

## CERTIFICATION

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I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the arithmetic accuracy of all numerical information has been verified.

**Employment Department**

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*Agency Name*

**875 Union Street NE, Salem, OR 97311**

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*Agency Address*

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*Signature*

**Director**

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*Title*

Notice: Requests of those agencies headed by a board or commission must be approved by those bodies of official action and signed by the board or commission chairperson. The requests of other agencies must be approved and signed by the agency director or administrator.

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# LEGISLATIVE ACTION

## Budget Report and Measure Summary – 72<sup>nd</sup> Legislative Assembly Corrected Copy Joint Committee on Ways and Means

|                       |                    |                          |                    |                 |
|-----------------------|--------------------|--------------------------|--------------------|-----------------|
| <u>Agency</u>         | <u>Budget Page</u> | <u>LFO Analysis Page</u> | <u>Bill Number</u> | <u>Biennium</u> |
| Employment Department | E-8                | --                       | SB 5518            | 2003-05         |

**Senators:** Carter, Devlin, Dukes, George, Gordly, Harper, Messerle, Morse, Schrader, Winters

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Senator Kurt Schrader, Co-Chair

**Representatives:** Bates, Butler, Hansen, Johnson, Krieger, Miller, Morgan, Patridge, G. Smith, T. Smith

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Representative Randy Miller, Co-Chair

**Prepared By:** Satish Upadhyay, Department of Administrative Services

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Senator Gary George, Transportation and Economic Development Subcommittee Chair

**Reviewed By:** Rick Olsen, Legislative Fiscal Office

**Date:** June 13, 2003

|                               | 2001-03                   |                   | 2003-05                  |                                   | Percentage Committee Change from |                           |
|-------------------------------|---------------------------|-------------------|--------------------------|-----------------------------------|----------------------------------|---------------------------|
|                               | After Feb. 2003 Rebalance | Governor's Budget | Committee Recommendation | Difference from Governor's Budget | Governor's Budget                | After Feb. 2003 Rebalance |
| <b><u>Budget Summary*</u></b> |                           |                   |                          |                                   |                                  |                           |
| General Fund                  | \$ 1,970,468              | \$ 3,627,976      | \$ 3,534,025             | \$ -93,951                        | -2.6%                            | -79.3%                    |
| Other Funds                   | 102,006,689               | 115,847,374       | 110,931,298              | -4,916,076                        | -4.2%                            | +8.7%                     |
| Federal Funds                 | 268,257,762               | 259,684,004       | 257,835,946              | -1,848,058                        | -0.7%                            | -3.9%                     |
| Other Funds Nonlimited        | 2,373,881,363             | 1,467,463,000     | 1,838,668,224            | +371,205,224                      | +25.3%                           | -22.5%                    |
| Federal Funds Debt Service    | 373,460                   | 373,250           | 373,250                  | 0                                 | 0.0%                             | -0.1%                     |
| Total                         | \$ 2,746,489,742          | \$ 1,846,995,604  | \$ 2,211,342,743         | \$ +364,347,139                   | +19.7%                           | -19.5%                    |

**Position Summary**

|                                      |          |          |          |       |
|--------------------------------------|----------|----------|----------|-------|
| Authorized Positions                 | 1,516    | 1,473    | 1,476    | +3    |
| Full-time Equivalent (FTE) Positions | 1,432.03 | 1,400.12 | 1,405.17 | +5.05 |

\* Excludes Capital Construction expenditures

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## **Summary of Revenue Changes**

The Department is funded primarily with Federal Funds including Federal Unemployment Tax Act funds, Wagner-Peyser Act funds from the U.S. Department of Labor, and Child Care and Development Fund block grants from the U.S. Department of Health and Human Services. Other Funds include interest from the Benefit Reserve Fund, excess funds in the Federal Employment Security Administration Account, fees from regulated child care centers, penalty and interest collected from employers on late payroll taxes, and revenue from other agencies for whom the Department provides workforce development and hearing services. General Fund supports child care regulatory activities. Nonlimited funds are exclusively for unemployment insurance benefits and training funds for workers adversely affected by foreign trade.

The Subcommittee acknowledged the Department's ending balances.

## **Summary of Subcommittee Action**

The Employment Department's mission is to support business and promote employment. The Subcommittee approved a budget of \$2,211,342,743 total funds and 1,405.17 full-time equivalent positions for the agency. This represents a 19.7 percent increase from the Governor's budget for 2003-05 and an increase of 5.05 full-time equivalent positions. Details of the Subcommittee-approved budget by program unit are as follows:

### Support the Unemployed

The Support the Unemployed program provides temporary income maintenance for workers who are unemployed through no fault of their own and acts as a partial economic stabilizer for communities during periods of economic recession. The Subcommittee approved a budget of \$121,564,075 total funds and 633.47 full-time equivalent positions.

The Subcommittee, in Package 040 – Mandated Caseload, restored \$935,672 Federal Funds and seven (7.00 full-time equivalent) positions reduced in the Governor's budget for expected decrease in the Unemployment Insurance workload. A more recent forecast indicates an increase in workload as unemployment has increased. The Subcommittee approved the restoration of the positions as limited-duration positions.

The Subcommittee approved adjustments to the Governor's budget in support of statewide policy decisions and recommendations based on prior actions taken by the Joint Committee on Ways and Means. The adjustments, in Package 094 - LFO Adjustments, include the following:

- Elimination of one vacant Office Specialist 1 position (0.04 full-time equivalent). The Subcommittee left the funding for this position to be used in other Personal Services line items and more accurately reflect the historical use of these funds.
- A decrease of \$1,491,883 total funds to remove projected expenditures for employee merit increases scheduled to occur after July 1, 2003.
- A decrease of \$490,744 total funds to reflect reductions in the Department of Administrative assessments, liability insurance costs and telecommunications costs.
- A decrease of \$52,361 total funds to reflect an Attorney General rate change, which reduced the charge to agencies to \$98 from \$109 per hour.

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- A decrease of \$59,083 total funds to eliminate the inflation factor originally included in the Governor's budget for most Services and Supplies line-items.
- A decrease of \$3,055,228 Other Funds to remove expenditure limitation for pass-through funds to the Central Hearings Panel that is no longer needed. These funds will now be paid directly to the Central Hearings Panel.

The Subcommittee approved Package 081 - 2002 Third Special Session, as recommended by the Governor, which eliminated the cost-of-living adjustments for positions with a salary range 38 or higher.

The Subcommittee approved Package 201- Telephone Initial Claims, as recommended by the Governor. This package provides \$4,000,000 Other Funds expenditure limitation to enable the Department to use Reed Act funds to expand the implementation of the Telephone Initial Claims Call Centers to enable eligible Unemployment Insurance recipients to be able to receive information and apply for benefits via the Internet, telephone, mail, or in-person. The Subcommittee approved this package with the understanding that the Department of Administrative Services will unschedule these dollars until the Department presents a detailed plan on the development and implementation of the Telephone Initial Claims Call Centers to the Joint Legislative Committee on Information Management and Technology and the Emergency Board.

The Subcommittee approved Package 202 – Fraud Control Fund, recommended by the Governor with modifications. The Governor's budget recommended the establishment of two Revenue Agent 1 positions in order to increase recoveries of overpayments of Unemployment Insurance benefits, and the establishment of one Information System Specialist 6 position to make improvements to the fraud tracking software. The Subcommittee approved the establishment of these positions as limited-duration positions. The Subcommittee also made reductions of \$1,600 Other Funds for out-of-state travel and \$2,006 Other Funds for Attorney General rate change.

### Develop Workforce/ Promote Employment

The Develop Workforce/ Promote Employment program assists businesses by recruiting and referring the best-qualified applicants to jobs, provides resources to diverse job seekers in support of their employment needs, and develops and distributes quality workforce and economic information to promote informed decision-making. The Subcommittee approved a budget of \$108,042,544 total funds and 578.73 full-time equivalent positions.

The Subcommittee approved adjustments to the Governor's budget in support of statewide policy decisions and recommendations based on prior actions taken by the Joint Committee on Ways and Means. The adjustments, in Package 094 - LFO Adjustments, include the following:

- Elimination of one vacant Principal Executive Manager B position (0.58 full-time equivalent). The Subcommittee left the funding for this position to be used in other Personal Services line items and more accurately reflect the historical use of these funds.
- A decrease of \$1,673,064 total funds to remove projected expenditures for employee merit increases scheduled to occur after July 1, 2003.
- A decrease of \$94,156 total funds to reflect reductions in the Department of Administrative assessments, liability insurance costs and telecommunications costs.
- A decrease of \$5,291 total funds to reflect an Attorney General rate change, which reduced the charge to agencies to \$98 from \$109 per hour.
- A decrease of \$219,094 total funds to eliminate the inflation factor originally included in the Governor's budget for most Services and Supplies line-items.

## LEGISLATIVE ACTION

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The Subcommittee approved Package 081 - 2002 Third Special Session, as recommended by the Governor, which eliminated the cost-of-living adjustments for positions with a salary range 38 or higher.

The Subcommittee approved Package 203 - Employment Contracted Services, recommended by the Governor with modifications. The Governor's budget recommended the establishment of 25 limited-duration positions to be used to respond to grants and contracts and to be filled only when sufficient workload and funding became available. The Governor's budget also recommended the conversion of one limited-duration Geographic Information System Analyst position into a permanent position. The Subcommittee approved the establishment of all the positions as limited-duration positions.

### Child Care Division

The Child Care Division is responsible for creating a comprehensive statewide system of safe, accessible, affordable, quality child care. The Subcommittee approved a budget of \$121,495,018 total funds and 68.88 full-time equivalent positions.

The Subcommittee approved adjustments to the Governor's budget in support of statewide policy decisions and recommendations based on prior actions taken by the Joint Committee on Ways and Means. The adjustments, in Package 094- LFO Adjustments, include the following:

- A decrease of \$221,001 total funds to remove projected expenditures for employee merit increases scheduled to occur after July 1, 2003.
- A decrease of \$11,398 total funds to reflect reductions in the Department of Administrative assessments, liability insurance costs and telecommunications costs.
- A decrease of \$3,790 total funds to reflect an Attorney General rate change, which reduced the charge to agencies to \$98 from \$109 per hour.
- A decrease of \$24,186 total funds to eliminate the inflation factor originally included in the Governor's budget for most Services and Supplies and Capital Outlay line-items.

The Subcommittee approved Package 092 - Additional Program Reductions, as recommended by the Governor. This package incorporates the 10 percent reduction option proposed by the agency because of General Fund constraints and reduces payments to the Child Care Resource and Referral Network by \$404,968 General Fund.

### Central Hearings Panel

The Central Hearings Panel provides hearings services for approximately 70 state agencies, and works to develop consistent interpretation and application of contested case rules, ex parte statute, and reassignment rule. The Subcommittee approved a budget of \$21,572,882 Other Funds and 124.09 full-time equivalent positions.

The Subcommittee approved adjustments to the Governor's budget in support of statewide policy decisions and recommendations based on prior actions taken by the Joint Committee on Ways and Means. The adjustments, in Package 094- LFO Adjustments, include the following:

## LEGISLATIVE ACTION

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- Elimination of two vacant positions (1.33 full-time equivalent) – one Employment Hearings Referee and one Technical and Executive Assistant 2. The Subcommittee left the funding for these positions to be used in other Personal Services line items and more accurately reflect the historical use of these funds.
- A decrease of \$248,880 Other Funds to remove projected expenditures for employee merit increases scheduled to occur after July 1, 2003.
- A decrease of \$41,167 Other Funds to reflect reductions in the Department of Administrative assessments, liability insurance costs and telecommunications costs.
- A decrease of \$1,031 Other Funds to reflect an Attorney General rate change, which reduced the charge to agencies to \$98 from \$109 per hour.
- A decrease of \$97,794 Other Funds to eliminate the inflation factor originally included in the Governor's budget for most Services and Supplies line-items.

The Subcommittee approved Package 081 - 2002 Third Special Session, as recommended by the Governor, which eliminated the cost-of-living adjustments for positions with a salary range 38 or higher.

The Subcommittee approved Package 090 - Program Reduction, as recommended by the Governor. This package makes reductions to the Panel's budget based on the Governor's recommended budgets of client agencies.

### Nonlimited

Nonlimited funds include Unemployment tax collections, trust fund interest earnings, and federal revenue. These are used to pay Unemployment benefits to qualified applicants who are out of work and actively seeking work. Nonlimited funds also include federal revenue used to fund various federal training programs such as the North American Free Trade Act and the Trade Assistance Program. The Subcommittee approved a budget of \$1,838,668,224 Nonlimited Other Funds.

The Subcommittee increased the Governor's budget by \$371,205,224 Nonlimited Other Funds based on a new projection of Unemployment Insurance benefit payments.

### Agency wide

The Subcommittee directed the Department to match its accounting program structure (in RSTARS) and budgetary structure (in ORBITS) for the execution of the 2005-07 biennium budget. This action will more easily link accounting with budgetary information as directed in the Statewide Financial Master Plan approved by the 1989 Legislature. The Department of Administrative Services, Budget and Management Division and the Legislative Fiscal Office will approve these structures and work with the agency to ensure timely implementation. A report and plan will be presented to the 2005 Joint Ways and Means on agency progress in meeting these timeframes.



## LEGISLATIVE ACTION

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### Summary of Performance Measure Action

The Subcommittee approved those performance measures submitted by the agency.

# LEGISLATIVE ACTION

## DETAIL OF JOINT WAYS AND MEANS COMMITTEE ACTION

SB 5518

Employment Department  
Satish Upadhyay -- 503-378-3108

| DESCRIPTION                                          | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS   |                 | FEDERAL FUNDS |            | TOTAL ALL FUNDS | POS   | FTE      |
|------------------------------------------------------|--------------|---------------|---------------|-----------------|---------------|------------|-----------------|-------|----------|
|                                                      |              |               | LIMITED       | NONLIMITED      | LIMITED       | NONLIMITED |                 |       |          |
| 2003-05 GOVERNOR'S BUDGET *                          | \$3,827,976  | \$0           | \$115,847,374 | \$1,467,463,000 | \$260,057,254 | \$0        | \$1,846,995,604 | 1,473 | 1,400.12 |
| <b>SUBCOMMITTEE ADJUSTMENTS</b>                      |              |               |               |                 |               |            |                 |       |          |
| <b>010-10: Support the Unemployed</b>                |              |               |               |                 |               |            |                 |       |          |
| Package 040: Mandated Caseload                       |              |               |               |                 |               |            |                 |       |          |
| Personal Services                                    | 0            | 0             | 0             | 0               | 768,856       | 0          | 768,856         | 7     | 7.00     |
| Services and Supplies                                | 0            | 0             | 0             | 0               | 166,816       | 0          | 166,816         | 0     | 0.00     |
| Package 094: LFO Adjustments                         |              |               |               |                 |               |            |                 |       |          |
| Personal Services                                    |              |               |               |                 |               |            |                 |       |          |
| Vacant Positions Adjustment (Pos No. 000242)         | 0            | 0             | 0             | 0               | 0             | 0          | 0               | (1)   | (0.04)   |
| Merit/ COLA Adjustments                              | 0            | 0             | (204,936)     | 0               | (1,286,947)   | 0          | (1,491,883)     | 0     | 0.00     |
| Services and Supplies                                |              |               |               |                 |               |            |                 |       |          |
| DAS Charges - SGSC                                   | 0            | 0             | (6,330)       | 0               | (76,755)      | 0          | (83,085)        | 0     | 0.00     |
| Telecommunications                                   | 0            | 0             | (31,060)      | 0               | (376,599)     | 0          | (407,659)       | 0     | 0.00     |
| Attorney General Adjustment                          | 0            | 0             | (8,597)       | 0               | (43,764)      | 0          | (52,361)        | 0     | 0.00     |
| Inflation Adjustment                                 | 0            | 0             | (36,128)      | 0               | (22,955)      | 0          | (59,083)        | 0     | 0.00     |
| Intra-agency Charges                                 | 0            | 0             | (3,055,228)   | 0               | 0             | 0          | (3,055,228)     | 0     | 0.00     |
| Package 202: Fraud Control Unit                      |              |               |               |                 |               |            |                 |       |          |
| Services and Supplies                                | 0            | 0             | (3,606)       | 0               | 0             | 0          | (3,606)         | 0     | 0.00     |
| <b>010-20: Develop Workforce/ Promote Employment</b> |              |               |               |                 |               |            |                 |       |          |
| Package 094: LFO Adjustments                         |              |               |               |                 |               |            |                 |       |          |
| Personal Services                                    |              |               |               |                 |               |            |                 |       |          |
| Vacant Positions Adjustment (Pos No. 0003590)        | 0            | 0             | 0             | 0               | 0             | 0          | 0               | (1)   | (0.58)   |
| Merit/ COLA Adjustments                              | 0            | 0             | (879,834)     | 0               | (793,230)     | 0          | (1,673,064)     | 0     | 0.00     |
| Services and Supplies                                |              |               |               |                 |               |            |                 |       |          |
| DAS Charges - SGSC                                   | 0            | 0             | (44,128)      | 0               | (29,921)      | 0          | (74,049)        | 0     | 0.00     |
| Telecommunications                                   | 0            | 0             | (12,502)      | 0               | (7,605)       | 0          | (20,107)        | 0     | 0.00     |
| Attorney General Adjustment                          | 0            | 0             | (3,171)       | 0               | (2,120)       | 0          | (5,291)         | 0     | 0.00     |
| Inflation Adjustment                                 | 0            | 0             | (205,318)     | 0               | (13,776)      | 0          | (219,094)       | 0     | 0.00     |
| <b>010-30: Child Care Division</b>                   |              |               |               |                 |               |            |                 |       |          |
| Package 094: LFO Adjustments                         |              |               |               |                 |               |            |                 |       |          |
| Personal Services                                    |              |               |               |                 |               |            |                 |       |          |
| Merit/ COLA Adjustments                              | (77,280)     | 0             | (30,969)      | 0               | (112,752)     | 0          | (221,001)       | 0     | 0.00     |
| Services and Supplies                                |              |               |               |                 |               |            |                 |       |          |
| DAS Charges - SGSC                                   | (2,834)      | 0             | (773)         | 0               | (5,465)       | 0          | (9,072)         | 0     | 0.00     |
| Telecommunications                                   | (743)        | 0             | (196)         | 0               | (1,387)       | 0          | (2,326)         | 0     | 0.00     |
| Attorney General Adjustment                          | (787)        | 0             | (957)         | 0               | (2,046)       | 0          | (3,790)         | 0     | 0.00     |
| Inflation Adjustment                                 | (11,817)     | 0             | (3,350)       | 0               | (8,408)       | 0          | (23,575)        | 0     | 0.00     |
| Capital outlay                                       |              |               |               |                 |               |            |                 |       |          |
| Inflation Adjustment                                 | (490)        | 0             | (121)         | 0               | 0             | 0          | (611)           | 0     | 0.00     |

\* Excludes Capital Construction expenditures

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# LEGISLATIVE ACTION

| DESCRIPTION                                              | GENERAL FUND       | LOTTERY FUNDS | OTHER FUNDS          |                        | FEDERAL FUNDS        |            | TOTAL ALL FUNDS        | POS          | FTE             |
|----------------------------------------------------------|--------------------|---------------|----------------------|------------------------|----------------------|------------|------------------------|--------------|-----------------|
|                                                          |                    |               | LIMITED              | NONLIMITED             | LIMITED              | NONLIMITED |                        |              |                 |
| <b>010-40: Central Hearings Panel</b>                    |                    |               |                      |                        |                      |            |                        |              |                 |
| Package 094: LFO Adjustments                             |                    |               |                      |                        |                      |            |                        |              |                 |
| Personal Services                                        |                    |               |                      |                        |                      |            |                        |              |                 |
| Vacant Positions Adjustment (Pos Nos: 0003137 & 0003265) | 0                  | 0             | 0                    | 0                      | 0                    | 0          | 0                      | (2)          | (1.33)          |
| Merit/ COLA Adjustments                                  | 0                  | 0             | (248,880)            | 0                      | 0                    | 0          | (248,880) #            | 0            | 0.00            |
| Services and Supplies                                    |                    |               |                      |                        |                      |            |                        |              |                 |
| DAS Charges - SGSC                                       | 0                  | 0             | (17,813)             | 0                      | 0                    | 0          | (17,813)               | 0            | 0.00            |
| Telecommunications                                       | 0                  | 0             | (23,354)             | 0                      | 0                    | 0          | (23,354)               | 0            | 0.00            |
| Attorney General Adjustment                              | 0                  | 0             | (1,031)              | 0                      | 0                    | 0          | (1,031)                | 0            | 0.00            |
| Inflation Adjustment                                     | 0                  | 0             | (97,794)             | 0                      | 0                    | 0          | (97,794)               | 0            | 0.00            |
| <b>087: Nonlimited</b>                                   |                    |               |                      |                        |                      |            |                        |              |                 |
| Base Budget                                              |                    |               |                      |                        |                      |            |                        |              |                 |
| Special Payments                                         |                    |               |                      |                        |                      |            |                        |              |                 |
| 6035 Dist to Individuals                                 | 0                  | 0             | 0                    | 371,205,224            | 0                    | 0          | 371,205,224            | 0            | 0.00            |
| <b>TOTAL ADJUSTMENTS</b>                                 | <b>(\$93,951)</b>  | <b>\$0</b>    | <b>(\$4,916,076)</b> | <b>\$371,205,224</b>   | <b>(\$1,848,058)</b> | <b>\$0</b> | <b>\$364,347,139</b>   | <b>3</b>     | <b>5.05</b>     |
| <b>SUBCOMMITTEE RECOMMENDATION *</b>                     | <b>\$3,534,025</b> | <b>\$0</b>    | <b>\$110,931,298</b> | <b>\$1,838,668,224</b> | <b>\$258,209,196</b> | <b>\$0</b> | <b>\$2,211,342,743</b> | <b>1,476</b> | <b>1,405.17</b> |
| % Change from Governor's Budget                          | -2.59%             | 0.00%         | -4.24%               | 25.30%                 | -0.71%               | 0.00%      | 19.73%                 | 0            | 0.36%           |

\* Excludes Capital Construction expenditures

# LEGISLATIVE ACTION

## Budget Report and Measure Summary – 72<sup>nd</sup> Legislative Assembly Senate Special Committee on Budget

|                  |                    |                          |                    |                 |
|------------------|--------------------|--------------------------|--------------------|-----------------|
| <u>Agency</u>    | <u>Budget Page</u> | <u>LFO Analysis Page</u> | <u>Bill Number</u> | <u>Biennium</u> |
| Emergency Board  | --                 | --                       | HB 5077-B          | 2003-05         |
| Various Agencies |                    |                          |                    | 2001-03         |

**Senators:** Schrader, Harper, Carter, Devlin, Dukes, George, Gordly, Messerle, Morse, Winters

  
 Senator Kurt Schrader, Chair

**Prepared By:** Kelly Freels, Department of Administrative Services

**Reviewed By:** Sheila Baker, Legislative Fiscal Office

**Date:** August 23, 2003

| <u>Budget Summary*</u>                      | <u>2001-03</u>                   |                          | <u>2003-05</u>                  |                                          |                          | <u>Percentage Committee Change from</u> |  |
|---------------------------------------------|----------------------------------|--------------------------|---------------------------------|------------------------------------------|--------------------------|-----------------------------------------|--|
|                                             | <u>After Feb. 2003 Rebalance</u> | <u>Governor's Budget</u> | <u>Committee Recommendation</u> | <u>Difference from Governor's Budget</u> | <u>Governor's Budget</u> | <u>After Feb. 2003 Rebalance</u>        |  |
| <u>Emergency Board</u>                      |                                  |                          |                                 |                                          |                          |                                         |  |
| General Fund-General Purpose                | \$ 0                             | \$ 48,397,962            | \$ 40,000,000                   | \$ -8,397,962                            | -17.4%                   | 0.0%                                    |  |
| General Fund-Special Purpose Appropriations |                                  |                          |                                 |                                          |                          |                                         |  |
| Health Benefits                             | 0                                | 0                        | 9,000,000                       | +9,000,000                               | 0.0%                     | 0.0%                                    |  |
| Secretary of State Election Costs           | 0                                | 0                        | 1,500,000                       | +1,500,000                               | 0.0%                     | 0.0%                                    |  |
| Total                                       | \$ 0                             | \$ 48,397,962            | \$ 50,500,000                   | \$ +2,102,038                            | +4.3%                    | 0.0%                                    |  |
| <u>State School Fund</u>                    |                                  |                          |                                 |                                          |                          |                                         |  |
| General Fund                                | \$ 3,848,386,351                 | \$ 4,755,152,014         | \$ 4,737,207,754                | \$ -17,944,260                           | -0.4%                    | +23.1%                                  |  |
| Lottery Funds                               | 352,555,682                      | 222,401,387              | 452,100,536                     | +229,699,149                             | +103.3%                  | +28.2%                                  |  |
| Other Funds                                 | 535,927,109                      | 73,830,569               | 17,191,710                      | -56,638,859                              | -76.7%                   | -96.8%                                  |  |
| Total                                       | \$ 4,736,869,142                 | \$ 5,051,383,970         | \$ 5,206,500,000                | \$ +155,116,030                          | +3.1%                    | +9.9%                                   |  |

## LEGISLATIVE ACTION

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### Long Term Care Ombudsman

The Committee reduced the Other Funds expenditure limitation for the Long Term Care Ombudsman by \$24,268. This change makes a technical correction to Senate Bill 5531, the primary appropriation bill for the agency, to reflect changes to Other Funds expenditure limitation that had been approved by the Human Services Subcommittee of Ways and Means.

### Employment Department

The Committee approved transfer of \$15,000,000 from the Supplemental Employment Department Administrative Fund to the General Fund, and the transfer of \$5,500,000 from the Special Administrative Fund (Penalty and Interest funds) to the General Fund. The Department will replace these lost resources with federal Reed Act revenue. There is no net expenditure impact from these revenue adjustments.

### Department of Veterans Affairs

The Committee appropriated \$100,000 General Fund for payments to counties for services to veterans.

### State Parks and Recreation Department

The Committee amended Senate Bill 5536 to add a total of \$6 million in additional Lottery Funds expenditure limitation. The total reflects a \$3 million increase for land acquisition and a \$3 million increase in local grants. The following budget note was approved:

#### **Budget Note:**

In the event revenues from Lottery Fund sources increase during the biennium, the Legislature encourages the Parks Commission to utilize those resources for land acquisition and local park grants. The Department is directed to provide a comprehensive report to the next legislature during presentation of its budget how lottery funds have been expended in each of the seven fiscal years since approval by Oregon voters to distribute Lottery Funds to the Parks and Natural Resources Account. The report shall include revenues received, expenditures made in the area of Administration, Park Operations, Debt Service, Facilities Investment Program including a summary breakdown of projects by category (that is, bridges, buildings, drainage, electrical, irrigation, marine, natural resources, sewer, signage, site furnishing, and water systems); land acquisitions including number of acres acquired; and types and amounts of grants.

