

OREGON EMPLOYMENT DEPARTMENT

MAY 2024 LEGISLATIVE DAYS

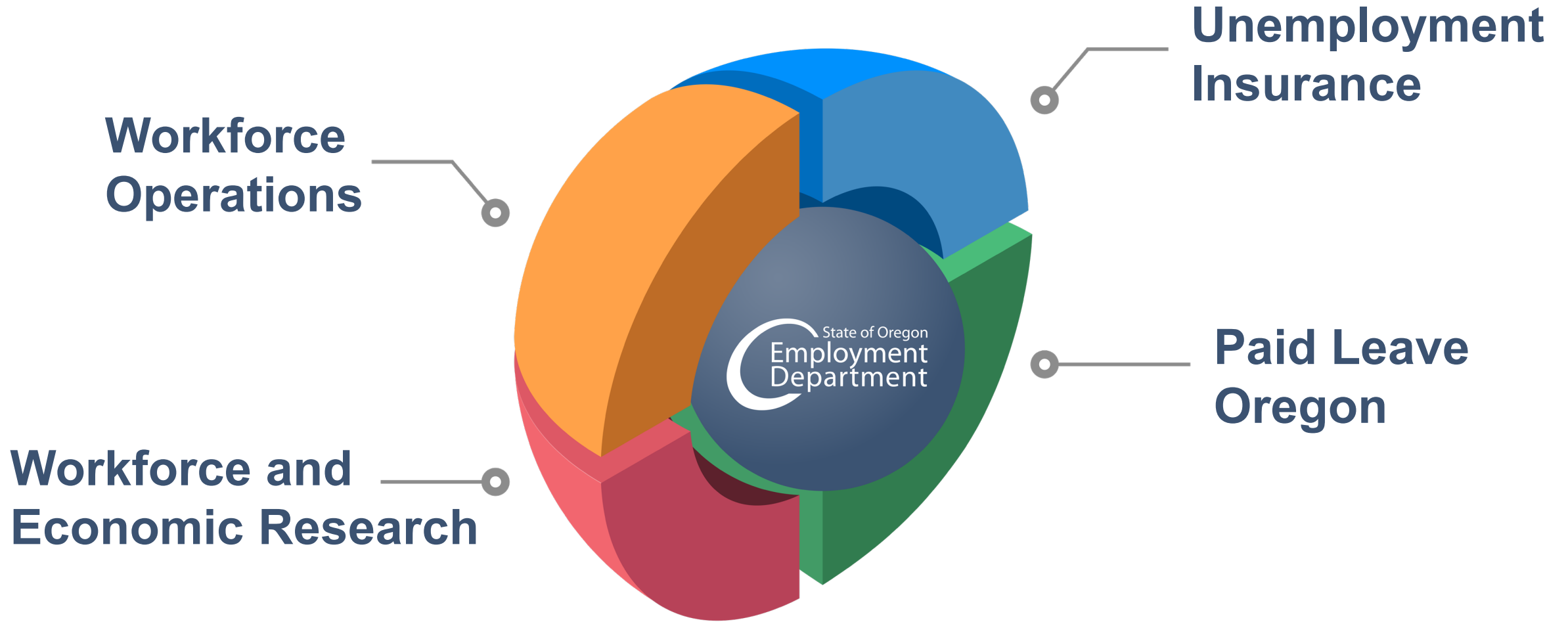
Interim Senate Labor and Business Committee
Wednesday, May 29, 2024, 2:30 pm

David Gerstenfeld, Director
Renee Royston, Modernization Director
Karen Madden Humelbaugh, Paid Leave Oregon Director
Lindi Leahy, Unemployment Insurance Director

DAVID GERSTENFELD

Oregon Employment Department Director

Our Core Programs



What We're Doing Now

- Hiring push
 - ❖ Unemployment Insurance
 - ❖ Paid Leave Oregon
- System enhancements
- Overtime
- Agency-wide efforts
- Focus on work with highest impact
- Listening to feedback to make simple changes, like wording on a screen



Unemployment Insurance

- For people who **need** jobs
- **Federal** program
- **Employer-funded** trust fund
- Eligibility
 - ❖ Earned enough money in the previous year (base year)
 - ❖ Not at fault for job loss
 - ❖ Able to, available for, and actively seeking work
- **26** weeks of benefits

Paid Leave Oregon

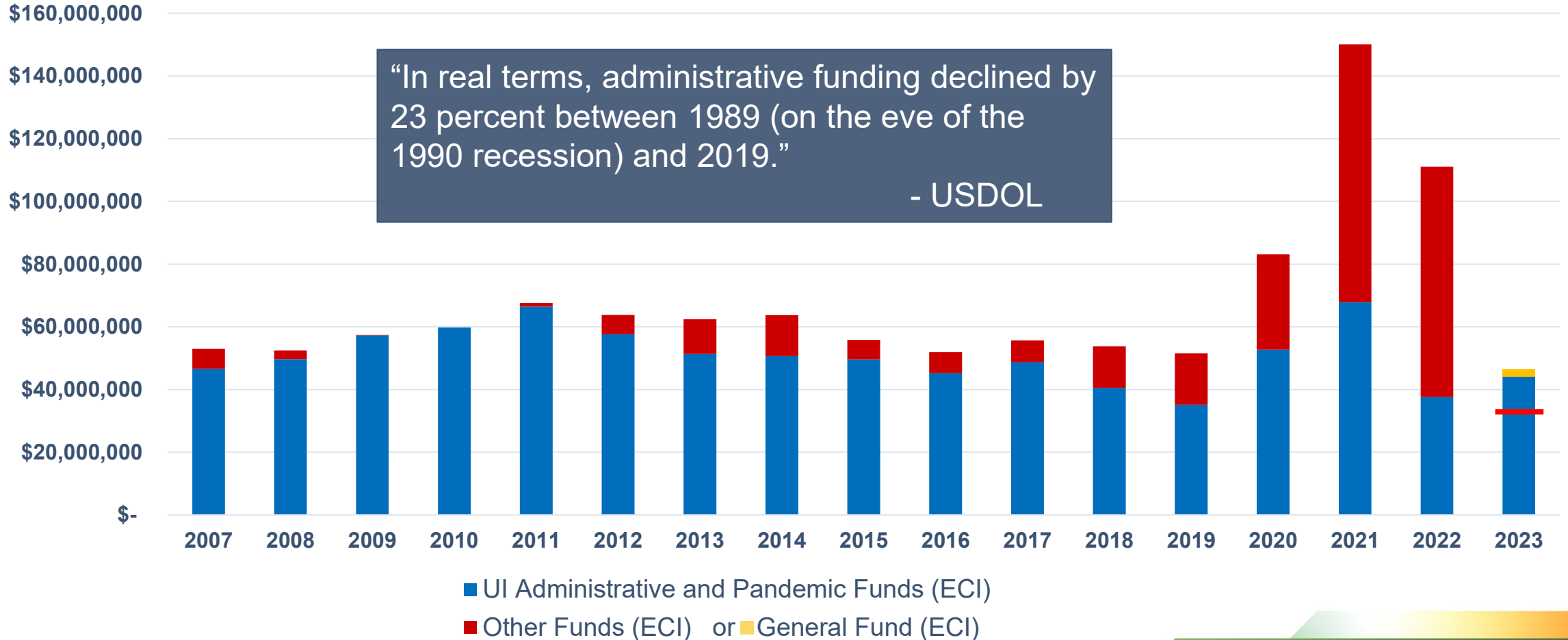
- For people who **have** jobs
- **State** program
- **Employee- and employer-funded** trust fund
- Eligibility
 - ❖ Earned enough money in the previous year (base year)
 - ❖ Family, medical, and safe leave
- **12** weeks (14 for pregnancy)

