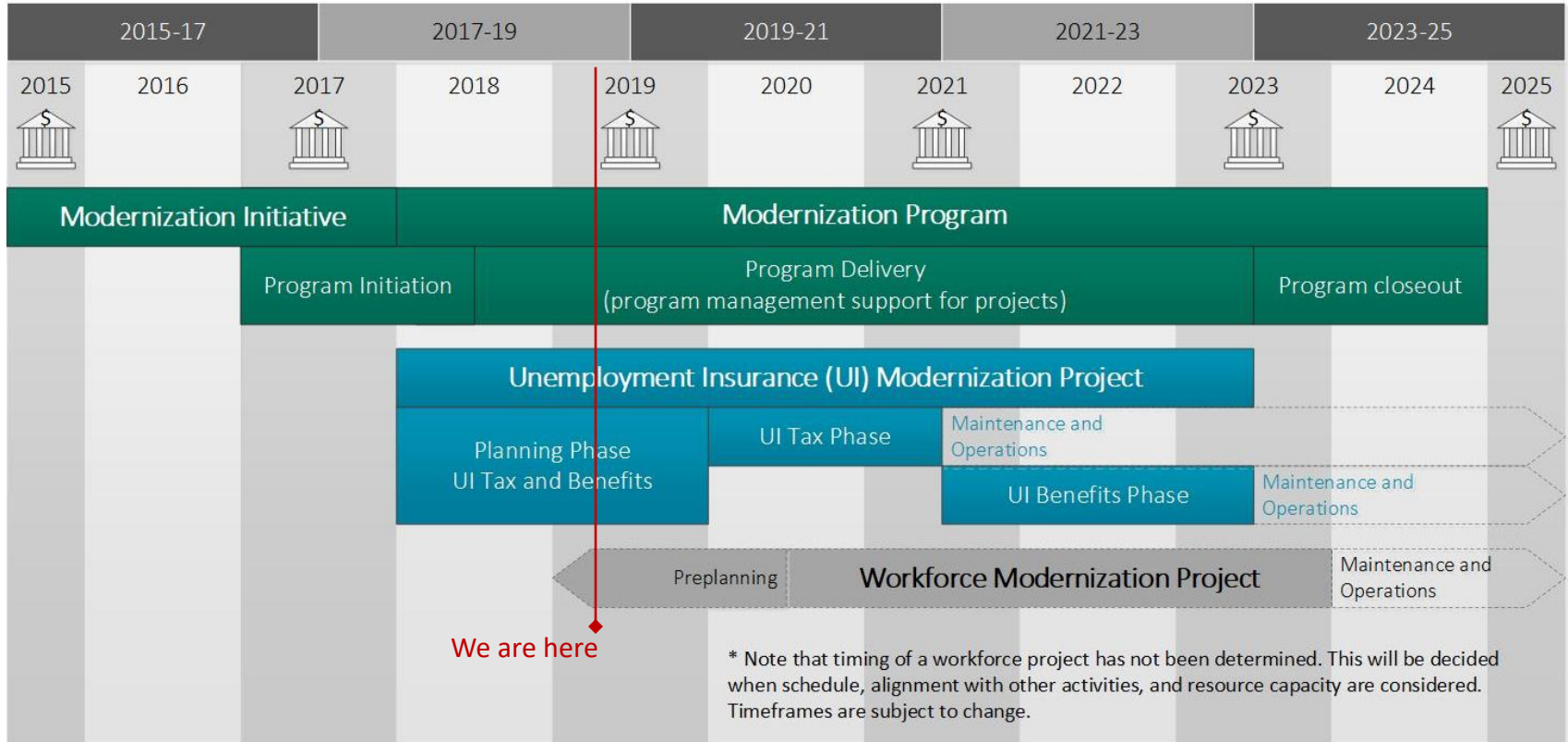
U.S. Bureau of Labor Statistics

U.S. Census Bureau



**lists not exhaustive*

Modernization Program Timeline



Revised: 12/2018



2017-19 Modernization Program Accomplishments

- Completed feasibility study **January 2018**
- Received Stage Gate 1 endorsement for overall Modernization Program **January 2018**
- Initiated the Unemployment Insurance Project **April 2018**
- Submitted for Stage Gate 2 endorsement for UI project **December 2018**
- On schedule and under budget



First Project Underway – Unemployment Insurance

- Unemployment insurance systems contain **oldest** components, with some dating back to 1985
- As of 2018, almost 40% of department technical staff are **eligible to retire**
- Many of the Unemployment Insurance Tax processes are manual and **inefficient**
- Extremely **limited** self-service options for our customers



First Project Underway – Unemployment Insurance

- Unemployment program collects **revenues** in support of unemployed workers and agency services
- Essential to our good **stewardship** of the Unemployment Insurance Trust Fund on behalf of Oregon employers and the federal government
- **Data** collected by Unemployment Insurance Tax is the foundation for agency core business operations and key partners



Unemployment Insurance is Foundational

- **Oregon's households and economy**—provides financial support that is an essential contribution to the stability of Oregon communities
- **Revenue collection for state government**—Combined Payroll Reporting System is a partnership with Department of Revenue and the Department of Consumer and Business Services
- **Information on every covered worker and almost all businesses**—supports Quarterly Census of Employment and Wages (QCEW) and provides foundation for Oregon's Performance Reporting Information System (PRISM)
- **Necessary investment in state's infrastructure**—integrating tax and benefits will create efficiencies for us and partner agencies