### Department of State Police

The Committee increased the Other Funds expenditure limitation for the Department of State Police by \$1,050,345 and established six Trooper positions (5.25 FTE) for the Tobacco Compliance Task Force. These positions (five detectives and one support position) are funded with Other Funds revenues transferred from the Department of Revenue available as a result of House Bill 2532 that modifies distribution of tobacco tax revenue. This bill assumes expanded enforcement efforts by the Tobacco Compliance Task Force will increase tobacco tax revenue by a net

# LEGISLATIVE ACTION

## Agency Adjustments Capitol Planning Commission/Secretary of State

HB 5077  
Attachment 1

|                                                                                     | <u>General Fund</u> | <u>Other Funds</u> | <u>Lottery Funds</u> |
|-------------------------------------------------------------------------------------|---------------------|--------------------|----------------------|
| <b>ADMINISTRATIVE</b>                                                               |                     |                    |                      |
| Secretary of State                                                                  | -532                |                    |                      |
| Oregon Liquor Control Commission - Administrative expenses                          | 0                   | -14,707            |                      |
| Department of Revenue                                                               | -50,970             |                    |                      |
| Employment Relations Board                                                          | -265                |                    |                      |
| Office of Governor                                                                  | -773                |                    |                      |
| Oregon Government Standards and Practices Commission                                | -99                 |                    |                      |
| State Library                                                                       | -416                |                    |                      |
| <b>CONSUMER AND BUSINESS SERVICES</b>                                               |                     |                    |                      |
| Bureau of Labor and Industries                                                      | -1,029              |                    |                      |
| <b>ECONOMIC AND COMMUNITY DEVELOPMENT</b>                                           |                     |                    |                      |
| Economic and Community Development Department - Oregon Arts Commission              | -3,422              |                    |                      |
| Department of Veterans' Affairs                                                     | -104                |                    |                      |
| Employment Department                                                               | -522                |                    |                      |
| <b>EDUCATION</b>                                                                    |                     |                    |                      |
| Department of Education - Operations                                                | -31,602             |                    |                      |
| Oregon Student Assistance Commission - Operations                                   | -441                |                    |                      |
| Department of Higher Education - Education and general services of higher education | -127,068            |                    |                      |
| Department of Community Colleges and Workforce Development - Operations             | -1,202              |                    |                      |
| <b>HUMAN SERVICES</b>                                                               |                     |                    |                      |
| Long Term Care Ombudsman                                                            | -104                |                    |                      |
| Commission for the Blind                                                            | -189                |                    |                      |
| Psychiatric Security Review Board                                                   | -94                 |                    |                      |
| Insurance Pool Governing Board                                                      | -514                |                    |                      |
| Department of Human Services - Department-wide Support Services                     | -138,707            |                    |                      |
| State Commission on Children and Families                                           | -3,599              |                    |                      |
| <b>JUDICIAL BRANCH</b>                                                              |                     |                    |                      |
| Judicial Department - Operations                                                    | -46,305             |                    |                      |
| Public Defense Services Commission - Office of Public Defense Services              | -896                |                    |                      |

CPC/SOS - 1

# LEGISLATIVE ACTION

## Agency Adjustments PERS

HB 5077  
Attachment 2

|                                                                                                                                    | General Fund<br>Total | Other Funds<br>Total | Lottery Funds<br>Total | Federal Funds<br>Total |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|------------------------|------------------------|
| Oregon State Veterinary Medical Licensing Board                                                                                    | 0                     | -10,164              | 0                      | 0                      |
| Health Licensing Office                                                                                                            | 0                     | -114,366             | 0                      | 0                      |
| Oregon Board of Investigators                                                                                                      | 0                     | -10,734              | 0                      | 0                      |
| Bureau of Labor and Industries                                                                                                     | -337,788              | -104,893             | 0                      | 0                      |
| Bureau of Labor and Industries - Wage Security Fund                                                                                | 0                     | -19,509              | 0                      | -44,549                |
| Public Utility Commission                                                                                                          | 0                     | -282,568             | 0                      | -11,259                |
| Public Utility Commission - Residential Service Protection Fund                                                                    | 0                     | -18,561              | 0                      | 0                      |
| Public Utility Commission - Policy and administration                                                                              | 0                     | -430,881             | 0                      | 0                      |
| Department of Consumer and Business Services                                                                                       | 0                     | -5,671,097           |                        |                        |
| Real Estate Agency                                                                                                                 | 0                     | -173,257             |                        |                        |
| Oregon State Board of Nursing                                                                                                      | 0                     | -209,388             | 0                      | 0                      |
| <b>ECONOMIC AND COMMUNITY DEVELOPMENT</b>                                                                                          |                       |                      |                        |                        |
| Economic and Community Development Department - Oregon Arts Commission                                                             | -27,904               | 0                    | 0                      | 0                      |
| Economic and Community Development Department - Administration of department and community development programs (program services) | 0                     | -221,291             | -413,944               | -38,948                |
| Economic and Community Development Department - Oregon Tourism Commission                                                          | 0                     | -4,582               | -47,413                | 0                      |
| Economic and Community Development Department - Arts                                                                               | 0                     | -3,519               | 0                      | 0                      |
| Housing and Community Services Department                                                                                          | -2,330                | -648,746             | 0                      | -151,704               |
| Oregon State Fair and Exposition Center                                                                                            | -33,505               | -173,074             | 0                      | 0                      |
| Department of Veterans' Affairs                                                                                                    | -56,039               | -610,571             | 0                      | 0                      |
| Employment Department - section 1, chapter _____, Oregon Laws 2003 (Enrolled Senate Bill 5518)                                     | -107,322              | -2,245,582           | 0                      | -3,655,095             |
| Employment Department - section 3, chapter _____, Oregon Laws 2003 (Enrolled Senate Bill 5518)                                     | 0                     | -510,375             | 0                      | 0                      |
| <b>EDUCATION</b>                                                                                                                   |                       |                      |                        |                        |
| Oregon Student Assistance Commission                                                                                               | -25,198               | -359,499             | 0                      | 0                      |
| Department of Higher Education - Education and general services of higher education                                                | -15,848,707           | -14,000,000          | 0                      | 0                      |
| Department of Higher Education - Agricultural Experiment Station and the branch experiment stations of Oregon State University     | -1,530,855            | 0                    | 0                      | 0                      |
| Department of Higher Education - Extension Service of Oregon State University                                                      | -1,275,827            | 0                    | 0                      | 0                      |
| Department of Higher Education - Forest Research Laboratory of Oregon State University                                             | -168,057              | 0                    | 0                      | 0                      |

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Minutes of the Emergency Board – April 19, 2002

## 18. Employment Department

Senator Hannon moved that the Emergency Board increase the Other Funds expenditure limitation established for the Employment Department by section 2, chapter 692, Oregon Laws 2001, by \$578,096; increase the Federal Funds expenditure limitation established for the Employment Department by section 3 (1), chapter 692, Oregon Laws 2001, Operating Budget, by \$9,100,363; and approve the establishment of five limited duration positions (2.92 FTE) for a workload increase in the Unemployment Insurance program and an increase in the number of Unemployment Insurance hearings at the Hearings Officer Panel.

The following is a summary of the request and Subcommittee (Education) action:

The economic recession, and particularly the high unemployment rate in Oregon, has caused the Employment Department to experience a workload increase in the Unemployment Insurance (UI) program. As a result of the recession, the federal Department of Labor is providing additional federal funding for administrative costs associated with the workload increase.

The January 2002 economic forecast projected a 16% increase in the number of initial UI claims to be filed in 2001-03 as compared to the number estimated in the legislatively adopted budget. The LAB was based on a projection of 994,000 claims whereas the January forecast predicted 1,156,000 initial claims would be filed. The recent authorization of federal Temporary Emergency Unemployment Compensation (TEUC) will also affect the workload of the Department. The affect of TEUC is indeterminate at this time and may require the Department to return to the Emergency Board once costs are known.

The Employment Department has numerous vacant positions that should be filled to address the backlog before additional position authority is granted. Additionally, indications are that the unemployment rate in Oregon has leveled off. If future forecasts indicate an increase in the unemployment rate, the Department may return to a future Emergency Board meeting with an additional request.

In addition to the increase in Unemployment Insurance claims, the Hearings Officer Panel is experiencing an increase in UI hearings. The increase in the number of hearings has taxed the Hearings Officer Panel beyond the resources approved in the legislatively adopted budget. The five limited duration positions will provide the Hearings Officer Panel with additional Employment Hearing Officers to address the workload increase.

The Subcommittee recommended approval of the Legislative Fiscal Office recommendation.



## LEGISLATIVE ACTION

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Minutes of the Emergency Board – April 19, 2002

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The following Committee discussion occurred:

Senator Derfler asked about the relationship between the position count and FTE number, when the positions would begin and the costs associated with the positions. The positions are Employment Hearings Officer positions and would begin May 1, 2002 and be available for the remaining fourteen months of the current biennium. Concern was expressed over the high costs of these positions.

Senator Hannon's motion carried with Representatives Schrader, Butler and Winters, and Senator Beyer voting 'no'.

### 19. Employment Department

Senator Clarno moved that the Emergency Board approve, retroactively, the submission of an application for a National Marine Fisheries Service grant for \$1,000,000 and increase the Federal Funds expenditure limitation established for the Employment Department by section 3 (1), chapter 692, Oregon Laws 2001, by \$1,000,000 for aid to Oregon citizens negatively affected by the groundfish commercial fishery failure, with the understanding that the Department of Administrative Services will unschedule the funds pending receipt.

The following is a summary of the request and Subcommittee (Education) action:

The National Marine Fisheries Service (NMFS) declared a commercial fishery failure for the Pacific Coast groundfish fishery in January 2000. In response, several of Oregon's state and local agencies worked together to develop the Groundfish Disaster Outreach Program.

In response to the fishery failure, Congress initially appropriated \$5 million in grant funds to the states of California, Oregon, and Washington. Using a formula based on the disaster's impact in Oregon, the state received \$1,750,000. The NMFS has notified the Employment Department that an additional \$1,000,000 may be available to continue the relief assistance efforts.

The Employment Department submitted the grant application about March 1, 2002. Notification was provided to legislative leadership in a letter dated February 21, 2002. No state General Fund match is required.

The Subcommittee recommended approval of the request.

Senator Clarno's motion carried with no objections voiced.

## MINUTES OF THE EMERGENCY BOARD

**February 1, 2002**

**State Capitol**

**Salem, Oregon**

Members Present: Senator Derfler, Presiding Chair;  
Senators R. Beyer, Carter, Clarno, Messerle, Metsger and Yih;  
Representatives Butler, Doyle, Minnis, Morgan, Schrader, Simmons,  
Westlund, and Winters

Members Excused: Senator Hannon and Representative Hill

Participating: Representative Johnson

Pursuant to the provisions of ORS 291.328 and acting under the authority of ORS 273.386, ORS 291.326(1)(a), (b), (c), and (d), ORS 291.371, and ORS 291.375, we hereby certify that the Emergency Board, meeting on February 1, 2002, took the following actions:

The meeting was called to order by Senator Derfler at 1:05 p.m. in Hearing Room F of the State Capitol.

### Rules

Representative Butler moved that the Emergency Board adopt the revised rules for the 2001-03 interim and, upon hearing no objections, the rules were adopted. (Rules attached)

### Minutes

Senator Derfler moved that the Emergency Board approve the minutes of the September 7, 2001 and November 16, 2001 meetings and, upon hearing no objections, the minutes were approved.

### Grant Requests

Representative Morgan moved that the Emergency Board approve, en bloc, the following requests for authority to apply for federal grants: Item 1, Oregon Judicial Department; Item 5, Oregon Employment Department; Item 7, Oregon Housing and Community Services; Item 9, Department of Environmental Quality; Item 11, Oregon Department of Fish and Wildlife; Item 12, Oregon Department of Fish and Wildlife; Item 16, Oregon Department of Transportation; and Item 24, Department of Human Services, with the understanding that, if the funds are awarded, the agencies will return to the Emergency Board or Legislative Assembly for approval of additional Federal Funds expenditure limitation and position authority.

The following is a summary of the request and Subcommittee (General Government) action:

## LEGISLATIVE ACTION

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Minutes of the Emergency Board – February 1, 2002

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Ten requests were submitted by agencies for approval to apply for Federal grants. Six of the requests were for retroactive approval. Of the six, only the Department of Land Conservation and Development (DLCD) did not comply with the requirement to notify the Co-Chairs of the Emergency Board in advance of the Department's intent to apply. For this reason, the Subcommittee considered the DLCD request separately.

The Subcommittee recommended that the Emergency Board approve the submission of federal grant applications for item numbers: 1, Oregon Judicial Department; 5, Oregon Employment Department; 7, Oregon Housing and Community Services; 9, Department of Environmental Quality; 11, Oregon Department of Fish and Wildlife; 12, Oregon Department of Fish and Wildlife; 16, Oregon Department of Transportation; and 24, Department of Human Services, with the understanding that, if the funds are awarded, the agencies will return to the Emergency Board or Legislative Assembly for approval of additional Federal Funds expenditure limitation and position authority.

Representative Morgan's motion carried with no objections voiced. Representatives Minnis, Hill and Doyle, and Senators Hannon, Carter and Beyer excused.

### 22. Employment Department

Representative Minnis moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(b) increase the Federal Funds expenditure limitation established for the Employment Department by section 3(1), chapter 692, Oregon Laws 2001, by \$437,500 to implement an U.S. Department of Health and Human Services, Child Care Data and Research Capacity Grant, with the understanding that the Department of Administrative Services will unschedule \$187,500 of the limitation for the last nine months of the 2001-03 biennium, pending availability of additional federal grant revenue.

The following is a summary of the request and Subcommittee (Human Services) action:

The 2001 Joint Committee on Ways and Means approved a request from the Employment Department to apply for a federal Department of Health and Human Services (DHHS) grant to conduct research on child care needs, services and outcomes. Recently, DHHS notified the Department that its application had been approved. The agency is now seeking additional expenditure limitation so that it can implement grant activities.

Grant objectives include developing a process to assess the performance of Oregon's child care system and increasing our understanding of how child care subsidy programs work. The Department will work closely with researchers from Linn Benton Community College and Oregon State University, as well as with program managers from the Department of Human Services.

Representative Minnis' motion carried with no objections voiced. Representatives Schrader and Winters, and Senator Beyer excused.

## LEGISLATIVE ACTION

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### 23. Oregon State Fair and Exposition Center

Representative Butler moved that the Emergency Board acknowledge receipt of a report on the 2001 annual Oregon State Fair.

The following is a summary of the request and Subcommittee (General Government) action:

The 2001 Legislative Assembly directed the Oregon State Fair and Exposition Center (Fair) to report to the November 2001 and November 2002 meetings of the Emergency Board on the '...current status and any progress in improving revenues, including attendance and revenues from the annual state fair.' The Fair is making the first of these two required reports.

The Fair reports that, compared to the 2000 Fair, there was a 4.8 percent decrease in costs, a 6.9 percent increase in revenue and a 3.6 percent increase in paid Fair attendance, with a corresponding net increase of \$481,020 in revenue. This improvement was a result of several factors, including an increase in adult admission fees and in some entry and vendor fees, and a reduction in costs. Special marketing and promotions were also used to increase attendance during weekdays when attendance is generally lower.

The Fair continues to work on long-term strategies. The Fair has established a working committee of county fair representatives to improve the linkages and partnerships between the state and county fairs. The Fair has also expanded its steering committee to include state and local partners, including the Department of Agriculture, the Economic and Community Development Department, and the Salem Visitors Association. The Fair, in collaboration with the Community Partnership Task Force created by the 2001 Legislature, is also working to improve local support for Fair programs and operations.

The Fair reported on the use of \$450,000 in 1999-01 Lottery-backed bond proceeds that were dedicated to development of a Fairgrounds modernization master plan. The report included expenditures to date. The Fair will use the balance of these funds, \$139,091, for architectural, design, and engineering plans, and for historical documentation and other studies to assure that new and repaired structures conform to the Fairgrounds Modernization Development Plan.

The Subcommittee recommended acknowledging receipt of the report.

The following Committee discussion occurred:

Senator Derfler commended the management of the Fair for its progress in meeting revenue goals.

Representative Westlund also noted the progress, and stated that the Subcommittee has commended the Fair Director, Katie Cannon, on the overall progress and the reductions made to operating costs.

Senator Clarno asked about local government involvement with, and support of, the Fair.

**26. Employment Department**

Senator Clarno moved that the Emergency Board, acting under authority of ORS 291.326 (1)(b), increase the Federal Funds expenditure limitation established for the Employment Department by section 3(1), chapter 692, Oregon Laws 2001, by \$1,416,702 for a pilot Unemployment Insurance Claimant Reemployment project, with the understanding the Department of Administrative Services will unschedule \$1,303,935 Other Funds expenditure limitation indefinitely, and \$112,767 Federal Funds expenditure limitation until the Emergency Board approves the expansion of the project for the second year of the biennium.

The following is a summary of the request and the Subcommittee (Human Services) action:

The Employment Department's 2001-03 biennial budget includes \$1.9 million Other Funds for a pilot Unemployment Insurance Claimant Reemployment project. The purpose of the project is to reduce the number of unemployment insurance claimants who exhaust their benefits by assisting them in becoming re-employed more quickly. The \$1.9 million Other Funds revenue supporting the project was to come from the agency's Supplemental Employment Department Administration Fund (SEDAF). The Assembly requested that DAS unschedule a portion of the funds until the Employment Department reports to the Emergency Board about the project prior to July 2002, and the Board approves the expansion of the project for the second year of the biennium.

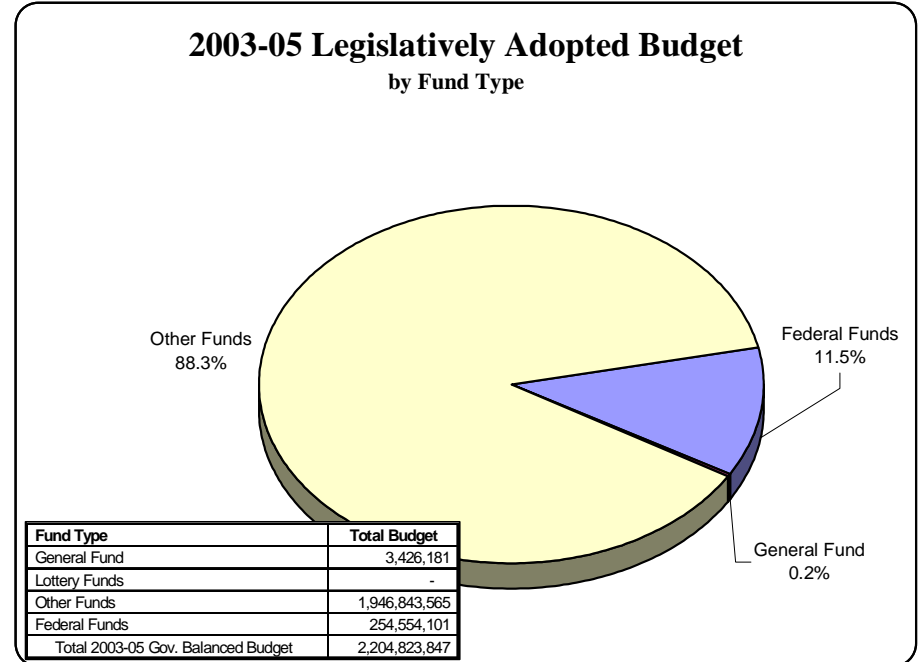
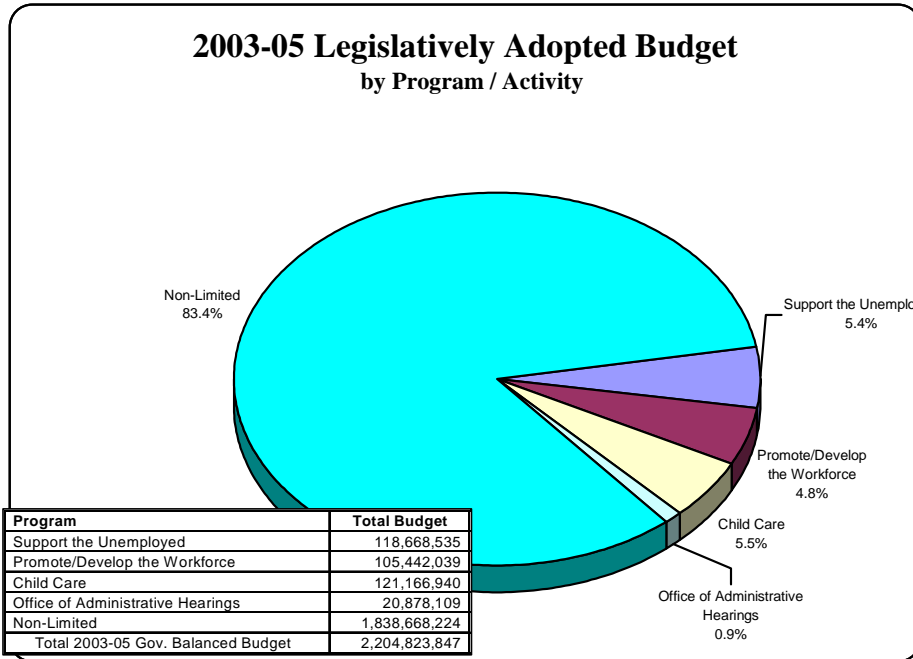
The U.S. Department of Labor recently indicated that funds were available for projects such as the pilot project included in the Employment Department's budget. As a result, the Employment Department requested additional Federal Funds limitation so it could use the additional federal revenue rather than SEDAF revenue.

The following Committee discussion occurred:

President Derfler asked staff if the new Federal Funds revenue was coming from the Unemployment Insurance Trust Fund. Staff replied that the federal revenue was not from the Unemployment Insurance Trust Fund.

Senator Clarno's motion carried with no objections voiced. Senator Carter and Representatives Westlund and Hill excused.

# BUDGET SUMMARY GRAPHIC



## Biennial Budget Comparison

| Program                           | 2001-03 Legislatively Approved |                      |                    |                      | 2003-05 Legislatively Adopted |                      |                    |                      |
|-----------------------------------|--------------------------------|----------------------|--------------------|----------------------|-------------------------------|----------------------|--------------------|----------------------|
|                                   | General                        | Other                | Federal            | Total                | General                       | Other                | Federal            | Total                |
| Support the Unemployed            | -                              | 10,338,030           | 101,631,397        | 111,969,427          | -                             | 19,873,851           | 98,794,684         | 118,668,535          |
| Promote/Develop the Workforce     | -                              | 63,831,949           | 36,781,189         | 100,613,138          | -                             | 66,770,006           | 38,672,033         | 105,442,039          |
| Child Care                        | 3,631,763                      | 675,870              | 124,103,582        | 128,411,215          | 3,426,181                     | 653,375              | 117,087,384        | 121,166,940          |
| Office of Administrative Hearings | -                              | 22,193,901           | -                  | 22,193,901           | -                             | 20,878,109           | -                  | 20,878,109           |
| Non-Limited                       | -                              | 1,613,893,363        | -                  | 1,613,893,363        | -                             | 1,838,668,224        | -                  | 1,838,668,224        |
| <b>Total Budget</b>               | <b>3,631,763</b>               | <b>1,710,933,113</b> | <b>262,516,168</b> | <b>1,977,081,044</b> | <b>3,426,181</b>              | <b>1,946,843,565</b> | <b>254,554,101</b> | <b>2,204,823,847</b> |

# MISSION STATEMENT AND STATUTORY AUTHORITY

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## MISSION

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

How we accomplish that mission:

- Support economic stability for Oregonians and communities during times of unemployment through the payment of unemployment benefits.
- Serve businesses by recruiting and referring the best qualified applicants to jobs, and provide resources to diverse job seekers in support of their employment needs.
- Develop and distribute quality workforce and economic information to promote informed decision making.
- Provide access to child care that is safe, high quality, and affordable.

## LEGAL AUTHORITY

### Federal Statutes and Regulations

The Employment Department's programs are administered in compliance with the Wagner-Peyser Act, Social Security Act of 1935 (42 USC 501; 42 USC 504), and the Federal Unemployment Tax Act (Chapter 23, Internal Revenue Code). Additionally, the Code of Federal Regulations (Title 20, parts 1-1099) comprises the federal regulations applicable to the Employment Department.

### State Statutes and Administrative Rules

The Employment Department and the Employment Appeals Board are established under the authority of Chapter 657 of the Oregon Revised Statutes (ORS 657.005-657.990). OAR Chapter 471 contains the agency's administrative rules. OAR Chapter 472 contains the Administrative Rules of Employment Appeals Board. The Child Care Division is established under the authority of Chapter 657A of the Oregon Revised Statutes (ORS 657A.010-657A.990). OAR Chapter 414 contains the Child Care Division's administrative rules. The Office of Administrative Hearings is established under authority of ORS 183.310-183.550.



# KEY STRATEGIES

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## TWO-YEAR GOALS

### The Department seeks to ensure:

1. Services to Oregon's employers continue as the primary focus.
2. Unemployment insurance claimants and other job seekers have access to all department services in convenient locations: field offices, one-stop centers, kiosks, or through remote access via the Internet or telephone.
3. Training for staff to increase technical and service-related competencies, and make sure all customers are treated equitably and in a professional manner.
4. Technology is effectively used to deliver services, collect information, and share appropriate data with partners.
5. Programs and services are adequately provided to limited-English proficiency individuals.
6. Fair and impartial administrative hearings for the citizens of Oregon.
7. Child care is safe and affordable for working families.

## SIX-YEAR GOALS

### Building on Two-Year Goals, the Employment Department will continue to work toward the following goals within its six-year plan.

1. Maintain quality programs and services in the face of diminishing resources.
2. Maintain the integrity of the Unemployment Insurance Trust Fund.
3. Ensure that safe, affordable, and quality child care is available for all working families.
4. Use technology effectively to streamline and/or improve programs and services to employers and job seekers.
5. Develop department staff continuously to anticipate and appropriately respond to ongoing and emerging service needs.
6. Develop and distribute quality workforce and economic information to promote informed decision making; and develop new information services and products to meet the needs of primary customer groups. These new products may include information resulting from vacancy or benefits surveys, analysis at a more detailed geographic level (using Geographic Information System technology), and an increasing use of electronic information sharing methods.

