

**SB 5507 A BUDGET REPORT and MEASURE SUMMARY**

**Carrier:** Sen. Woods

**Joint Committee On Ways and Means**

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**Action Date:** 05/05/23

**Action:** Do pass with amendments. (Printed A-Eng.)

**Senate Vote**

**Yeas:** 9 - Anderson, Campos, Dembrow, Findley, Frederick, Gelsner Blouin, Girod, Sollman, Steiner

**Exc:** 2 - Hansell, Knopp

**House Vote**

**Yeas:** 11 - Breese-Iverson, Evans, Gomberg, Holvey, Lewis, McLain, Pham K, Reschke, Sanchez, Smith G, Valderrama

**Nays:** 1 - Cate

**Prepared By:** Tamara Brickman, Department of Administrative Services

**Reviewed By:** Michelle Deister, Legislative Fiscal Office

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**Employment Department**

**2023-25**

## **Budget Summary\***

	2021-23 Legislatively Approved Budget <sup>(1)</sup>	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 48,765,505	\$ -	\$ -	\$ (48,765,505)	(100.0%)
Other Funds Limited	\$ 285,661,087	\$ 349,842,882	\$ 413,785,613	\$ 128,124,526	44.9%
Other Funds Nonlimited	\$ 5,058,847,795	\$ 2,620,819,560	\$ 2,620,819,560	\$ (2,438,028,235)	(48.2%)
Federal Funds Limited	\$ 310,599,469	\$ 167,807,824	\$ 178,751,667	\$ (131,847,802)	(42.4%)
Federal Funds Nonlimited	\$ 1,381,179,119	\$ 69,308,000	\$ 69,308,000	\$ (1,311,871,119)	(95.0%)
<b>Total</b>	<b>\$ 7,085,052,975</b>	<b>\$ 3,207,778,266</b>	<b>\$ 3,282,664,840</b>	<b>\$ (3,802,388,135)</b>	<b>(53.7%)</b>

## **Position Summary**

Authorized Positions	3,304	1,762	1,937	(1,367)
Full-time Equivalent (FTE) positions	2,253.62	1,741.61	1,919.16	(334.46)

<sup>(1)</sup> Includes adjustments through January 2023

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The Oregon Employment Department (OED) receives funding from both federal and dedicated state sources. The department receives Federal Funds and Other Funds revenues to support services. Unemployment taxes are collected by the state and held by the U.S. Treasury for payment of benefits. These payments are expended as Other Funds Nonlimited. Unemployment benefits paid by the federal government under emergency and extended benefit programs, the federal Trade Act, and for federal employees are expended as Federal Funds Nonlimited. Paid Leave Oregon payroll taxes are collected by OED for the administration of the program and for the benefit payments to qualified individuals. In previous biennia (2019-21 and 2021-23), the department received General Fund for the start-up costs for the Paid Family Leave program. The General Fund was structured as a loan and OED expects to repay the loan received for implementation at the end of the 2021-23 biennium. There is no General Fund in OED's budget for the 2023-25 biennium.

A major source of Other Funds revenue supporting agency operations for Unemployment Insurance and Workforce programs, the Supplemental Employment Department Administrative Fund, is generated from an assessment on employer payroll of 0.09 percent of one percent of payroll. The department also collects revenues from interest and tax compliance penalties, which is called the Special Administrative Fund or the Penalty and Interest Fund, in addition to collecting Fraud Control Fund revenues from overpayment collection activities. The department also receives

Other Funds revenues from contracts with other state agencies to provide employment placement, research services for employers and workforce partners, and administrative hearings conducted on behalf of state agencies.

The Paid Leave Oregon program is supported through a payroll tax of one percent of paid wages up to the first \$132,900. The one percent rate is split between employers and employees. Large employers contribute 40 percent of the one percent rate and employees contribute 60 percent of the of the one percent rate for each individual. Benefit payments associated with the program are expended as Other Funds Nonlimited. Small employers, those with fewer than 25 employees, are not required to contribute the employer contribution. The Paid Leave Oregon Fund will pay for Paid Leave Oregon benefits, small business grants, and administration costs.

The U.S. Department of Labor (U.S. DOL) provides OED with federal funding for a variety of functions, with the bulk of funds related to Unemployment Insurance and several reemployment-related programs. Federal Funds become available once expenditures are documented by the department and approved for reimbursement by U.S. DOL. In general, the department receives increased federal funding during economic downturns but is underfunded during economic expansions and therefore reliant on fund reserves to continue operations. At the end of the pandemic recession, federal funding dropped rapidly to pre-pandemic levels. OED expects federal funding to remain at the lower levels throughout the 2023-25 biennium. The department utilizes Other Funds to fill-in where Federal Funds are not sufficient. However, the department does not have sufficient Other Funds revenue to maintain certain service levels or implement significant changes needed to improve efficiencies in its operations (specifically fraud control).

### **Summary of Transportation and Economic Development Subcommittee Action**

The mission of OED is to support business and promote employment. OED also provides administrative support to the Office of Administrative Hearings and the Employment Appeals Board. The department accomplishes its mission by supporting economic stability for Oregonians and communities during times of unemployment through the payment of unemployment benefits; serving businesses by recruiting and referring the best qualified applicants to jobs, and provide resources to diverse job seekers in support of their employment needs; developing and distributing quality workforce and economic information to promote informed decision making; and providing easily accessible Paid Family and Medical Leave Insurance benefits helping Oregon employers and workers maintain economic stability.

OED is responsible for the implementation and administration of the Paid Leave Oregon program (established by House Bill 2005 in 2019). The program was created to provide employees in Oregon who are eligible for coverage with all or a portion of their wages, while the employee is out on family, medical, or safe leave.

The subcommittee approved a budget of \$3,282,664,840 total funds; consisting of \$413,785,613 Other Funds expenditure limitation, \$178,751,667 Federal Funds expenditure limitation, \$2,620,819,560 Other Funds Nonlimited, \$69,308,000 Federal Funds Nonlimited, and 1,937

positions (1,919.16 FTE). This represents a total funds decrease of 53.7 percent from the 2021-23 Legislatively Approved Budget. The agency position count is decreased by 1,367 positions (334.46 FTE) from the 2021-23 Legislatively Approved Budget.