Chronic Federal Underfunding

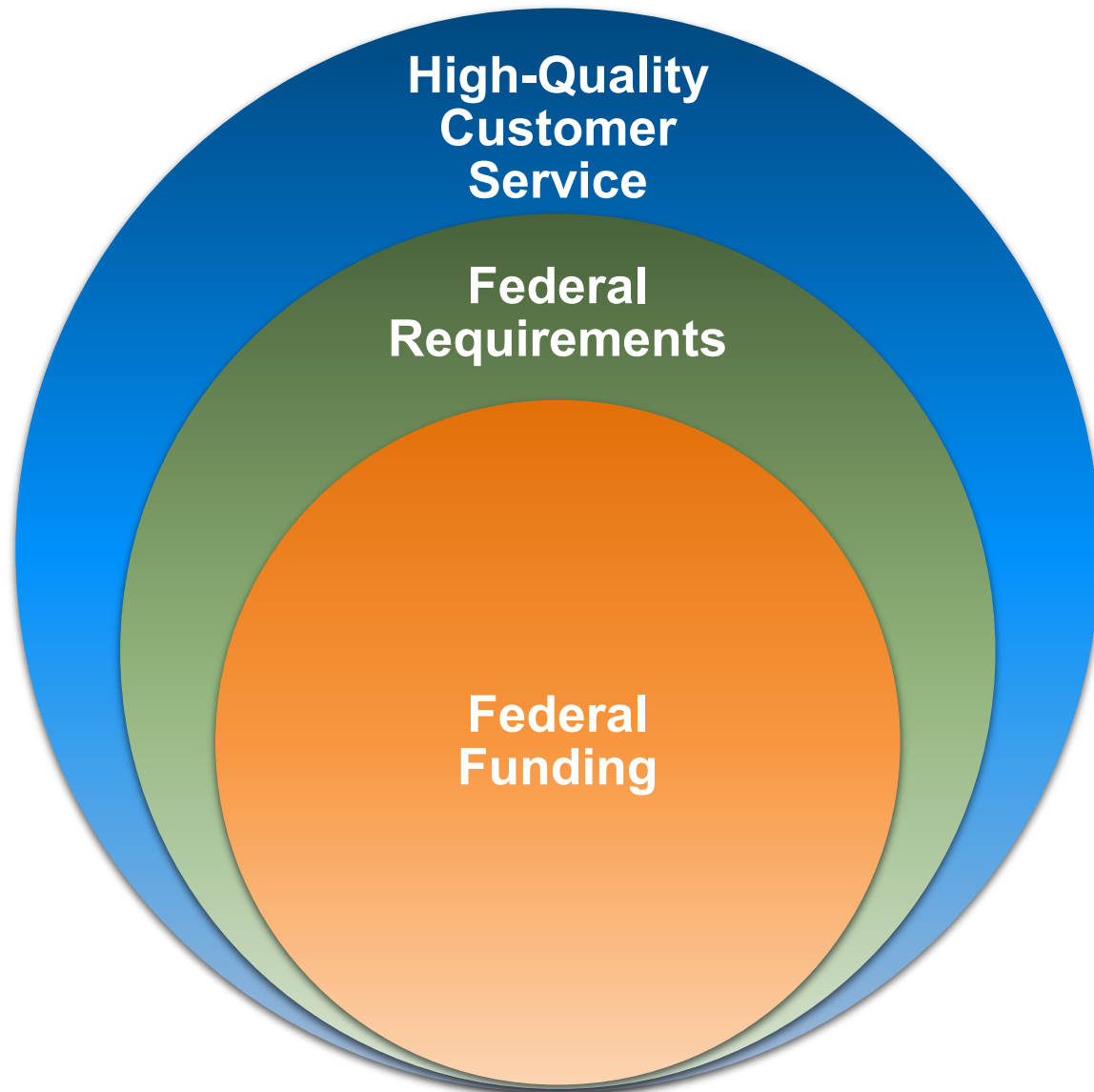
UI Administration Federal and Other* Expenditure by Fund Type

Indexed to Inflation - Employment Cost Index (ECI)

*Note - 'Other' includes Coronavirus Relief Fund



Unemployment Insurance Funding vs. Performance



Example:
Time to first payment

Federal Requirement
21 days, 87% of the time

Federal Funding
About 70% of what it takes to meet 21-day timeliness, 87% of the time

“Because Congress has consistently failed to appropriate sufficient administrative funding for the program, the Department of Labor is forced to allocate funding to states using outdated cost assumptions that don’t reflect the actual cost of administering UI, leaving state workforce agencies operating on shoestring budgets.

As a result, state workforce agencies are understaffed...which in turn leaves jobless workers waiting longer for benefits and struggling to obtain assistance from the state agency when they need it.”

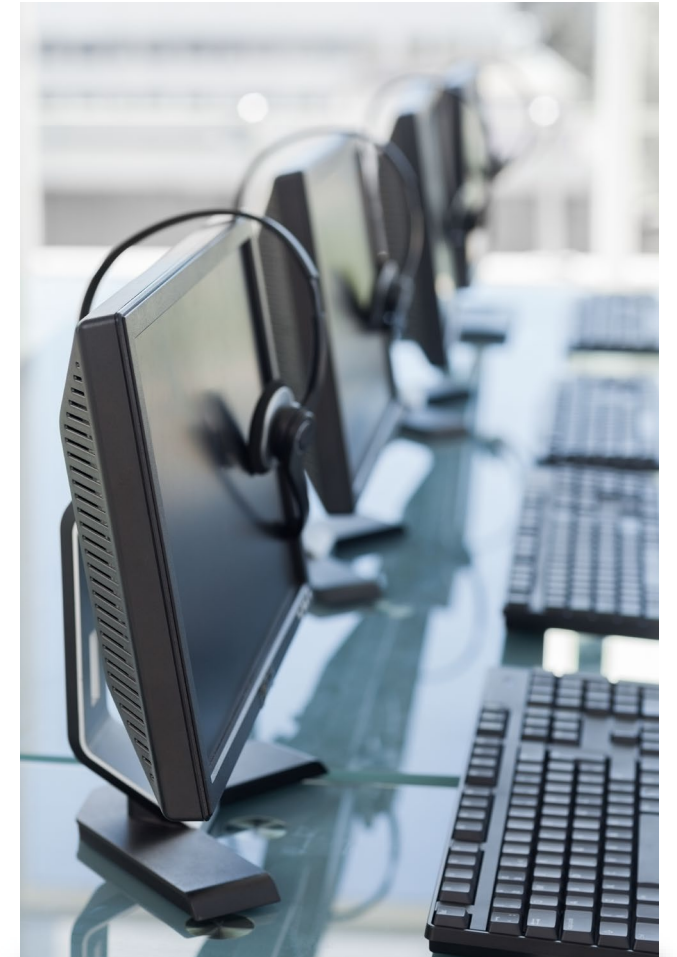
- US Senators Ron Wyden, Michael Bennet, Jack Reed, and Tina Smith in letter to Chair and Ranking Member of US Senate Appropriations, Labor, Health and Human Services, Education, and Related Agencies Subcommittee on May 7, 2024.

