

ANALYSIS

Consent Agenda – Various Agencies Requests to Acknowledge Receipt of Agency Reports

Item 23: Oregon Youth Authority – Community Residential Treatment Program Utilization

Analyst: John Terpening

Analysis: The Oregon Youth Authority (OYA) has submitted its follow-up report on the utilization of community residential treatment program usage per direction from the Joint Committee on Ways and Means during the 2022 legislative session.

OYA had been directed by a budget note in HB 5039 (2021) to report on community residential treatment program utilization to the Joint Committee on Ways and Means Subcommittee on Public Safety during the 2022 legislative session. That report was focused on the residential treatment program, its declining population, and the predictive modeling OYA uses to determine placement. Additionally, that report included ways in which runaways and revocations might be reduced and efforts to support greater diversity among community treatment providers. OYA was then directed to provide an update report to the Emergency Board in December 2022 on community residential treatment program usage and the status of youth placements.

The use of community residential treatment beds has been on a steady decline since the beginning of the 2021-23 biennium, going from 232 in July 2021 to 184 as of September 2022. This follows a similar reduction in commitments to OYA during that same period. However, based on the latest Youth Corrections Forecast, commitments are expected to slowly increase over the next biennium and projected to reach 230 by September 2024.

Since the prior report, OYA has lost two residential treatment programs with a combined average daily population of 10, but during that same time have added a five-bed program for female youths who may be pregnant or parenting, and a four-bed Proctor Program for male youths, both in Multnomah County. OYA also reports that additional programs and bed capacity are nearing completion to become available. OYA will be able to provide further updates on program utilization and the status of placements during its budget presentations to the Joint Committee on Ways and Means in the 2023 legislative session.

Item 27: Department of Corrections – Overtime Usage

Analyst: John Terpening

Analysis: The Department of Corrections (DOC) has submitted its sixth report on the agency's efforts to reduce the use of overtime in prison operations and health services pursuant to a budget note approved in HB 5004 (2021). In this report, covering data through the first fourteen months of the biennium, DOC reports that mandatory overtime hours for operations and health services have increased by 21% from March 2022 through August 2022. The increase in mandatory overtime is the result of vacancies, hospital watches and employee leave. DOC continues to try and mitigate mandatory overtime by

utilizing an agreement between DOC and its labor unions to allow managers and non-security represented staff to volunteer to cover certain posts to avoid having security staff mandated for overtime hours. However, this is a temporary solution until Corrections Officers can be hired and trained and is not meant to be a sustainable option long-term. Another temporary solution DOC has relied on is the use of contract nurses, to reduce mandatory overtime in health services. Contract nurses have 13-week assignments to an institution, which can be extended by the institution if needed. However, this is a costly solution and DOC has paid about \$5.2 million since January 2022 on two contracts for registered nurses and licensed practical nurses. DOC reports there are currently 39 registered nurse vacancies in health services.

Overall vacancies have decreased slightly since the prior report, with 209 vacant positions and 126 “ghost vacancies” in security. This marks an overall increase of eight vacancies, but a decrease of 17 ghost vacancies. In health services, DOC reports there are 47 vacancies and 24 “ghost vacancies,” a reduction of just one vacancy from the prior report. The vacancies reported above include those within the 107 positions provided in HB 5004. DOC has successfully filled 75 of those 107, while the remainder are still in open recruitment.

DOC continues to have recruiting challenges between overall competition for nurses in the job market and Amazon opening facilities in Umatilla County, which has created further recruitment difficulties for that area. Additionally, DOC’s turnover rate has increased from 8.94% in 2019 to 15.33% in the last twelve months and 17.6% of current staff are retirement eligible. However, DOC continues to engage in weekly statewide interview panels, participate in job fairs, various advertising efforts, and engage with schools of nursing and the State Board of Nursing on student nurse internships authorized by HB 4003 (2022).

DOC has been authorized to provide hiring bonuses, clothing allowances, and relocation reimbursement, where applicable, to offer additional incentives for new hires. DOC reports that the number of applications and hiring’s have increased over 50% since 2021 and processing days for applications has been reduced by 30% through efforts at streamlining the process. Currently, there are over 268 individuals in the hiring process with 61 at the background check stage, which is the final process before a conditional hiring letter is issued.

Item 46: Department of Consumer and Business Services – Workers’ Compensation Premium Assessment

Analyst: Ben Ruef

Analysis: Although specifically exempted from the fee approval and ratification process outlined in ORS 291.055, statute requires the Department of Consumer and Business Services (DCBS) to report on workers’ compensation premium assessment rates set by the Department through administrative rule.

The report presents the rates impacting revenues of the Workers’ Benefit Fund and Premium Assessment Operating Account (PAOA) adopted for calendar year 2023.

Workers’ Benefit Fund supports a variety of programs that provide assistance to employers and injured workers. The rate is set to provide an adequate fund balance for projected claims and supported program expenditures. The rate information provided by DCBS on the cents-per-hour assessment is not

required by statute to be included in the report, but has been provided by DCBS to provide additional context to the state of the workers' compensation system as a whole. There is no change to the cents-per-hour assessment from the previous year's rate of 2.2 cents-per-hour.

The Premium Assessment Operating Account is used to pay the claims of injured workers of these employers when they cannot obtain payment due to self-insured employer insolvency. The general assessment funds the Workers' Compensation Division (including the Ombudsman for Injured Workers and the Small Business Ombudsman), a portion of the Oregon OSHA program, and the Workers' Compensation Board. The 2022 assessment rate of 9.8% will remain unchanged for 2023. At this rate, ending fund balance is projected to decrease from \$100 million in 2022 to \$99 million in 2027 which is equivalent to over 10 months operating expenses.