### **Shared Services**

The budget for the Shared Services unit includes programs providing strategic and operational support to all programs, which includes Administrative Business Services, Communications, Director's Office, Human Resources, Information Technology Services, and Internal Audit. Actual expenditures for the programs within the Shared Services structure, which benefit an applicable agency program, are directly charged to that program and indirect expenditures are charged in accordance with the agency's cost allocation plan as approved by the U.S. DOL. Shared Services budgeted expenditures include costs for State Government Service Charges, property maintenance, risk management, and Capital Outlay expenditures serving the entire agency.

The subcommittee recommended a budget of \$68,271,157 total funds (\$34,904,288 Other Funds expenditure limitation and \$33,366,869 Federal Funds expenditure limitation) and 194 positions (192.88 FTE). The subcommittee recommended the following packages:

**Package 070: Revenue Shortfalls.** This package reduces Other Funds expenditure limitation to balance expenditures with available revenue. Federal Funding received for administrative purposes has decreased and covers only about 70 percent of actual expenditures for administration of federal unemployment insurance compensation and workforce activities. OED has made operational and organizational improvements to programs and customer service since the pandemic revealed multiple opportunities for improvements. The adjustment to the Shared Services division reflects the elimination of two Information Specialist positions, which supported the former UI information technology system and are currently vacant. Reductions of \$2.7 million represent cost savings, due to the implementation of the new Frances IT system, which will be coming fully online early in the 2023-25 biennium. Most of the savings is related to costs associated with maintaining the existing mainframe system.

**Package 107: Equitable Access to UI.** This package provides Federal Funds expenditure limitation to administer federal grant resources aimed at ensuring historically underserved populations overcome barriers -- which may include language, technology, and accessibility -- inhibiting access to unemployment insurance benefits. A total of 13 limited duration positions are associated with this work, which involves outreach events, creation of materials in multiple languages and formats, and analyzing uptake trends. Specifically, Federal Funds expenditure limitation in the Shared Services division supports one Public Affairs Specialist (0.38 FTE), which is dedicated to activity funded by the grant.

**Package 112: Organizational Support and Resiliency.** This package provides resources to implement recommendations OED received from a contracted management consultant during the 2021-23 biennium. The consultant recommended OED provide ongoing, permanent resources devoted to collecting and evaluating data to understand workload surges and drivers so the department can respond in a more timely, targeted manner to emerging situations. A team of data and project managers took on this function on an ad-hoc basis during the pandemic, and in the 2021-23 biennium these activities are being fulfilled through limited duration staffing and temporary reassignment of duties. This package

dedicates permanent resources for these functions, helping the agency be better positioned to deal with future economic downturns. The package adds a total of 12 permanent, full-time positions focused on the following functions: project management; information systems specialists to collect and report data analytics; public records requests and data security compliance; equity and inclusion both internally and externally; and position management, including workload forecasting, payroll reporting, and budgeting/financial reporting.

Package 113: Accessibility and Clear Communication. This package provides a permanent, full-time Public Affairs Specialist 3 to produce materials and facilitate access to clear and easy to find information about OED services. The impetus for this position arose from experience during the pandemic, during which time OED utilized communications professionals from other agencies on a temporary basis. This position will supervise communications around the Unemployment Insurance program, ensuring information conveyed is consistent, strategic, and widespread, both internally and externally.

Package 801: LFO Analyst Adjustments. This package provides expenditure limitation to reclassify two positions in the Shared Services division, which enables existing position authority to be used more effectively. The recommended reclassifications are:

- One Public Affairs Specialist 2 to a Public Affairs Specialist 3; and
- One Electronic Publishing Design Specialist 3 to a Public Affairs Specialist 2.

Package 802: Vacant Position Reductions. This package reduces expenditures and position authority to balance expenditures with available revenue and provides the department with the capability to focus its efforts on improving customer service and outcomes pursuant to recommended investments in policy packages being recommended by the subcommittee. In total, the package eliminates 44 positions (33.39 FTE) across three divisions (Unemployment Insurance, Contributions and Recovery, and Shared Services). In the Shared Services division, eight positions (8.00 FTE) are being eliminated including payroll analyst positions, a human resource analyst, an economist, and information systems specialists.

### **Unemployment Insurance (UI)**

The UI division administers Unemployment Insurance benefits, including federal extensions when they are available and other specialized programs. Through a focus on work search and employment services, the UI division promotes reemployment and the preservation of a trained, local workforce for businesses during economic downturns. OED partners with the U.S. DOL and other state agencies (including the Department of Consumer and Business Services, Department of Revenue, and other members of the Interagency Compliance Network) on matters related to employer and employee relationships. The UI program is a federal-state partnership. The program pays UI benefits, a temporary partial wage replacement, to workers who are unemployed through no fault of their own. The program collects payroll taxes from Oregon employers, which are deposited into the Unemployment Insurance Trust Fund and used to pay unemployment insurance benefits.

The subcommittee recommended a budget of \$115,604,219 total funds (\$63,094,350 Other Funds expenditure limitation and \$52,509,869 Federal Funds expenditure limitation) and 395 positions (379.90 FTE). The subcommittee recommended the following packages:

Package 070: Revenue Shortfalls. This package reduces Other Funds expenditure limitation to balance expenditures with available revenue. Federal funding received for administrative purposes has decreased and covers only about 70 percent of actual expenditures for administration of federal unemployment insurance compensation and workforce activities. OED has made operational and organizational improvements to programs and customer service since the pandemic revealed multiple opportunities for improvements.

Package 106: Contributions & Recovery. This package moves administrative and technical support positions from the UI and Paid Leave Oregon programs to the new Contributions and Recovery budget structure. This structure is created to provide seamless services and consistency where possible to employers as they navigate and pay contributions for both UI and Paid Leave Oregon. The package moves positions from the UI and Paid Leave Oregon programs to the newly created unit. The services provided within Contributions and Recovery will provide efficient and effective oversight and support services in the collection of contributions made by Oregon employers for both the Paid Leave Oregon and the UI.