UI Workload Compared to Staffing



2023-25 Budget Drivers: Current Environment

- We made great strides since the pandemic, but we have a long way to go
- Customer service level expectations remain high while workforce has gone down
- Without additional state investment, we cannot provide the level of customer service needed
 - ❖ Call wait times and turnaround on new claims
 - ❖ Communication, transparency and responsiveness
 - ❖ Providing services that people, regardless of background, can understand
- Need to rebuild operating reserves, currently less than one month



House Bill 4035

- Funding available June 6
- Hiring push began in April

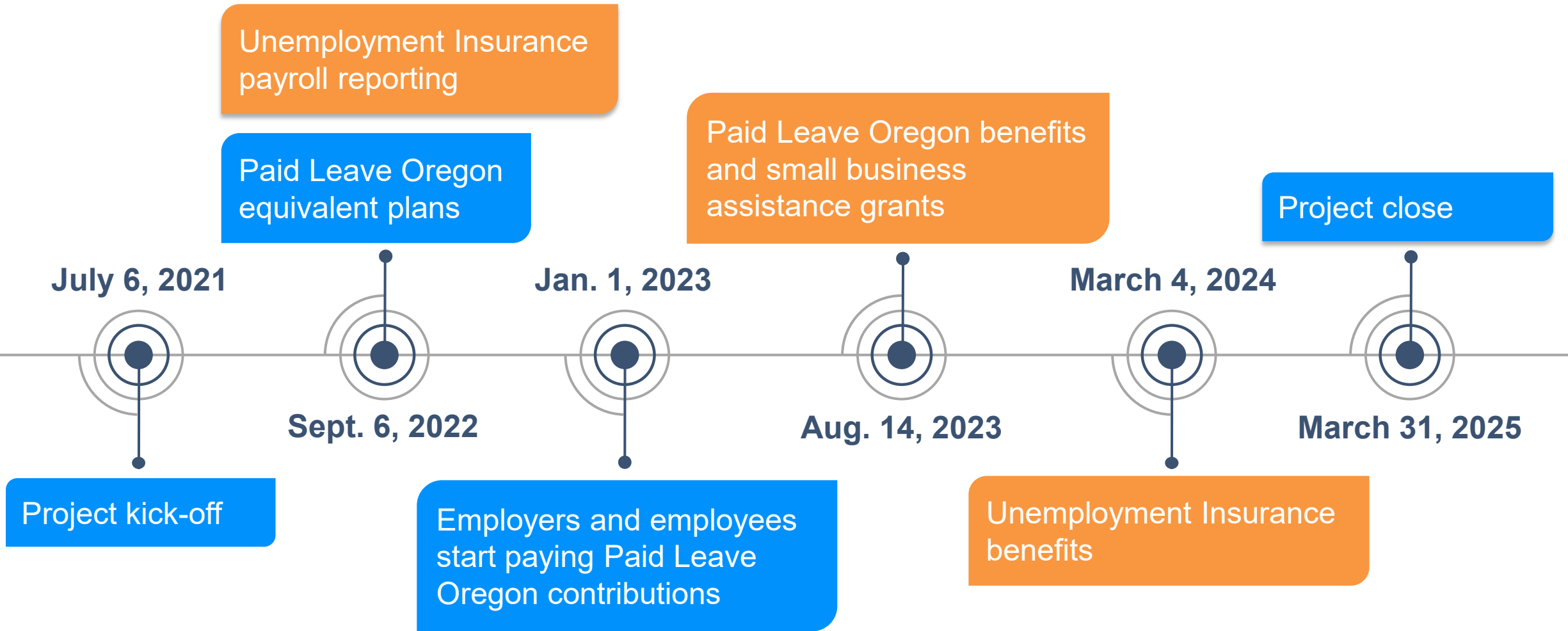
Phone Hour Changes effective June 3

- Unemployment Insurance, Paid Leave Oregon, Contributions & Recovery
- Short-term – Closed Mondays
- Long-term – Open 9 a.m.-4 p.m.
- Employees will use time to process claims, review documents sent by customers, decide eligibility, and reply to written questions and requests

RENEE ROYSTON

Modernization Director

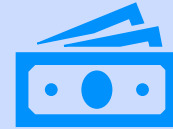
Frances Timeline



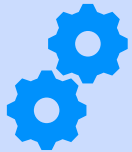
Warranty and Stabilization



Making most critical and commonly used tools easier to find in Frances Online



Adjusting processes to get benefits money to claimants sooner



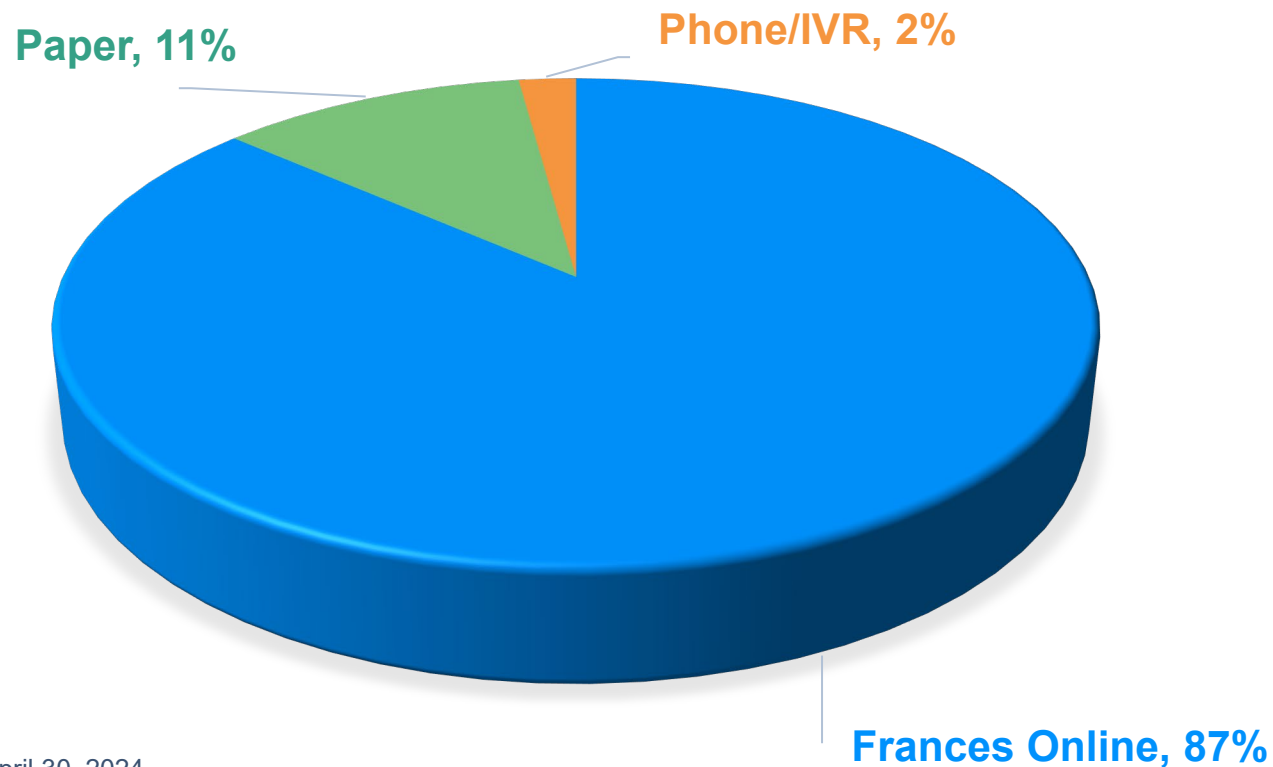
Refining system processes to reduce fraud