Unemployment Insurance Project Scope

- **Implement** vendor solutions that deliver unemployment insurance tax and benefits, and support employment services
- **Configure or develop** vendor solutions to meet the agency's detailed business requirements
- Revise high-level **business process documentation** that reflects industry best practices provided by the vendor and existing user community
- **Knowledge transfer** and technical documentation to support the new systems



Unemployment Insurance Project Scope

UI Modernization Project Scope Measures

Legacy systems to be replaced	31 systems
Legacy systems impacted	48 systems
External data transfers	128 total (126 data transfers 2 interfaces)
Internal data transfers	234 total
External system accesses	58 access points, 24 stakeholders
Mandatory reports	113 (66 state and federal reports 47 financial reports)
Business requirements	<i>In progress</i>
Technical requirements	<i>In progress</i>



Next Steps 2017-19

- Stage Gate 2 approval for Unemployment Insurance project
- Procure independent quality management services (iQMS) vendor **February 2019**
- Request for proposal for Unemployment Insurance solution **April 2019**
- Hiring **February – November 2019**
- Facilities preparation **February – June 2019**
- IT Readiness **May 2019**



Modernization Program

Total Positions: 55

Key Partners and Stakeholders

Steering Committee

Federal, State, and External Oversight

Vendors

- Solution vendors(s)
- iQMS/IV&V vendor
- Change management
- Technical professional services

Expanded UI Project Team

- Operational staff providing subject matter expertise, testing, training, and other functions

Core Program Team

- Program leadership, management, operational support
- Project management, scheduling, task management
- Technical leadership, IT liaison, management, and support
- Business analysis on system requirement, configuration, and development
- Human resources, budget, contract administration, and support

UI Modernization Project Team

- Business management and operational support
- Project management, scheduling, task management
- Technical management and operational support
- Lead and coordinate data development, configuration, conversion, and interfaces
- Business and technical analysis on documents, designs, and processes
- System and user training



2019-21 Modernization Policy Package



July 1 through February 1

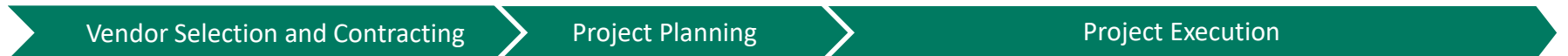
through June 30

through February 1

through June 31

Project Managers (2)
 Budget Analyst
 Program Business Manager
 Program Technical Lead
 UI Project Technical Manager
 UI Project Business Manager
 Business Analysts (11)
 Technical Team (16)
 IT Help Desk Techs (2)
 Human Resources Analyst

+ \$3.50 million	+ \$2.90 million	+ \$4.30 million	+ \$3.00 million
+ 37 pos/8.33 FTE	+ 0 pos/5.98 FTE	+ 0 pos/8.35 FTE	+ 0 pos/5.98 FTE
= \$3.50 million	= \$6.40 million	= \$10.70 million	= \$13.70 million
= 37 pos/8.33 FTE	= 37 pos/14.30 FTE	= 37 pos/22.65 FTE	= 37 pos/28.63 FTE



Priorities for 2019-21

- **Request For Proposal** execution
 - Selecting vendor
 - Contract negotiations
- **Hire and onboard** Unemployment Insurance project staff
- **Submit** for Stage Gate 3
- **Begin** Unemployment Insurance project implementation
- **Pre-planning** for the Workforce project
 - Meetings with stakeholders
 - Request for Information



Modernization is a Multi-Biennia Effort

Range of System Development Vendor Costs and Timelines*

System	Solution Vendor Development Costs	Vendor Maintenance and Support Costs (Annually)	Implementation Timeline
Unemployment Insurance Modernization Project	\$20 - \$40 million	\$3 - \$6 million	3 ½ years
Workforce Modernization Project	\$0.6 - \$3.5 million	\$0.2 - \$3 million	1 - 2 years

** Cost estimates represent what is known as of January 2019 and will be adjusted as we learn more. NOTE: Internal staffing, facilities, infrastructure, training, and other vendor services are not included here.*

Modernization is a Multi-Biennia Effort

Unemployment Insurance Project 2017-2023

Estimated Total Costs for Program Staff, Project Staff, and Vendor*

Implement UI Tax and Benefits solution	\$80 - \$123 million
Annual vendor software maintenance and support	\$3 - \$6 million
Other ongoing operating costs	<i>Pending solution selection</i>

****Cost estimates represent what is known as of January 2019 and will be adjusted as we learn more from our 2019 Request for Proposal.***



Modernization is a Multi-Biennia Effort

Biennium	Description	Total Limitation Requested	Actual* + Projected** Expenditures	Unused Limitation
2015-17	Base budget	\$ 986,633	\$ 597,255	\$ (389,378)
	Policy Package 101	\$ 3,046,026	\$ 643,563	\$ (2,402,463)
	Total	\$ 4,032,659	\$ 1,240,818	\$ (2,791,841)
2017-19	Base budget	\$ 688,847	\$ 406,601	\$ (282,246)
	Policy Package 101	\$ 4,682,314	\$ 3,159,479	\$ (1,522,835)
	Total	\$ 5,371,161	\$ 3,566,080	\$ (1,805,081)
2019-21	Base budget	\$ 8,359,984	\$ 8,359,984	\$ -
	Policy Package 101	\$ 13,699,764	\$ 13,699,764	\$ -
	Total	\$ 22,059,748	\$ 22,059,748	\$ -
2021-23	Base budget	\$ TBD	\$ TBD	\$
	Policy Package 101	\$ TBD	\$ TBD	\$
	Total	\$ TBD	\$ TBD	\$
2023-25	Base budget	\$ TBD	\$ TBD	\$
	Policy Package 101	\$ TBD	\$ TBD	\$
	Total	\$ TBD	\$ TBD	\$
	Cumulative Base Budget	\$ 10,035,464	\$ 9,363,840	\$ (671,624)
	Cumulative Policy Packages	\$ 21,428,104	\$ 17,502,806	\$ (3,925,298)
	Total through 2019-21	\$ 31,463,568	\$ 26,866,646	\$ (4,596,922)