Package 107: Equitable Access to UI. This package provides the resources to expend funds received under a federal grant. U.S. DOL issued a grant opportunity encouraging states to promote equitable access to UI. The pandemic highlighted and magnified the difficulties historically underserved populations experience accessing the UI system. Oregon's underserved populations faced language, technology, and accessibility barriers. OED applied for and received \$4.5 million in funding for the Equitable Access to UI grant. The timeline in which OED may use this funding began Oct. 1, 2021, and goes through March 31, 2024. This package will support the work during the first nine months of the 2023-25 biennium. OED will accomplish this through community outreach events, creating information about the UI program in multiple languages and formats, and analyzing trends in UI reciprocity rates for historically underserved populations. Most of the grant activities represent an additional body of work OED could not absorb with current staffing. Federal Funds expenditure limitation in the UI division supports the following limited duration positions, which are dedicated to grant activities:

- Six Business and Employment Specialist 2 positions (2.30 FTE);
- Four Public Service Representatives (1.50 FTE);
- One Operations and Policy Analyst 2 (0.38 FTE); and
- One Employment Services Supervisor (0.38 FTE).

Package 108: UI Benefits Reclass. This package provides for the reclassification of existing positions to better respond to workload fluctuations, both in terms of volume and responding to and managing emergent issues. Positions are recommended to be reclassified to more flexible classifications allowing program management to pivot as necessary, resulting in more efficient use of existing position authority. Approval of this policy package results the following:

- Lateral, salary neutral reclassification of 146 existing permanent Business Employment Specialist 2 positions to a Compliance Specialist 1 classification;
- Reclassification of eight existing Public Service Representative 3 positions upward to Public Service Representative 4;
- Reclassification of seven existing Public Service Representative 3 positions downward to six Administrative Specialist 2 positions; and
- Abolishment of three existing Public Service Representative 3 positions and reduction of Services and Supplies funding.

Package 111: UI Workforce Management and Analytics. This package provides resources to implement recommendations OED received from a contracted management consultant during the 2021-23 biennium. The consultant recommended OED provide ongoing, permanent resources devoted to collecting and evaluating data to understand workload surges and drivers, in order for the department to respond in a more timely, targeted manner to emerging situations. OED stood up a small team during the pandemic to support the UI division, with dynamic dashboards, reporting, and forecasting. The information helped the department evaluate needs and the extent to which effective responses to emerging situations were effective. This package expands the effort (from five positions) providing permanent, ongoing resources to support continuous improvement. These efforts will be particularly important as the new FRANCES system goes live for benefits, helping the agency become aware of and respond to any issues that may arise with the transition.

Package 112: Organizational Support and Resiliency. This package provides resources to implement recommendations OED received from a contracted management consultant during the 2021-23 biennium. The consultant recommended OED provide ongoing, permanent resources devoted to collecting and evaluating data to understand workload surges and drivers, in order for the department to respond in a more timely, targeted manner to emerging situations. A team of data and project managers took on this function on an ad-hoc basis during the pandemic, and in the 2021-23 biennium, these activities are being fulfilled through limited duration staffing and temporary reassignment of duties. This package dedicates permanent resources for these functions, helping the agency to be better positioned to deal with future economic downturns. This package adds one permanent, full-time position in the UI division to further efforts at the department related to equity and inclusion. During the pandemic, the department learned it needed to do more to better serve all Oregonians, as well as its staff, such as dramatically increasing language access work and training all employees on anti-racism. The equity and inclusion needs of a post-pandemic OED – with a robust focus on the accessibility of services – demand more resources than those currently provided.

Package 802: Vacant Position Reductions. This package reduces expenditures and position authority to balance expenditures with available revenue and provide the department with the capability to focus its efforts on improving customer service and outcomes pursuant to recommended investments in policy packages being recommended by the subcommittee. In total, the package eliminates 43 positions (33.39 FTE), across three divisions (Unemployment Insurance, Contributions and Recovery and Shared Services). In the UI division, the recommendation is to eliminate 33 positions (22.39 FTE), including full and part-time Compliance Specialist 1 positions; Compliance Specialist 2 positions, a project manager, administrative specialist positions, and various supervisory positions.

## **Workforce Operations**

Workforce Operations has functional authority and responsibility for Title III (Wagner-Peyser Act) of the Workforce Innovation and Opportunity Act (WIOA). The program further expands upon its mission by serving as a key stakeholder and service provider within WorkSource Oregon, a statewide partnership between state, local, and nonprofit organizations. Workforce Operations employees identify, screen, and refer job applicants to employers. Workforce Operations assists businesses in securing federal tax credits and offsetting training costs for hiring specific populations such as persons receiving public assistance, people with disabilities, veterans, and the long-term unemployed (longer than six months).

Workforce Operations manages several focused employment programs including:

- Labor Exchange (Wagner-Peyser Act and WIOA) – providing employment services to all jobs seekers and linking them to employers.
- Work Opportunity Tax Credit - certifying Oregon businesses who hire job seekers with employment barriers to receive federal tax credits.
- Reemployment Services and Eligibility Assessment program (RESEA) - assisting unemployment insurance claimants find employment more quickly.
- Trade Act Assistance - providing training and support services to workers laid off by trade-impacted business.
- Veterans’ Employment Services - assisting U.S. veterans with priority job seeking and support services.
- Foreign Labor Certification - assisting businesses requesting foreign labor visas, both agricultural and non-agricultural.
- Migrant Seasonal Farm Worker - assisting migrant seasonal farm workers and employers.
- Federal Bonding Program - providing fidelity bonds to job seekers that are otherwise “not bondable,” primarily for previously incarcerated ex-offenders.
- Able-Bodied Adults without Dependents (ABAWD) - offering case management services to able-bodied adults without dependents, who are currently receiving Supplemental Nutrition Assistance Program (SNAP) benefits. This program is funded by the Oregon Department of Human Services (ODHS).
- SNAP and State Training and Employment Program (STEP) – delivering services, through a contract with ODHS, to SNAP participants in obtaining training and employment services leading to job attainment and job retention.