Additional staff training by topic and need supporting managers and staff before and after system updates

Frances Online Employer Portal

Payroll reports filed by method



More than 63,000 people have created their account in the Employer Portal

Frances Online is Working

Frances Online Claimant Portal

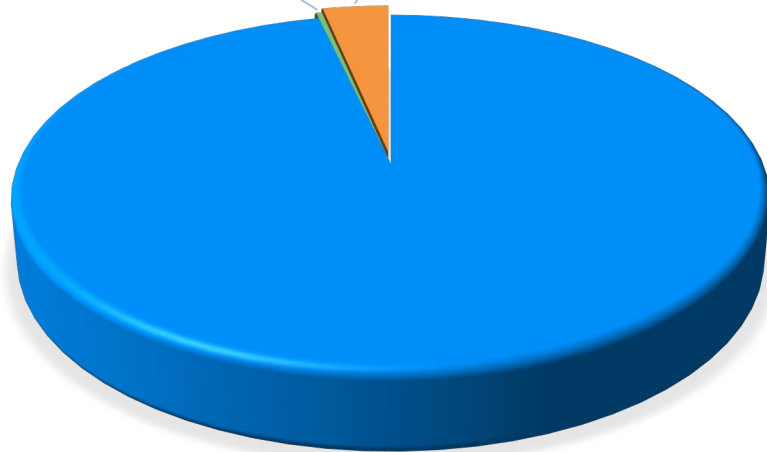
Benefits applications by method



Nearly 160,000 people have created an account in the Claimant Portal

PAID LEAVE OREGON

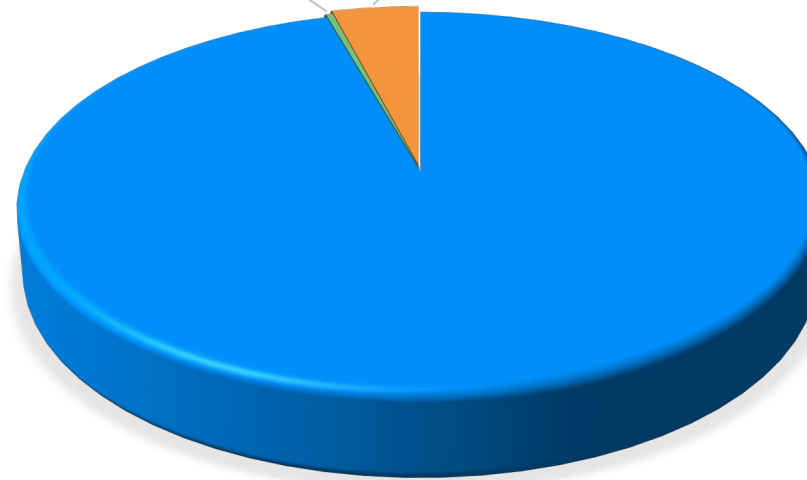
Paper, <1% Phone/IVR, 3%



Frances Online, 97%

UNEMPLOYMENT INSURANCE

Paper, <1% Phone/IVR, 4%



Frances Online, 96%

Paid Leave data since 8/14/23, UI data since 3/4/24

Improving UI customer communications

- New feature for UI – messaging within the platform
 - ❖ More secure
 - ❖ More efficient
 - ❖ Consolidated messaging systems
- Accessibility – launched in both English and Spanish

More flexible and adaptable

- Removed coding barriers (COBOL)
- Improvements can be implemented much quicker
- Increased visibility into the customer experience

KAREN MADDEN HUMELBAUGH

Paid Leave Oregon Director

Original Contributions Forecast vs. Actual Revenue

As of 5/23/2024

| Quarter | May 2023 Forecasted Contributions Collected (\$) | Received Contributions as of 5/23/24 |
|--------------|---|---|
| Q1 2023 | \$ 217,000,000 | \$ 228,302,000 |
| Q2 2023 | \$ 199,000,000 | \$ 210,063,000 |
| Q3 2023 | \$ 198,000,000 | \$ 198,932,000 |
| Q4 2023 | \$186,000,000 | \$178,904,000 |
| Q1 2024 | \$ 236,000,000 | \$ 217,707,000* |
| TOTAL | \$ 1,036,000,000 | \$ 1,033,908,000 |