# MAJOR PROGRAM AREAS – 2003-05 LEGISLATIVELY ADOPTED BUDGET

## Promote Employment/ Develop the Workforce

- Recruit and refer the best qualified applicants to employers
- Recruiting services to new and expanding businesses in Oregon
- Offer businesses a variety of financial incentive and tax credit programs
- Contractual services with workforce partnerships for placement activities
- Re-employment services for claimants
- Refer job seekers to training and community services
- Statewide no-fee referral and placement service for Oregon job seekers
- Specialized placement for targeted applicant groups (e.g., veterans, migrant and seasonal farm workers)
- Measure current changes in Oregon's economic climate; project future workforce trends
- Provide occupational and career information to students, parents, teachers, educational planners, and policy-makers
- Develop and disseminate workforce and economic information
- Tailor industry, occupational, wage, and skills information to meet the needs of businesses

1-03 LAB 601.8 FTE  
3-05 LAB 578.7 FTE

### Funding Sources

|                    |              |
|--------------------|--------------|
| Federal            | \$38.7 M     |
| Other              | 16.0         |
| SEDAF*             | 21.7         |
| Penalty & Interest | 8.5          |
| Reed Act           | 20.5         |
| <b>Total</b>       | <b>105.4</b> |

**28.8%**

## Promote Safe Quality Child Care

- Inspect and license child care facilities; investigate serious complaints against child care providers
- Fund training and professional development opportunities for child care providers
- Fund child care subsidies for low-income families and high risk populations
- Continue statewide funding to Child Care resource and referral services and to local Commissions on Children and Families

01-03 LAB 65.9 FTE  
03-05 LAB 68.9 FTE

### Funding Sources

|              |              |
|--------------|--------------|
| Federal      | \$117.1 M    |
| General Fund | 3.4          |
| Other        | 0.7          |
| <b>Total</b> | <b>121.2</b> |

**33.1%**

## Support the Unemployed

- Provide wage replacement income to eligible unemployed workers
- Maintain communities' economic stability during periods of high unemployment to avoid economic dislocation
- Ensure an available labor force for employers in the community
- Link UI recipients to reemployment services
- Link eligible workers to job training opportunities e.g., NAFTA/TAA, Self Employment Assistance (SEA), and Training Unemployment Insurance (TUI)
- Provide special benefits such as Disaster Unemployment Insurance and Trade Readjustment Assistance
- Ensure due process to customers and uncompromised integrity of the UI program through prompt and equitable adjudications
- Administer an equitable UI tax system through educated employer compliance
- Provide data for economic indicators
- Ensure solvency of the UI Trust Fund

01-03 LAB 645.8 FTE  
03-05 LAB 633.5 FTE

### Funding Sources

|                    |              |
|--------------------|--------------|
| Federal            | \$98.8 M     |
| SEDAF*             | 1.0          |
| Other              | .7           |
| Fraud Control Fund | 2.1          |
| Reed Act           | 16.1         |
| <b>Total</b>       | <b>118.7</b> |

**32.4%**

## Conduct Impartial & Timely Hearings (Pilot Program) HB 2525 (1999)

- Establish a consolidated hearing officer panel of six hearings units formerly part of other agencies
- Conduct approximately 37,000 total contested cases for nearly 70 state agencies, boards & commissions
- Provide consistent interpretation and application of contested case rules

01-03 LAB 138.1 FTE  
03-05 LAB 124.1 FTE

### Funding Sources

|       |          |
|-------|----------|
| Other | \$20.9 M |
|-------|----------|

**5.7%**

Does not include \$1,467.5 million of Nonlimited Unemployment Insurance Benefits.  
2001-03 Legislatively Adopted Budget (LAB) includes Emergency Boards through April 2002.  
2003-05 Legislatively Adopted Budget (GAB) includes Policy Packages and Essential Packages.  
Dollars are in millions.

\*Supplemental Employment Department Administrative Fund.

## PROGRAM DESCRIPTIONS

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The organization of the State of Oregon, Employment Department is centered on the department's Mission Statement and the primary program areas, which provide services to customers.

The Employment Department is Oregon's one-stop source for quality jobs and qualified workers; statewide and local workforce services and information along with workforce partners; and regulates, develops, and enforces child care policies.

The department provides services to Oregonians in five primary Program Areas:

1. Promote Employment and Develop the Workforce
2. Provide Quality Workforce and Economic Information
3. Promote Safe, Quality, Affordable Child Care
4. Support the Unemployed
5. Conduct Impartial & Timely Hearings

### PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE

Services within the *Promote Employment and Develop the Workforce* program area help to achieve the agency's mission by maintaining a public labor-exchange function within Oregon's One-Stop workforce services environment to connect employers with Oregon's job seekers.

The Wagner-Peyser Act of 1933 provides funding to promote the establishment and maintenance of a national system of public employment offices. The Secretary of Labor makes yearly allotments to the states from funds appropriated by Congress. Within the state, 90 percent of the allotted funds must be used to provide job search and placement services to job seekers and recruitment and technical services to employers.

Ten percent of the allotted funds are reserved to provide performance incentives for public employment service offices, services for groups with special needs, and the extra costs of exemplary models for delivering services.

Customers in this program area include:

- Oregon Employers
- Oregon Job Seekers
- Federal, State and Local Governments
- Workforce Partners
- Community-Based Organizations
- Policymakers

### MATCHING OREGONIANS WITH EMPLOYERS' JOB VACANCIES

The department administers and/or provides services for the following programs:

**Alien Labor Certification Program** – ensures that available jobs are first offered to U.S. workers before employers are allowed to bring alien labor into the country. A key part of the process is establishing a prevailing wage for these occupations. There are both agricultural and non-agricultural components to this program.

**Claimant Reemployment** – this program is an alignment of the Unemployment Insurance, Employment Service, and Labor Market Information programs to provide intensive services to UI claimants that will enable them to return to suitable work more quickly.

**Disability Services** – under Section 188 of the Workforce Investment Act, service providers have an obligation under various non-discrimination laws

## PROGRAM DESCRIPTIONS

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and regulations to administer their programs “in the most integrated setting appropriate to the needs of qualified individuals with disabilities.”

**First Break Tax Credit** – gives employers a tax credit incentive to hire a targeted group of Oregon youth and help “qualified” youth obtain employment. The program authorizes a tax credit for employers on their Oregon state income tax for wages paid to each eligible youth. The program is operated through community-based organizations.

**First Source Hiring Agreement** – offers incentives to encourage business investments in urban or rural areas. Businesses receiving economic benefits agree to make good faith efforts to hire individuals who have received assistance from publicly funded job training or labor exchange providers, such as the Employment Department. In most cases, the Employment Department is the contact agency.

**JOBS Plus** – provides employer-subsidized job opportunities to Oregonians who receive Temporary Assistance for Needy Families (TANF), food stamps (FS) and/or unemployment insurance benefits (UI). Until 1991, Adult and Family Services (now Children, Adults and Families or CAF) administered the program in partnership with the Employment Department. The department now administers the UI JOBS Plus program and works in collaboration with CAF, Department of Community Colleges and Workforce Development (DCCWD), community colleges, JOBS Plus Implementation Councils, employers, and local providers to develop JOBS Plus training opportunities. The department performs the employer marketing and follow-up for the program.

**Migrant & Seasonal Farm Worker (MSFW)** – activities required by federal regulations to assure the equitable delivery of employment services to farm workers.

**Preferred Worker Program** – provides employer incentives to encourage the re-employment of qualified Oregon workers who have permanent disabilities from on-the-job injuries and who are not able to return to their

regular work because of those injuries. The Workers Compensation Division of the Department of Consumer and Business Services administers the program. The Employment Department assists in finding employment for these workers by making job order referrals and marketing to employers.

**School-to-Work / Career-related Learning** – promotes a future workforce in state government by providing career-related work experiences for students and educators throughout the State of Oregon.

**Self-Employment Assistance (SEA)** – is a reemployment assistance option available for dislocated workers identified as likely to exhaust benefits. Dislocated workers are selected through the Worker Profiling Reemployment Services Program. The SEA program is a collaborative effort of the Employment Department, DCCWD and the community colleges. All enrolled SEA claimants attend self-employment assistance training and engage in self-employment activities on a full time basis while receiving unemployment benefit payments.

**Temporary Agricultural Guestworker Program** – commonly called H2A, the program was created in response to yearly shortages of agricultural workers. The program allows agricultural employers who are unable to find enough U.S. workers to file an Alien Labor Certification application. The department acts as the vehicle to recruit U.S. workers and as a liaison to expedite the process of employing foreign workers on a temporary or seasonal basis. The H2A program oversees the employer’s recruitment process, does active recruitment for U.S. workers, and ensures that employment of foreign workers does not adversely affect U.S. workers.

**Trade Act and NAFTA** – the Trade Act and North American Free Trade Act (NAFTA) created programs to help workers whose jobs are affected as a result of government trade practices, by providing training allowances and reemployment assistance. Demand for services fluctuates based on labor market conditions, thus the federal funding strategy is to fund states based on projected need.

## PROGRAM DESCRIPTIONS

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**Veterans** – programs and services meet the employment and training needs of service-connected disabled veterans, veterans of the Vietnam era, veterans who are recently separated from service, and other eligible persons.

**Work Opportunity Tax Credit** – provides federal tax incentives to employers hiring individuals in targeted categories.

**Worker Profiling Reemployment Services** – identifies claimants most likely to exhaust unemployment insurance benefits and refers them to intensive reemployment services. Workers identified in this process must participate in the reemployment program to be eligible to receive UI benefits. These participants also qualify for dislocated training grants and can receive their unemployment insurance benefits while in approved training.

### PROVIDING QUALITY WORKFORCE AND ECONOMIC INFORMATION

Customers in this program area include:

- Private sector employers
- Federal, State, and Local Government agencies
- Education-related entities and policy-makers
- Federal, State, and Local elected officials
- Workforce Partners and Workforce Investment Boards
- Professional organizations
- News media
- Private individuals

The Department's Workforce and Economic Research Division has primary responsibility for providing quality workforce and economic information. The Division is Oregon's designated Employment Statistics Agency (under the federal Workforce Investment Act) and Oregon's designated agency for

the coordination of occupational and career information. The Division of three primary organizational areas.

**Economic Base Programs** – is responsible for the operation of a number of surveys and collection of a variety of information about the workforce and the business climate. These programs develop key economic indicators such as the unemployment rate, average wages by occupation, employment by industry and occupation. Most of this activity takes places on a contractual basis with the federal Bureau of Labor Statistics. Smaller portions are funded by contracts with state government or other entities.

**Workforce Analysis** – is primarily responsible for the analysis and dissemination of information to a wide variety of customers. The majority of Workforce Analysis staff are located in Employment Department field offices across Oregon, providing localized information to businesses, educators, policy-makers, and others.

A small number of staff work out of the Department's Central Office responding to customer information requests, providing special analyses for legislators and other policy-makers, and coordinating the production of dozens of publications. Most of this activity is funded by the federal Wagner Peyser grant or by the Supplemental Employment Department Administrative Fund (SEDAF). Small components are funded by special federal grants.

**Labor Market Information (LMI) Systems** – has responsibility for training Employment Department and workforce partner agency staff in the use of LMI for developing a variety of electronic tools to assist customers in the use of workforce information including the award-winning OLMIS site; and for the department's new Geographic Information System for workforce information. Funding for this area primarily comes from a dedicated grant from the U.S. Department of Labor.

## **PROGRAM DESCRIPTIONS**

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### **PROMOTE SAFE, QUALITY, AFFORDABLE CHILD CARE**

Customers in this program area:

- Parents and Caregivers
- Children in Licensed Child Care Facilities
- Child Care Providers (Current and Future)
- Employers
- Local Communities
- Education and Training Providers
- Social Service Agencies
- Collateral Organizations Supporting Child Care
- Local Resource and Referral Agencies

Because child care is an essential tool in keeping Oregon's workers on the job, the Employment Department has administered the Child Care Division since 1993. The Child Care Division is the lead agency in Oregon for the federal Child Care and Development Fund, which provides more than 95 percent of the division's funding.

The division promotes the well-being of children in child care by promulgating, interpreting, and enforcing rules specifying health and safety standards for operators of licensed child care facilities. Quality, safe child care services are promoted by providing licensing, technical assistance to providers, consultation, monitoring, and complaint investigation.

### **SUPPORT THE UNEMPLOYED**

Customers in this program area:

- Unemployed Workers
- Oregon Employers
- Oregon communities
- State and Local Policy makers

Unemployment insurance benefits are intended to provide an unemployed worker whose job has been terminated through no fault of his or her own time to find a new job equivalent to the one lost without major financial distress. Unemployment compensation also serves the business community by placing money into circulation at the outset of a local or national economic downturn, thus helping to slow down recessionary pressures. The program is not a needs-based social program but is an insurance program for people who have an established work history.

The Unemployment Insurance program was established by the federal Social Security Act in 1935. It is based on a dual structure of federal and state statutes. Each state administers a separate unemployment insurance program based on federal standards. State law prescribes the tax structure, qualifying requirements, benefit levels, and disqualification provisions; however, the state's laws must conform to federal law requirements and must be approved by the Secretary of Labor.

### **CONDUCT AND MAINTAIN IMPARTIAL & TIMELY HEARINGS**

Customers in this program area:

- Oregonians seeking review of state agency decisions
- Other state and local agencies, commissions and boards

A pilot program to consolidate the hearings functions of approximately seventy agencies was created during the 1999 Legislative Session (HB 2525) and placed under the administration of the Employment Department. The purpose was to separate agency enforcement from agency adjudication. Funding comes to the Hearing Officer Panel as Other Funds revenue from those agencies that purchase hearings services.

# ENVIRONMENTAL FACTORS

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## ECONOMIC FACTORS

### MANY FACTORS INFLUENCE EMPLOYMENT DEPARTMENT

The Employment Department's primary program areas – Unemployment Insurance, Job Placement, and Child Care and to some extent Hearings – are directly affected not only by policy and legal issues, but also by current and long-term trends affecting the economy and work force. The Department's fifth program area – Workforce and Economic Research– is Oregon's primary entity with responsibility for monitoring, analyzing, and reporting on conditions and trends in the economy. This section summarizes the key trends affecting Oregon at the current time and throughout the budget period.

### RECESSION HIT OREGON HARDER THAN OTHER STATES

#### Unemployment Rate Up Sharply, Employment Down

Although the national recession started in early 2001, Oregon's economic downturn began earlier - in late 2000 - and was more severe than in most other states. Oregon's seasonally adjusted unemployment rate rose rapidly and steadily from 4.7 percent in November and December of 2000 to 8.1 percent in January and February of 2002. Seasonally adjusted nonfarm payroll employment declined just as steadily and rapidly from a peak of 1,618,700 in November 2000 to 1,576,200 in March 2002, a loss of 42,500 jobs or 2.6 percent.

Since the middle of 2001, Oregon has had one of the nation's highest state unemployment rates and one of the largest over-the-year percentage declines in employment. In some months, Oregon had the worst showing of all states on these two measures of economic distress.

#### Oregon's Manufacturing Sector Was Hit Hardest

For a variety of reasons Oregon's manufacturing sector had a more severe economic downturn than did most other sectors of the state's economy. Increasing electricity rates, a downturn in the heavy truck industry, falling stock prices, the high value of the U.S. dollar, a steep reduction in business investment in high technology products, and the national recession are some of the major factors that troubled the state's manufacturing sector.

#### Most Other Sectors Also Felt The Downturn

In addition to severe job losses in many of Oregon's manufacturing industries, several non-manufacturing industries closely tied to manufacturing also felt the downturn. The construction industry lost over ten percent of its employment during the recession. The durable goods wholesale trade industry lost eight percent. Business services - a group of industries including temporary help firms and advertising agencies - lost more than six percent. Engineering and management services lost more than five percent.

Despite the downturn in most industries, some industries managed to add jobs over the past year. Eating and drinking places (e.g., restaurants) added some jobs over the year. Health services maintained rapid job growth. Finance, insurance, and real estate added many jobs due to low interest rates. Local government employment also grew during the economic downturn.

#### Terrorist Attack Interrupted Economy and Cost Jobs

The negative impacts of the events of September 11th were less obvious in Oregon than in many places that are more directly dependent on air travel and the air transportation industry, such as Nevada, Hawaii, and Washington. However, Boeing announced the layoff of almost 300 workers at its Gresham plant not long after the event, and employment at Portland-area hotels in October 2001 was six percent (600 jobs) lower than it had been a year earlier.

## ENVIRONMENTAL FACTORS

### The Unemployment Rate Rose Sharply in Portland

As noted above, Oregon's unemployment rate rose rapidly in 2001 from a low of 4.7 percent in December 2000 to 8.1 percent by January 2002. The rise in unemployment rate and downturn in employment was particularly noticeable in the greater Portland-Vancouver metro area. Here, the monthly unemployment rate briefly exceeded the comparable rate for the balance of Oregon in late 2001, an event that last occurred in 1983. In early 2002, the Portland-Vancouver metro area's unemployment rate was as much as four percentage points higher than it was one year earlier.

### MANY FACTORS CAUSE OREGON'S HIGH UNEMPLOYMENT RATE

The question is often asked why Oregon has historically had such a high unemployment rate compared to that of the nation. The state's annual average rate of unemployment was above the nation's rate by at least one percentage point in many of the years prior to the late-1980's (Graph 1). It remained close to the national average during the 1987-1997 period, but then rose again relative to the nation beginning in the late 1990's. During the latter half of 2001 and into early 2002, Oregon had one of the highest unemployment rates in the nation. Oregon's recent high rate of unemployment is attributable to an ongoing high level of frictional unemployment, a severe bout of cyclical unemployment during the national downturn, and several concurrent causes of structural unemployment.

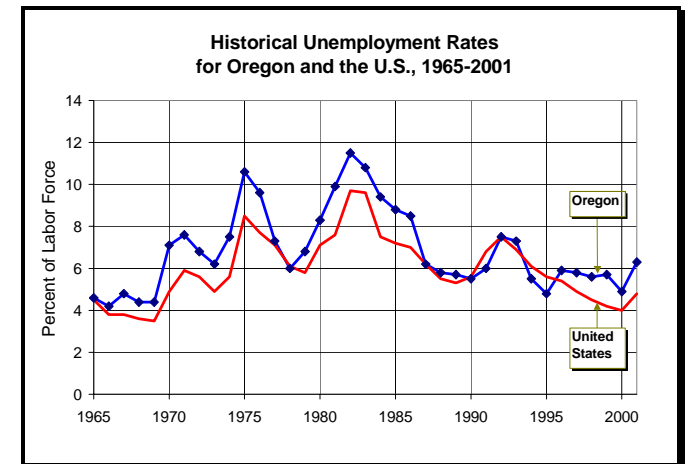
Frictional unemployment includes unemployment resulting from temporary or seasonal layoffs, from the time it takes to search for a new job, and from individuals who enter or remain in the labor force hoping to obtain a new or be called back to work at one of a small number of jobs that pay above-market wages.

All states have some frictional unemployment. Individuals invariably spend some time unemployed upon entering the job market or leaving one job to

look for another job. In Oregon, a high level of population in-migration adds to the natural level of frictional unemployment. At least some of these in-migrants increase the pool of workers looking for jobs and thereby raise the time it takes to search for a new job. This increases the state's unemployment rate. Also, in-migration boosts the construction industry, which is more seasonal and cyclical than many other sectors. For a variety of reasons, people may prefer to move to and live in Oregon, even with longer and more frequent episodes of unemployment, than to live elsewhere.

Oregon also has a high degree of rural isolation in parts of the state. Unlike much of the eastern half of the United States, the western half includes large areas that contain relatively few and small communities separated from each other by long distances. In such communities, those who are unemployed are much less likely than their eastern-U.S. counterparts to find suitable work within a reasonable commuting distance. This set of circumstances is likely to increase the length of job searches and episodes of unemployment and add to the unemployment rate.

The strong seasonality of Oregon's rural unemployment rates is one of the key differences between these rates and those of Oregon's metropolitan and of the nation's metro and non-metro rates. Also,



Graph 1



## ENVIRONMENTAL FACTORS

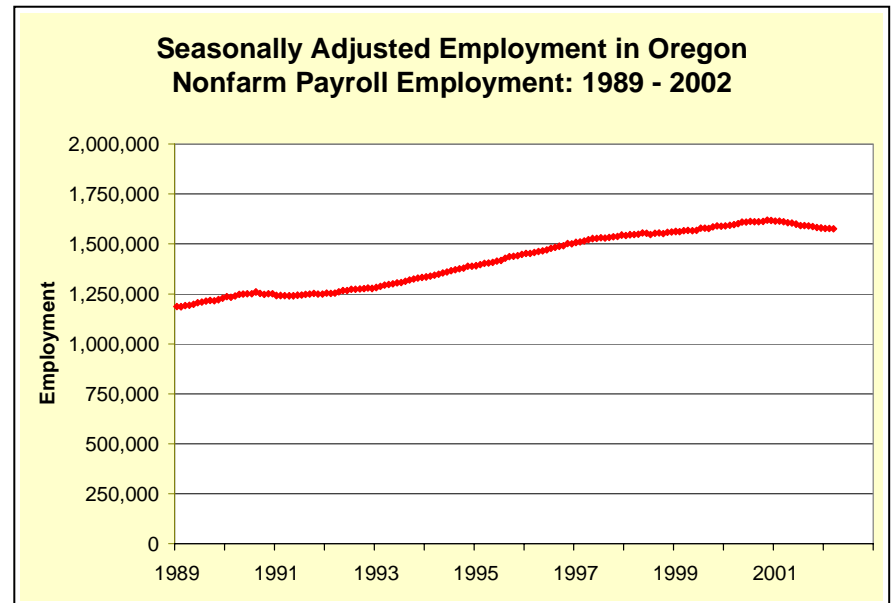
several of Oregon's major industries have a high level of seasonality in their employment. A high level of seasonality in the economy adds to Oregon's unemployment rate.

### Severe Bout of Cyclical Unemployment in 2001-2002

Beginning late in 2000 and continuing to the present time (May 2002), the national economic downturn caused particularly severe job losses in Oregon's construction, metals, high technology, and transportation equipment industries. Related industries such as durable goods wholesale trade, business services, and engineering and management services also suffered job losses. Overall, Oregon's nonfarm payroll employment declined by more than 40,000 (a drop of about 2.6 percent) between its peak in November 2000 and its low point in early 2002 (Graph 2).

The Asian economic crisis that began in late 1997 hit Oregon harder than it did most other parts of the U.S. due to Oregon's strong trade ties with Asia. Much of Asia's economy remains anemic. Japan, Oregon's largest export destination, remains particularly mired in recession, weakening the state's exports and the jobs that rely on those exports.

The impact of national and international recessions significantly increased the number of unemployed in Oregon from 2000-2002, adding thousands of workers (cyclically unemployed) to those already looking for work because of frictional or structural unemployment.



Graph 2

### Several Concurrent Factors Cause Structural Unemployment

Oregon has seen substantial structural changes in its economy, since 1980, that have caused layoffs in some industries even while job growth has continued in other industries. These structural changes add to the number of people looking for work, and therefore, to the unemployment rate. Restructuring of the lumber and wood products industry in the early 1980's included mergers and automation and a substantial reduction in employment. Regulatory changes to federal forest lands in the early 1990's included a substantial reduction in timber supply. A strong dollar and intense international competition, plus competition from substitutes for wood, continues to put severe pressure on Oregon's lumber and wood products industry.

## ENVIRONMENTAL FACTORS

Oregon's fishing industry has been hit by a reduction in fish harvests due both to smaller fish stocks and to regulation intended to rebuild those stocks. In the early 1990's the salmon industry declined. In the late 1990's the groundfishing industry suffered a similar fate. These reductions have hurt some coastal communities that rely heavily on the fishing industry.

In 2000, wholesale electricity prices soared on the West Coast, including in Oregon. This contributed to the closure of several aluminum plants and the layoff of workers at some other big consumers of electricity. Although Oregon's energy prices continue to be competitive with those of other regions, recent rises in retail prices of energy - both electricity and natural gas - may continue to contribute to weakness in Oregon's employment situation for the next several years.

Drought and irrigation water regulatory changes in the Klamath Basin in 2001 reduced agricultural activity and employment in the basin. However, the overall economy of Klamath County remained relatively healthy due to offsetting growth.

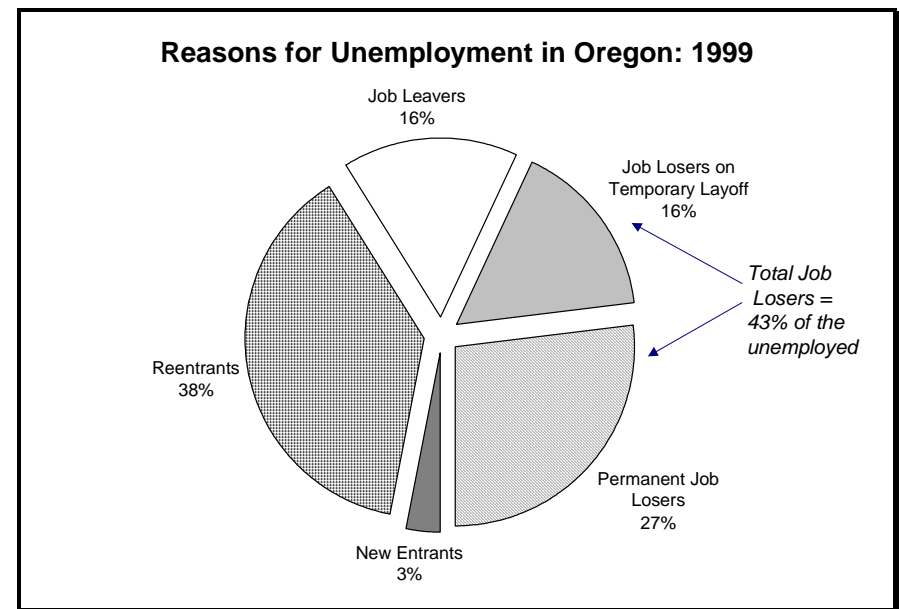
### Projected Unemployment Rate to Remain Above National Average

We expect Oregon's unemployment rate to remain higher than the national rate over the next several years. Seasonality, ongoing structural adjustments, and in-migration are the primary reasons for this. However, for strong-growth periods of as much as a year or two, the state's rate may fall below that of the nation.

### MANY OF THE UNEMPLOYED IN 1999 WERE JOB-LOSERS

Together, permanent and temporary job losers made up 43 percent of the unemployed in Oregon in 1999. Re-entrants and new entrants to the labor force comprised 41 percent. Job leavers accounted for the final 16 percent of the unemployed in Oregon (Graph 3):

- More than one in four unemployed people in Oregon were classified as "permanent job losers" in 1999. Reasons for the job loss vary widely, and may include employer-focused issues such as competition with other firms, impact of the Asian economic slowdown, the introduction of labor-saving technology, or funding cuts in the public sector. Alternatively, an individual may permanently lose his job as a result of performance or behavior problems.