*Actual as of 12/31/2018

**Projected as of 2/4/2019



Office of Administrative Hearings

John Mann

Chief Administrative Law Judge



Office of Administrative Hearings

Oregon's Central Panel

- On January 2, 2000, the State of Oregon created the Hearings Officer Panel as a pilot project—the panel consolidated the hearing programs of seven state agencies
- In 2003, the legislature enacted legislation making the office permanent—the legislation changed the name of the panel to the Office of Administrative Hearings (OAH)
- All state agencies are required to use the OAH for administrative hearings unless specifically exempted by statute (ORS 183.635)
- At least 27 states have adopted “central panels” of administrative law judges so that hearings for state agencies can be conducted by neutral decision makers



The Office of Administrative Hearings

Oregon's Central Panel

- Approximately 80% of OAH hearings are conducted by telephone
- Many in-person hearings are held at one of our three main hearing offices in Eugene, Salem, and Tualatin
 - Satellite offices are also located in Medford, Bend, and Portland
- OAH also holds hearings in public buildings throughout Oregon when hearings are subject to geographical restrictions or when necessary to accommodate the needs of the parties



The Office of Administrative Hearings Oregon's Central Panel

Types of Hearings

- Unemployment Insurance Benefits and Taxation
- Social Service Benefits
- Child Support
- Department of Motor Vehicles
- Special Education
- Water Resources
- Professional Licensing and Regulatory



The Office of Administrative Hearings Oregon's Central Panel

Agencies That Have Chosen to Use Our Services

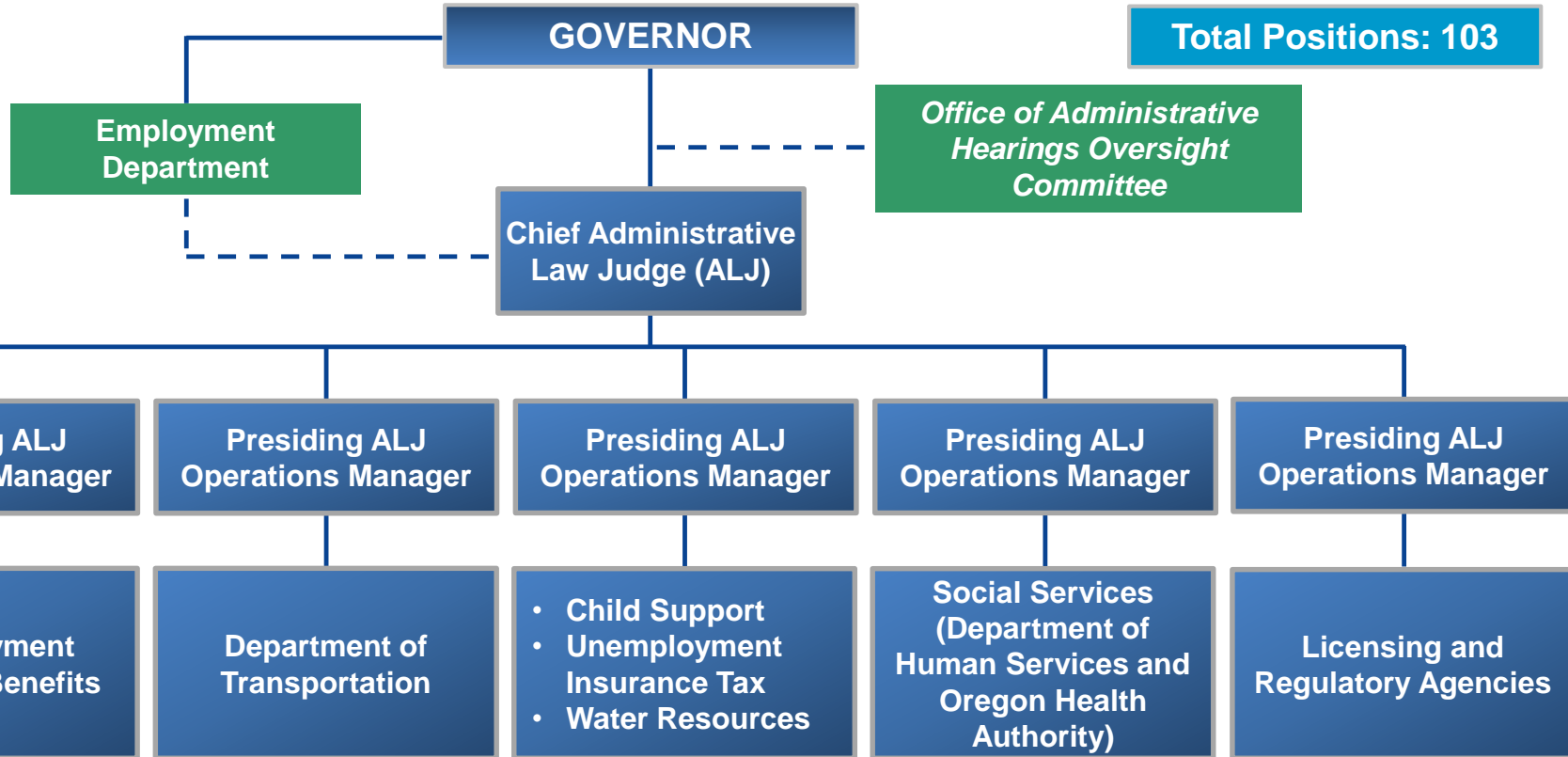
Several state agencies have voluntarily entered into agreements to have the OAH conduct their hearings—these include:

