



Oregon

Tina Kotek, Governor

Employment Department

875 Union Street NE

Salem, Oregon 97311

503-947-1394

employment.oregon.gov

October 17, 2025

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE, H-178
Salem, OR 97301

RE: 2025-27 Agency Reduction Options

Senator Lieber and Representative Sanchez,

The Oregon Employment Department's (OED) mission is to support businesses and promote employment. The agency serves the public in several key ways, including providing wage replacement through Unemployment Insurance and Paid Leave Oregon, distributing timely labor market information throughout Oregon, and offering customized employment services to job seekers and businesses.

OED is committed to the prudent stewardship of its financial and operational resources. The reductions outlined in the attached document prioritize maintaining benefits and services to Oregonians. In developing these reductions, OED gave priority to items that have an indirect rather than direct connection to paying out benefits, ensuring that core benefit delivery remains protected. As a result, the impact on direct customer services is expected to be limited or indirect. While no programs are being eliminated, the department anticipates some impacts on its ability to deliver services as timely and effectively as desired.

To achieve our target, OED prioritized savings that naturally occur through organizational operations and staff turnover, such as vacancy savings achieved by delaying hiring or holding positions vacant. Remaining reductions focus on non-essential travel, employee training, deferred maintenance, and general reductions to services and supplies. OED did not identify any duplications of reductions within the department or across other state agencies.

Please let us know if you have any questions.

Sincerely,

[Andrew STOLFI \(Oct 17, 2025 14:03:44 PDT\)](#)

Andrew R. Stolfi

Director, Oregon Employment Department

Cc: Kate Nass DAS CFO, Courtney Rogers DAS Budget and Policy Analyst, Amanda Beitel LFO, Michelle Deister LFO Budget and Policy Analyst

Attachments

Agency Name (Acronym)																
2025-27 Biennium																
2025-27 LAB - - - - -																
Detail of Reductions to 2025-27 Legislatively Adopted Budget																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Priority (ranked most to least preferred)		Age ncy	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Gov. Reduction Target Yes / No	One-Time Yes / No	Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.
Dept	Prgm/ Div															
Employment	Office of Administrative Hearings	471	47100-010-40-10-00000	Office of Administrative Hearings			2,139,213				\$ 2,139,213	12	12.00	No	Yes	OAH Vacancy Savings and S&S Reductions: The Office of Administrative Hearings (OAH) is self-funded as a fee-for-service agency. Referring agencies are charged hourly rates for casework depending on the complexity of the matter. Contested case hearings referred to OAH are required to be conducted by law, regardless of staffing levels. Because of this, reductions to staffing levels do not save money for referring agencies. Rather, they simply have the effect of delaying hearings for Oregonians, as less administrative law judges are available to conduct the hearings. The hearings will occur eventually and the cost to the agency will remain static. The only way to realize savings is for agencies to refer less contested cases, thereby requiring less billing from OAH. However, contested case referrals have reached record levels over the past two biennia, with trends continuing in the same direction. OAH needs to retain current position authority in order to properly handle this caseload, provide due process and safeguard against undue delay. The Office of Administrative Hearings S&S would be reduced by closing the Division office in Portland and returning all vehicles to the motor pool.
Employment	Modernization	471	47100-010-90-10-00000	Modernization			319,343				\$ 319,343	1	1.00	No	Yes	Defer the hiring of three senior-level ISS8 positions and second, reducing the IT Professional Services budget by \$318,013. These changes will have two impacts. One, Operational Capacity - the absence of three high-level IT roles will limit our ability to lead and execute complex initiatives and existing staff may experience increased workloads and longer project timelines due to reduced leadership and technical oversight.
Employment	Modernization	471	47100-010-90-10-00000	Modernization			319,343				\$ 319,343	1	1.00	No	Yes	Defer the hiring of three senior-level ISS8 positions and second, reducing the IT Professional Services budget by \$318,013. These changes will have two impacts. One, Operational Capacity - the absence of three high-level IT roles will limit our ability to lead and execute complex initiatives and existing staff may experience increased workloads and longer project timelines due to reduced leadership and technical oversight.
Employment	Modernization	471	47100-010-90-10-00000	Modernization			319,343				\$ 319,343	1	1.00	No	Yes	Defer the hiring of three senior-level ISS8 positions and second, reducing the IT Professional Services budget by \$318,013. These changes will have two impacts. One, Operational Capacity - the absence of three high-level IT roles will limit our ability to lead and execute complex initiatives and existing staff may experience increased workloads and longer project timelines due to reduced leadership and technical oversight.
Employment	Modernization	471	47100-010-90-10-00000	Modernization			318,013				\$ 318,013	0	0.00	No	Yes	The \$318,013 reduction in IT Professional Services will constrain our ability to engage external experts for specialized projects, system upgrades, and critical support functions.
Employment	Research and Economic Research	471	47100-010-50-10-00000	Workforce and Economic Research			996,100				\$ 996,100	1	1.19	No	Yes	Reduction: Hold Administrative Specialist 1 vacant until October 2026 (\$108,355) and hold three Economist 1's vacant until mid November (\$62,583). Cut services and supplies by \$825,162. Impact/Outcomes: Research will continue maintenance mode and defer data matching, system enhancements, and upgrades to Oregon's existing Performance Reporting Information System (PRISM). Cuts in services and supplies significantly reduces resources and tools for staff to best serve our customers. Holding three Economist 1's vacant until mid-November has reduced services to customers estimated at around 6,000 over the year. It also resulted in another 6,000 customer service events being prioritized and handled by staff in other regions. The Administrative Specialist 1 held vacant until October 2026 could delay industry and occupation coding in the event of staff turnover.