Item 48: Department of Administrative Services – Compensation Plan Changes

Analyst: Kim To

Analysis: ORS 291.371 requires the Department of Administrative Services (DAS) to report to the Joint Committee on Ways and Means when the Legislative Assembly is in session on any changes to the state's compensation plan. When the Legislature is not in session, the agency must report to the interim Joint Committee on Ways and Means or the Emergency Board.

DAS reports compensation changes for the following three executive branch bargaining units:

1. Service Employees International Union (SEIU) Local 503
2. American Federation of State, County, and Municipal Employees (AFSCME) Council 75 Central Table
3. Executive Service, Unclassified Excluded, and Management Service

Changes include continuation of staffing crisis differential for specified direct care classifications at the Oregon State Hospital, as well as establishment or abolishment of classifications and selective increase for specified classifications.

The total 2021-23 cost of these changes is \$1,466,277 total funds (\$989,834 General Fund, \$180,015 Other Funds, \$296,428 Federal Funds).

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board acknowledge receipt of the agency reports, en bloc.



Oregon

Kate Brown, Governor

Oregon Youth Authority
530 Center Street NE, Suite 500
Salem, OR 97301-3765
Voice: 503-373-7205
Fax: 503-373-7622

October 24, 2022

Senator Peter Courtney
Representative Dan Rayfield
Joint Emergency Board
900 Court Street NE H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairs and the Committee:

Nature of the Request

As directed by the Oregon Legislature in HB 5039 (2021) page 2, the Oregon Youth Authority ("OYA") is providing an update on the OYA Community Residential Treatment Program Utilization Review budget note with a particular focus on:

1. OYA's use of community residential beds, including the evaluation of whether and how predictive models successfully place youth in the community program most likely to result in successful completion,
2. Efforts to reduce runaways and parole revocations, and
3. Efforts to support a greater diversity of community providers.

Agency Action

The Oregon Youth Authority is submitting the attached report to provide an update on the OYA Community Residential Treatment Program Utilization Review budget note from HB 5039 (2021).

Action Requested

OYA requests that the Legislature accept this report.

Sincerely,

Joe O'Leary, OYA Director

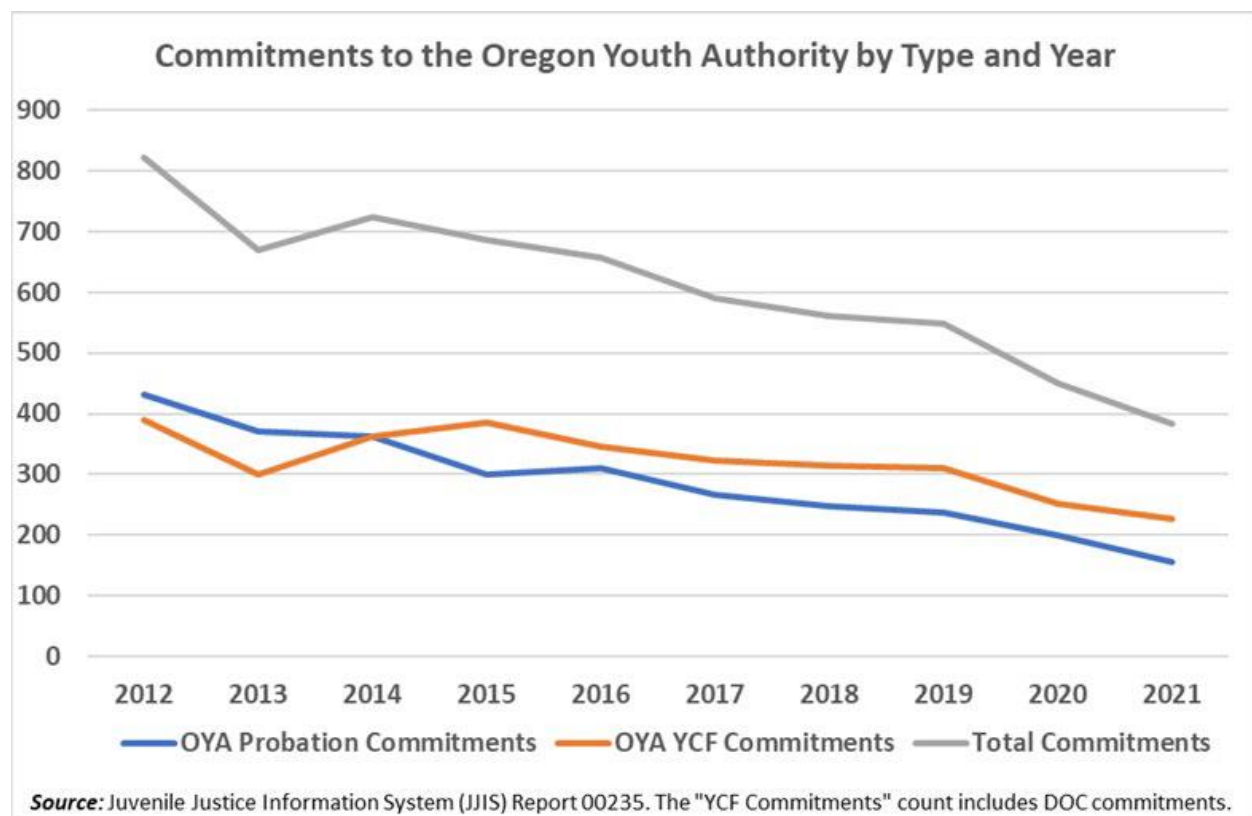
Oregon Youth Authority

Update to the 2022 Budget Note Report: Community Residential Beds, January 21, 2022
Submitted October 24, 2022

This update is provided in response to a Legislative Fiscal Office recommendation for OYA to provide an update on its community residential treatment program usage and status of youth placements at the December 2022 meeting of the Emergency Board.