**Graph 3**

- One of every six unemployed people were classified as "job losers on temporary layoff," most often meaning that they would be called back to

## ENVIRONMENTAL FACTORS

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work in the same position, for the same company, as soon as market conditions picked up or the relevant working season rolled around.

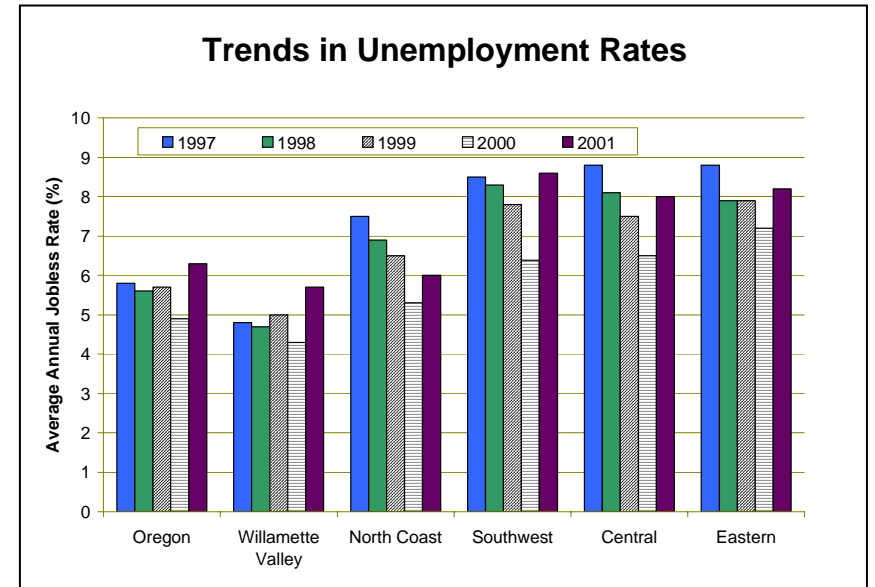
- Almost two of every five unemployed people in Oregon were classified as “re-entrants” to the labor force. This group is made up of individuals who, for one reason or another, left the labor force (i.e., stopped working and stopped looking for work) at some point in the past, but who have now started looking for work again. Given the strength of the economy in 1999, the long-term labor shortage, and several years of overall wage growth, it is not surprising that a significant number of individuals were tempted back into the work force.
- Another one in six unemployed people were “job leavers.” These individuals had voluntarily left their previous job, typically because they did not like the old job, or because they felt that they could successfully compete for a better job (or both). During their transition between jobs, though, they were counted among the unemployed.
- A very small number of Oregon’s unemployed, about three percent, were “new entrants.” These are individuals seeking work for the very first time.

Each of these groups of the unemployed faces different challenges and may need different services and information from the Employment Department in particular and from the broader workforce development system in general. The current economic slowdown is likely to increase the number of job losers and decrease the other categories of unemployment.

## REGIONAL DIFFERENCES PERSIST ACROSS OREGON

### But Unemployment Has Been Trending Down in Rural Oregon

Oregon’s economy is more diverse now than it has been for most of its past. Nevertheless, it is subject to downturns. After several years of unemployment rates trending down, especially in rural areas, employment declines in 2001 pushed unemployment rates up across the state. However, despite the recession, Oregon’s rural unemployment rates remain about equal to or lower than they were in 1997 (Graph 4).



Graph 4

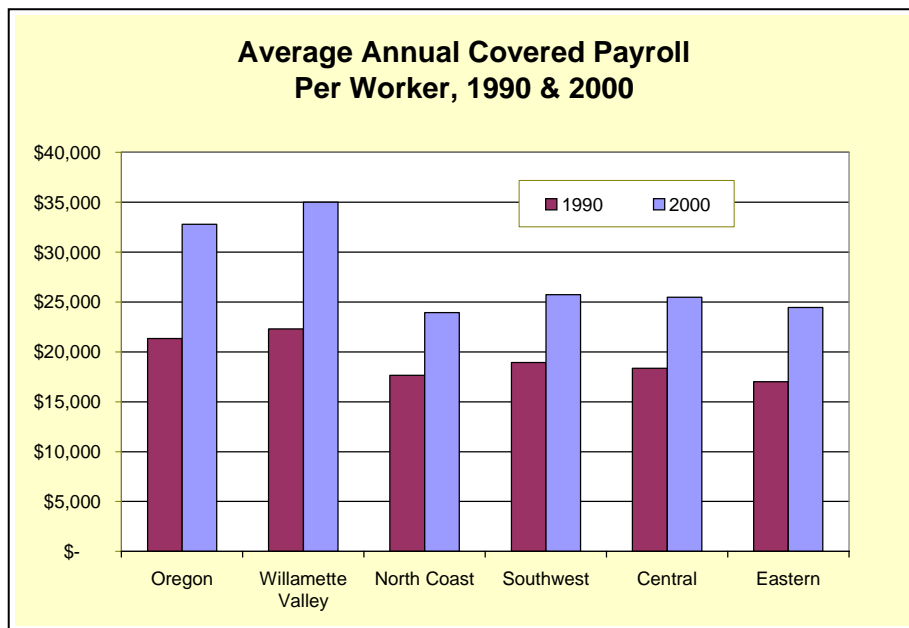
The reduction in rural unemployment rates appears to be caused by a combination of out-migration from rural areas - particularly of young people and the unemployed - and other adjustments to the loss of many natural

## ENVIRONMENTAL FACTORS

resource jobs in the 1990's. However, jobless rates are still relatively high in many rural areas outside of the Willamette Valley. In addition to the effects of the national and statewide economic downturns, seasonality of the local economy and continuing effects of structural change are the major causes of these higher rural unemployment rates.

### Rural Wages and Income Levels Have Risen, But Remain Low

Between 1990 and 2000, Oregon's average annual covered payroll per worker rose from about \$21,300 to about \$32,800, a 54 percent increase. However, the cost of living also rose. The Portland-Salem consumer price index climbed during the decade by 40 percent.



Graph 5

Although Oregon's average covered payroll per worker grew faster during the 1990's than did the consumer price index, only one region of the state - the Willamette Valley - registered wage growth that exceeded the rate of inflation. The Willamette Valley's average covered payroll per worker grew by 57 percent over the decade, while the North Coast, Southwest Oregon, and Central Oregon all had gains between 36 and 39 percent. Eastern Oregon's 44 percent growth in average covered pay exceeded the rise in the Portland-Salem consumer price index but this region's average pay remains only 75 percent of the statewide average. Indeed, all regions other than the Willamette Valley had average pay between 73 percent and 79 percent of the statewide average in 2000. The Willamette Valley's average pay was 107 percent of the statewide average.

### OREGON IS POISED TO CONTINUE GROWING

#### We Expect the Recovery to Begin in 2002

The most recent forecast of the Oregon economy is the June forecast by the Office of Economic Analysis. It forecasts that the recession will bottom out in the second quarter of 2002 with improved, yet slow, growth in the second half of 2002 into 2003.

In aggregate, the forecast indicates that the state won't regain its first-quarter 2001 level of employment until the third quarter of 2003. Major risks to the forecast include the impacts of the War on Terrorism, "Enronitis," a major stock market correction, and rising regional energy prices.

#### Projections Call for Moderate Growth

Between 1990 and 2000, Oregon employment in nonfarm payroll industries grew by about 29 percent, or an average of about 2.6 percent per year. If it were to maintain this pace, the state's employment would double in only about 28 years. Instead, we expect a more moderate pace of growth in the 2000 to 2010 period. We project employment growth of 12.5 percent for this

## ENVIRONMENTAL FACTORS

decade, or an annual average of about 1.2 percent. At this pace, the state's employment would double in about 60 years.

Our forecast calls for the fastest growth in the state to occur in Clackamas County, in Jackson and Josephine counties, and in Central and South-Central Oregon. Slowest growth is expected to occur in Eastern Oregon and in Coos, Curry, and Douglas counties. Despite slower growth in some regions, all regions of the state are expected to have employment growth during the decade.

### Non-Manufacturing to Grow the Fastest, Add the Most New Jobs

Our 2000-2010 industry forecast calls for manufacturing employment to expand in Oregon by about two percent (about 5,200 jobs). The weak projected growth in overall manufacturing employment comprises substantial losses in lumber and wood products, primary metals, and food and kindred products, slightly outweighed by substantial growth in electronic and other electrical equipment, printing and publishing, and transportation equipment.

In non-manufacturing, the projection calls for growth of about 14 percent (about 195,000 jobs). Additional jobs are expected in almost all industries, but especially in business services, health services, eating and drinking places, and local government.

### Blue-Collar and Clerical Jobs Expected to Show Little Growth

By occupational group, our projections show blue-collar and clerical occupations growing very slowly between 2000 and 2010. Blue-collar jobs are those in production, construction, equipment operation, maintenance, and manual labor. They are especially closely tied to manufacturing, which is also expected to grow slowly over this period. Blue-collar jobs are also subject to some replacement through automation. However, many blue-collar workers are expected to retire during the decade, opening up many jobs despite lack of net growth in the occupational group. This large group is projected to employ almost one-quarter of all Oregon workers

in 2010, despite its slower growth during the decade. Clerical jobs are more widely dispersed than are blue-collar jobs, but many clerical jobs are being replaced with new technologies and software and their duties absorbed by other workers.



Graph 6

The projections' fastest-growing occupational groups include professional and technical, sales, agriculture and forestry, and service occupations. The professional and technical group is projected to be the fastest-growing occupational group in the state, and it is expected to add the most jobs between 2000 and 2010. These occupations include financial specialists, engineers, architects, and teachers. We expect manager and administrator

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occupations to add jobs at a faster pace than are blue-collar and clerical occupations, but substantially slower than the other occupations.

### More Replacement Openings than Growth Openings

For two primary reasons, the next ten years are expected to be a period during which more workers are needed to replace those departing from the work force (primarily through retirement) than are needed to fill new “growth” openings. Those two reasons are (a) slower overall economic growth (i.e., fewer growth openings) and (b) a substantial number of retirements. One consequence of this shift toward replacement openings is that while professional / technical occupations will require the most workers to fill growth openings, production / construction jobs (blue-collar) will actually have the most need of new workers, due to the large number of retirements combined with some growth in blue collar occupations.

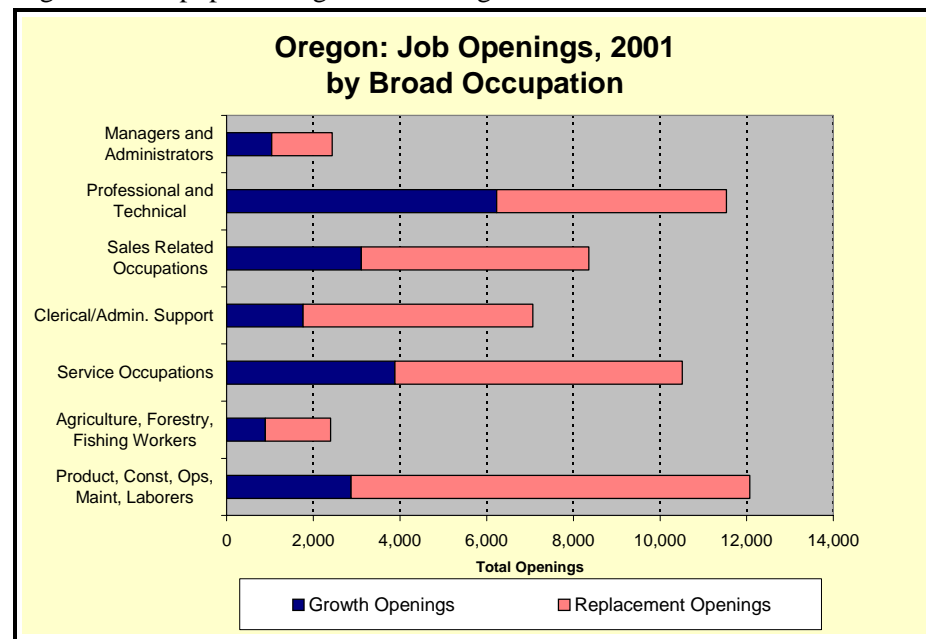
### Employers Seek Work Ethic and Problem-Solving Skills

Oregon employers want workers who have a good work ethic. During periods of economic growth and labor shortage some employers seek workers who simply meet the most basic criteria: how to show up on time, pass a drug test, and be willing to learn. However, given sufficient applicants, employers will choose workers who also demonstrate commitment, enthusiasm, and a good attitude. The 2000 Oregon Employer Survey indicated that a large percentage of Oregon employers had difficulty finding job applicants with a good work ethic and problem-solving skills. Employers also felt many job applicants were lacking interpersonal communication skills and supervisory and leadership skills. Over the coming five years many employers expect to need additional workers with computer software skills.

### Job Growth and Retirement to Drive Continued Population Growth

An excess of births over deaths causes about one-third of Oregon's population growth. In-migration accounts for the other two-thirds of the state's growth. People move to Oregon both to work and to retire. In the

early 1990's, a weak economy in California boosted in-migration to Oregon. Rapid job growth in Oregon's high technology industry helped continue this in-migration during the mid-1990's, even as California recovered. However, Oregon's cost of living rose during the 1990's and job growth waned in the late 1990's. With slower job growth since the late-1990's, Oregon can expect slower in-migration. In the long run, job creation will probably continue to be the most important factor in determining the level of in-migration and population growth in Oregon.



**Graph 7**

Retirees are drawn from one state to another mainly by differences between states in living costs, perceived “quality of life,” and proximity to friends and relatives rather than by job prospects. Rising costs of living in Oregon may

## ENVIRONMENTAL FACTORS

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be contributing to the reduction of net migration to the state. However, as the large "Baby Boom" generation begins to reach traditional retirement age around 2011, Oregon may become a destination for some of these retirees, especially those who perceive Oregon as offering retirees a better quality of life than other alternatives.

### **Slower Increase in Share of Women in Paid Workforce**

In 2000, three-quarters of Oregon's female population between age 16 and 54 were already in the labor force, and half of those age 55 to 64 were in the labor force. While these portions were still smaller than those of the male population (89 percent and 65 percent, respectively), they have risen substantially over the past several decades and have relatively little additional room for growth. During the same period, a larger share of U.S. - and presumably Oregon - family households with children became single-parent households. These two trends increased the demand for paid child care. Although much of the growth in demand for paid child care may already have occurred, the demand is likely to remain high throughout the foreseeable future.

### **In Summary, Oregon Faces Slower Job Growth**

Following a fairly severe manufacturing-led recession in 2001, Oregon's economy should regain its former level of employment and continue to add more jobs, but at a substantially slower pace than in the 1990's. Unemployment rates, which are typically higher than average immediately following a recession, should decline over the coming year or two. But Oregon's rate will probably continue to exceed the national rate due to industry seasonality, restructuring, in-migration, and a variety of other factors. As the economy shifts from recession to recovery and then expansion, more of the unemployed in Oregon should be those entering the labor force rather than those who have recently been laid off. Finally, structural changes that caused major dislocations in rural areas of Oregon should subside and allow a more similar rate of job growth and unemployment across the state.

## NON-ECONOMIC FACTORS

The Oregon Employment Department operates in a unique environment, administering programs within a federal framework that are customized at the state and local levels. While a state agency, the department acts in partnership with and as an agent of the U.S. Department of Labor (USDOL) for many of its programs. This administrative situation requires the department to monitor developments at both the federal and state levels, actively participate in associations, collaborations and committees, nationally and in Oregon, and effectively carry out its mission.

### **FEDERAL GOVERNMENT FACTORS**

**Congressional / United States Department of Labor Budget Process**  
Administrative funding for State Employment Security Agencies, including the Oregon Employment Department, comes largely from federal funds appropriated annually by Congress. These funds are appropriated from a series of dedicated trust fund accounts in the U.S. Treasury that accrue revenues collected from employers by the Internal Revenue Service under authority of the Federal Unemployment Tax Act (FUTA).

Although there is a sizeable surplus of dedicated funds available for administration of State Employment Security Agencies, Congress has underfunded the national Unemployment Insurance (UI) and Employment Service (ES) system since the early 1980's when federal budget deficits began to skyrocket. As part of the federal unified budget, these accumulated surpluses are used as an offset against deficit spending in other parts of the federal budget. As a result, many states, including Oregon, must use state funding to finance administration of these programs.

The Department of Labor (USDOL) oversees unemployment insurance, job training and employment, and workers' compensation programs. USDOL

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collects, analyzes, and publishes labor and economic statistics and is also responsible for the administration and enforcement of laws that protect workers' wages, health and safety and employment, pension and other benefit rights; promote equal employment opportunity; and ensures free collective bargaining.

At the beginning of each federal fiscal year, the Department of Labor provides a "base grant" for UI administration to each state. The base grant concept was developed to have a base grant associated with specified workloads to give each state a level of funding sufficient to maintain its essential infrastructure - offices, equipment, and trained staff.

Above the base grant, the Department of Labor provides "contingency" funding for workloads above those funded by the base grant. Contingency funding is premised on seasonal staff being hired and then let go as workloads go up and down. Currently, states report each quarter the number of claims/workload they processed above the number funded by the base grant and receive contingency monies. However, these funding rates are lower than the base rates, reasoning that states pay for temporary workers at lower rates of pay and benefits. Because of insufficient financing for the base grant and the setting of artificially low base workload levels, this financing scheme has proven inadequate.

As UI operations have become increasingly automated, costs that vary with workload have decreased relative to total costs and fixed costs have become a larger factor. In recent years, states have used their quarterly contingency funding to cover a portion of their fixed infrastructure costs rather than hiring substantial numbers of additional staff.

As one of thirteen appropriations bills passed annually by Congress, the appropriation for State Employment Security Agencies is part of the USDOL's budget that is included together with appropriations for the

Department of Education (DOE) and Department of Health and Human Services (HHS).

In recent years, as bipartisan efforts have been made to balance the federal budget, discretionary spending on domestic priorities has been squeezed very tight. This has put USDOL's budgetary needs, which tend to receive a lower priority, in competition with HHS's and DOE's needs that tend to receive a higher priority.

USDOL's budget has been generally held at the previous year's funding levels or reduced in some areas in order to shift resources to HHS and Education, while still remaining under the funding cap imposed on the appropriations committee. The Labor-HHS-Education bill has typically been the most contentious of the appropriations bills and usually one of the last to be passed. This environment has made it extremely difficult for the Employment Department to project federal funds over a biennium.

### **Child Care Funding**

Another important federal partner is the Department of Health and Human Services (HHS). HHS leads the Administration's child care activities, coordinating federal child care assistance for families through the Child Care Bureau at the Administration for Children and Families. The Child Care Bureau works closely with states, territories and Native American tribes to improve child care delivery and to design programs that meet local needs.

President Clinton's FY 1999 budget proposal included substantial increases over five years for child care through the Child Care Development Fund (CCDF). This historic investment was projected to double the number of children receiving child care subsidies to more than two million by the year 2003 by increasing funding for the CCDF by \$7.5 billion over 5 years.

The CCDF grant is due for reauthorization in FY 2003 and President Bush's administration is not projecting any increases in funding. As a result, the



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2003 – 2005 revenue projection is below the current biennium’s estimate by \$6.7 million.

The Employment Department’s Child Care Division is the state’s recipient of the Child Care and Development Fund, although a substantial portion of these dollars flows through to other state agencies.

### **Administration Proposal for UI/ES Reform**

On February 4, 2002, President Bush announced his budget for fiscal year 2003. A USDOL fact sheet described the unemployment insurance and employment service proposals as follows:

#### Short-term Reform

- Authorize a federally-funded temporary extension of UI benefits for up to 13 weeks in all states.
- Distribute over \$8 billion from federal accounts to state accounts in the unemployment trust fund.

These provisions were enacted on March 12, 2002, by passage of the Temporary Extended Unemployment Compensation Act.

### **Long-term Reform**

#### Extended Benefits

- Lower the insured unemployment rate trigger from 5 to 4 percent.
- Apply state eligibility requirements to extended benefits rather than burdensome federal requirements.
- Continue federal payment of 50 percent of extended benefits.

#### Tax Reform

- Repeal the 0.2 percent federal unemployment surtax beginning in 2003.
- Cut the permanent federal unemployment tax from 0.6 to 0.4 percent in 2005 and to 0.2 percent in 2007.

#### State Flexibility Reform

- Federal discretionary appropriations would continue to cover the costs of unemployment insurance administration and employment services in fiscal years 2003 and 2004.
- In 2005, the federal government would match each dollar of state spending with two dollars of federal funds.
- In 2006, the federal government would match two dollars of state spending with one dollar of federal funds.
- In 2007, states alone would fund unemployment insurance administration and employment services.

#### Transition Assistance

- States would have two years to enact conforming legislation.
- Reed Act distributions would be provided in fiscal years 2004 and 2005 of \$2.5 billion per year. This is in addition to \$9.2 billion in fiscal year 2002.
- Small states would receive supplemental federal funding of about \$900 million over ten years to lessen their need for higher unemployment taxes to cover administration of unemployment insurance and employment services.

Over the past three to four years, additional proposals for UI/ES reforms have come from major stakeholders, including the National Association of State Workforce Agencies (NASWA) and business and labor coalitions. It remains to be seen what combination of these and the Administration’s proposals may energize.

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### **Temporary Extended Unemployment Compensation**

On March 9, 2002, President Bush signed into law the provisions of the Temporary Extended Unemployment Compensation (TEUC) Act of 2002 (H.R. 3090). The bill extended unemployment benefits by 13 weeks in all states and contains a trigger mechanism that allows a further 13-week extension of benefits in states with insured unemployment rates that remain at 4 percent or higher. Under the TEUC Act, the federal government pays 100 percent of unemployment benefits for those receiving TEUC.

When the bill was signed, Oregon was one of two states in an Extended Benefit period. Extended Benefits is a joint federal/state program that provides an additional 13 weeks of benefits above and beyond the regular 26 weeks of benefits, to claimants who have run out of benefits but still have time left on their claim year. The benefits are paid half out of the state UI Trust Fund and half by the federal government. Recipients of Extended Benefits have stricter federal work search requirements than state work search requirements for those receiving regular state UI.

However, the TEUC Act amended the eligibility requirements to allow claimants to meet regular Oregon work search requirements rather than Extended Benefit requirements. Additionally, Oregon UI claimants would become eligible to receive up to 26 weeks of TEUC benefits depending on the money they earned in their base year and on the unemployment rate.

### **Reed Act Distribution**

As a result of the Temporary Extended Unemployment Compensation Act of 2002, Oregon received a \$98,029,105 distribution of Reed Act funds that was deposited in the Unemployment Insurance (UI) Trust Fund on March 15, 2002. This may well be the last Reed Act distribution for the next several years.

The Social Security Act (SSA) limits Reed Act distributions to paying for UI benefits for unemployed individuals; however, the SSA does allow Reed Act

funds, upon State legislative approval, to be used for administration of unemployment compensation law and Employment Services programs. There are no other authorized uses.

As these funds are a highly visible source of revenue, department staff discussed establishing principles to ensure consistent policy for the use of Reed Act funds.

The following are the recommended principles for use of Reed Act funds:

- Use of the funds should be sustainable;
- Use of the funds should reduce future costs;
- The funds should provide for long-term financing of agency programs;
- Use of the funds should be consistent with federal law;
- Use of the funds should not negatively affect the solvency of the trust fund;
- Use of the funds should result in more effective and economical essential services;
- Use of the funds should have high level of support from Business, Labor, and the Governor's office; and
- Use of the funds should be measurable and achievable.

### **Workforce Investment Act**

The Workforce Investment Act (1998) became fully operational on July 1, 2000 and has substantially affected the business activities of the Employment Department. The legislative intent of the Act is to coordinate and improve employment, training, literacy, and vocational rehabilitation programs. It is not intended to consolidate or combine separately funded programs that are best administered by separate agencies.

The Act requires the delivery of core services, as defined by the Act, through a system of one-stop centers or affiliated sites in each state. By co-locating several federal programs, the prime consideration is improved customer service for:

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- Employers seeking job-ready workers.
- Workers seeking jobs which match their skill and experience levels.
- Citizens accessing or receiving needed training and/or specialized education.

Implementation of WIA was a major focus for the department for over two years. Taking a leadership role, the department engaged implementation activities and now considers the Act to be fully implemented. The following are the implementation activities in which the department engaged::

- Participated in an active role on the Oregon Workforce Investment Board (OWIB) and Subcommittees.
- Assisted the Governor's Office of Education and Workforce Policy (OEWP) in the development of the State Unified Plan.
- Provided substantial technical assistance in the development of Local Plans and Memoranda of Understanding.
- Assisted the OEWP in the development of Methods of Administration.
- Transformed field offices into One-Stop Centers or affiliated sites.
- Actively participated on local and regional Workforce Investment Boards (WIBs).
- Worked collaboratively with state and local partners to develop agreements that allow better access to Employment Department information.
- Received designations by the Governor as Oregon's Employment Statistics agency, and as the WIA Performance Accountability and Customer Information Agency (jointly with the Department of Community Colleges and Workforce Development).

### **One-Stop Career Center System / Oregon Career Network**

The Employment Department was, and continues to be, one of the primary partner agencies within Oregon for the development of the One-Stop system.

Agency managers and staff work closely with the fifteen local and regional workforce investment boards in the seven Governor-designated local delivery areas across Oregon to plan for efficient, effective delivery of employment-related services.

All Employment Department field offices throughout the state are part of the regional One-Stop system and designated as either One-Stop centers or affiliated access sites. Because unemployment insurance (UI) services exist in tandem with employment services in Oregon's field offices, UI and claimant reemployment services have naturally been part of the coordinated approach to workforce services provided by the department.

Federal veterans' preference continues to exist for job seekers inside the One-Stop system. The department has made a conscious effort to ensure that cross-trained staff are included in all its affiliated sites. In addition, every One-Stop center provides a full range of department-provided local labor market information. One-Stop staff from all agencies continue to be trained in its use for the benefit of employers and job seekers.

The department must also assure that the One-Stop system delivers employment services for migrant and seasonal farm workers (MSFWs) on a basis that is qualitatively equivalent and quantitatively proportionate to service provided to non-MSFWs. Each One-Stop center must offer to MSFWs the full range of employment services that are provided to non-MSFWs. In addition, the department is required to establish a system to monitor compliance with the federal regulations governing services to MSFWs.

### **Faith-Based and Community-Based Organizations**

In the April 17, 2002 Federal Register, the US Department of Labor Employment and Training Administration announced the availability of funds under three grant competitions to award grants to states, intermediary

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organizations, and small private non-profit organizations. These awards have three objectives:

1. To increase the number of faith-based and community-based organizations serving as committed and active partners in the One-Stop job training delivery system;
2. Expand the access of faith-based and community-based organizations' clients and customers to the services offered by the nation's One-Stop job training delivery system; and
3. To identify, document, showcase and replicate successful instances of faith- and community-based involvement in our system-building.