The subcommittee recommended a budget of \$160,647,369 total funds (\$96,849,852 Other Funds expenditure limitation and \$63,797,517 Federal Funds expenditure limitation) and 568 positions (568.00 FTE). The subcommittee recommended the following packages:



Package 104: Employment Service Contracts. This package provides Other Funds and Federal Funds expenditure limitation and position authority to support services OED has contracted to provide clients of the Oregon Department of Human Services for job readiness and employment services through the SNAP STEP and ABAWD program. For the past three biennia, the department relied primarily on limited duration positions to provide services, which were filled when justified by sufficient workload and funding availability. Given the consistency of contract work across multiple biennia and the expansion of the program from targeted regions to statewide, 23 permanent positions are recommended to support this population going forward. The reclassification of a Compliance Specialist 2 to a Program Analyst 2 is included to monitor and ensure contract obligations are met. The limitation in this package is \$10.7 million for the STEP and ABAWD programs.

The remaining limitation (approximately \$5.3 million Other Funds) is for seven permanent positions and nine limited duration positions for the workforce related program services OED provides under contract with Rogue Workforce Partnership to adults, dislocated workers, and individuals displaced by wildfires. These services and positions are supported by the federal Dislocated Worker Grant Programs.

Package 105: Federal Program Changes. This package provides the resources related to several federal program changes driving the need for dedicated resources to fully comply with program requirements and better serve eligible workers. These enhancements are funded by certain applicable federal grants to which they will be charged.

Expansion of the Reemployment Services and Eligibility Assessment program resulted in additional participation by claimants, which equates to two additional permanent positions (an Operations and Policy Analyst 2 and a Training and Development Specialist 2). For the Migrant and Seasonal Farmworkers Program, the U.S. Department of Labor is requiring Oregon provide year-round full time outreach to Migrant and Seasonal Farmworkers, due to the high percentage of farmworkers in Oregon. A new permanent supervisory position will oversee outreach services at field offices across the state. Two new permanent positions and the reclassification of three existing positions are recommended to optimize benefits available to affected workers, by leveraging multiple funding opportunities and coordination across states, regions, and agencies. Reclassification of two Office Coordinator positions to Business and Employment Specialists will accommodate increased customer traffic and full services to clients in two workforce regions. Additionally, the reclassification of a Training and Development Supervisor to an Employment Service Manager will help to ensure responsibilities under Wagner-Peyser funded programs are met by the department.

Package 803: Shift Position Costs to Appropriate Grant Funds. This package directs OED to shift funding on 40 positions in the Workforce Operations Division currently funded with Other Funds onto federal contracts or grant resources, where applicable. These positions can be funded using Trade Adjustment Assistance formula funding, which supports assessment, job search and training assistance to employees who have lost jobs because of foreign competition or increased imports. The department has evaluated caseloads and services provided by existing staff and determined 40 positions currently funded with Other Funds (SEDAF, and fee for services funds) can be funded with this grant, due to the volume of eligible clients served and services provided. The majority of the positions recommended to be shifted from Other Funds to Federal Funds are Business and Employment Specialist 2 positions; one is an Operations and Policy Analyst 2 position and 13 are Program Analyst 1 positions.

### **Contributions and Recovery**

This program is a newly proposed budget unit proposed in Policy Package 106, for the 2023-25 biennium. The Contributions and Recovery division will provide services to two distinct programs: the UI program and the Paid Leave Oregon program. To ensure the Contributions and Recovery division is complying with the laws, policies, and procedures applicable to each program, the Contributions and Recovery policy team will work closely with both the UI and Paid Leave Oregon policy teams. This unified approach focuses on creating policies and procedures for the collection of employer contributions ensures program compliance and maintains a customer-centric focus, while still meeting regulatory needs. The services of this program will build on the work and services previously provided to employers through the UI Tax section. Because of this and the similarities between the Paid Leave Oregon and the UI programs, significant program changes will not occur.

The subcommittee recommended a budget of \$32,749,556 total funds (\$12,802,674 Other Funds expenditure limitation and \$19,946,882 Federal Funds expenditure limitation) and 146 positions (145.50 FTE). The subcommittee recommended the following packages:

**Package 106: Contributions & Recovery.** This package moves administrative and technical support positions from the UI and Paid Leave Oregon programs to the new Contributions and Recovery budget structure. This structure is created to provide seamless services and consistency where possible to employers as they navigate and pay contributions for both UI and Paid Leave Oregon. The package moves a total of 149 positions from the UI and Paid Leave Oregon programs to the newly created unit. The services provided within Contributions and Recovery will provide efficient and effective oversight and support services in the collection of contributions made by Oregon employers for both the Paid Leave Oregon and UI.

**Package 802: Vacant Position Reductions.** This package reduces expenditures and position authority to balance expenditures with available revenue and provide the department with the capability to focus its efforts on improving customer services and outcomes pursuant to recommended investments in policy packages being recommended by the subcommittee. In total, the package eliminates 44 positions (33.39 FTE) across three divisions (Unemployment Insurance, Contributions and Recovery, and Shared Services). Positions recommended for elimination in the Contributions and Recovery division include two Compliance Specialist 2 positions and one Revenue Agent 3 position.

### **Office of Administrative Hearings**

The Office of Administrative Hearings (OAH) provides Oregonians and businesses an independent and impartial forum to dispute actions against them. OAH holds contested case hearings (dispositions) referred by over 70 Oregon agencies, boards, and commissions. These hearings are constitutionally required to give Oregonians and businesses a chance to dispute actions taken by the state, which may affect their individual interests. OAH Administrative Law Judges conduct hearings and make decisions independently from the agencies that took the initiating action. Oregon's Attorney General writes the rules of procedure applying to hearings conducted by OAH and represents state agencies in contested case hearings. The work of OAH is reviewed by the OAH Oversight Committee, comprised of eight representatives appointed by the Governor, Senate President, Speaker of the House, and Oregon Attorney General. The OAH Oversight Committee reviews the effectiveness, fairness, and

efficiency of OAH and makes recommendations to the Governor and the Legislative Assembly. OED is responsible for providing administrative services to OAH. The Chief Administrative Law Judge is appointed by the Governor and has independent statutory authority to manage OAH. OAH will begin conducting contested case hearings for the Paid Leave Oregon program. OED will refer three types of contested case hearings to the Office of Administrative Hearings: (1) benefits cases; (2) equivalent plan cases; and (3) contribution cases.

