

SUBCOMMITTEE RECOMMENDATION

HB 5007

Employment Department

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| To: | Ways and Means Full Committee |
| From: | Transportation and Economic Development Subcommittee |
| Carrier: | Representative Gomberg |

HB 5007 is the budget bill for the Employment Department. The Transportation and Economic Development Subcommittee recommends a budget of \$6.8 billion total funds and 3,270 positions (2,240.27 FTE). Of this amount, \$6.1 billion is associated with the payment of unemployment insurance benefits.

The recommended budget includes adjustments to current service level to address pandemic-related workload increases that are expected to continue into the 2021-23 biennium, and to continue implementation of the Paid Family and Medical Leave Insurance Program, pursuant to timelines assumed in HB 3398. The recommendation includes General Fund in the amount of \$47.1 million for the 2021-23 biennium for the Paid Family and Medical Leave Insurance Program, and facilitates repayment of General Fund in June of 2023, when collections for the program are projected to be sufficient to repay program start up costs. A budget note requiring progress reports on program implementation is included in this recommendation.

Additional Federal Funds expenditure limitation totaling \$9.6 million is associated with service enhancements under the Trade Act for workers displaced by foreign competition. Other state agencies and organizations contract with the Employment Department to place clients in job opportunities, and an additional \$17.9 million in expenditure limitation and 56 positions are included for this purpose, including services to Oregonians displaced by southern Oregon wildfires.

Progress is being made toward modernizing the business and technology infrastructure associated with the Unemployment Insurance Tax and Benefit system. Stage Gate 3 approval from DAS Enterprise Information Services was secured in mid-May and the contract for improvements to the system has been reviewed and awarded. Additional expenditure limitation is included to shift the project from the planning stages toward project execution, including procurement, data conversion and migration from the old system into the new. In all, \$56.5 million and 78 positions are associated with these efforts in the

2021-23 biennium. Because many of the same functions and customers are shared, the Employment Department expects to leverage this new system functionality as it plans an IT system for the Paid Family and Medical Insurance Program. If successful, this approach will result in significant savings in both time and resources for the Paid Family and Medical Leave Insurance program.

Customer service Key Performance Measures were temporarily suspended in 2019. The Subcommittee recommends that these be reinstated for the 2022 reporting year.

The Transportation and Economic Development Subcommittee recommends HB 5007 be amended by the –1 amendment and be reported out do pass, as amended.