Agency Name (Acronym) 2025-27 Biennium																
2025-27 LAB					-	-	-	-	-	-	-					
Detail of Reductions to 2025-27 Legislatively Adopted Budget																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Priority (ranked most to least preferred)		Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Gov. Reduction Target Yes / No	One-Time Yes / No	Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.
Dept	Prgm/ Div															
Employment	Shared Services	471	47100-010-05-10-00000	Information Technology			4,247,855				\$ 4,247,855	24	24.00	No	Yes	IT Vacancy Savings : 4,247,855, S&S: 85,401. A reduction of 5% of OED IT's budget is primarily achieved through a delayed hiring plan of 24 IT positions, with 11 of the positions being frozen/unfilled for the entirety of the biennium. These reductions will impact all areas/sections of IT. The delay in hiring additional Frances developers will reduce OED's overall capacity to complete Frances related tickets/SQRs/requests for change within the Frances system. With staff workload already at capacity, any hiring delay will reduce OED's ability to take on more work, leaving Frances business units (Unemployment Insurance, Paid Leave Oregon, and Contributions & Recovery) waiting longer for solutions that produce both a better customer outcome and/or more efficient use of the system by our program staff and Oregonians seeking services through Frances. OED's IT Project Management Office (PMO) workload has been at full capacity while agency needs continue to grow. Delayed hiring for the PMO creates a backlog of projects that are business focused in areas within and outside of IT. PMO is currently unable to take on additional large or medium sized projects until existing projects are complete. A reduction or delay in workforce will prevent IT from providing the overall level of service to the agency that it currently demands. Our ability to respond timely to tickets and service requests is diminished and our commitment to IT continuous improvement is unattainable if the 5% reduction is recognized
Employment	Shared Services	471	47100-010-05-10-00000	Information Technology			85,401				\$ 85,401	0	0.00	No	Yes	The S&S portion of this reduction is made up of out of state travel reductions and software that will not be renewed.
Employment	Shared Services	471	47100-010-05-10-00000	Communications			16,000				\$ 16,000	0	0.00	No	Yes	This would reduce the agency's ability to communicate with the public, increase media risk, and disrupt agency-wide messaging. These cuts would affect, through lack of training and outdated technology, how Oregonians receive updates about benefits, services, and policy changes. This may harm trust and access to services.
Employment	Shared Services	471	47100-010-05-10-00000	Equity and Inclusion Office			60,000				\$ 60,000	0	0.00	No	Yes	Budget reductions would limit the Equity and Inclusion Office's ability to provide agency-wide trainings that impact workplace culture and customer service. Reducing these trainings would have a likely impact of increasing time and funds spent on responding to employee complaints and remediations regarding professional workplace, discrimination, and harassment, and increasing time and funds spent responding to customer complaints and remediations regarding respectful and accessible customer service and program design. This also has the likely impact of increasing employee turnover. As a positive and respectful workplace culture increases retention of skilled workers, so decreasing the support for promoting a positive and respectful workplace culture will decrease retention.
Employment	Shared Services	471	47100-010-05-10-00000	Administrative Business Services			1,024,145				\$ 1,024,145	0	0.00	No	Yes	Deferred capital projects would require critical break-fix response only with critical review and possible rejection of non-critical projects. HB 3409 requires energy conservation and reduction statewide with annual fines associated to each building. Currently we will receive fines of approximately \$250K for Salem-CO, Salem 210 and Eugene 310.
Employment	Shared Services	471	47100-010-05-10-00000	Director's Office			43,173				\$ 43,173	0	0.00	No	Yes	Reduction of training and general supply expense.
Employment	Shared Services	471	47100-010-05-10-00000	Strategy Office			235,686				\$ 235,686	1	0.83	No	Yes	Hold Admin Support Specialist position vacant as of November 2025. Reduce services and supplies budget. Budget constraints affecting professional development, systems consulting, and equipment may adversely impact the Strategy Office's ability to modernize tools, maintain efficient workflows, and deliver project support to advance organizational performance objectives.