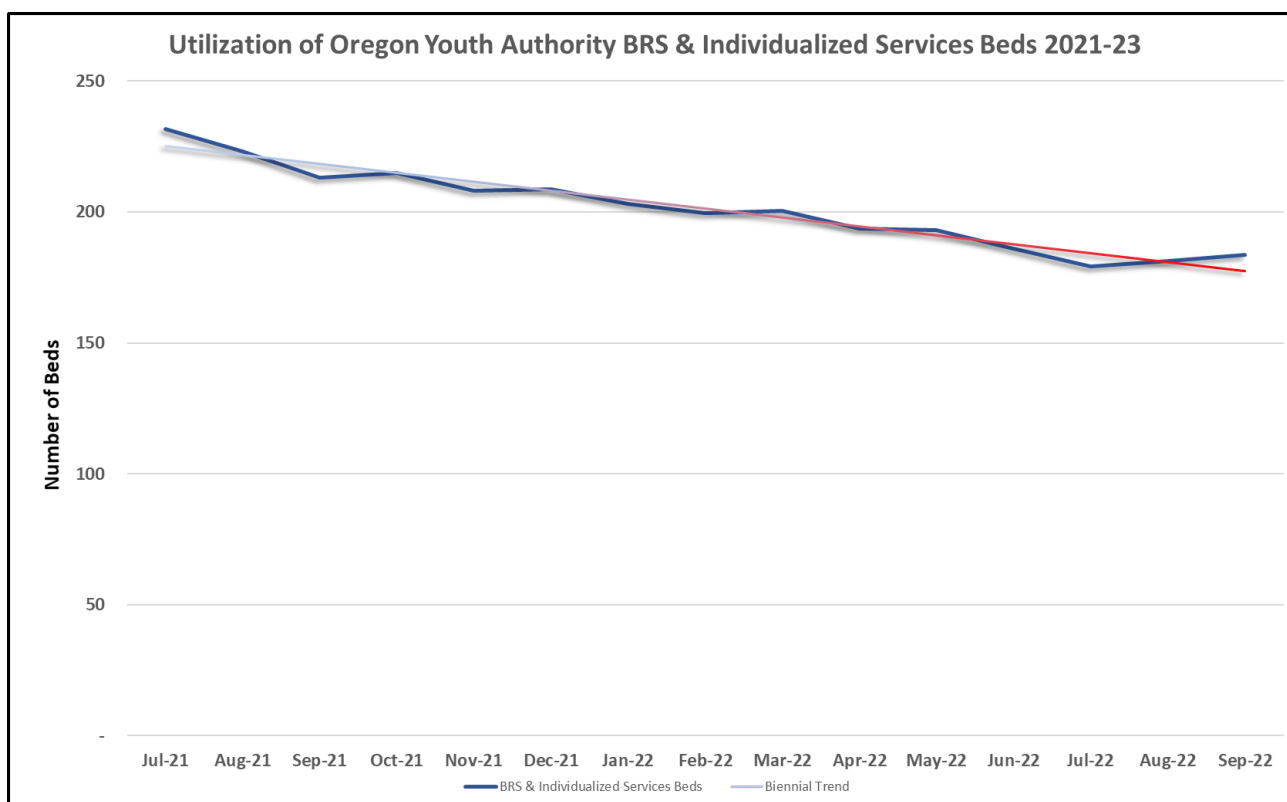
Update on Community Residential Usage Since January 2022¹

The utilization of community residential beds has followed the decline in total youth commitments to OYA. The chart below shows the total annual commitments to OYA since 2012, excluding youth sentenced as adults. The youth in this chart are also eligible for residential placements when on probation or parole.



¹ Community residential services are largely BRS (Behavior Rehabilitation Services), which is different from Behavioral Health treatment.

The reduction in commitments to OYA has contributed to a reduction in the utilization of residential beds, which is presented in the chart below.



Source: JJIS Report 00042

Update on Expected Utilization of Community Residential Beds

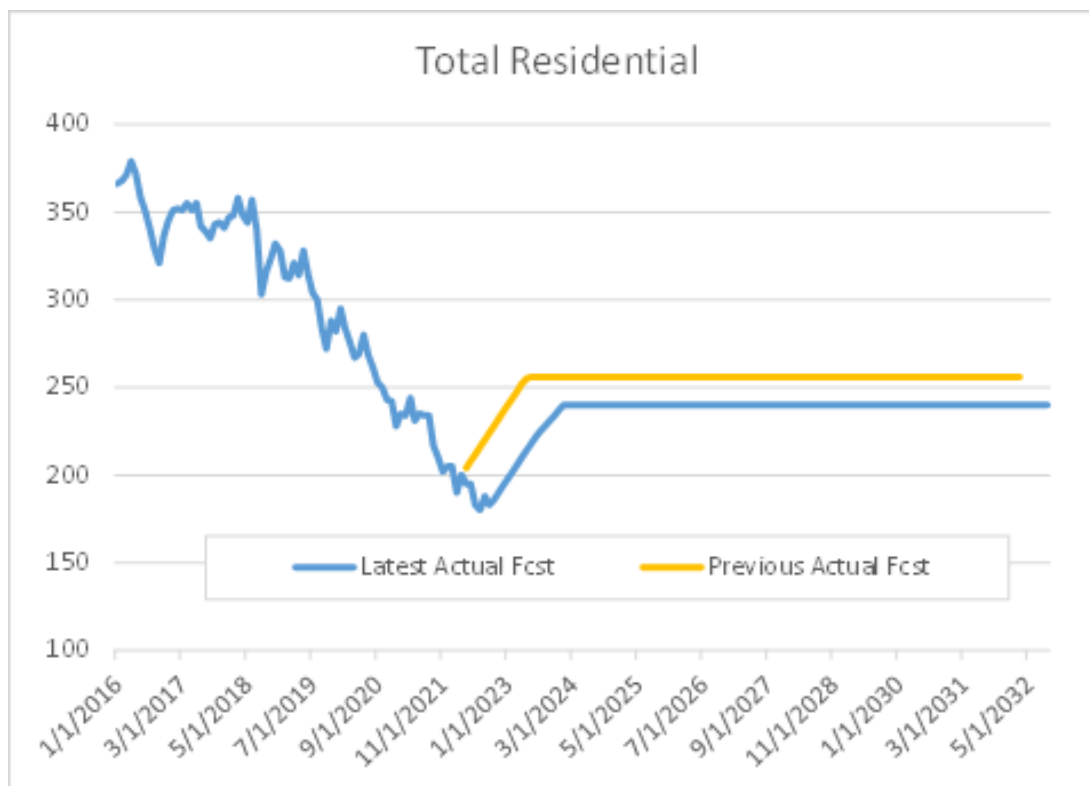
On September 26, 2022, the Youth Corrections Forecast Committee convened to examine the most recent projection of community and close custody bed needs.