* Still processing, anticipate additional revenue

Trust Fund Health

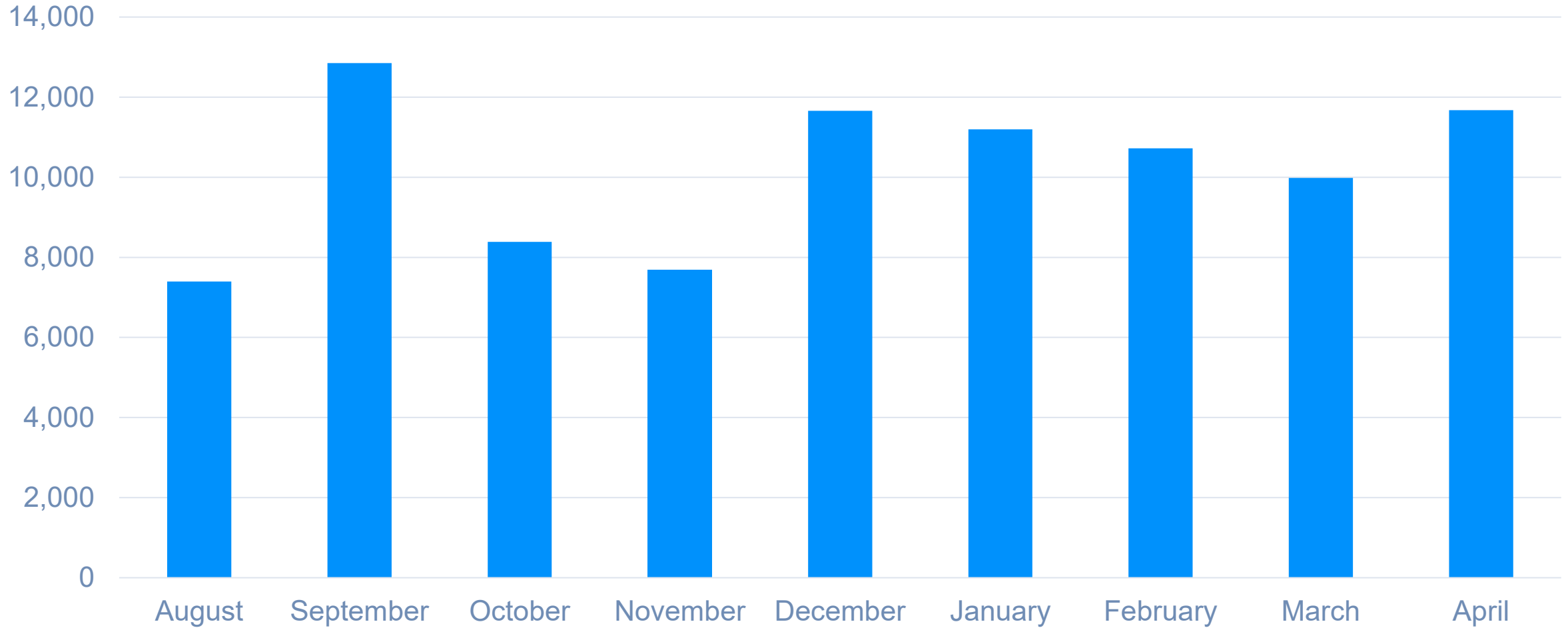
| Year | Contributions Collected (\$) | Benefit Payments (\$) | Admin Expenses (\$) | Trust Fund Balance (\$) | Months Reserve (for projected expenditures) |
|------|------------------------------|-----------------------|---------------------|-------------------------|---|
| 2023 | 636,688,000 | 176,264,000 | 41,951,000 | 374,897,006 | 5.6 |
| 2024 | 831,210,000 | 770,161,000 | 68,900,000 | 412,132,655 | 5.3 |
| 2025 | 922,928,000 | 869,410,000 | 73,754,000 | 412,834,795 | 5 |

Note: The table includes the main (not all) data points of the forecast. The table does not include revenue earned from equivalent plan application fees, interest and penalties, interest earned on the trust fund, and small employer assistance grants in expenditures.

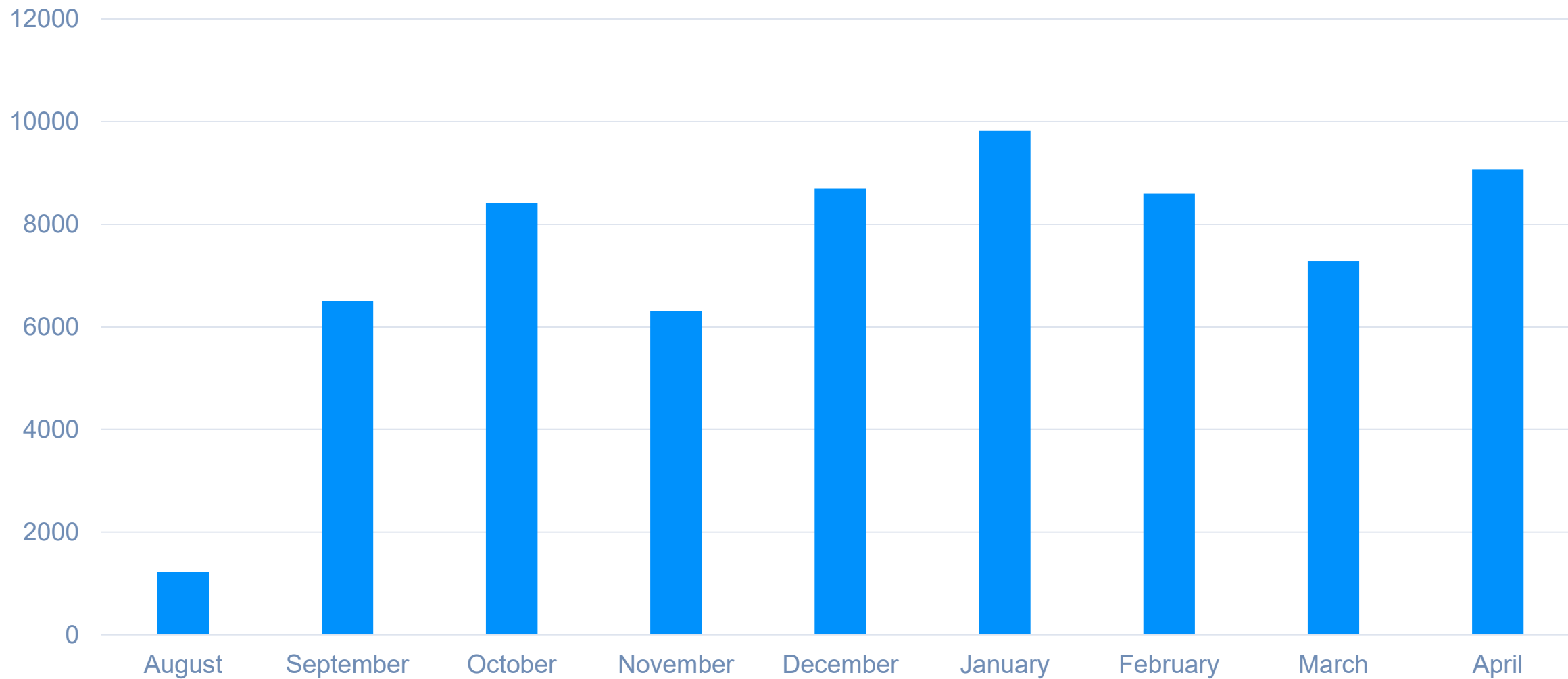
(Data used to figure the forecast: 46,726 applications 2023, 131,000 applications 2024, 142,000 applications 2025)

| | |
|---------------------------------------|-----------------|
| Total ID Verified Applications | 79,651 |
| Total Claims Resolved | 64,062 |
| Total Claimants Paid | 56,000 |
| Total Benefits Paid | \$410.6 million |