Agency Name (Acronym)																
2025-27 Biennium																
2025-27 LAB- - - - - - -																
Detail of Reductions to 2025-27 Legislatively Adopted Budget																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Priority (ranked most to least preferred)		Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF		FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Gov. Reduction Target Yes / No	One-Time Yes / No	Describe the reduction and associated impact on services and outcomes. Please identify the source of Other Funds reductions.
Dept	Prgm/ Div															
Employment	Shared Services	471	47100-010-05-10-00000	Human Resources			477,865				\$ 477,865	2	1.83	No	Yes	Holding HRA2 position vacant for the biennium and ESS2 position vacant as of Nov. 2025.
Employment	Workforce Operations	471	47100-010-20-00-00000	Workforce Operations			8,138,074				\$ 8,138,074	42	42.00	No	Yes	7% Vacancy Reduction, part of regular operations. These positions provide direct employment services to jobseekers and employers across the state. Our ability to provide just-in-time customer service and support any increase in customer demand based on local and statewide economic factors is impacted by vacant positions in offices and delayed hiring.
Employment	Contributions and Recovery	471	47100-010-30-00-00000	Contributions & Recovery			2,594,901				\$ 2,594,901	27	13.04	No	Yes	C&R 5% reduction will be met through vacancy savings. Nine of the 17 POP 105 positions approved in 2025-27 will be held vacant all biennium and eight of these positions are in Recovery. The other 8 POP 105 positions will be held vacant for part of 2025-27. If C&R hired these positions when budgeted, C&R estimates they would collect an additional \$10 million of debt during 2025-27. C&R is also pursuing other strategies for increased debt collection, including automation of processes, and moving debt to OAA for recovery. In addition to POP 105, C&R will hold vacant 10 other positions for various durations.
Employment	Contributions and Recovery	471	47100-010-30-00-00000	Contributions & Recovery			18,485				\$ 18,485	0	0.00	No	Yes	Reduction of training and general supply expense.
Employment	Unemployment Insurance	471	47100-010-10-00-00000	Unemployment Insurance			140,000				\$ 140,000	0	0.00	No		General reduction in service and supply.
Employment	Unemployment Insurance	471	47100-010-10-00-00000	Unemployment Insurance			7,000				\$ 10,000	0	0.00	No		Reduce travel in section budget. The impact will be Oregon not being at the table for national UI conversations that could impact policy and directly affect Oregonians and the loss of professional development opportunities.
Employment	Unemployment Insurance	471	47100-010-10-00-00000	Unemployment Insurance			2,900,000				\$ 2,874,000	0	0.00	No		Reduce OT in section budget. Customers will experience longer delays & wait times in critical workloads. UI uses overtime to address unexpected and seasonal spikes in workload areas to quickly reduce the overall volume to within the normal range.
Employment	Unemployment Insurance	471	47100-010-10-00-00000	Unemployment Insurance			7,991,722				\$ 7,991,722	35	35.00	No		7% vacancy reduction base. Customers will see longer delays & wait times in critical workloads. By not filling these positions, the UI program will not make planned workload gains or absorb seasonal or unexpected spikes in work within normal margins.
Employment	Unemployment Insurance	471	47100-010-10-00-00000	Unemployment Insurance			2,289,901				\$ 2,289,901	42	7.58	No		When a UI position becomes vacant, that position will not be filled for at least seven months. Customers may see longer delays & wait times in critical workloads. Exact impacts will vary depending on which positions are vacated and when.
				TOTAL	-	-	\$34,658,563		-	-	\$ 34,658,563	189	140.48			

Agency Name (Acronym) 2025-27 Biennium															
Detail of Programs in the 2025-27 Legislatively Approved Budget that have been established or expanded since 2021-23															
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Agency	SCR	Program Establishment / Expansion			Program Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Implementation Status
		Biennium	Effective Date	Authorization											
47100	47100-010-30-00-00000	2025-27	7/1/2025	POP 105	Contributions and Recovery			3,420,179				\$ 3,420,179	17	15.64	Recruitment in progress.
47100	47100-010-10-0000000	2025-27	7/1/2025	POP 102	Unemployment Insurance			1,428,587		0		\$ 1,428,587	5	5.00	Recruitment in progress.
47100	47100-010-80-00-00000	2025-27	7/7/2025	POP 102	Paid Leave			1,467,272				\$ 1,467,272	5	5.00	Recruitment in progress.
		2025-27	7/7/2025	POP 102	Modernization			10,305,270		5,075,730		\$ 15,381,000	-	-	OED has been working on modernizatin for several bienniums. Each biennium, we come back to right size our service and supply budget related to vendors until the project is operationalized. This is within the current scope of programs mission, including here to acknowledge that it was part of the 25-27 policy option package.
												\$ -			
												\$ -			
												\$ -			
												\$ -			
												\$ -			
												\$ -			
												\$ -			
												\$ -			
												\$ -			
				TOTAL		-	-	16,621,308	-	5,075,730	-	\$ 21,697,038	27	25.64	

Instructions

- Column (5) - Authorization should identify the source of the new program or program expansion, which could include enabling legislation, approved policy option package, or administrative establishment.
- Column (6) - Program description should include a summary of the program and the expansion (if applicable), including any partner state agencies.
- Column (16) - Current status of program implementation should be summarized, including any future budget requests anticipated upon full program implementation.