A total of \$9.9 million has been reserved for states; \$5.0 million for intermediaries and \$500,000 have been reserved for small non-profit or grassroots organizations.

Intermediaries are those non-profit, community, and/or faith-based organizations with connections to grassroots faith- and community-based organizations with the ability to connect those organizations to the nation's workforce system in more than one service area. Under this competition, the intermediary may propose to issue and manage sub-grants to grassroots organizations or propose to build the infrastructure of smaller, grassroots organizations. Intermediaries will also be expected to take advantage of partnership and participation opportunities offered by the Workforce Investment Act.

Small grassroots organizations will be expected to provide authorized services to Workforce Investment Act participants. The Solicitation for Grant Announcement from the USDOL identifies "soft skills" training, GED tutoring of at-risk youth, job loss counseling, and "cultural sensitivity" training, among others, as ways that small grassroots organizations can supplement the services of the local One-Stop delivery system. To date, three Oregon organizations have received grants.

### **Nationwide Employment Statistics System**

The Workforce Investment Act of 1998 significantly amended portions of the Wagner-Peyser Act to provide for a nationwide employment statistics system. The amendments delineate for the first time in statute a national system of employment statistics or labor market information, which is to be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Department of Labor and the states. The amendments require the Secretary of Labor, through the Bureau of Labor Statistics, and in cooperation with the states, to prepare an annual plan to manage the nationwide system.

The governors each designate a single agency in their state to be responsible for the management and oversight of the statewide employment statistics system. State Workforce Investment Boards advise the Governor on the statewide labor market information system. Local workforce investment boards have program oversight functions as well as the responsibility to provide assistance in development of the statewide employment statistics system.

Governor Kitzhaber designated the Employment Department, in November 1998, as the state agency responsible for the management and oversight of the statewide employment statistics system. While the Workforce Investment Act emphasizes for the first time, a strong national and state level labor market information system, adequate funding for this system has not followed this emphasis.

Because Oregon employers have augmented the state's labor market information system, the Employment Department has long been a leader nationally in providing labor market information; Oregon has one of the first provisions in state law making the delivery of labor market information an integral part of the agency's mission. This has allowed the department to provide much-needed information about local areas, for use by employers,

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educators and local policy makers, for economic development, business and workforce planning efforts.

### **School-to-Work**

In conjunction with the federal School-To-Work program, it is the policy of the State of Oregon to encourage agencies to develop, in partnership, models for programs related to school-to-work transitions and work experience internships (ORS 329.885). There is no funding for the staff that supports the agency's school-to-work activities; however, the Employment Department participates in the following school-to-work activities:

- Trains students and educators about Oregon Labor Market Information System (OLMIS) which provides labor market information to students and educators providing powerful career, skill, and occupational demand information critical to career planning.
- Conducts workshops for students to assist in developing skills to increase opportunities for employment.
- Participates in Business-Education partnerships/summits to increase awareness of business and educators in the connection between classroom curriculum and workplace skills.
- Conducts job fairs to connect students, educators, and businesses. The agency made over 4000 outreach contacts with students during the first six months of the year 2000.
- Hires student interns and offers School-to-Work opportunities in Employment offices around the state that exposes students to the world of work.
- Encourages staff to mentor students at local public schools.
- Collects data on agency School-to-Work activities and submits reports to Department of Administrative Services.
- Provides agency representation on state steering team and committees.

### **Welfare-to-Work**

In August 1996, the Personal Responsibility and Work Opportunity Reconciliation Act dramatically reformed the nation's welfare law. The new system established the Temporary Assistance for Needy Families (TANF) program changing the nature and provision of welfare benefits in America. Individuals were given strong financial incentives to leave welfare for work; families were given essential support for child care and health care to facilitate the transition to work; states were given equally strong incentives to help parents prepare for and find jobs; and state and local governments were given more control over welfare than ever before.

In May of 2002, the Bush Administration introduced the "Working Towards Independence" plan. The new policy is aimed to encourage personal responsibility by promoting work, reducing non-marital births, and strengthening and supporting marriage. The Administration's plan makes a \$22 billion per year Federal commitment to cash welfare, work preparation, and child care through the Temporary Assistance for Needy Families and Child care and Development block grants.

The Administration's plan continues the current level of spending for child care, maintains the commitment to providing health insurance to the children of low-income working families, and expands the child support enforcement program so more payments by fathers will be given directly to mothers and children. In addition, the Earned Income Tax Credit will continue to provide income supplements of up to \$4,000 per year to single mothers leaving welfare for work. Finally, the Administration's plan includes an important restoration of nutrition benefits for legal immigrants.

Oregon is nationally recognized as a leader in welfare reform. Welfare caseloads have dropped significantly since 1989 when early programs of welfare reform were implemented through waivers of federal regulations. Through intergovernmental agreements, the Employment Department

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continues to play a key role in federal and state welfare reform efforts by placing welfare clients in jobs that will lead them to greater self-sufficiency.

*(NOTE) While there has been a recent national-state emphasis on “to-work” initiatives and programs, the Unemployment Insurance program has always had a requirement that claimants must be able to work, available to work, and actively seeking work each week to qualify for UI benefits. For this reason, there is a strong tie between Unemployment Insurance and the Wagner-Peyser employment service programs.*

### **Alien Labor Certification**

Prior to bringing foreign workers into the U.S., employers must file a labor certification application with the USDOL. The U.S. Secretary of Labor must make two findings as part of the labor certification:

- Qualified U.S. workers cannot be found at the time of filing the application and in the area of intended employment, who are available, willing, and able to fill the position being offered to the alien.
- Employment of the alien will not adversely affect the wages and working conditions of similarly employed U.S. workers.

The State Employment Security Agencies act as agents of the USDOL for administering the Alien Labor Certification program. The Oregon Employment Department is charged with three primary responsibilities:

- Determine the prevailing wage for the job being offered.
- Determine the availability of U.S. workers who are able, willing, and qualified to perform the job offered to the alien.
- Assist the employer, if no qualified worker is available, in preparing the request for alien labor certification and in following the program procedures.

A typical case takes from six to 24 months to process from initial filing with the Employment Department until final determination by the USDOL. Some cases are extremely complex and require additional evaluation. There are no guarantees on how quickly cases can be processed; the current backlog is about two years.

The President’s 2003 budget proposal would redirect the portion of USDOL’s revenues from the existing H-1B fee that currently supports the H-1B Training Grant to increase funding for Alien Labor Certification. The H-1B Training Grant Program is supposed to train U.S. workers for jobs in which labor shortages have caused employers to hire foreign workers through the H-1B visa program. The President’s proposal to redirect the funds would decrease the current backlog in processing.

### **Agricultural Alien Labor – H2A Program**

The Temporary Agricultural Guestworker Program, commonly called the H2A program, was created in response to yearly shortages of agricultural workers experienced by agricultural employers in the United States. The program allows agricultural employers who are unable to find enough U.S. workers to file a Labor Certification Application.

The Employment Department acts as a vehicle to recruit qualified U.S. workers and as a liaison between the USDOL and agricultural employers to process applications for employing foreign workers on a temporary or seasonal basis. The Employment Department, through the H2A program, oversees the employer’s recruitment process, does active recruitment for U.S. workers both inter- and intra-state, and assures that employment of foreign workers does not adversely affect U.S. workers. During the years 2001 and 2002, there was limited H2A activity in Oregon, mostly within the nursery industry.

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### **Proposed Federal Reporting Guidelines**

The USDOL is implementing new reporting mechanisms for many aspects of the workforce system services authorized by federal guidelines. The new systems will recognize services provided through technological advances, such as the Internet and interactive voice response (IVR) systems, in addition to traditional service delivery modes. As changes to reporting mechanisms are requested by the Department of Labor, the Employment Department may need to modify existing data gathering and reporting procedures.

In early 2000, DOL/ETA asked National Association of State Workforce Agencies (NASWA) to solicit nominations for ten to fifteen representatives on a national workgroup to continue the development of labor exchange performance measures. The Employment Department was invited to participate on the workgroup that subsequently developed five draft performance measures:

- Employer customer satisfaction.
- Job seeker customer satisfaction.
- Entered employment rate.
- Employment rate.
- Employment retention rate.

The ETA's goal is to publish final labor exchange performance measures, change the reporting system, and develop procedures for establishing levels of performance after December 2000. States will then be able to implement the new labor exchange performance measures, adopt the reporting system changes, and establish performance levels for program year 2001.

### **Veteran's Employment and Training Service**

Another Employment Department federal partner is the Veteran's Employment and Training Service within the USDOL. The USDOL provides grant funds to each state's employment service to maintain Disabled Veterans Outreach Program (DVOPs) specialist positions in the state who develop job

and training opportunities for veterans with special emphasis on veterans with service-connected disabilities. The staffing formula and current appropriations level support about 1,500 DVOP specialists nationally and 18 in Oregon. DVOP specialists are employees of the state and are generally located in state employment service offices. About one-quarter are stationed full- or part-time in locations other than employment service offices.

Labor Department grants are also provided for Local Veteran's Employment Representatives (LVERs). LVERs are state employees located in state employment service local offices to provide assistance to veterans. Usually, one full-time LVER is allocated to local employment service offices for each 1,100 or more veterans who registered for assistance in the preceding year. One half-time LVER is allocated to offices at which at least 350 veterans register for help. This formula and the current appropriation level for the program support about 1,340 LVERs employed nationwide and 18 in Oregon.

President Bush's 2003 Budget proposal would transfer \$197 million from the Department of Labor to the Department of Veteran's Affairs (VA) to finance LVERs, DVOPs and Homeless Veterans' Reintegration Program (HVRP). The proposal states that moving veteran employment programs into the VA would eliminate bifurcation, introduce competition in the veterans' employment programs and allow programs will be consolidated into a single competitive grant program via a legislative vehicle. The proposal is not expected to be adopted.

### **Work Opportunity Tax Credits**

The Work Opportunity Tax Credit (WOTC), authorized by the Small Business Job Protection Act of 1996 (Public Law 104-188), provides employers an incentive in the form of tax credits to hire members of targeted groups with barriers to employment. WOTC targeted groups include:

- Temporary Assistance for Needy Families (TANF) recipients
- Food stamp recipients (age 18 –24)

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- Qualified ex-felons
- High-risk youth (age 18-24)
- Vocational Rehabilitation referrals
- Summer-youth (age 16-17)
- Supplemental Security Income (SSI) recipients
- Veterans recent food stamps recipients

The WOTC is one tool in a diverse toolbox of flexible strategies designed to help people move from welfare to work and gain on-the-job experience. It joins other education and job training initiatives and targeted tax credits that help American workers prepare for good jobs, ease the transition from job to job, and create high performance workplaces.

### STATE GOVERNMENT FACTORS

#### **Collaborative Partnerships – State Workforce Legislation**

Since 1991, one of Oregon’s key workforce development strategies has been movement toward increased coordination and integration of workforce services. The Employment Services Labor Market Information (LMI) and Unemployment Insurance programs continue to be important services in this strategy at the state and local levels.

The implementation of the Workforce Investment Act (WIA) provides an opportunity for improved partnerships between stakeholders and state agency partners at the state and local levels. The WIA directs delivery of services in a One-Stop system environment, the development of local five-year strategic plans, strengthening of local workforce investment boards; it promotes the principle of customer choice, uses customer information to improve the system and provides unified planning across Oregon’s workforce system.

While the Workforce Investment Act might have been needed to force partnerships among different entities providing workforce services in many states, this was not true in Oregon. Oregon had already developed a

partnership system. In addition, expectations at the federal level for this service delivery have not been accompanied by adequate funding sources to provide quality services that meet expected customer service requirements. Oregon continues to make these concerns known in federal policy discussions.

In addition to federal workforce legislation, House Bill 2989 (1999) was enacted because “it is the policy of the State of Oregon that implementing an integrated workforce investment system will help workers take responsibility for building a better future for themselves and their families.” The intent of this legislation is to:

- Develop a workforce investment system that is consumer-driven, accountable, and responsive to the needs of employers and job-seekers.
- Build on current work force models and remain in compliance with the federal Workforce Investment Act of 1998.
- Maximize local flexibility consistent with statewide goals and preserve business, labor, and community involvement in state and local governing boards.
- Apply necessary work force resources to carry out the state’s assigned responsibilities and delegate accountability and authority, as allowed under the federal Act, to each governing entity of the work force investment system.
- Develop a strategic plan for work force development under the auspices of the Oregon Workforce Investment Board.

A Governor-appointed board at the state level, the Oregon Workforce Investment Board (OWIB) is comprised of the Governor, representatives from private business and industry, work force agencies, organized labor, legislators, chief elected officials, and private citizens. This highly collaborative Board assists the Governor in the development of the five-year State Unified Plan, which has eight functions:



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- Develop a statewide system of workforce investment provided through a one-stop delivery system. The intended result is an integrated delivery system of separate work force investment programs and activities.
- Comment annually on the performance measurements that the state Board of Education adopts under the Carl D. Perkins Vocational and Applied Technology Act.
- Recommend designations of local work force investment areas.
- Develop allocation formulas for the distribution of funds to local areas for youth activities, adult employment and training activities, and dislocated workers.
- Develop and improve the state performance indicators that will be used to assess the effectiveness of activities delivered by statewide workforce investment programs.
- Prepare an annual report to the Secretary of Labor on the progress of the state in achieving its state performance measures.
- Develop a statewide employment statistics system pursuant to the Wagner-Peyser Act.
- Develop the state's incentive grant application to be submitted to the Secretary of Labor to receive incentive grant funds.

As a key state agency on the OWIB, the Employment Department provides leadership and advice on employment-related issues. The department also actively participates in collaborative partnerships at the local level all across the state, many of which are long-standing and fully developed. As a part of this, the department will continue to collaborate with local communities by committing flexible funds to advance local workforce goals and to use these funds to leverage other public and private dollars.

The flexible fund initiative was included in the 1997-99 biennial budget as a result of a need identified in stakeholder meetings throughout the state for

increased flexibility in the use of state resources. A number of these efforts have, in fact, resulted in creative ideas that have leveraged additional funds.

To demonstrate its continued commitment to collaboration with local communities and to further the shared goals and vision of the workforce development system, the department committed \$500,000 in the 2001-03 biennium to fund local initiatives. The department's Wagner-Peyser "public labor-exchange" activities are at the heart of the one-stop system's core services providing services to both employers and job seekers.

A close and long-standing partnership exists with the Oregon Employers Council (OEC), which has 1200 business members. The OEC chair also sits on the Employment Department's Advisory Council and provides an excellent perspective on employer needs.

### **Performance and Accountability**

In 1989, a comprehensive document called Oregon Shines outlined an ambitious vision of an advanced economy with a world-class workforce by the year 2010. The vision included a system of benchmarks whereby Oregon could measure its progress in attaining goals in several important social and economic areas. The Oregon Shines II report, published in 1997, renewed this vision.

As part of this vision, the 1991 Legislature mandated the creation of the Shared Information System (SIS) to provide cost-effective coordination and accountability of existing employment and training programs. SIS currently provides the statistical information for evaluation and effective planning of statewide workforce programs. Information from SIS is also used by the Workforce Investment Boards (WIBs) established under the Workforce Investment Act.

As a result of Senate Bill 400 (2001), the department developed the Performance Reporting Information System (PRISM). The first version of

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PRISM, which will provide communities in all the workforce regions more localized performance and accountability reporting capabilities, was released in April 2002. Release 1.0 contains information on:

- Placement rate
- Continuous employment
- Wage gain
- Welfare Caseload Reductions
- Welfare Recidivism

As a result of PRISM, the department introduced legislation to sunset SIS on December 31, 2003 and to use PRISM as the ongoing system to measure performance.

### **Need for Child Care**

Expanded participation of parents in the work force and increased recognition of the relationship between family concerns and work force productivity have escalated the need to address child care as a key work force issue. Employers, workers, and other stakeholders continue to tell the Employment Department that availability of quality, safe, and affordable child care is essential to people entering the work force and members of the current work force who are in education and training programs. Welfare reform efforts at the state and federal level have also increased the need for quality child care.

The Child Care Division became part of the Employment Department in 1993 because lawmakers wanted this policy area more visible within the workforce arena. Parents rely on child care services while they work, attend school, or participate in training programs. Child care as a policy focus, developed collaboratively with the Child Care Commission and the state's local community-based organizations, helps Oregon make safe, affordable, and quality child care a key element of the employment services the

department provides. By keeping that focus, employers and job seekers are continually aware of this resource that is available to the workforce.

Fiscal Constraints – The Child Care Division and the local resource and referral system rely on General Fund dollars to support the increased need for child care and the demands on resource and referral programs. While General Fund dollars have been reduced due to competing priorities, there have been additional federal dollars to supplement and increase funding for certain child care priorities.

Due to federal earmarks and restrictions and the potential that federal dollars may not continue to be available, it is important that General Fund dollars not be reduced to a level that would threaten federal funds or compromise further Oregon's child care system. To ensure positive growth of the future work force in Oregon, quality programs, and services that support families, like those offered in the Child Care Division, must be available.

### **House Bill 4021**

During the February 2002 Special Session of the Oregon Legislature, House Bill (HB) 4021 was passed. HB 4021 provided for:

1. A 13-week extension of benefits called "emergency benefits." A person would become eligible for these benefits beginning the 14th week after the last week in which they exhausted their regular benefits. This program would have become effective April 7, 2002; however, a provision in the bill prevented payment of these benefits if the federal government passed a bill that would pay 100 percent of a claimant's benefits. Because the Temporary Extended Unemployment Compensation Act became law on March 9<sup>th</sup>, 2002, this provision was never enacted.

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2. An additional \$20/week in UI checks that would not count against total eligibility. The \$20 payments started March 17, 2002 and lasted until December 28, 2002 as a result of Reed Act funds.
3. An employer UI tax reduction for the third quarter of calendar year 2002 in the amount of .24 percent. An additional .24 percent tax reduction in the fourth quarter was enacted due to the receipt of Reed Act funds received from the federal government.

## CRITERIA FOR 2003-05 BUDGET DEVELOPMENT

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The Employment Department's budget focused on meeting the following criteria:

- Continue services at levels authorized by the legislature.
- Anticipate changes in funding and recommend appropriate alternatives if revenue reductions are projected.
- Improve service delivery within current resources with a focus on technology based solutions.
- Reduce expenditure levels in areas that do not negatively affect service levels.
- Recommend increased expenditures in areas where there is a significant benefit to the department's customers.
- Continue to provide workforce partners with the option of paying for the additional cost of specific/enhanced employment services using the department's existing infrastructure.
- Support Oregon Benchmarks and Governor initiatives.
- Increase public access to information through electronic data interchange.
- Provide staff, customers, and stakeholders opportunities for input into the policy decisions of the department.

## LINKS TO OREGON BENCHMARKS

| Agency Name: <b>Employment Department (ED)</b>                                                                                                                                                                                                                                                                                                                       |                    |                                                                                                                               |       |             | <b>Last Revised: 12/19/02</b> |               |                |                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------|-------|-------------|-------------------------------|---------------|----------------|-------------------------------------|
| Contact Person: David Sutherland                                                                                                                                                                                                                                                                                                                                     |                    |                                                                                                                               |       |             | Phone: 503-947-1251           |               |                |                                     |
| Alternate Contact: Tracy Louden                                                                                                                                                                                                                                                                                                                                      |                    |                                                                                                                               |       |             | Phone: 503-947-1213           |               |                |                                     |
| <p><b>The mission of the Oregon Employment Department is to Support Business and Promote Employment.</b></p> <p><b>Related Oregon Benchmarks (OBMs): OBM 1 Employment Dispersion, OBM 4 Net Job Growth, OBM 12 Annual Payroll, OBM 14 Wages over 150% of Poverty, OBM 15 Unemployment Rate, OBM 47 Child Care Affordability, OBM 48 Child Care Availability.</b></p> |                    |                                                                                                                               |       |             |                               |               |                |                                     |
| Agency Goal                                                                                                                                                                                                                                                                                                                                                          | OBM #<br>HLO #     | Key Performance Measure                                                                                                       | PM #  | PM<br>Since | New<br>or<br>Mod.<br>?        | 2000<br>Value | 2005<br>Target | Lead Division or<br>Unit (Optional) |
| Goal 1: Match Employers with Job Seekers                                                                                                                                                                                                                                                                                                                             | OBM 1,4,12,14 & 15 | ENTERED EMPLOYMENT – % of job seekers who got a job with a new employer after registering with the Employment Department      | 471-1 | 2002        | New                           |               |                | Employment Service Programs         |
| Goal 1                                                                                                                                                                                                                                                                                                                                                               | OBM 1,4,12,14 & 15 | EMPLOYMENT RETENTION – % of Job Seekers who were in employment two quarters after registering with the Employment Department. | 471-2 | 2002        | New                           |               |                | Employment Service Programs         |
| Goal 1                                                                                                                                                                                                                                                                                                                                                               | OBM 1,4,12,14 & 15 | EMPLOYER SATISFACTION – % of employers who rate department services good or excellent on average.                             | 471-3 | 2002        | New                           |               |                | Employment Service Programs         |
| Goal 1                                                                                                                                                                                                                                                                                                                                                               | OBM 1,4,12,14 & 15 | JOB SEEKER SATISFACTION – % of job seekers who rate department services good or excellent on average.                         | 471-4 | 2002        | New                           |               |                | Employment Service Programs         |
| Goal 2: Timely, Fair & Accurate Unemployment Insurance Payments                                                                                                                                                                                                                                                                                                      | Mission            | FIRST PAYMENT TIMELINESS – % of initial unemployment insurance payments made within 21 days of eligibility.                   | 471-5 | 1995        |                               | 94.4%         |                | Unemployment Insurance Programs     |

## LINKS TO OREGON BENCHMARKS

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Related Oregon Benchmarks (OBMs): OBM 1 Employment Dispersion, OBM 4 Net Job Growth, OBM 12 Annual Payroll, OBM 14 Wages over 150% of Poverty, OBM 15 Unemployment Rate, OBM 47 Child Care Affordability, OBM 48 Child Care Availability.

| Agency Goal | OBM #<br>HLO # | Key Performance Measure                                                                                                                              | PM #   | PM<br>Since | New<br>or<br>Mod.<br>? | 2000<br>Value | 2005<br>Targ<br>et | Lead Division or<br>Unit (Optional) |
|-------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|------------------------|---------------|--------------------|-------------------------------------|
| Goal 2      | Mission        | NON-MONETARY SEPARATIONS TIMELINESS – % of claims which are related to job separation that are adjudicated within 21 days of issue detection.        | 471-6  | 1998        |                        | 80.9%         |                    | Unemployment Insurance Programs     |
| Goal 2      | Mission        | NON-MONETARY NON-SEPARATIONS TIMELINESS- % of claims which are unrelated to job separation that are adjudicated within 14 days of issue detection.   | 471-7  | 1998        |                        | 67.0%         |                    | Unemployment Insurance Programs     |
| Goal 2      | Mission        | NON-MONETARY DETERMINATIONS QUALITY – % of cases in which adjudication meets a standard of quality.                                                  | 471-8  | 1998        |                        | 79.4%         |                    | Unemployment Insurance Programs     |
| Goal 2      | Mission        | LOWER AUTHORITY APPEALS TIMELINESS – % of cases requesting a hearing that are heard or are otherwise resolved within 30 days of the date of request. | 471-9  | 1995        |                        | 60.2%         |                    | Unemployment Insurance Hearings     |
| Goal 2      | Mission        | LOWER AUTHORITY APPEALS QUALITY – % of hearings that meet a standard of quality.                                                                     | 471-10 | 1995        |                        | 100%          |                    | Unemployment Insurance Hearings     |
| Goal 2      | Mission        | HIGHER AUTHORITY APPEALS TIMELINESS – % of cases requesting an appeal that receive a decision within 45 days of the date of request.                 | 471-11 | 1995        |                        | 90.8%         |                    | Employment Appeals Board            |

## LINKS TO OREGON BENCHMARKS

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| Agency Goal                         | OBM #<br>HLO # | Key Performance Measure                                                                                                                                           | PM #   | PM<br>Since | New<br>or<br>Mod.<br>? | 2000<br>Value | 2005<br>Targ<br>et | Lead Division or<br>Unit (Optional) |
|-------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|------------------------|---------------|--------------------|-------------------------------------|
| Goal 3: Maintain Solvent Trust Fund | Mission        | TIMELINESS OF EMPLOYER TAX REPORTS – % of employers that submitted tax reports by the due date.                                                                   | 471-12 | 1995        |                        | 88.7%         |                    | Unemployment Insurance Tax          |
| Goal 3                              | Mission        | TIMELINESS OF EMPLOYER TAX PAYMENTS – % of employers that submitted tax payments by the due date.                                                                 | 471-13 | 1995        |                        | 92.2%         |                    | Unemployment Insurance Tax          |
| Goal 4: Safe, Quality Child Care    | Mission        | CHILD CARE HEALTH & SAFETY REVIEWS – % of family child care facilities required to have health & safety onsite reviews that were reviewed by Child Care Division. | 471-14 | 1994        |                        | 100%          |                    | Child Care Division                 |

## LINKS TO OREGON BENCHMARKS

### DATA SOURCES – EMPLOYMENT DEPARTMENT

| Key Performance Measure                 | PM #   | Data Sources                                                                                                                                                                                                                  |
|-----------------------------------------|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Entered Employment                      | 471-1  | US Department of Labor Form ETA 9002                                                                                                                                                                                          |
| Employment Retention                    | 471-2  | US Department of Labor Form ETA 9002                                                                                                                                                                                          |
| Employer Satisfaction                   | 471-3  | US Department of Labor Form ETA 9002                                                                                                                                                                                          |
| Job Seeker Satisfaction                 | 471-4  | US Department of Labor Form ETA 9002                                                                                                                                                                                          |
| First Payment Timeliness                | 471-5  | US Department of Labor Form ETA 9050                                                                                                                                                                                          |
| Non-Monetary Separations Timeliness     | 471-6  | US Department of Labor Form ETA 9052                                                                                                                                                                                          |
| Non-Monetary Non-Separations Timeliness | 471-7  | US Department of Labor Form ETA 9052                                                                                                                                                                                          |
| Non-Monetary Determinations Quality     | 471-8  | US Department of Labor Form ETA 9056. Evaluation results of quarterly samples of nonmonetary determinations selected from those reported on ETA 9052. Evaluation is based on the application of a standard review instrument. |
| Lower Authority Appeals Timeliness      | 471-9  | US Department of Labor Form ETA 9054                                                                                                                                                                                          |
| Lower Authority Appeals Quality         | 471-10 | US Department of Labor Form ETA 9057. Evaluation results of quarterly samples of lower authority benefit appeals hearings. Evaluation is based on the application of a standard review instrument.                            |
| Higher Authority Appeals Timeliness     | 471-11 | US Department of Labor Form ETA 9054                                                                                                                                                                                          |
| Timeliness of Employer Tax Reports      | 471-12 | Oregon Tax Employer Reporting System (OTTER)                                                                                                                                                                                  |
| Timeliness of Employer Tax Payments     | 471-13 | Oregon Tax Employer Reporting System (OTTER)                                                                                                                                                                                  |
| Child Care Health & Safety Reviews      | 471-14 | Child Care Division                                                                                                                                                                                                           |



## LINKS TO OREGON BENCHMARKS

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### Performance Measures Review FINAL

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|                  |                              |
|------------------|------------------------------|
| <b>Agency:</b>   | <b>Employment Department</b> |
| <b>Date:</b>     | December 19, 2002            |
| <b>Reviewer:</b> | Jeff Tryens                  |
| <b>Approved:</b> | George Dunford               |

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Mission: Oregon Employment Department supports business and promotes employment.