To estimate the number of beds needed, DAS and OYA examine several factors, including:

- juvenile crime rates and trends
- referrals to county juvenile departments
- parole revocations
- court dispositions
- historical length-of-supervision or length-of-stay in custody,
- etc.

The latest forecast indicates that residential bed utilization is expected to increase slowly over the next biennium resulting from increased youth referrals and subsequent

commitments to the Youth Authority. This increase in utilization is expected to accelerate in 2023-2024 as reflected in the chart below:



Source: Youth Corrections Forecast Committee presentation, September 26th, 2022. Salem, Oregon. Department of Administrative Services (DAS).

Status of Youth Placements since January 2022

Since January 2022, OYA lost two residential programs with a combined average-daily-population of 10.

OYA has also been able to add capacity. We have focused on building capacity for culturally-specific programs to serve youth of color and other marginalized youth. We continue to work on this.

We have added:

- 5 beds for female youth ages 18 to 24 who may be pregnant or parenting, and could house their children as well. This program is located in Multnomah County.

- 4 beds for male youth ages 12 -20 in a Proctor Program located in Multnomah County.

Additional programs and bed capacity contracts are nearing completion. OYA will be able to provide further information at the next report update.

Other Progress and Continuing Needs

Since the last report, we have addressed a few areas to improve our program delivery and services for youth.

OYA's proposed budget and the 2023 legislative session will provide further opportunity to identify youth needs, support these programs, and build community capacity to help youth transitioning to and from residential programs and home.

Progress this year:

- OYA received legal authority to issue grants to support start-up costs and capacity building, culturally responsive programming and emergency Health and Safety needs from residential programs. In September, OYA launched this program and is currently accepting applications. For more information visit - [Oregon Youth Authority : OYA Financial Grants : State of Oregon](#)
- OHA, OYA and ODHS were able to jointly secure the continuation of the crisis funding to address COVID-19 and staffing issues.
- OYA developed a contract for mentoring services for youth returning to the Multnomah County area.
- OYA has submitted its Agency Requested Budget, and has asked to retain flexibility in the budget authority that will allow for the development of programs, reentry, mentoring, family support and services, as well as for services for older youth and youth presenting with complex issues.
- ODHS, OHA and OYA are currently doing a full cost study of behavioral rehabilitation services (BRS) program costs. The results are expected in November, and will be the report back to the legislature. The results of this study will set next steps for determining the rate of pay for BRS programs.

The legislature's continued support for these programs and funding, as well as flexibility in OYA's budget to fund these needs in the future would ensure OYA can provide the most effective residential programs to youth.



Oregon

Kate Brown, Governor

Oregon Department of Corrections

Office of the Director

3723 Fairview Industrial Drive SE Suite 200

Salem, OR 97302

Voice: 503-945-0927

Fax: 503-373-1173



October 27, 2022

The Honorable Peter Courtney, Co-Chair
The Honorable Dan Rayfield, Co-Chair
Joint Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairs:

The Oregon Department of Corrections (DOC) respectfully asks you to accept this letter as a report to the Oregon Legislature as required by a Budget Note contained in House Bill 5004 (2021).

Background

The Legislative Fiscal Office (LFO) Budget Report associated with House Bill 5004 passed during the 2021 Legislative Session included the following Budget Note:

Overtime Usage: Over the last several biennia, the Department of Corrections has incurred a consistent deficit in its overtime budget of about \$20 million per biennium. Package 805 provides \$21.6 million and 107 positions intended to alleviate the need for overtime usage. To evaluate the effect of this increased staffing on overtime expense, the department is directed to report its overtime expenditures in the prisons and in Health Services at each meeting of the Interim Joint Committee on Ways and Means and Emergency Board, and once to the Public Safety Subcommittee of the Joint Committee on Ways and Means during the 2022 legislative session.

DOC understands overtime has a significant impact on employee wellness. In 2016, the department set an agency goal to reduce mandatory overtime by 50 percent and was trending in the right direction until 2019. The pandemic, wildfires, and a national staffing crisis have had a significant impact on DOC's recruitment and retention efforts.

The department's primary overtime drivers are hospital watch coverage and unfilled positions. Unfilled positions can be from vacancies or ghost vacancies (occurring for a variety of reasons including active military deployment and extended leave, among others). As of August 2022, Operations has 209 vacant security positions and 126 ghost vacancies, a decrease of nine full-time equivalent (FTE) positions from our last HB 5004 response. This is due to increased efforts in recruitment offset by a reasonably high turnover rate in recent months from retirements, promotions, or leaving public service.