The subcommittee recommended a budget of \$39,851,798 Other Funds expenditure limitation and 121 positions (119.88 FTE).

### **Workforce and Economic Research**

The Workforce and Economic Research division collects, estimates, analyzes, publishes, and distributes economic and workforce information to help stakeholders understand current and future economic conditions and workforce trends. Customers receive services from Workforce and Economic Research through email, phone, in-person, or through the QualityInfo.org website. The Workforce and Economic Research Division has ongoing collaborative partnerships with state and local entities relating to education (K-12 through higher education), social services, and economic development. The division provides key information to the Department of Administrative Services' Office of Economic Analysis, for forecasts of the state's economy, revenue, and population. These relationships are integral to help inform program development and implementation, and measure program outcomes.

The subcommittee recommended a budget of \$17,334,681 total funds (\$8,446,151 Other Funds expenditure limitation and \$8,888,530 Federal Funds expenditure limitation) and 52 positions (52.00 FTE). The subcommittee recommended the following package:

Package 801: LFO Analyst Adjustments. This package provides expenditure limitation to reclassify six positions in various divisions, which enables existing position authority to be used more effectively. The recommended reclassification for the Workforce and Economic Research division is one Research Analyst and Statistics Manager 2 to a Research Analyst and Statistics Manager 3.

### **Paid Leave Oregon**

The Paid Leave Oregon division was created through House Bill 2005 (2019). The program was created to provide employees in Oregon who are eligible for coverage with all, or a portion of their wages, while the employee is out on family, medical, or safe leave. Enactment of House Bill 3398 (2022) adjusted the date to begin collection of payroll contributions from January 2022 to January 2023, and adjusted the date of payment of benefits and small business grants from January 2023 to September 2023. OED began evaluating equivalent plans and collection of payroll taxes in 2023. The implementation plan for 2023-25 includes benefits becoming payable in September 2023. Workers who have earned at least \$1,000 in a designated prior one-year period are eligible for Paid Leave Oregon benefits. Benefit amounts are based on the workers' prior earnings, with statutory minimum and maximum benefit amounts set at five percent and 120 percent of Oregon's average weekly wage. Workers can receive up to 12 weeks of Paid Leave for any covered purpose and up to two more weeks of Paid Leave for limitations related to pregnancy, childbirth, or a related medical condition. Up to four more weeks of unpaid leave are available for purposes covered by the Oregon Family Leave Act. The 2023-25 biennium will focus on education and outreach to employers and employees, creating efficient processes for the

collection of contributions and payment of benefits, including grants to eligible small businesses and ensuring the health of the Paid Leave Oregon fund.

The subcommittee recommended a budget of \$88,789,337 Other Funds expenditure limitation and 383 positions (383.00 FTE). The subcommittee recommended the following packages:

Package 103: Paid Leave Oregon Implementation. This package provides the department with the resources to continue implementation and begin administration of the Paid Leave Oregon program. Implementation planning is in progress with one major milestone left to complete. The remaining milestone is for OED to begin processing and issuing Paid Leave Oregon benefits and small business assistance grants beginning September 3, 2023. OED met two milestones in the 2021-23 biennium, one being the requirement to begin processing Equivalent Plan applications by Sept. 6, 2022, and the second being the start of employer and employee contributions Jan. 1, 2023. The current forecast for the program is an average of 14,000 Paid Leave claims will be filed each month for the first 16 months. The forecast informed OED of the staff needed to conduct the associated workload. Permanent positions added in this package include 140 Compliance Specialist 1 positions to serve as a point of contact for employers and employees, and to issue benefit determinations on a majority of claims, 10 of which are associated with overpayment determinations. An additional six positions will serve an investigative function related to fraud prevention.

Package 106: Contributions & Recovery. This package moves 36 administrative and technical support positions from the Paid Leave Oregon program to the new Contributions and Recovery budget structure. This structure is created to provide seamless services and consistency, where possible, to employers as they navigate and pay contributions for both UI and Paid Leave Oregon. The services provided within Contributions and Recovery will provide efficient and effective oversight and support services in the collection and distribution of contributions made by Oregon employers for both the Paid Leave Oregon and the UI.

Package 801: LFO Analyst Adjustments. This package provides expenditure limitation to reclassify six positions in various divisions, which enables existing position authority to be used more effectively. Specifically for the Paid Leave Oregon Program, there are three recommended reclassifications as follows:

- A lateral reclass of an Operations and Policy Analyst 4;
- An Information Systems Specialist 8 to a Business Operations Manager 2; and
- An Operations and Policy Analyst 4 to a Business Operations Manager 2.

### **Modernization Initiative**

The Modernization Program was created to assist with monitoring and tracking the Modernization project. The project is aimed at converting legacy business and technology systems for more flexible and efficient UI program administration. The department has significantly invested in

the modernization program to transform the agency's business and technology systems to meet the needs of Oregon's businesses and citizens. The systems supporting the department's core business functions are based on obsolete or outdated technology and are reaching maximum capacity. Many of these systems were designed in the 1990s, and rely on a myriad of disparate, aging software applications and databases. Many of the department's existing business processes are inefficient, manual, or constrained by current system capabilities that do not provide flexibility to meet the changing needs and expectations of customers and partners. These inefficiencies became glaringly apparent during the administration of the UI program during the COVID-19 pandemic. Frances Online is the culmination of more than a decade of planning and development in the IT Modernization program for UI. Collections of Unemployment Insurance taxes and Paid Leave Oregon Contributions through Frances went live in September 2022 and January 2023, respectively. During 2023-25, the program will focus on the execution and closing of the UI Modernization Project. The project will complete the implementation of UI and Paid Leave Oregon benefits, with Paid Leave Oregon benefits scheduled to go live in September 2023 and UI benefits scheduled to go live in March 2024. The program will continue planning for the Workforce Modernization Project focused on replacing the agency's employment services systems.