#### Summary

The agency's 14 performance measures meet the criteria as outlined in the Performance Measure Guidelines. They align well with four goals, a mission statement and seven Oregon Benchmarks (addressing employment, job growth, payroll, poverty, unemployment and child care). The measures address the scope of agency responsibility and conform to standard concepts and definitions. Targets, due in January, are not yet presented, although year 2000 data points are, which will provide a basis for setting targets that are ambitious but realistic. The data sources sheet indicates that data will be verifiable. Comments and recommendations specific to criteria

#### Comments and recommendations specific to basic criteria

**1. Gauge progress towards goals and pertinent benchmarks - MEETS**

The agency's 14 performance measures align well with four goals, a mission statement. Primary links to seven Oregon Benchmarks (addressing employment, job growth, payroll, poverty, unemployment and child care) are identified.

**2. A few key measures – MEETS**

This large agency appears to have addressed the scope of its responsibilities with a few key measures.

**3. Conforms to standard concepts and definitions - MEETS**

The measures include one output, five efficiency and eight outcome measures. This is a reasonable, results-oriented mix for this agency.

**4. Targets – NOT DUE TILL JANUARY**

Targets have not yet been presented. Year 2000 data points are provided for all measures, providing some basis for setting targets that are ambitious but realistic.

**5. Accurate and reliable data – MEETS**

The data sources sheet indicates that data will be verifiable

## TECHNOLOGY INITIATIVES

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Technology initiatives support the Employment Department's business and its customers. The department plans its technology investments to meet the following goals:

1. Customer access to our services will be increased.
2. Quality of services will be improved.
3. Sustainability of solutions will be achieved.

The following technology initiatives in the 2003-05 biennium are intended to support these goals:

- Increase remote access through improved on-line and telephone claims services.
- Improve the quality of our job referrals by implementing a Skill Based Job Match service.
- Improve customer access by upgrading our touchscreen kiosk services.
- Improve the quality of our Fraud Control activities by upgrading our risk assessment tools.
- Reduce the maintenance cost of microfilm services by implementing an electronic workflow system for tax reporting.
- Improve the quality and timeliness of our claims adjudication by implementing electronic workflow process.
- Improve services to employers through secure On-line Account Access.
- Improve the availability of our services by enhancing our disaster recovery program.
- Improve the quality of licensing services by upgrading our Child Care system.
- Improve the quality of Labor Market Information presentation through on-line Geographical Information Services.

- Improve access to Hearing Officer Panel services through on-line access.
- Improve the sustainability of our technology by developing architecture and process controls.

Identified in the following paragraphs are major technology initiatives estimated to exceed \$500,000 that will advance the Statewide Enterprise Technology Strategy.

### TELEPHONE CLAIMS SERVICES

Oregon's vision for a remote initial claims filing system is a significant component of a long-term Unemployment Insurance (UI) strategy. The department has been actively monitoring the implementation of telephone initial claims by other states and the results of their experience.

In 2000, the department received a Remote Initial Claims (RIC) grant from the U.S. Department of Labor. The grant has allowed the department to move forward with both Internet and Telephone UI initial claim systems. In conjunction with DAS IRMD, two telephone contact centers will be installed during 2002. It is anticipated that lessons learned and benefits received from these two centers will be the basis of a larger implementation during 2003-05.

As customer choice is a key element of the Workforce Investment Act (WIA), by implementing a remote initial claims system the department ensures that UI information will be provided in all one-stop locations. By 2004, any eligible UI recipient will be able to apply for benefits via the Internet or telephone, by mail, or in-person.

Although initial claims is just one component of the WIA system, with the combination of remote options and traditional modes of filing, Oregon plans

## **TECHNOLOGY INITIATIVES**

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to increase customer satisfaction, realize increased savings in both staff time and telecommunications charges, and build toward a model Unemployment Insurance program.

### **UPGRADE OF TOUCHSCREEN KIOSK SERVICES**

The department's popular touchscreen kiosk service for job seekers is based on technology that is no longer manufactured. A project to upgrade the equipment and enhance the service is currently underway. This final product is expected to be close to completion in the summer of 2003.

An additional opportunity for improvement with this project is refinement of the location criteria so devices can be used to close the gap in the "digital divide" for communities that do not have a high percentage of Internet-enabled homes.

## **OTHER CONSIDERATIONS**

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### **BALLOT MEASURE 30**

There are no programs currently administered by the Employment Department that were affected by Ballot Measure 30.

### **INMATE WORK OPPORTUNITIES**

The Employment Department uses inmate services for the following:

- Printing services for many of its forms and publications.
- As a source of office furnishings.

The department regularly conducts a review of other options for service from inmates and will develop additional projects as they become available.

### **DISPUTE RESOLUTION**

Dispute Resolution is a program the department has supported for many years. Specific department staff are trained in the skills necessary to provide these services internally and are available around the state for situations where these types of skills are necessary to the Employment Department. The department uses this internal program before seeking assistance from outside sources.

### **PRODUCTIVITY IMPROVEMENT REVOLVING FUND**

The department has not used the Productivity Improvement Revolving Fund during the past biennium.

# CURRENT SERVICE LEVEL

## Summary of 2003-05 Budget

### Summary of 2003-05 Budget Employment Department

|                                                                      | TOTALS |          |                    | FUND TYPE     |               |                  |                  |                  |         |
|----------------------------------------------------------------------|--------|----------|--------------------|---------------|---------------|------------------|------------------|------------------|---------|
|                                                                      | POS    | FTE      | ALL FUNDS          | General Fund  | Lottery Funds | Other Funds      | Federal Funds    | Nonlimited Other | Federal |
| <b>2001-03 LEGISLATIVELY ADOPTED BUDGET</b>                          | 1,535  | 1,448.65 | 1,690,233,023      | 4,133,755     |               | 96,461,654       | 250,561,603      | 1,339,076,011    |         |
| Emergency Board Actions, Including Special Sessions (through 4/2002) | 5      | 2.92     | 296,836,021        | (501,992)     |               | 578,096          | 11,954,565       | 284,805,352      |         |
| <b>2001-03 Legislatively Approved Budget</b>                         | 1,540  | 1,451.57 | 1,987,069,044      | 3,631,763     |               | 97,039,750       | 262,516,168      | 1,623,881,363    |         |
| <b>Base Budget Adjustments:</b>                                      |        |          |                    |               |               |                  |                  |                  |         |
| Net Cost of 2001-03 Position Actions:                                |        | -        |                    |               |               |                  |                  |                  |         |
| Administrative, Biennialized E-Board, Phase-Out                      | (70)   | (54.45)  | 17,096,224         | 325,538       |               | 5,046,852        | 11,723,834       |                  |         |
| Estimated Cost of 2003-05 Merit Increase                             |        | -        | 2,838,434          | 27,653        |               | 1,028,797        | 1,781,984        |                  |         |
| Base Debt Service Adjustment                                         |        | -        | (210)              |               |               |                  | (210)            |                  |         |
| Base Nonlimited Adjustment                                           |        | -        | (156,418,363)      |               |               |                  |                  | (156,418,363)    |         |
| Capital Construction Adjustment                                      |        | -        |                    |               |               |                  |                  |                  |         |
| <b>Subtotal: 2003-05 Base Budget</b>                                 | 1,470  | 1,397.12 | 1,850,585,129      | 3,984,954     |               | 103,115,399      | 276,021,776      | 1,467,463,000    |         |
| <b>Essential Packages:</b>                                           |        |          |                    |               |               |                  |                  |                  |         |
| <b>Package No. 010</b>                                               |        |          |                    |               |               |                  |                  |                  |         |
| Vacancy Factor (Increase)/Decrease                                   |        |          | 2,850              | 462           |               | (27,735)         | 30,123           |                  |         |
| Non-PICS Personal Service Increase/(Decrease)                        |        |          | 204,011            | 332           |               | 104,147          | 99,532           |                  |         |
| Subtotal                                                             |        |          | <b>206,861</b>     | <b>794</b>    |               | <b>76,412</b>    | <b>129,655</b>   |                  |         |
| <b>Package No. 020</b>                                               |        |          |                    |               |               |                  |                  |                  |         |
| Phased-In Programs Excl. One-Time Costs                              |        | -        | 95,724             |               |               |                  | 95,724           |                  |         |
| Phase-Out Programs and One-Time Costs                                |        | -        | (1,615,763)        |               |               | (956,348)        | (659,415)        |                  |         |
| Subtotal                                                             |        |          | <b>(1,520,039)</b> |               |               | <b>(956,348)</b> | <b>(563,691)</b> |                  |         |
| <b>Package No. 030</b>                                               |        |          |                    |               |               |                  |                  |                  |         |
| Cost of Goods & Services Increase/(Decrease)                         |        |          | 7,115,206          | 39,212        |               | 1,105,150        | 5,970,844        |                  |         |
| State Govt Service Charges Increase/(Decrease)                       |        |          | 606,492            | 7,984         |               | 375,445          | 223,063          |                  |         |
| Subtotal                                                             |        |          | <b>7,721,698</b>   | <b>47,196</b> |               | <b>1,480,595</b> | <b>6,193,907</b> |                  |         |
| <b>Package No. 040</b>                                               |        |          |                    |               |               |                  |                  |                  |         |
| Mandated Caseload Increase/(Decrease)                                | (7)    | (7.00)   | (935,672)          |               |               |                  | (935,672)        |                  |         |
| <b>Package No. 050</b>                                               |        |          |                    |               |               |                  |                  |                  |         |
| Fund Shifts                                                          |        | -        | (6,816)            |               |               | 7,812,589        | (7,819,405)      |                  |         |
| <b>Package No. 060</b>                                               |        |          |                    |               |               |                  |                  |                  |         |
| Technical Adjustments                                                |        | -        |                    |               |               |                  |                  |                  |         |
| <b>Subtotal: 2003-05 Current Service Level</b>                       | 1,463  | 1,390.12 | 1,856,051,161      | 4,032,944     |               | 111,528,647      | 273,026,570      | 1,467,463,000    |         |

# CURRENT SERVICE LEVEL

## Summary of 2003-05 Budget, Con't.

|                                                         | TOTALS |          |               | FUND TYPE    |               |             |               |               |         |
|---------------------------------------------------------|--------|----------|---------------|--------------|---------------|-------------|---------------|---------------|---------|
|                                                         | POS    | FTE      | ALL FUNDS     | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited    |         |
|                                                         |        |          |               |              |               |             |               | Other         | Federal |
| <b>2001-03 LEGISLATIVELY ADOPTED BUDGET</b>             | 1,535  | 1,448.65 | 1,690,233,023 | 4,133,755    |               | 96,461,654  | 250,561,603   | 1,339,076,011 |         |
| <b>2003-05 Current Service Level - Page 1 Subtotal</b>  | 1,463  | 1,390.12 | 1,856,051,161 | 4,032,944    |               | 111,528,647 | 273,026,570   | 1,467,463,000 |         |
| <b>Package No. 070</b>                                  |        |          |               |              |               |             |               |               |         |
| Revenue Reductions                                      | (17)   | (17.00)  | (16,000,594)  |              |               | (3,063,094) | (12,937,500)  |               |         |
| <b>Subtotal: 2003-05 Modified Current Service Level</b> | 1,446  | 1,373.12 | 1,840,050,567 | 4,032,944    |               | 108,465,553 | 260,089,070   | 1,467,463,000 |         |
| <b>Emergency Board Packages:</b>                        |        |          |               |              |               |             |               |               |         |
| <b>Package No. 080</b>                                  |        | -        | (6,816)       |              |               | (6,816)     |               |               |         |
| <b>Subtotal Emergency Board Packages</b>                |        |          | (6,816)       |              |               | (6,816)     |               |               |         |
| <b>Policy Packages:</b>                                 |        |          |               |              |               |             |               |               |         |
| 201 -- Telephone Initial Claims                         |        | -        | 4,000,000     |              |               | 4,000,000   |               |               |         |
| 202 -- Fraud Control Fund                               | 3      | 3.00     | 398,629       |              |               | 398,629     |               |               |         |
| 203 -- Employment Contracted Services                   | 26     | 26.00    | 3,414,066     |              |               | 3,414,066   |               |               |         |
| 081--2002 3rd Special Session                           |        | -        | (38,737)      |              |               | (6,921)     | (31,816)      |               |         |
| 090--Program Reduction                                  | (2)    | (2.00)   | (417,137)     |              |               | (417,137)   |               |               |         |
| 092--Additional Program Reduction                       |        | -        | (404,968)     | (404,968)    |               |             |               |               |         |
| <b>Subtotal Policy Packages</b>                         | 27     | 27.00    | 6,951,853     | (404,968)    |               | 7,388,637   | (31,816)      |               |         |
| Non-limited Adjustment                                  |        | -        | 371,205,224   |              |               |             |               | 371,205,224   |         |
| Pkg 001 -- Personal Services Adjustment                 | (4)    | (1.95)   | (3,634,828)   | (77,280)     |               | (1,364,619) | (2,192,929)   |               |         |
| Pkg 002 --Services & Supplies Adjustment                |        | -        | (4,155,323)   | (16,671)     |               | (3,547,851) | (590,801)     |               |         |
| 040--Restore Mandated Case Load                         | 7      | 7.00     | 935,672       |              |               |             | 935,672       |               |         |
| 094-HB5077 adjustments                                  |        | -        | (6,518,896)   | (107,844)    |               | (2,755,957) | (3,655,095)   |               |         |
| 202--Fraud Control Adjustment                           |        | -        | (3,606)       |              |               | (3,606)     |               |               |         |
| <b>Subtotal Reductions from GBB</b>                     | 3      | 5.05     | 357,828,243   | (201,795)    |               | (7,672,033) | (5,503,153)   | 371,205,224   |         |
| <b>Total: 2003-05 Budget</b>                            | 1,476  | 1,405.17 | 2,204,823,847 | 3,426,181    |               | 108,175,341 | 254,554,101   | 1,838,668,224 |         |

|                                                    |       |       |       |        |         |       |       |       |         |
|----------------------------------------------------|-------|-------|-------|--------|---------|-------|-------|-------|---------|
| Percent Change From 2001-03 Leg. Approved          | -4.2% | -3.2% | 11.0% | -5.7%  | #DIV/0! | 11.5% | -3.0% | 13.2% | #DIV/0! |
| Percent Change From Current Service Level          | 0.9%  | 1.1%  | 18.8% | -15.0% | #DIV/0! | -3.0% | -6.8% | 25.3% | #DIV/0! |
| Percent Change From Modified Current Service Level | 2.1%  | 2.3%  | 19.8% | -15.0% | #DIV/0! | -0.3% | -2.1% | 25.3% | #DIV/0! |

## REDUCTION OPTIONS

| ACTIVITY OR PROGRAM                         | DESCRIBE REDUCTION                                                                                                                                                                                                                                                                                                                                                                                                                                                       | FUND & AMOUNT             | RANK & JUSTIFICATION                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JOBS Plus                                   | The JOBS Plus program is a claimant reemployment strategy that partners the department and employers in a collaborative effort to assist recipients of unemployment insurance in their return to work. Through the JOBS Plus program, employers are reimbursed \$5 an hour for wages paid for up to 13 weeks as they provide on-the-job training for participants. This reduction would eliminate the program and 24 FTE in 2003-05.                                     | \$12,500,000 OTHER FUNDS  | 1. Although this program provides an important service in the department's efforts to assist recipients of unemployment insurance in their return to work, it serves a relatively small number of claimants and is less cost effective than the agency's other claimant reemployment programs.                                                          |
| Veterans Workforce Investment Grant         | This grant made it possible for the department to provide a range of services for veterans including: assessing their job skills, career counseling, current labor market information, classroom or on-the-job training, skills upgrading or retraining, and job placement assistance. This reduction would eliminate the program and 3 FTE in 2003-05.                                                                                                                  | \$1,000,000 FEDERAL FUNDS | 2. Providing access to jobs and training services to veterans is an important and mandatory component of the department's employment service program. To the extent possible, similar services will be provided by our other veteran representatives and employment services staff.                                                                     |
| Groundfish Disaster Outreach Program (GDOP) | Congress appropriated emergency funding in response to the disaster in the West Coast groundfish fishing industry. The Employment Department manages and distributes the transitional income from the GDOP grant to eligible fishers and their families as the recipient completes the components of their reemployment plan. The department would request that another workforce partner be identified as the fiscal agent to allow the program to continue in 2003-05. | \$3,400,000 FEDERAL FUNDS | 3. The Employment Department was selected to be the fiscal agent in this grant because of its ability to quickly get the program up and going and payments made to eligible participants. The program is now established and another workforce partner (at the state or local level) could assume the role of fiscal agent without harming the program. |
| Hearing Officer Panel                       | The Hearing Panel would reduce up to 21 FTE which would result in a substantial delay in the hearing process. Agencies may reduce the number of referrals to the Panel as a result.                                                                                                                                                                                                                                                                                      | \$2,200,000 OTHER FUNDS   | 4. Services are continued, but the timeliness of those services is significantly affected.                                                                                                                                                                                                                                                              |

## REDUCTION OPTIONS

| ACTIVITY OR PROGRAM                                             | DESCRIBE REDUCTION                                                                                                                                                                                                                                                                                                         | FUND & AMOUNT                | RANK & JUSTIFICATION                                                                                                                                                          |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Support to local Commissions on Children and Families           | County Commissions will have fewer dollars available to build local child care infrastructure.                                                                                                                                                                                                                             | \$2,000,000<br>FEDERAL FUNDS | 5. Support for Oregon's child care local child care infrastructure will be reduced before reductions in programs that assure the health and safety of children in child care. |
| Support to Department of Education for campus based child care. | Child Care Division staff funded with Other Funds to perform Criminal History checks on child care providers will be switched to federal funds. Federal funds to the Department of Education will be reduced by the equivalent amount, resulting in fewer dollars available to support campus based child care.            | \$70,872<br>OTHER FUNDS      | 6. Support for Oregon's child care local child care infrastructure will be reduced before reductions in programs that assure the health and safety of children in child care. |
| Unemployment Insurance Tax Collections                          | Activities to ensure the integrity of the Unemployment Insurance Trust Fund will be curtailed by reducing staff responsible for UI Tax collections from 14 FTE to two. Active collections of delinquent accounts would be eliminated, as would the pursuit of collection actions related to bankruptcies and garnishments. | \$1,500,000<br>FEDERAL FUNDS | 7. Oregon employers will be relied upon to make voluntary payment of the quarterly tax payments.                                                                              |
| Child Care Resource and Referral agencies                       | Payments will be reduced to the state Child Care Resource and Referral Network. Information and referral services to parents and child care providers will be reduced statewide.                                                                                                                                           | \$404,968<br>GENERAL FUND    | 8. Support for Oregon's local child care infrastructure will be reduced before reductions in programs that assure the health and safety of children in child care.            |



## REDUCTION OPTIONS

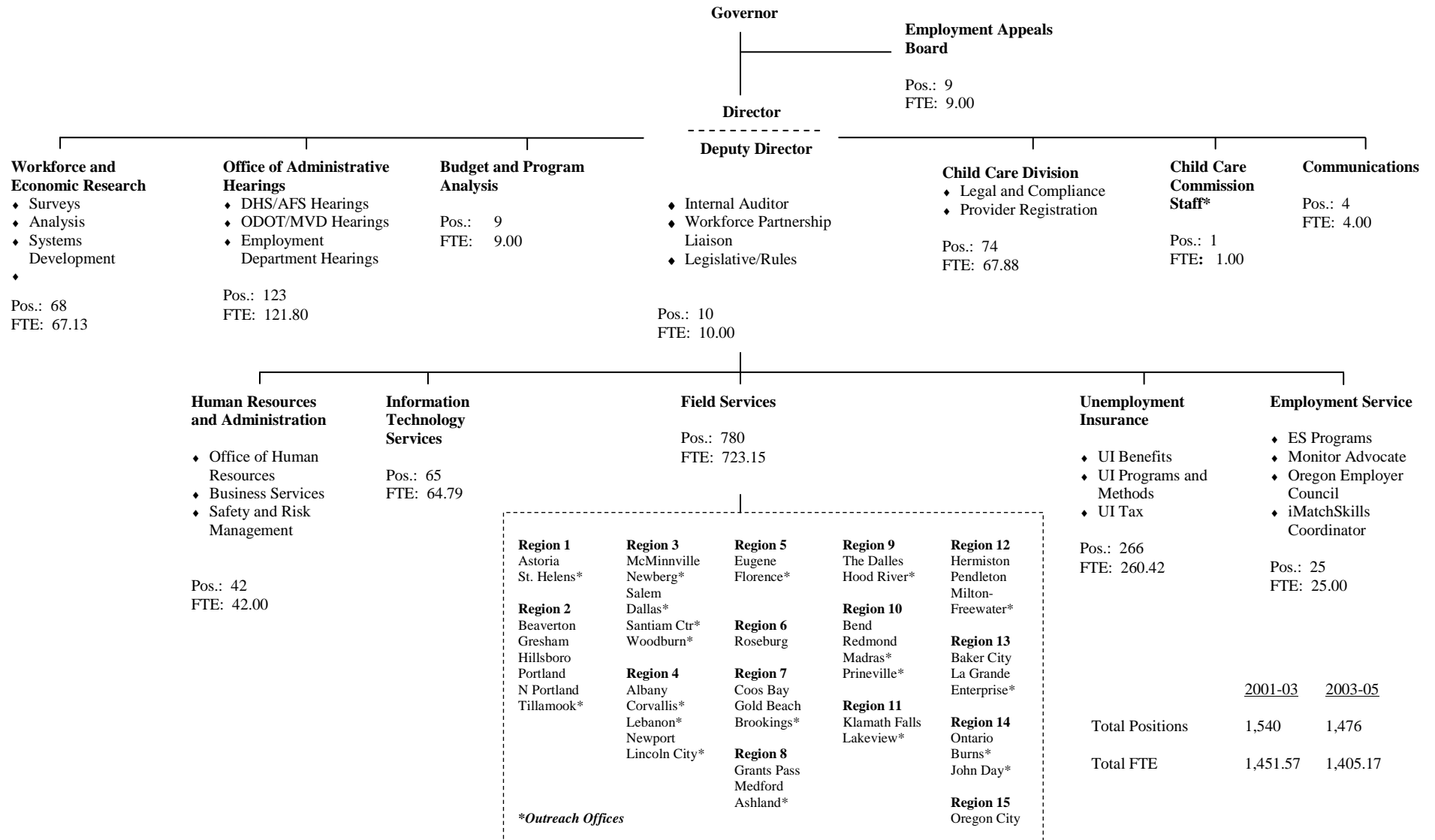
| ACTIVITY OR PROGRAM                        | DESCRIBE REDUCTION                                                                                                                                                                                                                                                                                                                                                                                                    | FUND & AMOUNT                                                                | RANK & JUSTIFICATION                                                                                                                                                                                                                                                                                    |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Unemployment Insurance Tax Employer Audits | Activities to ensure the integrity of the Unemployment Insurance Trust Fund will be further curtailed through the reduction of staff responsible for auditing employer accounts from 53 to 30.                                                                                                                                                                                                                        | \$2,785,272<br>FEDERAL FUNDS                                                 | 9. Oregon employers will be relied upon to accurately report taxable wages as well as voluntarily comply with UI Tax law and rule. Focus will be shifted to only the setting up of new employer accounts and correcting "blocked UI claims".                                                            |
| UI Benefit Integrity Programs              | Activities to ensure unemployment insurance benefit claimants are accurately reporting their eligibility status and work and earnings correctly will be reduced. The number of benefit claims audited will be reduced, benefit overpayments resulting from errors by the Department or reversal of a decision to allow benefits will not be set up. Staff responsible for these activities will be reduced by 14 FTE. | \$1,700,000<br>FEDERAL FUNDS                                                 | 10. In a budget reduction scenario, our focus must remain on paying benefits to ensure the economic health of Oregon communities. Reductions in integrity activities allow the Department to maintain current service levels in unemployment insurance eligibility determinations and benefit payments. |
| Employment Related Day Care                | Special payments to DHS in support of ERDC are the largest single item in the division's budget. DHS will have fewer dollars to provide child care assistance to families leaving TANF.                                                                                                                                                                                                                               | \$4,800,000<br>FEDERAL FUNDS                                                 | 11. The impact is transferred to the Employment Related Day Care provided by Department of Human Services because the Child Care Division's primary responsibility in statute is assuring the health and safety of children in child care. Another \$4.9 million is reduced in item 15.                 |
| Unemployment Insurance Tax Employer Audits | Activities to ensure the integrity of the Unemployment Insurance Trust Fund will be further curtailed through the reduction of staff responsible for auditing employer accounts. Staff will be reduced to eight auditors statewide from the 30 above. These reductions would be backfilled with Reed Act dollars to retain the integrity of the Unemployment Insurance Trust Fund.                                    | \$2,714,728<br>FEDERAL FUNDS<br><br>(\$2,714,728)<br>ADD BACK<br>OTHER FUNDS | 12. Oregon employers will be relied upon to accurately report taxable wages as well as voluntarily comply with UI Tax law and rule. Focus will be shifted to only the setting up of new employer accounts and correcting "blocked UI claims".                                                           |

## REDUCTION OPTIONS

| ACTIVITY OR PROGRAM           | DESCRIBE REDUCTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | FUND & AMOUNT                                                                | RANK & JUSTIFICATION                                                                                                                                                                                                                                                                                           |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UI Benefit Integrity Programs | Activities to ensure unemployment insurance benefit claimants are accurately reporting their eligibility status and work and earnings correctly will be further reduced. The number of benefit claims audited will be reduced, benefit overpayments resulting from errors by the Department or reversal of a decision to allow benefits will not be set up. Staff responsible for these activities will be reduced by an additional 10 FTE. These reductions would be backfilled with Reed Act dollars to retain the integrity of the Unemployment Insurance Benefit programs. | \$1,208,907<br>FEDERAL FUNDS<br><br>(\$1,208,907) ADD<br>BACK OTHER<br>FUNDS | 13. In a budget reduction scenario, our focus must remain on paying benefits to ensure the economic health of Oregon communities. Further reductions in integrity activities allows the Department to maintain current service levels in unemployment insurance eligibility determinations and benefit payment |
| Employment Related Day Care   | Special payments to DHS in support of ERDC are the largest single item in the division's budget. DHS will have fewer dollars to provide child care assistance to families leaving TANF.                                                                                                                                                                                                                                                                                                                                                                                        | \$4,900,000<br>FEDERAL FUNDS                                                 | 14. The impact of an additional \$4.9 million above the \$4.8 million in item 11 is transferred to the Employment Related Day Care provided by Department of Human Services because the Child Care Division's primary responsibility in statute is assuring the health and safety of children in child care.   |

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# ORGANIZATIONAL CHART



\*The members of the Child Care Commission are appointed by the Governor and the Legislature.