Eastern Oregon Correctional Institution (EOCI) in Pendleton and the Two Rivers Correctional Institution (TRCI) in Umatilla currently have 23.10% and 12.54% security series hard vacancy rates. The Coffee Creek Correctional Facility (CCCF) in Wilsonville has an 9.74% security vacancy rate, an increase from 8.20% from our last report. Other institutions with greater than 10% security vacancy rates are Oregon State Penitentiary (OSP) in Salem – 11.30%, and South Fork Forest Camp (SFFC) in Tillamook – 17.39%. The Deer Ridge Correctional Institution (DRCI) in Madras reduced its vacancy rate from 11.30% to 9.26% since our last report.

Beginning in approximately 1989, Oregon's prison population increased creating a need for additional institutions. Since that time, DOC constructed several prisons across the state (CCCF, Columbia River Correctional Institution (CRCI), DRCI, Powder River Correctional Facility (PRCF), Shutter Creek Correctional Institution (SCCI), Snake River Correctional Institution (SRCI), TRCI, and Warner Creek Correctional Facility (WCCF). Recently, Mill Creek Correctional Facility (MCCF) and SCCI have been mothballed, and previously the Oregon State Penitentiary Minimum (OSPM) was closed. Employees hired over the last 33 years are now at the end of their careers and are retiring. This uptick in retirements is expected to continue for the next few biennia. Currently, 17.56% of DOC staff are eligible to retire while another 15.25% of staff will be eligible to retire within the next five years.

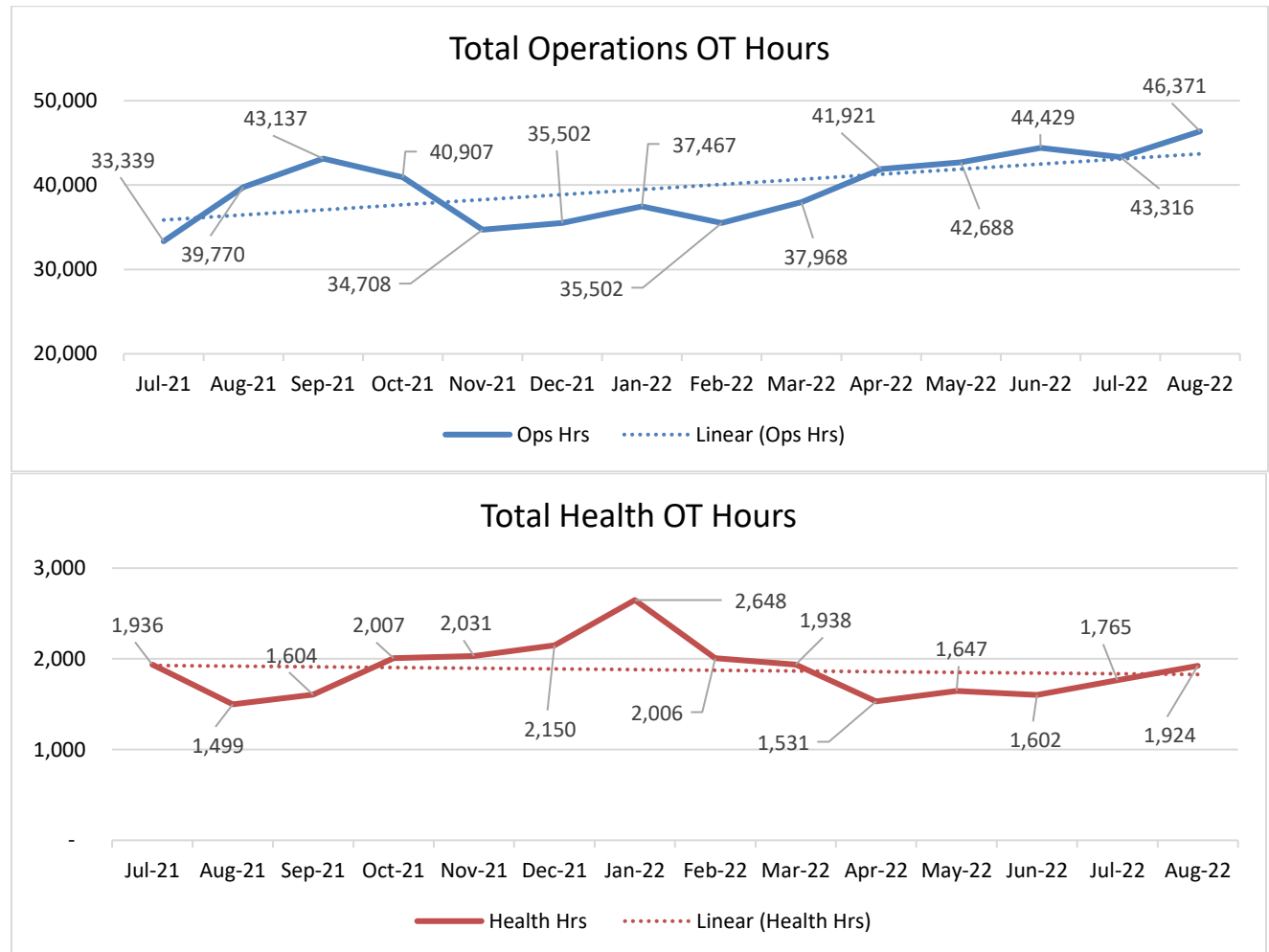
The security annual turnover rate continues to rise from 8.94% for 2019, 9.56% in 2020, 12.70% in 2021, and the rolling year ending October 2022 was 15.33%, just 2% below the percentage of staff who are eligible to retire. Of the staff who left DOC service, the preponderance left voluntarily – on average 13.69%. The rolling average of staff who left involuntarily ranges from a low of 1.22% prior to June 2020 to 1.82% in March 2021. By comparison, the national average annual turnover rate for law enforcement is around 11% (2015).