The subcommittee recommended a budget of \$69,289,163 total funds (\$69,047,163 Other Funds expenditure limitation and \$242,000 Federal Funds expenditure limitation) and 78 positions (78.00 FTE). The subcommittee recommended the following packages:

Package 101: Modernize Business Services and Tech Infrastructure. This package provides Other Funds expenditure limitation to finish the modernization of technology systems for the Unemployment Insurance and Paid Leave Oregon programs. System functionality and business processes related to the payment of benefits are scheduled to go live in September 2023 for Paid Leave, and March of 2024 for Unemployment Insurance. The recommended expenditure limitation covers implementation, testing, warranty, maintenance and support, and other related vendor support related to testing and go-live, as well as licensing and services for the remainder of the biennium.

Package 102: Workforce Business Services and Tech Infrastructure. This package provides OED with the resources to begin focusing on modernizing the agency's Workforce Operations division information systems. The package provides a portion of necessary expenditure limitation to support planning and business case. OED anticipates returning to the Emergency Board for additional expenditure limitation once Stage Gate 2 endorsement is received, at which time the agency will identify system requirements, update foundational planning documents, and engage independent quality management services as the agency moves through the stage gate process towards issuing a Request For Proposal. The project is planned for completion in the 2025-27 biennium.

#### **Paid Leave Oregon Trust Fund Nonlimited**

This program unit consists of Paid Leave Oregon contributions received from employers (40 percent of total) and from employees (60 percent). Interest earned on the account also accrues into the Paid Leave Oregon Trust Fund. Penalties and interest received from employers for underpayment of contributions and from employees related to overpayment of benefits are deposited into the Paid Leave Oregon Trust Fund. Funds are transferred from the Paid Leave Oregon Trust Fund to pay benefits disbursed and for payment of administrative expenditures for the Paid Leave Oregon program.

The subcommittee recommended a budget of \$1,712,030,560 Other Funds Nonlimited. There are no positions within this program structure. The subcommittee recommended the following packages:

Package 101: Modernize Business Services and Tech Infrastructure. This package provides the revenue for the activities and expenditures associated with the Paid Leave Oregon portion of the Modernization Initiative. It specifically transfers Paid Leave Oregon revenues to Modernization Initiative program.

Package 103: Paid Leave Oregon Implementation. This package provides the Paid Leave Oregon revenue for the activities and expenditures associated with administration of the Paid Leave Oregon program. It specifically transfers Paid Leave Oregon revenues to the Paid Leave Oregon program.

Package 106: Contributions & Recovery. This package provides the revenue for the activities and expenditures associated with administration of the Paid Leave Oregon program. It specifically transfers Paid Leave Oregon revenue to the Contributions and Recovery unit.

Package 112: Organizational Support and Resiliency. This package provides the revenue to fund the work associated with the Paid Leave Oregon program within the proposed creation of the Office of Strategy, Innovation, and Performance within the agency. The intention is for this office to be a centralized unit focused on enterprise-wide innovation, strategy, performance, and supporting data-driven decision making. Specifically, this program transfers funds to the Office of Strategy, Innovation, and Performance.

Package 113: Accessibility and Clear Communication. This package provides the revenue to fund the work associated with the Paid Leave Oregon program for the requested enhancements in the department's communications program. Specifically, this package transfers Paid Leave Oregon revenues to the communications division.

### **Employment Department - Nonlimited**

Nonlimited funds include unemployment tax collections, UI Trust Fund interest earnings, and federal revenues used to pay UI and associated benefits to qualified applicants. Nonlimited funds also include federal revenue used to pay benefits related to federal training programs, such as the Trade Adjustment Assistance Program and as reimbursement of UI benefits paid for federal workers. UI taxes are assessed to employers pursuant to ORS 657.462, collected by the state and then transferred to Oregon's specific account within the Federal Unemployment Trust fund, in accordance with Sections 303 (a)(4) and (5) of the Social Security Act and Sections 3304 (a)(3) and (4) of the Federal Unemployment Tax Act. Interest earnings accrue to the fund balance. Funds are transferred to the Oregon Unemployment Benefit Fund for payment of UI benefits to eligible claimants. Federal Funds are also deposited into the Federal Unemployment Trust Fund for payment of various federal unemployment benefit and training programs.

The subcommittee recommended a budget of \$978,097,000 total funds (\$908,789,000 Other Funds Nonlimited and \$69,308,000 Federal Funds Nonlimited). There are no positions within this budget structure. The subcommittee recommended the following packages:

Package 101: Modernize Business Services and Tech Infrastructure. This package provides the revenue for the activities and expenditures associated with the UI portion of the Modernization Initiative. It specifically transfers Other Funds revenues to the Modernization Initiative program.

Package 102: Workforce Business Services and Tech Infrastructure. This package provides the Other Funds revenue for the activities and expenditures associated with the Workforce Modernization Project. Specifically, this package transfers Other Funds revenue to the Modernization Initiative program.

Package 104: Employment Service Contracts. This package provides certain department Other Funds (SEDAF) revenue for the activities and expenditures associated with the STEP program. For the STEP grants, the department is required to provide a matching source of funding but is then reimbursed 50 percent from the federal government for those expenditures. Specifically, this package transfers SEDAF funds to the Workforce Operations Program.

Package 105: Federal Program Changes. This package provides the Other Funds revenue for the activities and expenditures associated with work to be performed in the Federal Program Changes package. Specifically, this package transfers Other Funds revenue to the Workforce Operations program.

Package 106: Contributions & Recovery. This package relates to the transfer of revenues for administration activities related to the UI program within the Contributions & Recovery unit for UI programs. Specifically, this package reduces the transfer out of UI Other Funds revenues for administration, due to savings achieved through FRANCES going online in September 2022.

Package 111: UI Workforce Management and Analytics. This package provides a small amount of Other Funds revenue (\$30,294) for the activities and expenditures associated with work to be performed for the UI Workforce Management and Analytics package. Specifically, this package transfers Other Funds revenue to the UI program.

Package 112: Organizational Support and Resiliency. This package provides revenue for the activities and expenditures associated with work to be performed for the Organizational Support and Resiliency package. Specifically, this package transfers Other Funds revenue to the Office of Strategy, Innovation, and Performance.