- Oregon Department of Education
- Department of Corrections
- Oregon State Police
- Oregon Youth Authority
- Department of Justice – Charitable Activities Section
- Energy Facility Siting Council

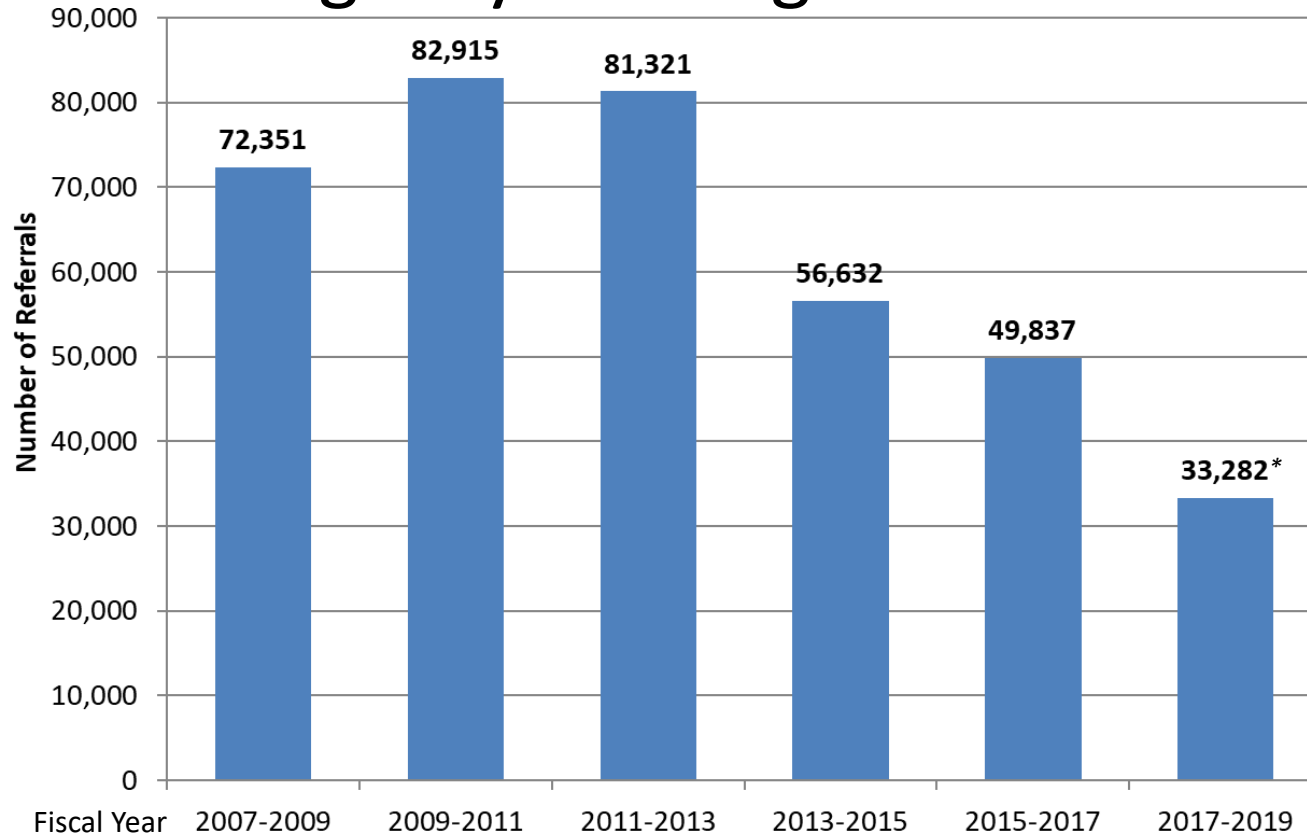


Organizational Structure

Total Positions: 103



Agency Hearing Referrals

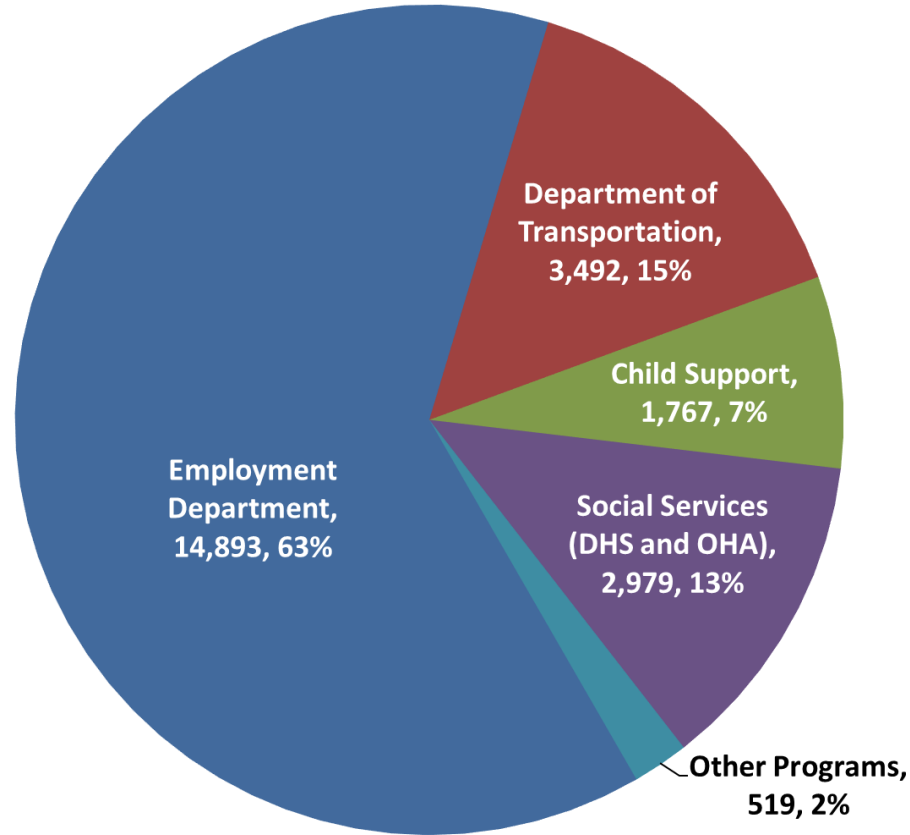


*Through December 2018



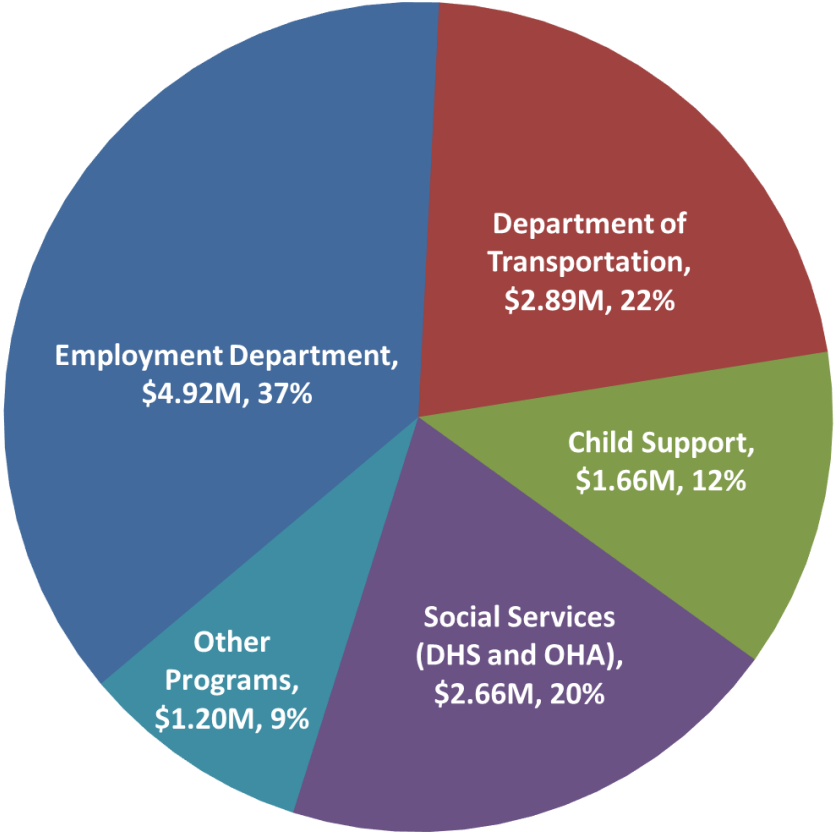