Overtime Reporting Data

Overtime is cyclical in nature, and many factors are involved in these numbers. To reduce the effect on security staff related to this increase, a letter of agreement with labor partners allows managers and security plus staff to volunteer to cover certain security posts to avoid having security staff mandated. Overtime hours, specifically for Health Services, may be misleading. For example, Health Services relies heavily on contracted nurses to offset the numerous Registered Nurse (RN) vacancies, so overtime may be avoided through the usage of contract nurses filling vacant shifts. While this is helpful, contract nurses come at a high cost, incur a fair amount of turnover themselves, impact permanent RN staff due to training needs, and are often only trained to perform in limited areas. For example, just since January 2022, DOC has paid nearly \$3.8 million on one contract for RNs and Licensed Practical Nurses (LPNs), with another \$1.4 million on a different contract for RNs. Forecasting that amount for a biennium, DOC would pay approximately \$26.4M, or the equivalent of around 70.5 RNs.

The following graphs depicts the hours associated with overtime for the Operations and Health Services Divisions. The data is not cumulative; it is actual data for the month being reported. As

a comparative to the projected regular hours worked each month, Operations security staff work or take paid leave for over 416,000 hours each month. Overtime hours constitute another 11.1%, on average (August 2022), for all staff each month beyond regular hours.



As indicated below, overall Health Services vacancies have decreased slightly, and Operations Division vacancies have decreased by nine FTE. Security permanent vacancies increased slightly, while ghost vacancies decreased significantly. The current vacancy and ghost vacancy levels including positions granted by HB 5004 are as follows:

- Health Services
 - Provider vacancies – eight (decrease of one)
 - Registered Nurse (RN) vacancies – 39 (Remained the same)
 - Ghost vacancies – 24 (Remained the same)
 - Total vacancies – 71 (total decrease of one)

- Security
 - Security vacancies – 209 (increase of eight)
 - Ghost vacancies – 126 (decrease of 17)
 - Total vacancies – 335 (total decrease of nine)

As mentioned above, HB 5004 provided DOC with 107 positions across the Operations and Health Services Divisions to assist in reducing overtime. The following outlines DOC's efforts to recruit for these positions as well as other vacant positions.

Below is information updated since the previous report:

- Of the 107 positions provided, 87 were granted to the Operations Division. All positions have open recruitments, and many have been successfully filled.
- DOC has had 25 successful in-person hiring events. These events include a tour of the host institution, immediate assistance with application paperwork, scheduling of appropriate tests, and the initial portions of the background check. These events and tours of facilities help break the stereotypes the community members may have and helps inspire these individuals to successfully complete the application process.
- The number of applications has increased by over 50% since 2021.
- The number of applicants hired has increased by over 50% since 2021.
- The application process has certain requirements by statute and DPSST standards. DOC has reviewed these requirements and compared them to our application process and streamlined our process when appropriate. This has resulted in reducing the processing days by 30%. Though this is significant, we continue to seek ways to further streamline our processes.
- DOC is still regionally challenged in rural communities and further challenged by competitors such as Amazon. Private industry can offer certain incentives that are problematic for public employers. The ability to offer moving expenses and other incentives could assist us in inspiring staff who work in other facilities to transfer to Umatilla and Pendleton. Those moving incentives, partnered with an agreement to continue to work in the region for a contracted time, would allow DOC staff to successfully move to other regions of our beautiful state. DOC is projected to begin offering relocation expense reimbursements starting November 1 for new-to-state service applicants moving to EOCI and TRCI only. Currently, there are no policies allowing moving expenses for existing line staff.
- Currently, there are over 268 individuals working through the hiring process and approximately 61 have nearly completed their background checks, the final step before the conditional hiring letter. Those who are permanently hired will cycle through the Basic Corrections Course in the coming months. Unfortunately, not all these applicants are open to working in any facility where we have an opening, so we may not be able to fully utilize the individuals who complete the application process.
- Once a security staff is hired, there is an initial period of work where they job shadow, learn rules, policies and procedures in a classroom setting, complete CJIS training as well as other

important items, and complete the Basic Corrections Course. Following that time, those staff can continue their trial service as regular members of the staff and are used to reduce overtime. Depending on the next available Basic Corrections Course start date, this period prior to overtime reduction can be between three and five months.

- Other strategies to manage staffing impacts:
 - DOC has engaged labor partners at OSP, CCCF, TRCI, and EOCI to allow security plus (non-security) and management staff to cover mandatory overtime. This is a temporary solution to help reduce mandatory overtime until Correctional Officers can be hired and trained.
 - Recently, AICs have been moved from EOCI to other institutions so EOCI could take a housing unit offline. Staff from that unit will be repositioned to other housing units to assist in reducing security overtime.
 - Hiring managers are holding weekly statewide interview panels.
 - Employee Services Division staff are assisting with statewide officer testing.
 - Background investigation processes have been streamlined.
 - DOC has contracted with All Star Talent to clarify and streamline Workday's online application process and moderate four virtual hiring events – two for security and two for nursing applicants. A fifth virtual hiring event is slated to take place in December for security staff.
 - Other local activities include:
 - Job fairs
 - County fairs and parades
 - Vehicle decals
 - Scannable QR codes on various media
 - Banners, flags, billboards, etc.
 - In-person contact with local businesses and communities
- Health Services - RN recruiting challenges/strategies:
 - The Health Services Division continues to have difficulties filling vacancies given a nationwide nursing shortage and competition with other employers.
 - As previously reported, the Health Services Division has dedicated one fulltime administrator to identify obstacles, explore potential solutions, and make recommendations.
 - **Advertising**
 - Outward Communication – Updated the RN job announcement and recruitment brochures to discuss our openings in language familiar and meaningful to those in the healthcare profession; upon finalization and approval, brochure will be printed and distributed to Medical Services Managers at the facilities for use.