# REVENUE NARRATIVE

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## REVENUE FORECAST

The Employment Department's operating revenues are Federal Funds from the Department of Labor and the Department of Health and Human Services. Other Funds consist primarily of interest on collected payroll taxes that are diverted prior to being put into the Unemployment Compensation Trust Fund, penalties and interest for delinquent payments, fees, and licenses. These revenues include:

### Federal Funds

- Federal Unemployment Tax Act (FUTA) – Employer payroll tax collected by the Internal Revenue Service, appropriated annually by Congress, allocated to the states by the Department of Labor for administration, subject to sequestration. Federal revenue for the Unemployment Insurance program estimate is based on the federal unemployment insurance cost model and economic data provided by the Department of Administrative Services in its econometric model. This funding is driven by economic conditions causing workload fluctuations that require the department to manage the program with staffing levels that change with the workload.

Wagner Peyser Act funds have remained fairly constant (without inflationary increases) and provide employment services to employers and job seekers. Due to the lack of inflationary increases in federal funds that would cover increasing costs, the department relies heavily on other funds provided by Oregon employers (see SEDAF below).

- Child Care and Development Fund – Federal Funds allocated to the State of Oregon by the U.S. Department of Health and Human Services are administered by the Child Care Division. Funds flow through interagency agreements with Department of Human Services/Children

and Families, Commission on Children and Families, Portland State University, the Department of Education, and community-based organizations. Funds are used to provide direct assistance to very low income working and student parents, teen parents completing a high school education, migrant workers and parents receiving substance abuse treatment, development of child care information, referral programs, school-age child care, and provider training. Revenue projections are based on current levels of federal appropriation.

The Child Care Development Fund (CCDF) is comprised of three funding streams: mandatory, matching, and discretionary. There are strict requirements for mandatory funds.

- Not less than 70 percent of mandatory and matching funds must be used to meet the needs of families who are on, or at risk of becoming eligible for, public assistance.
- Not less than four percent of the funds must be spent on quality activities such as consumer education, resource and referral, parental choice, grants to providers, licensing and regulation, training and technical assistance, provider compensation and benefits, and other activities consistent with regulations.
- Not more than five percent shall be used for program administration.

CCDF match funds are allocated above the State Maintenance of Effort (MOE) level at the medical assistance percentage (FMAP). Match funds are distributed according to the proportion of children under age 13. These funds are available provided the State obligates all the Mandatory funds and expends state funds in an amount equaling the MOE threshold for child care activities. Federal Match funds must be obligated in the year received.

## REVENUE NARRATIVE

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Discretionary funds make up the balance of the allocation. CCDF regulations require that “a substantial portion” of discretionary funds be used for child care services for low income families, including targeted populations and families receiving Employment Related Day Care (ERDC).

### Other Funds

- Supplemental Employment Department Administrative Fund (SEDAF) – Collected payroll taxes were diverted prior to being sent to the U.S. Treasury, and placed in the Benefit Reserve Trust Fund during 1993-95 (\$234 million). The fund’s principle is available to pay UI benefits, but the interest on this fund is available to pay administrative expenses for which federal funding has been reduced, eliminated, or otherwise is not available. These funds are not used to support activities of the Child Care Division or the Hearing Panel.

SEDAF is the result of the 1991 Legislature's financing/investment plan that created the Benefit Reserve Trust Fund. During the three years, ending March, 1995, quarterly payroll taxes to provide unemployment benefits were reduced by a small percentage, while an offsetting payroll tax of the same percentage was collected to generate the Benefit Reserve Trust Fund. Employers paid the same amount in total payroll tax dollars in the affected quarters as would normally be paid. The Fund is being invested by the State Treasurer and the interest income earned is being accumulated in the SEDAF, to be used only as administrative funds for the Employment Department.

- Penalty and Interest (P&I) – Interest earnings and penalties on delinquent payment of employer taxes. The revenue projection is based on current and historical levels of collection. These funds are used to pay for expenses for which Federal Funds are not available or as determined by the Director of the department.

- Fraud Control Fund – Interest earnings on delinquent repayment of Unemployment Insurance Benefit overpayments. The revenue projection is based on current and historical levels of collection. These funds are to be used for administrative costs associated with the prevention, discovery, and collection of unemployment benefit overpayments.
- Contracted Funds – The Employment Department receives funds from contracts (e.g., to provide placement services to Workforce Investment Act Title 1B, Vocational Rehabilitation, and Department of Human Services/Children and Families clients). The department also receives funds to hold hearings for other agencies within state government.
- The JOBS Plus Unemployment Wage Fund – HB 3441 of the 2001 Legislature created a surtax to provide funding for the JOBS Plus Unemployment Wage Fund. The diversion was estimated to provide \$25 million to fund the JOBS Plus program for 4 years.
- Employer Unemployment Taxes – State payroll taxes collected by the Employment Department, held by the U.S. Treasury, are continuously appropriated by Congress for payment of benefits subject to federal benefit standards. Estimates for unemployment insurance tax collections for the 2003-05 biennium are based on actuarial projections.

After the tough recessionary times of the 1970's, the Oregon Legislature increased the solvency requirements of Oregon's fund so that it could remain healthy during poor economic times. Oregon law uses a formula-based system for establishing the tax rates for Oregon employers. Oregon uses eight different tax schedules with the higher numbered schedules having the higher yields. The determination as to which schedule to use is done annually and is based on an analysis of the Trust Fund balance. The taxing system is designed to operate in a counter-cyclical manner, collecting taxes prior to a recession so that taxes do not have to be raised during a recession.

## REVENUE NARRATIVE

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- Other Revenue – The department receives interest on the Unemployment Insurance Trust Fund which is held by the U.S. Treasury. This interest is reinvested in the Trust Fund and used to pay benefits to claimants.
- Reed Act Funds – Title IX of the Social Security Act (SSA) provides for the transfer to states, under certain conditions, of the excess funds in the Federal Employment Security Administration Account (ESAA). The funds in the ESAA are derived from the Federal Unemployment Tax that employers pay to the federal government. The SSA limits Reed Act distributions to pay for Unemployment Insurance benefits. However, a state may use these funds for administration of its unemployment compensation law and Employment Service programs, subject to very specific appropriations by the state legislature. There are no other authorized uses.
- Child Care Fees – The department collects filing fees from child care providers at initial application and at the time of renewal of certificates for child care centers, group homes, and family home care registration. The division is also authorized to fine child care providers \$100 per occurrence for violation of rules. Fees for initial application, renewal, and criminal record checks, and fines offset a portion of the cost of operating this program.

### General Fund

- State General Fund – Provides support of child care regulation and the Commission for Child Care and partial support to the Child Care Resource and Referral agencies based in Oregon communities.

### DETAIL OF FEE, LICENSE OR ASSESSMENT REVENUE INCREASE

The Employment Department is not proposing any increase in Fee, License, or Assessments for the 2003-05 biennium.

# REVENUE NARRATIVE

## Detail of Other Funds and Federal Funds Revenue *Department Totals*

| Source                                                            | Fund    | 1999-01<br>Actual    | 2001-03                   |                      | 2003-05              |                           |                          |
|-------------------------------------------------------------------|---------|----------------------|---------------------------|----------------------|----------------------|---------------------------|--------------------------|
|                                                                   |         |                      | Legislatively<br>Approved | Estimated            | Agency<br>Request    | Governor's<br>Recommended | Legislatively<br>Adopted |
| Federal Government                                                | Federal | 212,390,348          | 266,411,987               | 262,501,541          | 260,089,066          | 260,057,250               | 254,554,101              |
| Penalty & Interest                                                | Other   | 11,445,110           | 8,392,536                 | 8,622,033            | 8,966,914            | 8,966,914                 | 8,966,914                |
| Supplemental Employment Department<br>Administrative Fund (SEDAF) | Other   | 33,694,095           | 35,316,895                | 24,805,783           | 27,981,594           | 27,981,594                | 27,981,594               |
| JOBS Plus Fund                                                    | Other   | -                    | 19,473,694                | 19,473,694           | 6,039,305            | 6,039,305                 | 6,039,305                |
| Contracted Services                                               | Other   | 20,864,547           | 29,594,326                | 26,817,256           | 30,221,806           | 30,221,806                | 25,575,933               |
| Reed Act                                                          | Other   | 3,564,684            | 1,766,657                 | 99,795,762           | -                    | -                         | -                        |
| Child Care Licensing Fees                                         | Other   | 694,278              | 695,751                   | 695,751              | 695,751              | 695,751                   | 695,751                  |
| Other Revenue                                                     | Other   | 189,599,326          | 202,520,029               | 227,458,835          | 314,643,586          | 314,643,586               | 314,643,586              |
| Sale of Cert of Participation                                     | Other   | 1,755,000            | -                         | -                    | -                    | -                         | -                        |
| Fraud Control Fund                                                | Other   | 1,651,549            | 1,280,600                 | 1,979,098            | 1,934,191            | 1,934,191                 | 1,934,191                |
| Employer Taxes                                                    | Other   | 1,050,751,148        | 1,241,161,380             | 1,203,122,500        | 1,445,587,605        | 1,445,587,605             | 1,445,587,605            |
| Federal Benefits                                                  | Other   | 40,976,777           | 35,104,876                | 35,104,876           | 51,000,000           | 51,000,000                | 59,000,000               |
| <b>TOTAL</b>                                                      |         | <b>1,567,386,862</b> | <b>1,841,718,731</b>      | <b>1,910,377,129</b> | <b>2,147,159,818</b> | <b>2,147,128,002</b>      | <b>2,144,978,980</b>     |

**REVENUE NARRATIVE**

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ABIS Revenues and Disbursements summary – To be inserted.



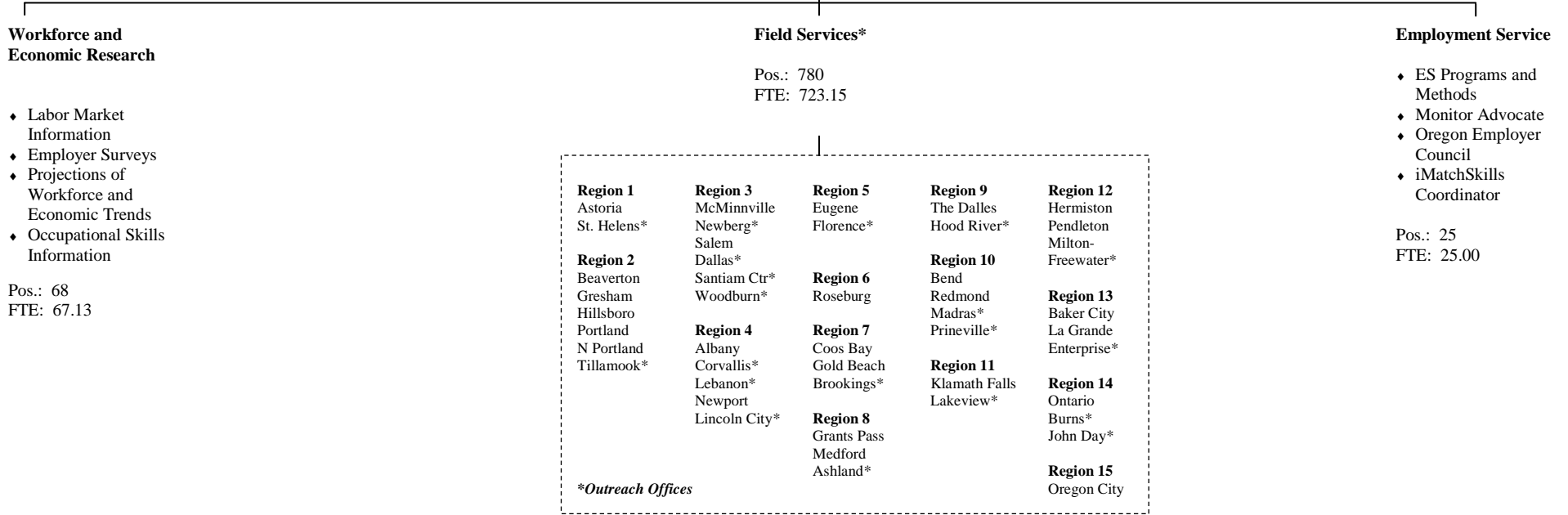
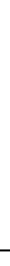
# PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE

Governor



Director

Deputy Director



\*Field Services shows FTE delivering both ES and UI programs.

## **PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE**

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The Employment Department's Employment Services Division and Workforce and Economic Research are distinguished by two primary program emphases:

- Serve businesses by recruiting and referring the best qualified applicants to jobs, and provide resources to diverse job seekers in support of their employment needs.
- Develop and distribute quality workforce and economic information to promote informed decision making.

### **EMPLOYMENT SERVICES DIVISION**

#### **MISSION**

Provide a no-fee labor exchange under the Wagner-Peyser Act and related state or federal legislation and provide career information, job-search, referral, and placement services for job seekers and unemployment insurance recipients.

The department's ongoing daily activities in providing job match and information services to employers and individuals have the following goals:

- The Employment Department will have a larger and more diverse information base for customers to learn about available jobs, self-employment opportunities, training, and skills upgrade programs and other related activities.
- Employers will place more job orders in the job information network and will have access to better information relating to hiring and employment needs through the department's field offices and research staff.

- Employers will be more knowledgeable about agency services and will have more ways in which to use those services, including electronic access and use of interstate recruitment systems.
- Customer satisfaction surveys will show that employers are more satisfied with Employment Department services and systems.
- Department staff will have better resources for matching applicants to jobs, more access to job opportunities, and better tools to provide assessment and vocational guidance activities.

These strategic goals will be carried out through the following focus areas:

- Expand the Job Information Network
- Focus on Employer Services and Outreach
- Provide Recruitment Services
- Provide Technical Employment Assistance
- Continue and Expand Collaborative Partnerships
- Promote and Implement the Skills-based Matching System (iMatch Skills)
- Continue Claimant Reemployment Services

#### **PROGRAM BACKGROUND**

The Employment Department employs a statewide network of 47 field offices and one-stop partnerships to provide a no-fee job listing/referral service for Oregon employers and a no-fee job referral/placement service for Oregon job seekers. This system represents the largest pool of job openings and job seekers available in Oregon.

Job and career centers in field offices provide full-service reemployment assistance, including resume writing assistance, books, videotapes, labor

## PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE

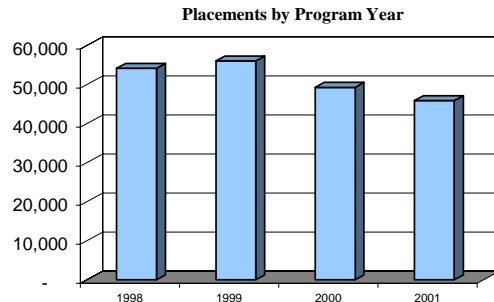
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market information, materials about careers, occupations, and job finding techniques in both English and Spanish. Through focused activities, job-finding information and job referrals are provided to unemployment insurance recipients.

Extensive services are provided to workers who have received notice of permanent layoff or impending layoff, or workers in occupations experiencing limited demand due to technological change, impact of imports, or plant closures. Skill assessment and identification of transferable skill opportunities assist dislocated workers as they decide on future training and employment options.

Partnerships with other workforce agencies and related entities in local communities, often within a “one-stop” environment, ensure coordinated and complete services.

Pursuant to intergovernmental agreements, specialized placement activities are provided for targeted job applicants which include migrant and seasonal farm workers, veterans, Job Opportunities and Basic Skills (JOBS) and also Oregon Food Stamp Employment Transition (OFSET) program participants, corrections clients, vocational rehabilitation customers, and disadvantaged workers.



### Focus on Employer Services and Outreach

Employers are the department’s primary customers. Recognizing that employers are the corner stone upon which the labor market is constructed, the department continues its efforts to (1) improve ongoing services to employers,

and (2) provide information to employers about available services through marketing and promotional efforts. Highlights of these efforts include:

- Continual improvement of the job-matching system allows different levels of service on job orders. The current system gives employers various options. For skilled openings, the employer often wants extensive screening. But, on jobs that do not require high skill levels, employers may choose to have applicants self-screen and self-refer. The department offers employers options on how they want their job openings listed and serviced.
- User friendly systems, via computer and the Internet, enable employers to more easily access applicant and other workforce information.
- Development of a skills-based job match system is scheduled to be released as a statewide Internet product early in 2003.
- Continued emphasis is placed on Employment Department employees to work closely with state and local economic development entities. This close working relationship provides quality information to employers considering relocation to Oregon and assists them with recruitment of a skilled workforce.
- Information and assistance is provided to employers interested in policy development to assist employees with child care needs.
- Training of field staff is increased to improve the quality of job order writing, job screening, and referral techniques.

## **PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE**

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### **Expand the Job Information Network**

The department's computerized job bank is the largest, most accessible and most comprehensive listing of job opportunities in the state. There are a number of initiatives underway to expand access to jobs including:

Internet Job Access – Job seekers who are unemployed, underemployed, or otherwise seeking career changes can access job openings through the Employment Department's home page on the Internet. This option makes the department's information available to all Oregonians regardless of their ability to come to department offices during normal working hours. During the period May 2000 through May 2002, public use of this Internet-based system grew from 5,037,203 to 10,979,048 accesses per month.

Agency Kiosks – In many locations, visiting a neighborhood grocery store, shopping mall, one-stop center, or government office, customers can use one of 154 touch-screen kiosks to find out about jobs, general labor market information, employment services, and job training programs such as the JOBS Plus program. In addition, all kiosks are accessible for people with disabilities and provide information on child care opportunities.

Marketing to Expand Opportunities – Strong marketing efforts are being used to significantly expand available listings through the department's job information network and to further assist employers with their hiring goals.

Tiered Services for Employers and Job-seekers – There is a strong focus on providing a continuum of service to employers. Essentially, these include: (1) self-service; (2) staff-facilitated self-service; and (3) staff-assisted service. Depending on the skill level of the vacant job position, employers can choose to have Employment Department staff match and refer appropriate applicants, or to allow job applicants to self-refer and contact the employer directly. Likewise, job applicants can access employment and training services on their own, or Employment Department staff are available to assist applicants in accessing job and training services.

Listing of Job Openings through the Internet and Access to America's Job Bank – The department's job information network allows employers to place job openings with the department using the Internet. This popular service was offered as a result of feedback from employer customer surveys. Employers who use this service can have their orders placed onto America's Job Bank.

The Employment Department has a partnership with the U.S. Department of Labor to provide access to America's Job Bank. This bank allows employers to list and recruit for job openings throughout the United States and allows job applicants to apply for jobs throughout the U.S., as well as making their resumes available to employers on an interstate basis.

### **Recruitment Services**

The department will continue its efforts to recruit, assess, and refer qualified applicants to available job openings using the Oregon Job Selection System, through direct service, via the Internet, in the one-stop partnership environment, and through coordinated efforts with other employment and training agencies.

Enhanced recruitment assistance for new and expanding businesses provide opportunities for employers to meet qualified applicants. Activities include provision of economic development information, mass recruitment and use of interview facilities, hosting and marketing job fairs.

Employment Services staff also provide employers with affirmative action information to assist in understanding of available applicant pools and in recruitment.

### **Technical Employment Assistance**

The department provides technical support to employers with specialized needs, such as new and small businesses, agricultural and

## PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE

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high-tech companies, and employers experiencing severe labor shortages. Part of the support also includes communications regarding the availability of employer incentive programs.

- Conducting ongoing research with employers to determine service needs.
- Implementing statewide and regional marketing plans.
- Implementing statewide and regional strategies to ensure the quality of job listing and applicant information.
- Actively participating in community events, Oregon Employer Council (OEC) seminars and activities, and presentations within the educational community.
- Advertising specific job openings in a variety of print and broadcast media.
- Conducting joint educational / information efforts with associations and publications geared towards Oregon's business community.

Agricultural – The agency uses the National Agricultural Recruitment System (ARS) and the H2A Program, when necessary, for obtaining seasonal agricultural workers during labor shortages and to ensure access to available agricultural openings for US workers. Outreach services for these programs include:

Nonagricultural – The Employment Department has installed Internet-enabled PCs in all field offices and one-stop locations to increase customer access to labor market information and job openings information. Field offices provide computer-terminal access for job applicants to local, regional, statewide, and interstate job listings. These job listings are also available via the Internet and throughout many communities by accessing touch-screen kiosks.

### **Collaborative Partnerships**

One-Stop Career Centers – Oregon's workforce agencies are working together with local partners within the one-stop career center system to provide job seekers and employers with comprehensive information and services relating to employment, education, and training programs.

The department has been a key player in the one-stop career center system since planning began in 1994. With the full implementation of the Workforce Investment Act and Oregon's HB 2989 (1999), Oregon continues to expand its one-stop activities. This expansion focuses on staff resources, electronic connectivity, training of front-line staff, sharing of the department's labor market information and technical assistance to the regional workforce investment boards.

Assistance to other state agencies – The department works closely with other agencies providing services to displaced workers, students, public assistance recipients, disabled workers, veterans, migrant and seasonal farm workers, corrections' clients, and others. It has numerous working agreements at the state, regional, and local levels to ensure these individuals have access to job, career, and child care information.

### **Skill Set Development**

As a result of strong employer interest in improved job-matching capabilities, the department has tested a skills-based job applicant assessment and job matching system. The skills-based system allows employers to identify the specific skills needed for a particular job opening, job seekers can then identify the skills that they can offer potential employers and a computerized match then takes place.

Other benefits include the fact that job seekers are able to identify additional skills that they might need and find training providers who offer classes that would help provide those additional skills. A statewide, Internet-based skills system is expected to be operational in early 2003. The expected benefits and outcomes include:

- Improved job matching, for both job seekers and employers.
- Assessment tools that will enable staff to help customers identify basic career ladders in Oregon's statewide and local labor markets.

## PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE

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- Help for job seekers in identifying transferable skills and training needs.
- Common skill identification in employment and education fields related to jobs. This will assist the educational community in designing and developing training, apprenticeship, and school-to-work programs.

### Claimant Reemployment Services

Claimant reemployment services are a major initiative for the department and will continue to play a central role in the Employment Services delivery model. Elements of this model include:

- Evaluation of the UI service delivery model – and the current “intervention schedule” for claimants (i.e., the point in time at which more intense and more occupationally broad job search requirements should be imposed).
- Intensive UI Claimant Services – provide group or individual job search assistance through participation in job finding classes in several field office locations between 7 a.m. and 8 a.m. and other “job club” activities.
- “Job Works” – a personal computer-based interactive resume tool that allows claimants to key in data about their work history, education, military service, skills, and hobbies. The program formats the information into a resume style. It also provides an interactive process for preparing for interviews and job finding techniques.
- Eight-Week Status Check – Job attached workers are those who have a scheduled return to work date with their employer or receive work only through a hiring hall. The Eight-Week status check is a process in which department staff determine whether job attached UI claimants who have not returned to work within eight weeks should seek employment with other employers to remain eligible for unemployment insurance benefits.
- Worker Profiling Reemployment Services – identifies claimants most likely to exhaust unemployment insurance benefits and refers them to

intensive reemployment services. Workers identified in this process must participate in the reemployment program to be eligible to receive UI benefits. These participants also qualify for dislocated training grants and can receive their unemployment insurance benefits while in approved training.

### Program Summaries

Alien Labor Certification (ALC) – ensures that available jobs are first offered to U.S. workers before employers are allowed to bring alien workers into the country. A key part of that process is establishing prevailing wage for these occupations. There are both agricultural and non-agricultural components to this program. An ALC application is a technically complex process whereby staff determine if a job being petitioned for certification as a shortage occupation meets the prevailing wage and duties fall within generally accepted standards for the industry. Staff also supervise recruitment as a test of the U.S. labor market and determine if the employer meets U.S. Department of Labor standards:

- Over 1,300 new applications in FY 2001.

Disability Services – under Section 188 of the Workforce Investment Act, service providers have an obligation under various non-discrimination laws and regulations to administer their programs “in the most integrated setting appropriate to the needs of qualified individuals with disabilities.” The department is committed to ensuring that its programs, services, and facilities are physically and programmatically accessible to all Oregon workers.

The department provides information to partners and employers beneficial to hiring of individuals with disabilities. A designated Disability Services Representative conducts staff training on operation of assistive technologies and services in alternative means. Outcomes for PY 2001 were:

- Individuals with disabilities registered – 11,418

## PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE

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- Entered employment – 6,468
- Obtained employment – 4,852
- Placements – 1,616

Obtained employment – individuals who become employed within 90 days of receiving a qualifying service from Employment Service staff.

Placements – individuals who become employed as a result of a referral associated with an Employment Service Job Order.

Entered employment – the sum of obtained employment plus placements.

Veterans programs – meet the employment and training needs of service-connected disabled veterans, veterans of the Vietnam era, veterans who are recently separated from service, and other eligible persons. Veterans services are funded via separate Local Veterans Employment Representatives (LVER) and Disabled Veteran Outreach Program (DVOP) grants.

LVERs are located in nearly all department field offices. In addition to providing direct services, they also market veteran's programs to local employers and employer groups, provide guidance to staff on veterans' priority of service, and have functional supervisory responsibility regarding field office policies and procedures to ensure priority service.

DVOPs are located in many field offices. Much of their time is spent on harder-to-serve veteran customers and is spent out of the office focusing on veteran outreach, development of veteran networks, and enhancement of employment prospects for disabled, Vietnam era, and other veterans.

During the program year that ran July 1, 2000 through June 30, 2001 the Veterans Program produced these outcomes:

- Veterans registered – 44,538
- Entered employment – 24,693
- Obtained employment – 18,932

- Placements – 5,761
- Referral to supportive services – 23,005

“First Break“ program – gives employers a tax credit incentive to hire a targeted group of Oregon youth and to help qualified (at-risk) youth obtain employment. The program authorizes a tax credit for employers on their Oregon state income tax for wages paid to each eligible youth. The program is operated through community-based organizations.

“First Source Hiring Agreement” – offers incentives to encourage business investments in urban or rural areas. Businesses receiving economic benefits agree to make good faith efforts to hire individuals who have received assistance from publicly funded job training or labor exchange providers, such as the Employment Department. In most cases, the Employment Department is the contact agency.