Paid Leave Claims Received by Month

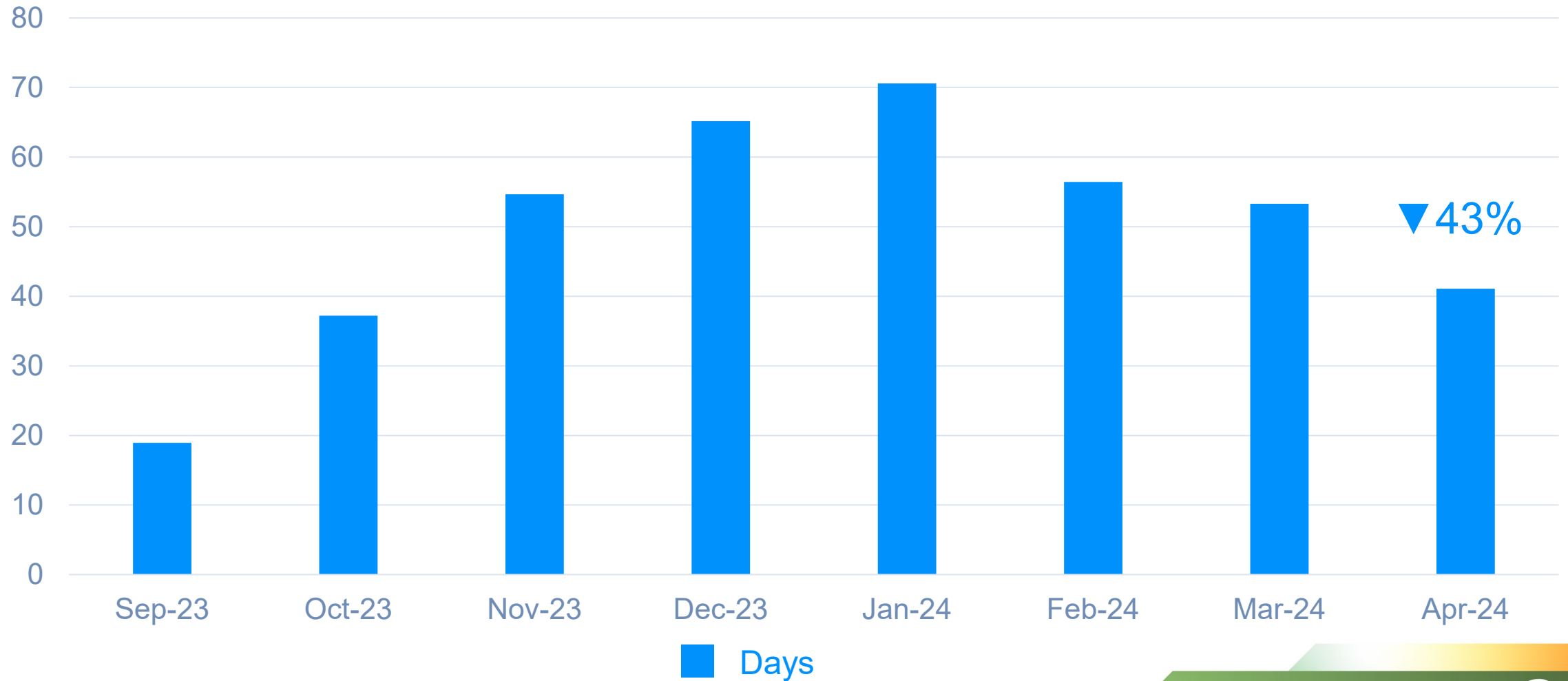


Claims Worked by Month



Processing Improvements

Age of Unprocessed Claims



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Customer Care Data

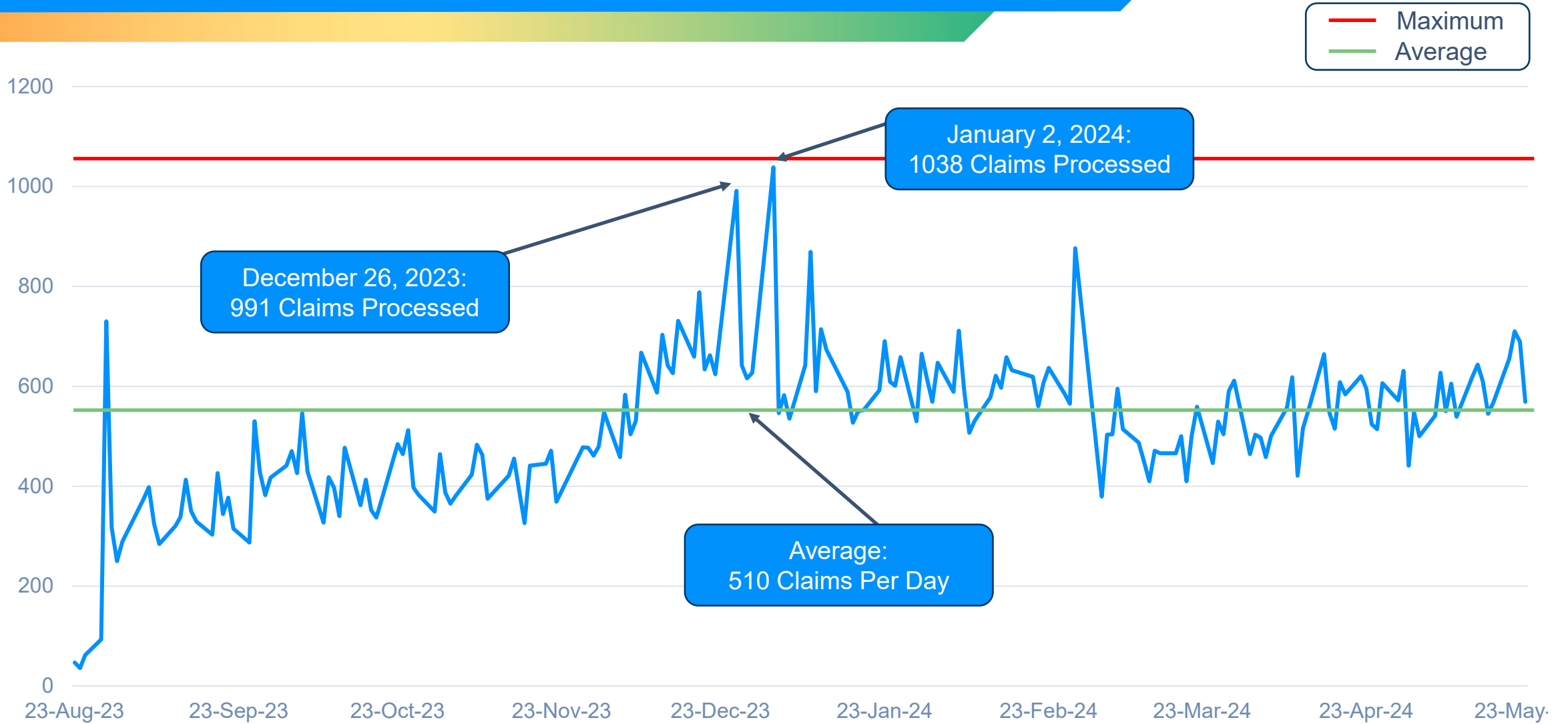
Recent phone data (5/12-5/18)

| | |
|-------------------|------------------|
| Total calls | 5,361 |
| Average wait time | 63 mins, 14 sec. |
| Average talk time | 7 mins, 44 sec. |

Electronic Messages (5/12-5/18)