Package 113: Accessibility and Clear Communication. This package provides revenue for the activities and expenditures associated with work to be performed for the Accessibility and Clear Communication package. Specifically, this package transfers Other Funds revenue to the Communications unit.

**Summary of Performance Measure Action**

See attached Legislatively Adopted 2023-25 Key Performance Measures form.



## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Employment Department  
 Tamara Brickman -- (971) 719-3492

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2021-23 Legislatively Approved Budget at Jan 2023 *	\$ 48,765,505	\$ -	\$ 285,661,087	\$ 5,058,847,795	\$ 310,599,469	\$ 1,381,179,119	\$ 7,085,052,975	3,304	2,253.62
2023-25 Current Service Level (CSL)*	\$ -	\$ -	\$ 349,842,882	\$ 2,620,819,560	\$ 167,807,824	\$ 69,308,000	\$ 3,207,778,266	1,762	1,741.61
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 47100-010-05 - Shared Services</b>									
Package 070: Revenue Shortfalls									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ (627,308)	\$ -	\$ (627,308)	(2)	(2.00)
Services and Supplies	\$ -	\$ -	\$ (536,000)	\$ -	\$ (1,536,000)	\$ -	\$ (2,072,000)		
Package 107: Equitable Access to UI									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 83,489	\$ -	\$ 83,489	1	0.38
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 13,680	\$ -	\$ 13,680		
Package 112: Organizational Support and Resiliency									
Personal Services	\$ -	\$ -	\$ 1,992,283	\$ -	\$ 875,009	\$ -	\$ 2,867,292	12	12.00
Services and Supplies	\$ -	\$ -	\$ 341,292	\$ -	\$ 146,268	\$ -	\$ 487,560		
Package 113: Accessibility and Clear Communication									
Personal Services	\$ -	\$ -	\$ 168,820	\$ -	\$ 72,352	\$ -	\$ 241,172	1	1.00
Services and Supplies	\$ -	\$ -	\$ 28,441	\$ -	\$ 12,189	\$ -	\$ 40,630		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 30,432	\$ -	\$ 42,864	\$ -	\$ 73,296	0	0.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Package 802: Vacant Position Reductions									
Personal Services	\$ -	\$ -	\$ (1,479,706)	\$ -	\$ (357,177)	\$ -	\$ (1,836,883)	(8)	(8.00)
Services and Supplies	\$ -	\$ -	\$ (232,200)	\$ -	\$ (55,800)	\$ -	\$ (288,000)		
<b>SCR 47100-010-10 - Unemployment Insurance</b>									
Package 070: Revenue Shortfalls									
Services and Supplies	\$ -	\$ -	\$ (3,000,000)	\$ -	\$ -	\$ -	\$ (3,000,000)		
Package 106: Contributions & Recovery									
Personal Services	\$ -	\$ -	\$ (1,900,223)	\$ -	\$ (20,731,277)	\$ -	\$ (22,631,500)	(116)	(115.50)
Services and Supplies	\$ -	\$ -	\$ (1,670,400)	\$ -	\$ (2,505,600)	\$ -	\$ (4,176,000)		
Package 107: Equitable Access to UI									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 737,329	\$ -	\$ 737,329	12	4.56
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 164,160	\$ -	\$ 164,160		
Package 108: UI Benefits Reclaim									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ (103,984)	\$ -	\$ (103,984)	(3)	(3.00)
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ (108,000)	\$ -	\$ (108,000)		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
<b>Package 111: UI Workforce Management and Analytics</b>										
Personal Services	\$ -	\$ -	\$ 30,294	\$ -	\$ 2,188,374	\$ -	2,218,668	10	10.00	
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,240,000	\$ -	1,240,000			
<b>Package 112: Organizational Support and Resiliency</b>										
Personal Services	\$ -	\$ -	\$ 144,249	\$ -	\$ 61,821	\$ -	206,070	1	1.00	
Services and Supplies	\$ -	\$ -	\$ 28,441	\$ -	\$ 12,189	\$ -	40,630			
<b>Package 802: Vacant Position Reductions</b>										
Personal Services	\$ -	\$ -	\$ (376,678)	\$ -	\$ (3,932,941)	\$ -	(4,309,619)	(33)	(22.39)	
Services and Supplies	\$ -	\$ -	\$ (72,000)	\$ -	\$ (1,188,000)	\$ -	(1,260,000)			
<b>SCR 47100-010-20 - Workforce Operations</b>										
<b>Package 104: Employment Service Contracts</b>										
Personal Services	\$ -	\$ -	\$ 3,802,291	\$ -	\$ 2,788,795	\$ -	6,591,086	39	39.00	
Services and Supplies	\$ -	\$ -	\$ 792,000	\$ -	\$ 612,000	\$ -	1,404,000			
Special Payments	\$ -	\$ -	\$ 6,000,000	\$ -	\$ 2,000,000	\$ -	8,000,000			
<b>Package 105: Federal Program Changes</b>										
Personal Services	\$ -	\$ -	\$ 23,399	\$ -	\$ 1,084,983	\$ -	1,108,382	5	5.00	
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 180,000	\$ -	180,000			
<b>Package 803: Shift Position Costs to Appropriate Grant Funds</b>										
Personal Services	\$ -	\$ -	\$ (8,109,546)	\$ -	\$ 8,109,546	\$ -	-	0	0.00	
Services and Supplies	\$ -	\$ -	\$ (1,476,000)	\$ -	\$ 1,476,000	\$ -	-			
<b>SCR 47100-010-30 - Contributions and Recovery</b>										
<b>Package 106: Contributions &amp; Recovery</b>										
Personal Services	\$ -	\$ -	\$ 11,266,904	\$ -	\$ 16,900,552	\$ -	28,167,456	149	148.50	
Services and Supplies	\$ -	\$ -	\$ 2,145,600	\$ -	\$ 3,218,400	\$ -	5,364,000			
<b>Package 802: Vacant Position Reductions</b>										
Personal Services	\$ -	\$ -	\$ (523,430)	\$ -	\$ (150,470)	\$ -	(673,900)	(3)	(3.00)	
Services and Supplies	\$ -	\$ -	\$ (86,400)	\$ -	\$ (21,600)	\$ -	(108,000)			
<b>SCR 47100-010-50 - Workforce and Economic Research</b>										
<b>Package 801: LFO Analyst Adjustments</b>										
Personal Services	\$ -	\$ -	\$ 25,968	\$ -	\$ -	\$ -	25,968	0	0.00	
<b>SCR 47100-010-80 - Paid Leave Oregon</b>										
<b>Package 103: Paid Leave Oregon Implementation</b>										
Personal Services	\$ -	\$ -	\$ 24,208,834	\$ -	\$ -	\$ -	24,208,834	146	146.00	
Services and Supplies	\$ -	\$ -	\$ 5,256,000	\$ -	\$ -	\$ -	5,256,000			
<b>Package 106: Contributions &amp; Recovery</b>										
Personal Services	\$ -	\$ -	\$ (5,825,146)	\$ -	\$ -	\$ -	(5,825,146)	(36)	(36.00)	
Services and Supplies	\$ -	\$ -	\$ (1,296,000)	\$ -	\$ -	\$ -	(1,296,000)			