- Strategy Selection (print, web, etc.) – Decisions pending Survey Monkey results with plan to coordinate advertising efforts with Operations Division to maximize impact, reduce expense and eliminate duplication.
- Current Advertising Efforts – Facebook, Indeed, Workday, Oregon State Board of Nursing (OSBN) email list, Sumner College newsletter, prioritization of DOC RN job announcement in Google search, job and career fairs.
- Created flyers for posting and dissemination at in-person and virtual job fairs.
- **Recruitment Incentives**
 - Hiring Bonus - Approved by AFSCME July 6, 2022, and in effect until September 27, 2022; 5% of annual salary based on top step for all RN and Nurse Manager hires; request submitted for 5% hiring bonus for medical/mental health providers (Correctional Physicians, Nurse Practitioners) and CCCF Radiologic Tech position
 - Clothing Allowance - New Letter of Agreement for AOCE, language already in place for AFSCME; \$200 upon hire and then in even numbered years
 - Relocation Reimbursement - Per DAS Policy 40.055.20 New Employee Relocation for full-time RN positions
 - Developing recruitment strategies to impact retention, such as increased pay, types of employment status (float pool/travel), differentials/allowances, tuition reimbursement, loan repayment, continuing education funding, professional certification reimbursement, career advancement opportunities/clinical ladder, new grad residency program
- **Hiring Process Improvements**
 - Timeline reviewed for efficiency and effectiveness and identification of areas needing support (background checks and standardized interview questions)
 - Meeting to discuss implementation of DOC plan on diversity, equity, and inclusion in support of RN recruitments
- **Schools of Nursing Outreach**
 - Updating Memos of Understanding as needed.
 - Pursuing Student Nurse Clinical Placement options for practicums, cohorts.
 - Identifying guest speaking opportunities – Possible topics include Chronic Diseases, Communicable Diseases, Mental Illness.
 - Advisory Board Membership – Treasure Valley Community College (TVCC), Central Oregon Community College (COCC), Linn/Benton Community College (LBCC), Sumner College, and George Fox University.
 - Student Nurse Internship authorized per House Bill 4003; attended Oregon State Board of Nursing (OSBN) Rules Advisory Committee Meeting June 2, 2022; pending approval and final licensure requirements outlined by OSBN.
- **Other strategies to manage staffing impacts:**
 - The Health Services Division continues to leverage other resources to fill in gaps as allowable. This includes asking staff from other institutions to volunteer for shifts in a location without adequate staffing and having

employees in different classifications perform duties suitable for their job and skillset rather than have those duties fall on nurses.

- To increase the pool of contracted nurses, DOC entered into an additional contract with an outside agency via an expedited process, due to the dire staffing position at some locations.

The agency is happy to answer any questions you may have and will return to the next meeting of the Interim Joint Committee on Ways and Means as required.

Sincerely,



Heidi Steward
Acting Director

cc: George Naughton, Chief Financial Officer
Amanda Beitel, Legislative Fiscal Officer
Lisa Fox, CFO Policy and Budget Analyst
John Terpening, LFO Principal Legislative Analyst
Tom Shin, DOC Chief Financial Officer
Jennifer Black, DOC Asst. Dir. Communications and Govt. Relations



Oregon

Kate Brown, Governor

Department of Consumer and Business Services

Director's Office
350 Winter Street NE, Room 200
P.O. Box 14480
Salem, OR 97309-0405
503-378-4100
Fax: 503-378-6444
www.dcbs.oregon.gov

October 24, 2022

Senator Peter Courtney, Co-Chair
Representative Dan Rayfield, Co-Chair
Joint Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

Report on workers' compensation premium assessment.

Agency Action

The Department of Consumer and Business Services (DCBS) has set employer costs for workers' compensation insurance for calendar year 2023. Oregon employers, on average, will pay 93 cents per \$100 of payroll for workers' compensation insurance in 2023, down from 97 cents in 2022. That figure covers workers' compensation claims costs, assessments, and insurer profit and expenses. Oregon had the seventh least expensive workers' compensation rates in 2020, according to a nationally recognized biennial study conducted by DCBS.

The "pure premium" rate covers the portion of the premium employers pay insurers to cover claim costs for job-related injuries and deaths. In 2023, employers will see an average decrease in pure premium of 3.2 percent. This is the tenth consecutive year of declines. Driving the decline are improvements in loss experience and loss development patterns. The decrease is an average, so an individual employer may see a larger decrease, no change, or even an increase, depending on the employer's own industry, claims experience, and payroll.

Under Oregon Revised Statutes chapter 656, DCBS is authorized to collect assessments based on workers' compensation insurance premiums from insurers, self-insured employers, and self-insured employer groups to support workers' compensation-related programs administered by the department. ORS 656.612 requires DCBS to adopt the assessment through an administrative rule process and report the final assessment rate to the Joint Committee on Ways and Means or the Emergency Board.

The following table shows the premium assessment adopted by administrative rule after a public comment period and public hearing.

Rate	Current rate	Rate effective January 2023
Premium Assessment Operating Account	9.8 percent	9.8 percent
Self-insured employers	9.9 percent	9.9 percent
Self-insured employer groups: Public sector	9.9 percent	9.9 percent
Self-insured employer groups: Private sector	10.3 percent	10.3 percent

The 2023 premium assessment is unchanged. This rate was set anticipating use of fund balances and projected expenditures. The higher assessment for self-insured employers and self-insured employer groups funds reserves that ensure prompt payment of claims in case of insolvencies.