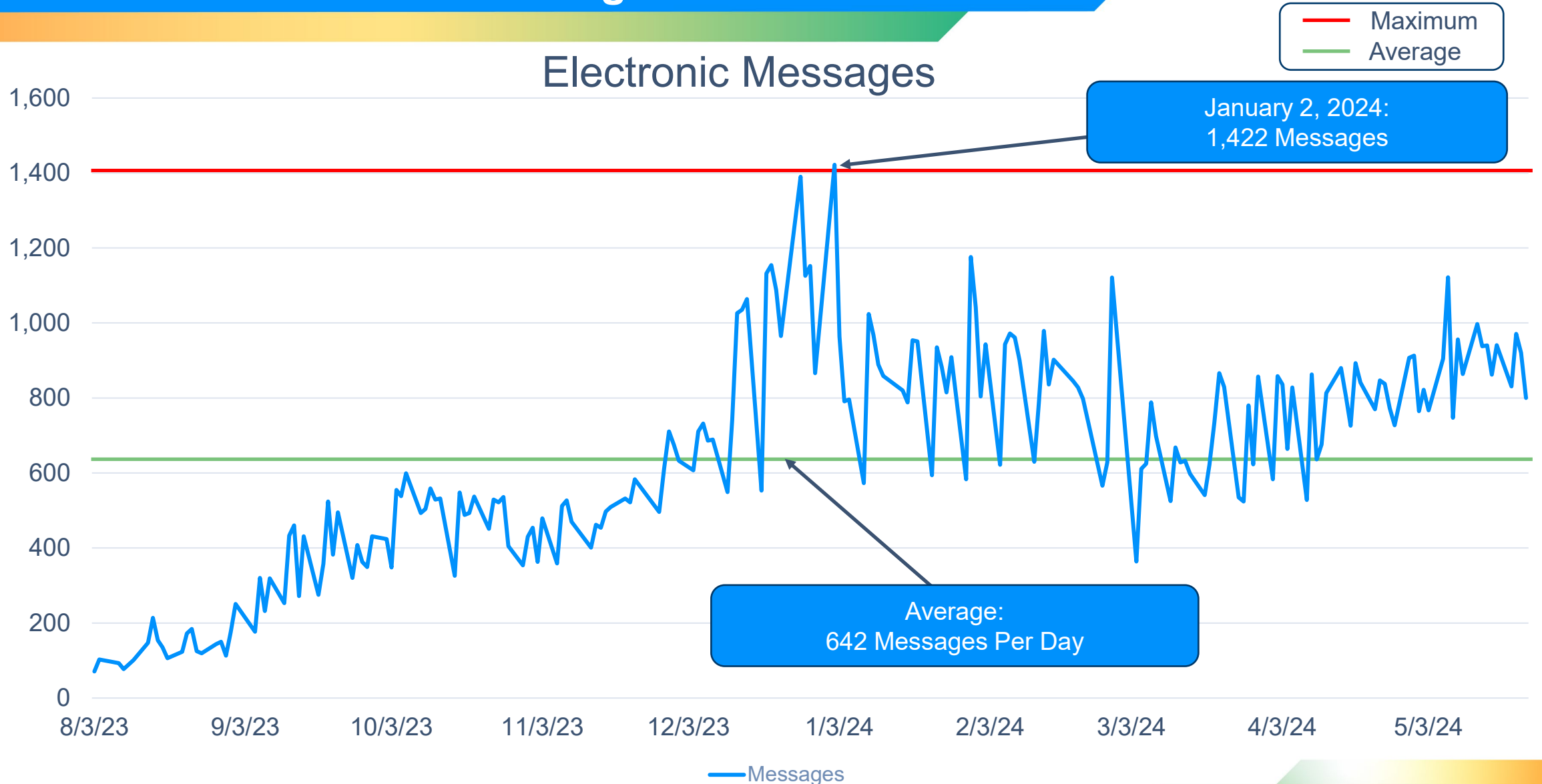
| | |
|------------------------------|-------|
| Received on average in a day | 1,133 |
| Answered on average in a day | 1,139 |

Customer Care Data – Claims Processed



Customer Care Data – Messages Answered

Electronic Messages



— Maximum
— Average

January 2, 2024:
1,422 Messages

Average:
642 Messages Per Day

— Messages

| Statistics | |
|-------------------|-----------------|
| Employees covered | 384,253 (15.5%) |
| Large employers | 2,063 (18.8%) |
| Small employers | 1,381 (1.2%) |

| Anticipated Lost Contributions | |
|--------------------------------|----------------|
| 2023 | 2024 |
| \$ 204,000,000 | \$ 275,000,000 |

| Anticipated Benefits Saved | |
|----------------------------|----------------|
| 2023 | 2024 |
| \$ 67,930,000 | \$ 184,042,000 |

Assistance Grants

| Grant Applications | |
|--------------------|----|
| Received | 31 |
| Approved | 10 |
| Denied | 20 |
| Open | 1 |

Self-Employed

| Self-Employed Applications | |
|----------------------------|-------|
| Received | 2,199 |
| Approved | 1,730 |
| Denied | 469 |
| Open | 10 |

| | Rural | Urban | Frontier | Out of State |
|--------------|--------|--------|----------|--------------|
| Applications | 28.82% | 64.14% | 1.52% | 5.52% |

| Label | Paid Leave Oregon | Oregon Labor Force |
|-------------------|-------------------|--------------------|
| White | 63.48% | 69.10% |
| Hispanic | 12.30% | 12.09% |
| Other | 2.49% | 11.85% |
| Asian | 5.18% | 4.32% |
| Black | 3.31% | 1.70% |
| American Indian | 2.68% | 0.94% |
| Prefer not to say | 10.57% | - |

Source: Oregon Employment Department and U.S. Census Bureau American Community Survey 2022 5-Year Estimates, table S2301

| Annual Earnings | Paid Leave Oregon | Oregon Labor Force |
|----------------------|-------------------|--------------------|
| \$1 to \$9,999 | 2.90% | 14.63% |
| \$10,000 to \$19,999 | 5.42% | 10.85% |
| \$20,000 to \$29,999 | 8.35% | 11.96% |
| \$30,000 to \$39,999 | 11.96% | 10.90% |
| \$40,000 to \$49,999 | 13.35% | 9.95% |
| \$50,000 to \$64,999 | 15.95% | 11.28% |
| \$65,000 to \$74,999 | 8.01% | 5.59% |
| \$75,000 to \$99,999 | 12.89% | 9.89% |
| \$100,000 or more | 14.87% | 14.95% |

Source: Oregon Employment Department and U.S. Census Bureau American Community Survey 2022 5-Year Estimates, tables B20005 A/B/C/D/E/F/G/H/I

SB 1514:

- 1) Periodic evaluation of the solvency of the Paid Leave Oregon Trust Fund;
- 2) Consideration of adjusting certain items in Paid Leave if less than six months of anticipated expenses; and
- 3) Summarizing periodic solvency assessments in July 1 report.

SB 1515:

- 1) Paid Leave program changes that begin July 1;
- 2) Paid Leave and OFLA alignment; and
- 3) Three reports due by September 15.