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 53,232	\$ -	\$ -	\$ -	\$ 53,232	0	0.00
<b>SCR 47100-010-90 - Modernization Initiative</b>									
Package 101: Modernize Bus. Svcs. and Tech Infrastructure Services and Supplies	\$ -	\$ -	\$ 33,219,980	\$ -	\$ -	\$ -	\$ 33,219,980		
Package 102: Workforce Bus. Svcs. and Tech Infrastructure Services and Supplies	\$ -	\$ -	\$ 968,000	\$ -	\$ 242,000	\$ -	\$ 1,210,000		
<b>TOTAL ADJUSTMENTS</b>	\$ -	\$ -	\$ 63,942,731	\$ -	\$ 10,943,843	\$ -	\$ 74,886,574	175	177.55
<b>SUBCOMMITTEE RECOMMENDATION *</b>	\$ -	\$ -	\$ 413,785,613	\$ 2,620,819,560	\$ 178,751,667	\$ 69,308,000	\$ 3,282,664,840	1,937	1,919.16
% Change from 2021-23 Leg Approved Budget	(100.0%)	0.0%	44.9%	(48.2%)	(42.4%)	(95.0%)	(53.7%)	(41.4%)	(14.8%)
% Change from 2023-25 Current Service Level	0.0%	0.0%	18.3%	0.0%	6.5%	0.0%	2.3%	9.9%	10.2%

\*Excludes Capital Construction Expenditures

# Legislatively Approved 2023 - 2025 Key Performance Measures

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**Agency:** Employment Department

**Mission Statement:**

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

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2024	Target 2025
1. ENTERED EMPLOYMENT - Percentage of job seekers who receive service from Workforce Operations that are still employed after six months.		Approved	58%	63%	63%
2. EMPLOYMENT RETENTION - Percent of job seekers who receive service from Workforce Operations that are still employed after 12 months.		Approved	63%	65%	65%
3. COST PER PLACEMENT - Total cost of Workforce Operations (Business & Employment Services) program divided by the total number of job seekers entered into employment after receiving services.		Approved	\$2,899.00	\$451.00	\$451.00
4. FIRST PAYMENT TIMELINESS - Percentage of initial Unemployment Insurance payments made within 21 days of eligibility.		Approved	85%	89%	89%
5. NON-MONETARY DETERMINATIONS TIMELINESS - Percentage of claims that are adjudicated within 21 days of issue detection.		Approved	80%	80%	80%
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.		Approved	11%	10%	10%
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.		Approved	27%	60%	60%
8. NON-UNEMPLOYMENT INSURANCE APPEALS TIMELINESS - Percentage of orders issued within the standards established by the user agencies.		Approved	89%	93%	93%
9. AVERAGE DAYS TO ISSUE AN ORDER - Average number of days to issue an order following the close of record.		Approved	4.25	6.60	6.60
10. COST PER REFERRAL TO OAH - Average cost of hearing referral to the Office of Administrative Hearings.		Approved	\$472.00	\$942.00	\$942.00
11. HIGHER AUTHORITY APPEALS TIMELINESS - Percentage of cases requesting an appeal that receive a decision within 45 days of the date of request.		Approved	77%	80%	80%
12. TIMELINESS OF NEW STATUS DETERMINATIONS - Percentage of new status determinations completed within 90 days of the end of the liable quarter.		Approved	54%	80%	80%
13. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent," including overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Expertise	Approved	69.92%	95.50%	95.50%
	Accuracy		67.47%	95.50%	95.50%
	Availability of Information		67.49%	95.50%	95.50%

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2024	Target 2025
	Timeliness		69.18%	95.50%	95.50%
	Overall		69.96%	95.50%	95.50%
	Helpfulness		71.28%	95.50%	95.50%
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.		Approved	73%	80%	80%

**LFO Recommendation:**

The Legislative Fiscal Office recommends key performance measures and targets as presented.

Anomalies due to caseload backlogs caused by pandemic-related claims and reduced staffing levels in the Employment Department because of low federal reimbursement rates are driving high costs per referral for KPM 10. A 2023-25 target for this KPM of \$942 is recommended by the Legislative Fiscal Office. OAH expects case loads to continue to be elevated in 2023-25 based on UI referral level trends to date, and as the benefits portion of Paid Leave Oregon goes live. Because of these anomalies, the Legislative Fiscal Office recommends that the Office of Administrative Hearings propose a new target for KPM 10 for consideration in the 2025 regular Legislative Session, based on additional data regarding costs, caseloads, and trends.

Results for KPM 13 (Customer Service) reflect the agency beginning to recover from Pandemic-related backlogs and frustrations experienced by Oregonians as they sought information on the status of their claim. OED reports that performance continues to improve, including a 17% overall increase in customer satisfaction between December 2022 and January 2023. OED retained management consulting services that helped to identify process improvements which were made permanent, and are expected to have a positive impact on customer service results going forward.

The Legislative Fiscal Office also recommends that the Employment Department propose a Key Performance Measure and targets for the Paid Leave Oregon program that considers the timeliness of benefit determinations and/or payments, once the program is operational.

**SubCommittee Action:**

The Subcommittee approved the Legislative Fiscal Office recommendations and targets as presented.