The workers' compensation system pays injured workers for lost wages and medical care for job-related injuries. The premium assessment funds regulatory programs that preserve the integrity of Oregon's workers' compensation system. They do so by bolstering worker protections and benefits while also helping maintain a positive business climate for Oregon employers. Programs supported by the workers' compensation premium assessments include the Workers' Compensation Division, the Workers' Compensation Board, the Ombuds Office for Oregon Workers, the Small Business Ombudsman, and Oregon OSHA.

Part of the annual pure premium rate and assessment setting process includes evaluation of the Workers' Benefit Fund assessment. Although not required by statute to include the Workers' Benefit Fund rate in this report, DCBS believes this additional information provides context to the workers' compensation system as a whole.

Rate	Current rate	Rate effective January 2023
Workers' Benefit Fund	2.2 cents per hour	2.2 cents per hour

The Workers' Benefit Fund assessment for 2022 is unchanged at 2.2 cents per hour. This rate was set anticipating use of fund balances and continued reductions in expenditures due to attrition of beneficiaries in some programs.

The Workers' Benefit Fund revenue is primarily derived from a cents-per-hour assessment on all wages paid in Oregon. Employers and employees split the cost of the assessment. Employers must pay half of the assessment and may also pay the employee's share. The fund supports statutorily authorized programs that provide return-to-work programs for injured workers, benefits to surviving spouses and children of workers killed on the job, benefits to permanently and totally disabled workers, and benefits to workers injured while working for an employer that failed to have proper insurance. The rate is set to provide a statutorily required fund balance and pay for projected claims and supported program expenditures.

Action Requested

DCBS respectfully requests that the Joint Emergency Board acknowledge receipt of this report.

Legislation Affected

None.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew R. Stolfi". The signature is fluid and cursive, with a prominent initial "A" and a stylized "S" at the end.

Andrew R. Stolfi
Director



Oregon

Governor Kate Brown

Department of Administrative Services

Chief Human Resources Office

Labor Relations Unit

155 Cottage Street NE

Salem, OR 97301

PHONE: 503-378-2616

FAX: 503-373-7530

October 24, 2022

Senator Peter Courtney, Co-Chair
Representative Dan Rayfield, Co-Chair
Joint Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of Request

The Department of Administrative Services (DAS) submits the following report prior to implementation of compensation plan changes and position allocations, as required by ORS 291.371.

Agency Action

Section A: Implements compensation plan changes for the Service Employees International Union (SEIU) Local 503, pending agreement.

Section B: Implements compensation plan changes for the American Federation of State, County and Municipal Employees (AFSCME) Council 75 Central Table.

Section C: Implements compensation plan changes for the Executive Service, Unclassified Excluded, and Management Service.

Statewide Impact

The table below aggregates the costs (by fund type) for all units reported in this letter.

Executive Branch	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2021-2023 Cost:	989,834	-	180,015	296,428	1,466,277
Roll-up Cost:	-	-	-	-	-
2023-2025 Cost:	-	-	-	-	-

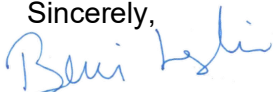
Action Requested

The Department of Administrative Services requests acknowledgement of this report as required by ORS 291.371.

Legislation Affected

None.

Sincerely,



Berri Leslie

DAS Director | Chief Operating Officer

Attachments

CC: Dustin Ball, Department of Administrative Services
Kim To, Legislative Fiscal Office

SECTION A

Implements compensation plan changes for the Service Employees International Union (SEIU) Local 503, pending agreement.

- 1) Effective December 1, 2022 through March 31, 2023, modify and continue the Staffing Crisis Differential for employees at the Oregon State Hospital as follows:

Classification	Type of Work	Weekend differential	Weekday differential
MHTT, MHT1, MHT2, and MHST	Direct Care	\$11.25	\$4.50
Licensed Practical Nurse	Direct Care	\$15.00	\$6.00
Custodiam		\$8.00	\$3.25

SECTION A	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2021-2023 Cost:	685,519	-	124,671	205,294	1,015,484
Roll-up Cost:	-	-	-	-	-
2023-2025 Cost:	-	-	-	-	-

SECTION B

Implements compensation plan changes for the American Federation of State, County and Municipal Employees (AFSCME) Council 75 Central Table.

- 1) Effective December 1, 2022 through March 31, 2023, modify and continue the Staffing Crisis Differential for Mental Health Registered Nurses employed at the Oregon State Hospital who provide direct patient care. Mental Health Registered Nurses who provide direct patient care between the hours of ten o'clock p.m. on Friday until seven o'clock a.m. on Monday will be paid an additional twenty dollars (\$20.00) per hour for each hour or major portion thereof (thirty (30) minutes or more). Mental Health Registered Nurses who provide direct patient care for all other hours will be paid an additional eight dollars (\$8.00) per hour for each hour or major portion thereof (thirty (30) minutes or more).

SECTION B	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2021-2023 Cost:	304,315	-	55,344	91,134	450,793
Roll-up Cost:	-	-	-	-	-
2023-2025 Cost:	-	-	-	-	-

SECTION C

Implements compensation plan changes for the Executive Service, Unclassified Excluded, and Management Service.

- 1) Effective February 1, 2022, selectively increase the following classifications as indicated:

Class Number	Class Title	Salary Range	Pay Option
7578	Public Employees Retirement Director	45X	H
7577	OSP Superintendent	45X	H
7576	OSP Deputy Superintendent	42X	D

- 2) Effective November 1, 2022, establish a Government Affairs pay option to be used within the TOMP pay structure.
- 3) Effective January 1, 2023, abolish the following classification:

Class Number	Class Title	Salary Range
6219	Registered Nurse Epidemiologist	32N

SECTION C	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds
2021-2023 Cost:	-	-	-	-	-
Roll-up Cost:	-	-	-	-	-
2023-2025 Cost:	-	-	-	-	-