Hearing Requests

Fiscal Year 2018
Requests Received
23,650



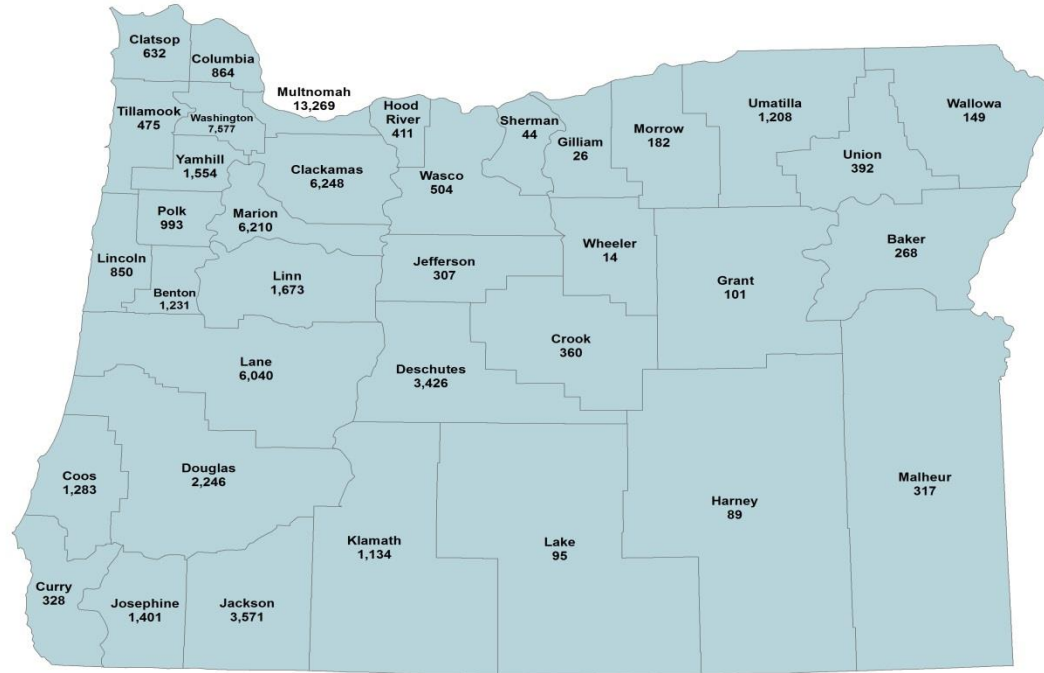
Expenditures by Program

Fiscal Year 2018
Expenditures
\$13.33 million



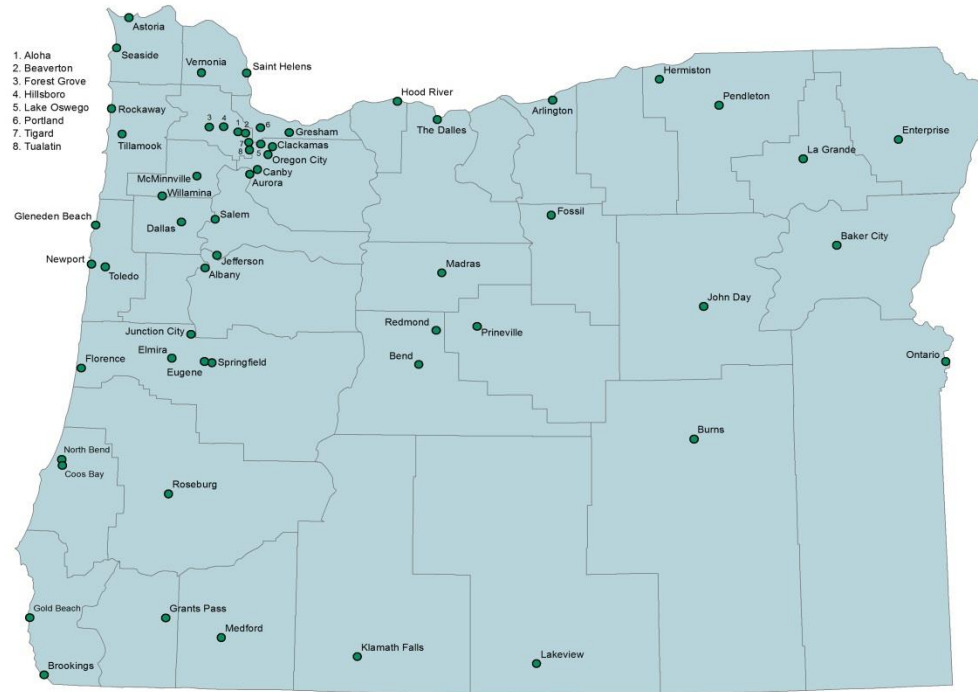
Hearing Participants by County 2015-2017

65,535
Participants
from 36
Oregon
Counties

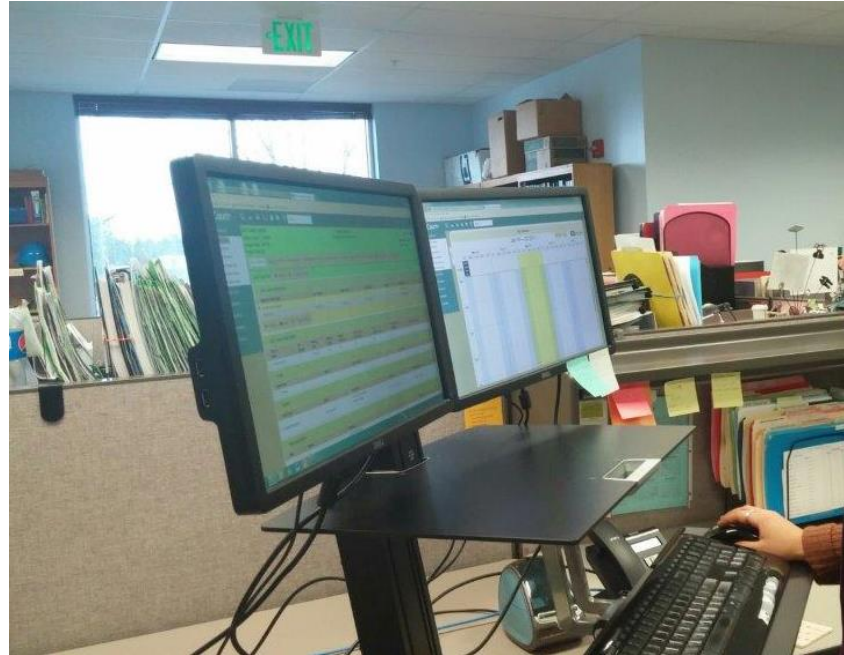


Administrative Law Judge (ALJ) Travel 2015-2017

During the
2015-2017
biennium, ALJs
traveled to 59
Cities in 34
Oregon Counties
to conduct
hearings



OAH Modernization: Completion and Successful Implementation of OAH Case Management Project



Public Service Accomplishments

- Full and fair contested case hearings to agencies and thousands of Oregonians
- Electronic Case Management System available to referring agencies
- Convenient and efficient digital files and recordings