Program Adjustments

- Frances Online
- Staffing
- Process improvements

**NEED
HELP
WITH
FRANCES
ONLINE?**

**FRANCES
ONLINE**

**ONLINE
FRANCES**

LINDSI LEAHY

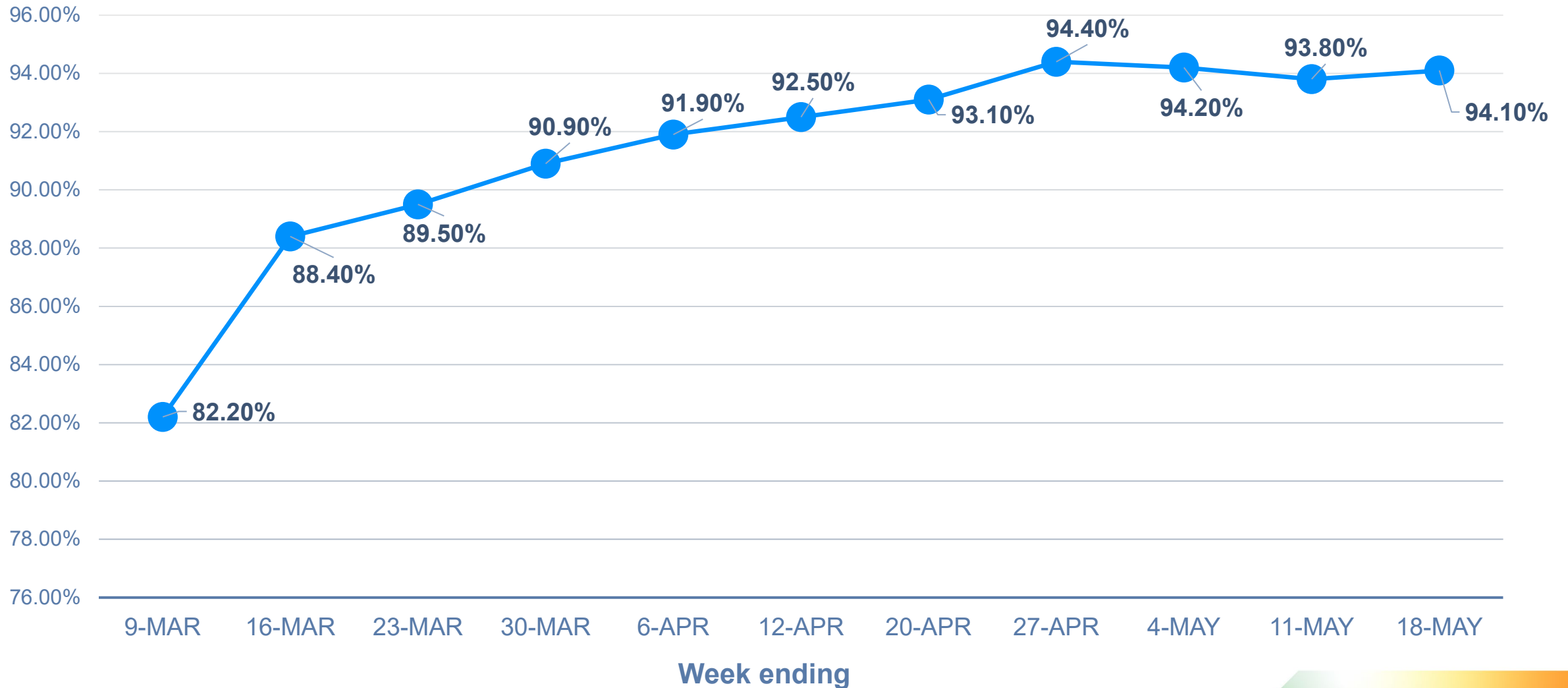
Unemployment Insurance Director

Frances Online

- Launched March 4, 2024
- Total payments issued: **\$170.5 million**
- Over 367,000 total weeks claimed
- Over 53,000 claimants
- Weekly average through first 12 weeks (as of May 25):
 - ❖ Roughly 30,600 weekly claims
 - ❖ Over \$14.2 million in benefit payments



Percentage of Weekly Claims Filed Online Using Frances



- **Changing how we do our work**
 - ❖ More self-serve features and automation
- **Increased visibility into the customer experience**
 - ❖ Can see how customers interact and confirm system is operating correctly
 - ❖ Diagnose issues accurately
 - ❖ Formulate effective solutions
 - ❖ Implement quickly

- **Weekly eligibility question example**
 - ❖ Unintentional errors with weekly eligibility questions
 - ❖ Saw that most customers were rushing through, not reviewing submissions
 - Improved follow-up process to correct mistakes
 - Created help materials for customers and staff
 - Highlighted new “submissions” feature
 - Added to public messaging

Improvements from Frances Online

- **Faster and more convenient for customers**
 - ❖ More automated processes and self-service
 - ❖ Easier to access information
- **Staff productivity**
 - ❖ Learning the system quickly
 - ❖ Speed of adjudication work
 - Reduced time to resolve issues from 4 days in legacy to 2 in Frances

- **Better and more powerful tools to analyze performance**
 - ❖ Still verifying data to ensure accuracy
 - ❖ Making sure it reflects what we want to track
 - ❖ Many cases of apples vs oranges
 - ❖ Some data is still quite “noisy”
 - Impacted by learning curve for staff and customers
 - Example: electronic messages - sending as many as 10 messages in a row with the same information
 - ❖ Making progress, but more time needed

UI Customer Care Data

Recent phone data (5/12 through 5/18)

| | |
|---------------------------|--------|
| Total calls | 6,180 |
| Answered – w/in 5 minutes | 41.1% |
| Answered – 5 to 15 mins | 8.0% |
| Answered – 15 to 30 mins | 10.8% |
| Answered – 30 to 60 mins | 11.49% |
| Answered – Over 1 hour | 28.6% |

Help is on the Way – Thank you!

- **House Bill 4035 (2024)**
 - ❖ Supplemental administrative funding through SEDAF
 - ❖ Money available beginning June 6
 - ❖ Funding for 72 permanent positions
 - Some temporary positions made permanent
- **Hiring push well under way**
 - ❖ Will go from 409 positions (early May) to 476
 - ❖ Started on April 26
 - Completed references and offers for 53 positions
 - ❖ Will take time to hire and train
 - Boost to customer service levels expected by mid-to-late August

What We're Already Doing

- **Overtime**
 - ❖ Began with 400 hours per week, but raised to 1,000
- **Assistance from other agency staff**
 - ❖ Resolving claim issues
 - ❖ Responding to customers
- **Updating language**
 - ❖ More detailed claim status information in Frances Online
 - ❖ Clarifying information provided in Frances screens, letters, and questionnaires

Still more work to be done

- **Encouraged by progress, but still early**
 - ❖ Moving forward with Monday phone closure
 - Hold-pay totals will fluctuate in short term
 - Workload spike expected in July
 - Continue refining our priorities
 - Exploring shift to three-week metric
 - ❖ Other focus areas
 - Responding to electronic messages
 - Resolving non-hold-pay issues
 - Processing other requests
- **Regular progress reports**

THANK YOU!