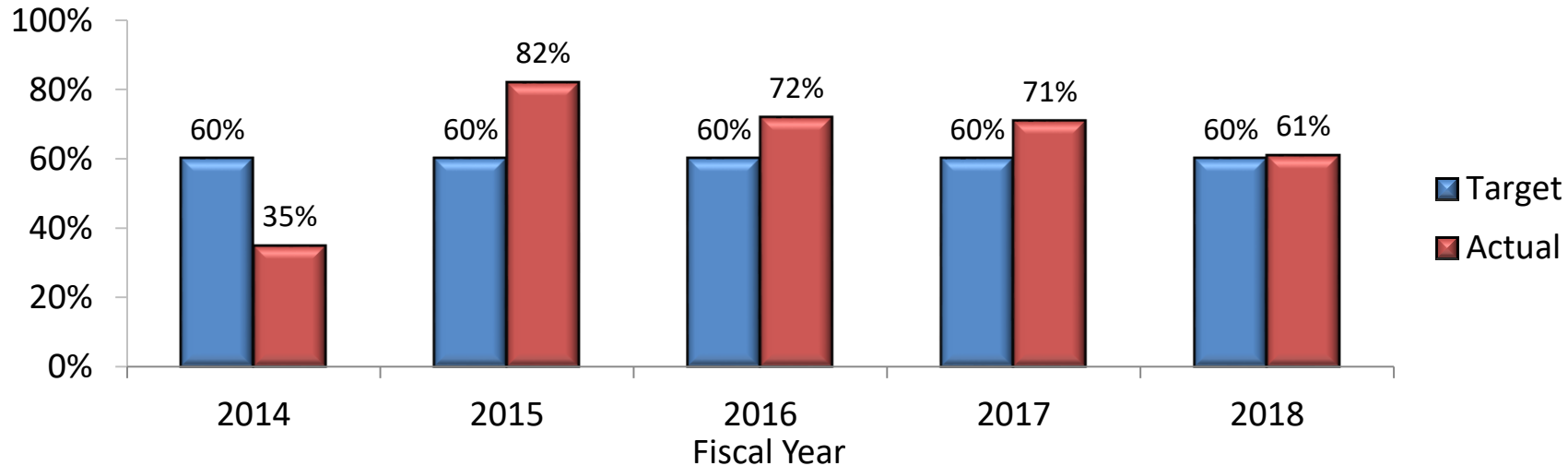
Areas of Future Focus

- Declining referrals in many programs related to historically strong Oregon economy
- Marijuana regulation hearings
- Succession planning
- Strengthening diversity



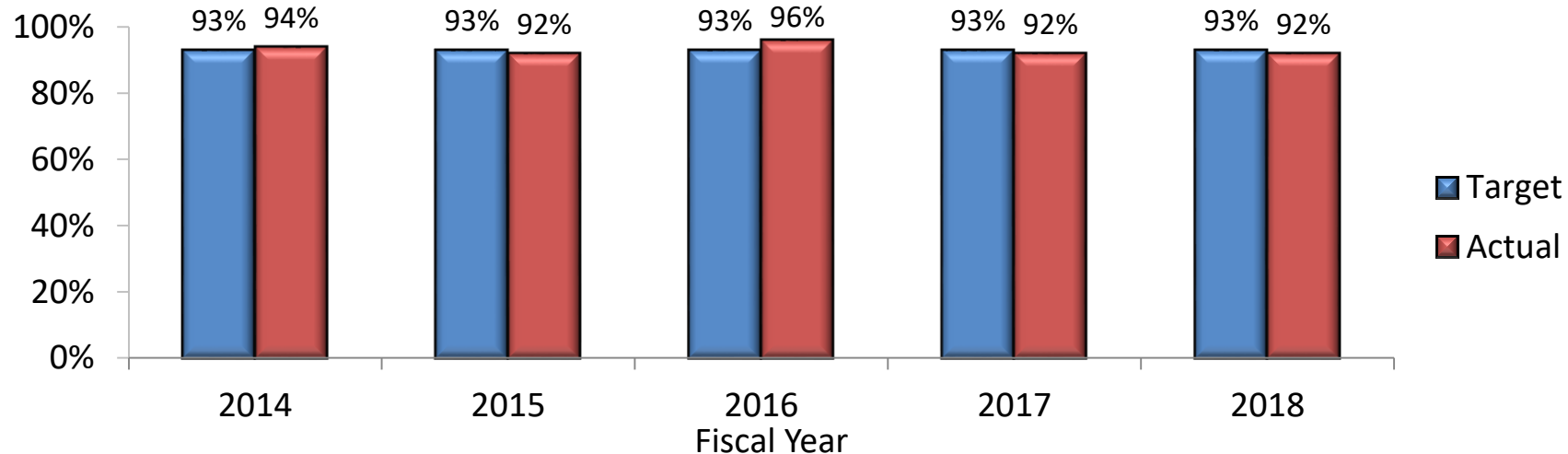
Key Performance Measures and Outcomes for 2018

KPM #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 • A higher percentage is better



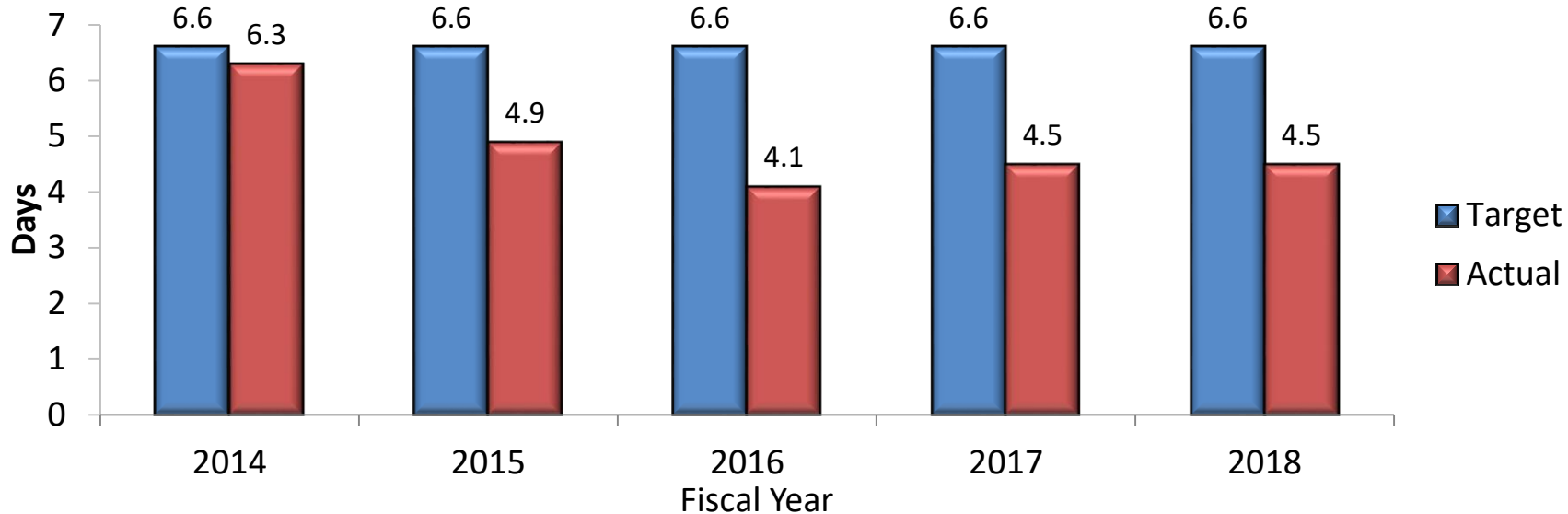
Key Performance Measures and Outcomes for 2018

KPM #8 Non-Unemployment Insurance Appeals Timeliness: Percentage of orders issued within the standards established by the user agencies • A higher percentage is better



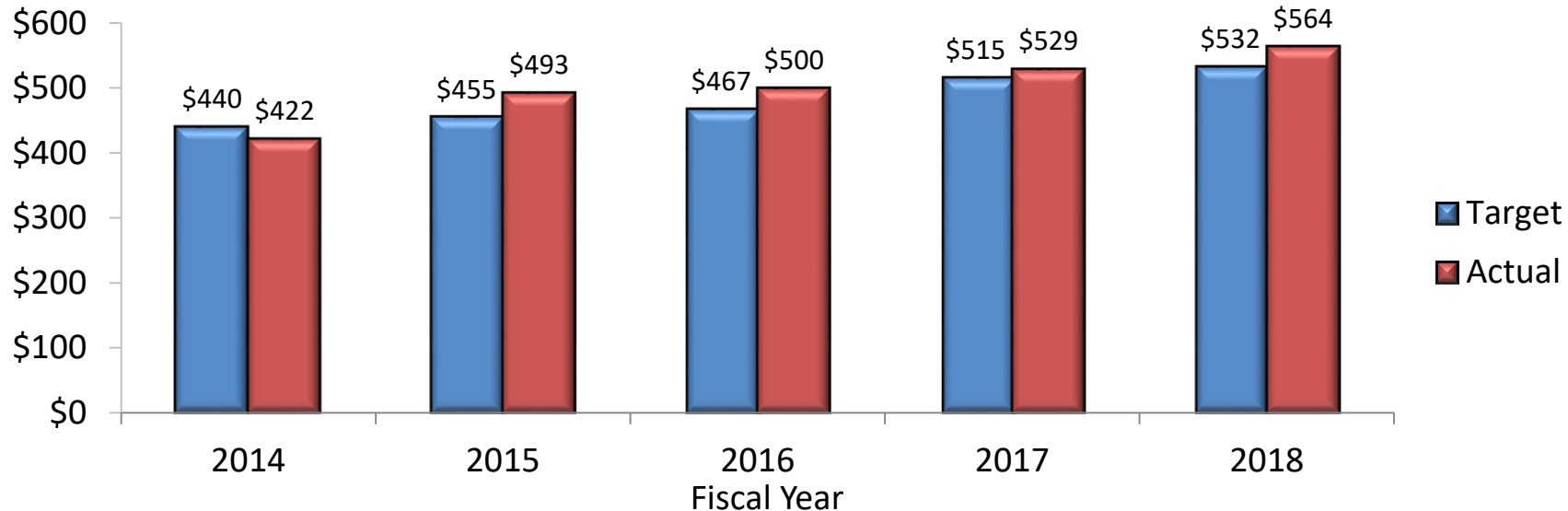
Key Performance Measures and Outcomes for 2018

KPM #9 Average Days to Issue an Order: Average number of days to issue an order following the close of record • Fewer days to issue a decision is better



Key Performance Measures and Outcomes for 2018

KPM #10 Cost Per Referral to OAH: Average cost of hearing referral to the Office of Administrative Hearings • A lower cost is better



Thank You

**Office of
Administrative
Hearings**