JOBS Plus Program – provides employer-wage-subsidized job opportunities to Oregonians eligible to receive unemployment insurance benefits (UI). Employers are reimbursed \$5 per hour worked up to 40 hours per week. After the first 30 days, a contribution of \$1 per hour is diverted from that reimbursement to an Individual Education Account (IEA) to benefit the worker.

All profit or non-profit employers can participate in the program. Participants cannot be used to displace regular employees or fill unfilled positions previously established. Employers agree to hire an eligible individual for up to 13 weeks into a position offering job skills training and mentoring to help participants become more employable. The employer is encouraged to hire the individual at the end of the training period but is not obligated to do so.

During PY 2001, July 1, 2001 through June 30, 2002, the JOBS Plus program produced these outcomes:

- 3,218 JOBS Plus orders received and entered

## PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE

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- 17,006 total referrals made to job orders
- 1,804 UI recipients hired into JOBS Plus job orders
- 7,662 employer contacts made to furnish information or provide program service

Migrant & Seasonal Farm Worker (MSFW) program – activities are required by federal regulations to assure the equitable delivery of employment services to farm workers. Outreach is conducted at living, working, and gathering sites of farm workers and through various English and Spanish media. Delivery of services is monitored to ensure they are provided at levels that are quantitatively and qualitatively equivalent to those provided to non-MSFWs.

Bilingual English/Spanish staff in both the central and field offices permit provision of services directly in Spanish. In CY 2001, 52 percent of identified MSFW customers asked for communications in Spanish. Central office staff work to ensure that processes and materials are appropriate for MSFWs and also perform outreach activities. The department's Monitor Advocate for Farmworker Services monitors compliance and advocates for improved delivery of employment services:

|                                    |       |
|------------------------------------|-------|
| • Employment service applicants    | 3,885 |
| • Referred to a job                | 1,640 |
| • Received job search assistance   | 2,066 |
| • Placement – any job              | 542   |
| • Placement – non-agricultural job | 177   |

Preferred Worker program – provides employer incentives to encourage the re-employment of qualified Oregon workers who have permanent disabilities from on-the-job injuries and who are not able to return to their regular work because of those injuries. The Workers Compensation Division of the Department of Consumer and Business Services administers the program. The Employment Department assists in finding work for these workers by making job order referrals and marketing to employers.

School-to-Work / Career-related Learning – promotes a future workforce in state government by providing career-related work experiences for students and educators throughout the State of Oregon. The department has an agency program coordinator to advocate for voluntary participation in the department's program areas. The coordinator also works with department employees on leadership and professional development to create successful work-based learning environments for students and educators.

Self-Employment Assistance (SEA) program – a reemployment assistance option available for dislocated workers identified as likely to exhaust benefits and selected through the Worker Profiling Reemployment Services Program. The SEA program is a collaborative effort of the Employment Department, DCCWD, and the community colleges.

All enrolled SEA claimants attend self-employment assistance training and engage in self-employment activities on a full time basis while receiving unemployment benefit payments:

- For CY 2001, 142 applications were approved with 153 claimants claiming one or more weeks of SEA benefits. This was 600 percent increase in number of SEA participants over CY 2000.

Temporary Agricultural Guestworker Program – commonly called H2A, the program was created in response to yearly shortages of agricultural workers. The program allows agricultural employers who are unable to find enough U.S. workers to file an Alien Labor Certification application.

The department acts as the vehicle to recruit U.S. workers and as a liaison to expedite the process of employing foreign workers on a temporary or seasonal basis. The H2A program oversees the employer's recruitment process, does active recruitment for U.S. workers, and



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ensures that employment of foreign workers does not adversely affect U.S. workers.

The H2A program has seen limited activity in Oregon. During CY 2000, eight applications were certified for a total of 59 workers.

Trade Act and NAFTA – the Trade Act and North American Free Trade Act (NAFTA) created programs to help workers whose jobs are affected as a result of government trade practices, by providing training allowances and reemployment assistance. Demand for services fluctuates based on labor market conditions, thus the federal funding strategy is to fund states based on projected need:

- Since January 2001, the U.S. Department of Labor has approved and certified 43 Trade Act and NAFTA petitions (covering 7,447 workers).
- 1,106 new training plans were approved and funded during 2001, nearly a 200 percent increase from 2000, when 579 plans were approved.
- Number of participants in training increased over 60 percent from 658 on December 31, 2000 to 1,101 as of December 31, 2001.

Work Opportunity Tax Credit (WOTC) – provides federal tax incentives to employers hiring individuals in certain targeted categories. It is an elective credit that applies to wages paid by federal tax-paying employers. Targeted groups include:

- Temporary Assistance for Needy Families (TANF) recipients
- Food stamp recipients (ages 18-24)
- Qualified ex-felons
- High-risk youth (ages 18-24)
- Vocational rehabilitation referrals
- Summer youth (ages 16-17)
- Supplemental Security Income (SSI) recipients
- Veterans (recent food stamp recipients)

The department processed 8,286 applications in FY 2001 and is projected to process over 10,000 applications in FY 2002.

### KEY ISSUES

The Employment Department has long-term strategies in place to provide quality services and improve access to information for both employers and job seekers. Some of the initiatives in progress include:

Development and implementation of “iMatchSkills” – The development of Oregon’s statewide skills-based job match product will allow access, by both individuals and employers, to a job listing / referral system based on skills, licenses, and occupational titles. The Internet-based job placement and matching system will provide improved information about occupational trends and skill requirements. Job seekers and employers will be able to access this information in more user-friendly ways, including increased self-service enrollment and job matching capabilities.

Enhancements to “Business In Oregon” website – Oregon employers have excellent access to employment, recruitment, and business and workforce information as a result of the “Oregon.gov” Internet web site, which includes extensive links for businesses. Through this site, employers have access to information from multiple state agencies that interact significantly with Oregon employers. These include the Department of Revenue, Economic and Community Development Department, Bureau of Labor and Industries, Department of Consumer and Business Services, and many others that provide services for business owners.

Integrated Workforce Investment Act requirements and related legislation – The department will continue to successfully integrate all Workforce Investment Act requirements at the state and local level. This will require an ongoing commitment to partnerships between state and local workforce and training agencies and the joint development of workforce plans and memorandums of understanding.

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Refinement of a cross-program claimant reemployment strategy – Reemployment efforts for unemployment insurance (UI) recipients will continue to be emphasized and focused on established goals. Increased reemployment efforts will help unemployed Oregonians return to suitable jobs more quickly.

### PROPOSED LEGISLATION

**Senate Bill 250** – Sunsets the Shared Information System (SIS) and replaces it with the Performance Reporting Information System (PRISM). It also defines participants of PRISM. Passed.

**Senate Bill 80** – Allows state agencies administering programs under the Workforce Investment Act and other mandatory programs under the one-stop service delivery system to form intergovernmental entities with any other unit or units of local government in order to perform functions and activities under the Workforce Investment Act. Passed.

**Senate Bill 78** – Authorizes the creation of a defined business service representative system for state agencies and local workforce investment boards by: (a) establishing the necessary protocols to implement the system through a memorandum of agreement; (b) specifying what information can be shared; (c) providing confidentiality protections and sanctions; and (d) addressing public records issues. Did not pass.

### PROGRAM FUNDING

**Federal Funds** – Administrative funding for operation of the Employment Service is appropriated annually by Congress from dedicated revenues collected from employers by the Internal Revenue Service under authority of the Federal Unemployment Tax Act (FUTA). Although there is a sizeable surplus of dedicated revenues available for administration of the Employment Service,

Congress began making severe cuts in Employment Service funding in the 1980's as federal budget deficits began to skyrocket. As part of the federal unified budget, these accumulated surpluses offset deficit spending by the federal government in other parts of the federal budget.

Appropriated funding is distributed to the states by the U.S. Department of Labor as grants under the authority of the Wagner-Peyser Act of 1933 to provide for a statewide system of public employment offices and a free basic labor exchange system. Congress flat-lined funding for the Employment Service throughout the 1990's.

However, the federal share of funding for the Employment Service continues to erode by failing to keep pace with cost of living adjustments, salary, and benefits increases that are set at the state level and investments needed to develop, maintain and upgrade technology systems. While the Employment Service in Oregon in 1980 was fully funded by federal dollars, the Employment Service in 2002 is only one-third funded by federal dollars and is two-thirds funded by state dollars as described below.

The Workforce Investment Act of 1998 did not amend the funding authority of the Wagner-Peyser Act, but did provide that the Employment Service program would be a mandatory partner in the One-Stop service delivery system as envisioned by the Act. While the Employment Department continues to receive grants under Wagner-Peyser, services provided with these federal dollars are required to support the One-Stop system.

**Other Funds** – Congressional budget cuts began to threaten the viability of a statewide public Employment Service in Oregon in the late 1980's. To maintain adequate services, the department with the support of business and labor, sought help from the state Legislature. In the 1987 and 1989 Legislative Sessions, the Legislature approved

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small, one-time “diversions” of state collected payroll taxes for unemployment benefits and dedicated these revenues to backfill for the lack of federal funding to support the Employment Service. Then-Governor Goldschmidt, became an outspoken critic of the federal budget policies and directed the department to search for a long-term solution to the shortfall of federal funding.

That solution was the creation of a state-controlled and state-invested Benefit Reserve Fund. The fund was created by a small, continuous diversion of state collected payroll taxes over a three-year period and accumulated revenues of approximately \$234 million.

These funds are irrevocably vested in the workers of the State of Oregon and dedicated solely to paying unemployment insurance benefits if the Oregon UI Trust Fund account held by the U.S. Treasurer should ever be exhausted. Under that scenario, Oregon would switch to paying unemployment benefits out of its state Benefit Reserve Fund rather than borrowing funds from the federal government to pay benefits.

The interest earnings on the Benefit Reserve Fund, however, are invested by the State Treasurer and accrue to a separate fund, the Supplemental Employment Department Administrative Fund (SEDAF). SEDAF funds are appropriated by the Legislature based on policy discussions and prioritized customer needs for either the Unemployment Insurance program, the Employment Service program, or both (based on these discussions) as Other Fund revenues for operation of the Employment Department. These revenues are projected to be about \$28 million for the 2003-05 biennium.

The Penalty & Interest Fund is held and invested by the State Treasurer. This fund accrues interest earnings and penalties assessed against employers for the delinquent payment of their payroll taxes collected by the department for the payment of benefits.

Although these state dollars are available for both the Employment Service and Unemployment Insurance programs, the department has tried to live within Federal Funds allocations for administration of unemployment insurance and has

used the SEDAF funds primarily to support the Employment Service. Many of the department’s technology initiatives, however, benefit both the ES and UI programs and these have been largely funded with SEDAF dollars.

Other Fund revenues for Promote Employment and Develop the Workforce include funds received under contract with other state agencies to provide job placement services for targeted populations including dislocated workers under Title IB of the Workforce Investment Act for Adult workers, people with disabilities, and welfare-to-work clients.

Other Funds also includes the JOBS Plus Unemployment Wage Fund, a fund created through a diversion of state collected payroll taxes to pay wage reimbursements to employers hiring unemployment insurance claimants under the JOBS Plus program.

## **WORKFORCE AND ECONOMIC RESEARCH**

### **MISSION**

The primary goal of the Workforce and Economic Research is summed up by the phrase “Quality Information – Informed Choices.” Quality Information means information that is timely, useful, relevant, and unbiased. This information is used by a variety of customers – private businesses, government agencies, elected officials and other policy makers, education/training entities, news media, and others – to make informed choices and decisions.

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## PROGRAM BACKGROUND

The Workforce Investment Act of 1998 formalized the role of the Employment Statistics system, requiring the designation of an Employment Statistics Agency for each state, and identifying numerous responsibilities for that agency. The vast majority of information available about Oregon's workforce and employment-related trends comes from (or starts from) the Employment Department's Workforce and Economic Research.

The Workforce and Economic Research develops and operates programs that:

- Conduct efficient and accurate surveys of employers and others involved in the workforce.
- Disseminate workforce and economic information to a wide range of customers, using publications, presentations, a web site, and by responses to direct customer inquiries.
- Produce workforce and economic information for Oregon and its regions and counties.
- Develop projections of workforce data and trends, for use by policy makers, planners, educators, individuals.
- Conduct special surveys and studies to analyze significant workforce issues impacting Oregon and its widely different regions and localities.
- Provide labor market information to economic development entities and private employers, in an effort to attract new businesses and jobs to all regions of the state.
- Develop projections of occupational employment trends (including wages, educational requirements, and skill needs) to help Oregonians better prepare for the jobs of today and the jobs of the future.

- As Oregon's designated occupational / career information agency, develop and provide a variety of career information, both in publications and via the Internet, to Oregon's youth and adults, to assist in decision-making regarding education and careers.
- Provide labor market and occupational supply / demand information to decision-makers, especially in regards to educational / training program planning.
- Develop occupational skills information to assist individuals in finding jobs, employers in identifying suitable job candidates, and education / training providers in preparing Oregon's workforce of the future.
- Conduct special research into major workforce issues, including emerging employment trends; geographic or industrial differences within Oregon; and approaching demographic changes help develop innovative solutions to local, regional, and statewide challenges in the emerging workforce development system.

## KEY ISSUES

The Workforce and Economic Research has long-term strategies in place to provide "quality-informed choices." Some of the initiatives in progress include:

Collect accurate and timely information on the workforce and economy  
– Working in collaboration with the U.S. Bureau of Labor Statistics and other customer groups, the department will continue to operate a number of survey / data collection programs, gathering information on industry employment, occupational employment and wages, and unemployment. Key economic indicators such as the unemployment rate and employment trends are produced from these survey programs.

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As has long been true in Oregon, these information items will be produced not only for Oregon statewide, but also for Oregon's workforce regions and counties.

Disseminate information and analysis in a user-friendly, easy-to-understand manner – The Workforce and Economic Research will analyze data collected from surveys and other sources, providing analyses to a variety of customers in a variety of ways. In recent years, Research staff have distributed more than 400,000 publications on an annual basis, responded to more than 15,000 information requests from customers, and given more than 400 presentations to audiences ranging from legislative committees to high school career fairs. A total of 23 Research staff are located in Employment Department offices all across Oregon, providing local expertise and direct customer service to businesses, policy-makers, and others from Baker City to Florence, Portland to Klamath Falls.

Use electronic tools to share workforce information with a wide audience, 24/7 – The department's Labor Market Information (LMI) Systems group consists of analysts and economists with a particular focus on providing workforce and economic information through an electronic medium. The department's national award-winning OLMIS web site ([www.qualityinfo.org](http://www.qualityinfo.org)) was developed, and is continually improved, by this group. In addition, the department is rapidly increasing the amount of geo-coded information available, thereby allowing analysis of workforce and economic trends at a more detailed local level than had previously been possible. One member of the LMI Systems team also provides training to Employment Department and workforce partner staff, helping them use current and relevant economic information to assist Oregon's unemployed and job seekers as they look for their next job.

Demonstrate excellence as the state's designated employment statistics agency – In addition to providing the highest possibly quality of service to a wide range of Oregon customers, the department's Workforce and Economic Research will ensure that all employment statistics requirements of the Workforce Investment Act are met. Many of these requirements relate to workforce investment boards,

educational policy-makers, and issues involving data quality and consistency. Further, the Workforce and Economic Research will participate fully in the national employment statistics system, influencing policy and technical issues at the national level to ensure that quality information is available to Oregonians.

Collect and analyze performance measurement information for Oregon's workforce system – The department will operate Oregon's Performance Reporting Information System (PRISM), which provides workforce agencies and policy-makers with workforce-related performance information on individuals who have been served by components of Oregon's workforce development system. PRISM helps answer questions such as whether or not individuals found jobs after being served by workforce agencies, and how those individuals fared in terms of wages and retention in those jobs.

Identify and complete special studies relevant to Oregon's current workforce trends – Special analyses, publications, and reports will highlight key issues affecting Oregon and its regions. Examples in recent years have included studies of various racial / ethnic groups in Oregon's workforce, an analysis of "Oregon's Workforce Puzzle" (the match between the demand for workers and the supply of workers), a legislatively-requested analysis of Oregon's economic performance during the 2001 recession, and the provision of customized reports to various legislative task forces. The *Oregon Employer Survey* will collect information regarding employers' views of Oregon's workforce, the difficulty in recruiting, and the skills needs of today's jobs. In the fall of 2003, the department will develop and distribute industry and occupational employment projections for Oregon and its workforce regions, for the time period 2002-2012.

Actively participate in Oregon Benchmarks development and implementation – The Employment Department's Workforce and

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Economic Research will continue to play a key role in the measurement of progress toward workforce-related benchmarks, and will provide information for a new benchmark focused on the skill levels of applicants for employers' job openings.

### PROPOSED LEGISLATION

**Senate Bill 250** – Sunsets the Shared Information System (SIS) and replaces it with the Performance Reporting Information System (PRISM). Defines participants of PRISM. Passed.

### PROGRAM FUNDING

**Federal Funds** – Administrative funding for operation of significant parts of the Employment Statistics system is appropriated annually by Congress from dedicated revenues collected from employers by the Internal Revenue Service under authority of the Federal Unemployment Tax Act (FUTA). Within the Workforce and Economic Research, these Federal Funds are used primarily to support statewide, regional, and local analysis and dissemination of workforce information, and to support special, customized analyses of state and regional workforce issues.

Administrative funding for data collection / survey activities comes primarily from the federal Bureau of Labor Statistics (BLS), as a result of a cooperative agreement between the BLS and each state's designated Employment Statistics Agency.

Other smaller federal grants support narrowly focused program areas such as the development of career and occupational information.

**Other Funds** – See "Employment Services Division" for a full discussion of the Supplemental Employment Department Administrative Fund (SEDAF). Within the Workforce and Economic Research, SEDAF funds are used primarily to

support the Workforce Analyst program, a group of 14 economists whose primary focus and responsibility is the provision of workforce and economic information geared to the needs of employers and business-related entities.

Other Funds also includes regular or occasional contract / grant agreements, such as the department's contract with the Bureau of Labor Industries, under which the Workforce and Economic Research conducts surveys to determine prevailing wage rates for construction contractor occupations.

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## BUDGET REQUEST

The Employment Services program area is requesting to continue its Current Service Level (CSL) plus one budget package. The CSL includes the program area's Base Budget Request plus Essential Packages. Approval of the CSL continues current operations through the 2003-05 biennium.

**BASE BUDGET** *\$107,458,191 and 562.31 FTE*

The base budget request is the 2001-03 Legislatively Adopted Budget (LAB) adjusted for any Emergency Board actions and administrative changes approved by the Department of Administrative Services through April 2002 and roll-up of salary costs.

### ESSENTIAL PACKAGES

#### **010 Vacancy Factor and Non-PICS Personal Services**

Non-PICS Personal Services have been increased \$36,434 by the calculation of the change in vacancy factor savings and other Non-PICS changes for the 2003-05 biennium.

#### **020 Cost of Phased-in and Phased-out Programs**

There is a reduction of \$696,293 in service and supply costs associated with the limited duration positions approved in 2001-03 package 118.

#### **030 Inflation and Price List Adjustments**

The costs of goods and services increased \$1,667,862 for this program area. This is based on an overall 3.5% biennial inflation

factor increase in services and supplies expenditures, allowed exceptions, and changes in State Government Service Charges.

#### **040 Mandated Caseload**

The department has no increase in mandated caseload in this program area.

#### **050 Fund Shifts or Revenue Reductions**

Due to a projection that Other Funds are insufficient to support CSL, the department is requesting that Other Funds be shifted to Federal Funds resulting in a net decrease of \$413,490 in this program area.

#### **060 Technical Adjustments**

The department has no technical adjustments to report.

#### **070 Revenue Reductions**

12 Positions approved in 2001-03 package 112 for Claimant Reemployment were switched to Federal Funds by the Emergency Board at the request of the department. The remaining positions and \$1,419,566 are being discontinued due to lack of Other Fund revenue.

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### POLICY PACKAGES

#### 081 2002 Third Special Session

This package removes \$13,055 Federal Funds for the three percent cost-of-living adjustment starting February 2003 for employees at salary range 38 or higher.

- *A decrease of \$219,094 total funds to eliminate the inflation factor originally included in the Governor's budget for most Services and Supplies line-items.*
- *A decrease of \$2,600,505 total funds to reflect reductions in the rate for Public Employees Retirement System payments.*

#### 203 Employment Contracted Services

This package provides \$3,414,066 limitation and position authority to provide contracted employment services. See complete detail on following pages

LEGISLATIVELY ADOPTED BUDGET \$105,442,039 and 578.73 FTE

### Legislative Update

*Package 094: The Subcommittee approved adjustments to the Governor's budget in support of statewide policy decisions and recommendations based on prior actions taken by the Joint Committee on Ways and Means. The adjustments, in Package 094 - LFO Adjustments, include the following:*

- *Elimination of one vacant Principal Executive Manager B position (0.58 full-time equivalent). The Subcommittee left the funding for this position to be used in other Personal Services line items and more accurately reflect the historical use of these funds.*
- *A decrease of \$1,673,064 total funds to remove projected expenditures for employee merit increases scheduled to occur after July 1, 2003.*
- *A decrease of \$94,156 total funds to reflect reductions in the Department of Administrative assessments, liability insurance costs and telecommunications costs.*
- *A decrease of \$5,291 total funds to reflect an Attorney General rate change, which reduced the charge to agencies to \$98 from \$109 per hour.*



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## EMPLOYMENT CONTRACTED SERVICES Policy Package #203

### PURPOSE

Establish limited duration position authority that enables immediate response to grant and contract opportunities during the 2003-05 biennium. Establish permanent position authority for a grant-funded Geographic Information System analyst in the Workforce and Economic Research.

Respond to the needs of local communities, partner agencies, federal initiatives, and key customers, consistent with Oregon workforce policies and priorities, by providing contracted job placement services for workforce partner agencies and workforce information services for a variety of potential customers.

### HOW ACHIEVED

Because the Employment Department has a strong employer connection for jobs listings and placement, the department provides important to-work services for job-ready or nearly job-ready customers of other state agencies and non-state entities, under the following programs: Department of Human Resources Job Opportunity Basic Skills and Oregon Food Stamp Employment Transition Program clients; Dislocated Worker; Vocational Rehabilitation; and Community Corrections. Federal performance measures for these programs are tending to focus on the work attached activities that the Employment Department provides through these contractual services. Placing individuals into jobs after they have received training and assistance with the removal of employment barriers is a significant outcome to these programs.

In addition, the Employment Department provides workforce and economic information to a variety of federal, state, and local governments,

and to private sector customers. The Department needs the ability to add Research staff, as contract funding permits, to conduct special studies and analyses. To this end, the Department wishes to add a permanent Geographic Information System analyst to the Workforce and Economic Research, a position currently filled on a limited duration basis, and one which now has a documented customer base and stable funding source.

The Employment Department's ability to respond to outside requests is dependent upon sufficient limited duration position authority. These positions are needed to enable the department to respond to grants and contracts where its unique and specialized skills and tools are needed for placement activities or workforce analysis. Positions will be allocated on a contract-by-contract basis. A similar package has been approved for the last four biennia (with sometimes greater or lesser numbers of positions – depending on the workload estimates of other agencies), which authorized filling of the positions when justified by sufficient workload and funding availability.

These positions will allow the department to:

- Increase customer satisfaction with Employment Department products and services.
- Increase the number of clients from partner agencies that enter employment programs with Employment Department assistance.
- Build on an existing information and service delivery infrastructure to expand capacity to assist agencies in achieving their mission and goals.
- Permanently provide workforce and economic information, using geo-coded data, at a more localized level than previously available – city limits, urban growth boundaries, school districts, legislative and congressional districts, etc.

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### STAFFING IMPACT

|                                                             |            |
|-------------------------------------------------------------|------------|
| Limited Duration                                            | 25 / 25.00 |
| Permanent                                                   | 1 / 1.00   |
| Revised in Legislatively Adopted<br>Budget limited duration | 26 / 26.00 |

### REVENUE SOURCE

|             |             |
|-------------|-------------|
| Other Funds | \$3,414,066 |
|-------------|-------------|

### Legislative Update:

*Permanent position was approved as limited duration position.*

# PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE

## Essential and Policy Package Fiscal Impact Summary

Package No. 203 Employment Service Contracts

| PERSONAL SERVICES           |                              |           |       |     |           |             |          |    |    |            |    |             |            |
|-----------------------------|------------------------------|-----------|-------|-----|-----------|-------------|----------|----|----|------------|----|-------------|------------|
| Classification No.          | Group by Classification Name | # of Pos. | FTE   | SR  | Avg. Step | Avg. Salary | Avg. OPE | GF | LF | OF         | FF | Non-Limited | All Funds  |
| C1486                       | ISS 6                        | 1         | 1.00  | 291 | 2         | 3,818       | 1,736    |    |    | 133,296    |    |             | 133,296    |
| C0831                       | TEA 1                        | 2         | 2.00  | 23  | 2         | 2,790       | 1,449    |    |    | 203,472    |    |             | 203,472    |
| C6699                       | BES 2                        | 23        | 23.00 | 21  | 2         | 2,546       | 1,381    |    |    | 2,167,704  |    |             | 2,167,704  |
|                             |                              |           |       |     |           |             |          |    |    | -          |    |             | -          |
|                             |                              |           |       |     |           |             |          |    |    | -          |    |             | -          |
|                             |                              |           |       |     |           |             |          |    |    | -          |    |             | -          |
|                             |                              |           |       |     |           |             |          |    |    | -          |    |             | -          |
|                             |                              |           |       |     |           |             |          | -  | -  | 2,504,472  | -  | -           | 2,504,472  |
|                             |                              |           |       |     |           |             |          |    |    | 329,362    |    |             | 329,362    |
|                             |                              |           |       |     |           |             |          |    |    | 38,734     |    |             | 38,734     |
|                             |                              |           |       |     |           |             |          |    |    |            |    |             | -          |
|                             |                              |           |       |     |           |             |          |    |    | 28,141     |    |             | 28,141     |
|                             |                              |           |       |     |           |             |          |    |    | -          |    |             | -          |
| Total Personal Services     |                              |           |       |     |           |             |          | -  | -  | 2,900,709  | -  | -           | 2,900,709  |
| SERVICES AND SUPPLIES       |                              |           |       |     |           |             |          |    |    |            |    |             |            |
| 4100                        | Instate Travel               |           |       |     |           |             |          |    |    | 52,208     |    |             | 52,208     |
| 4125                        | Out-of-State Travel          |           |       |     |           |             |          |    |    | -          |    |             | -          |
| 4150                        | Training                     |           |       |     |           |             |          |    |    | 12,350     |    |             | 12,350     |
| 4175                        | Office Expenses              |           |       |     |           |             |          |    |    | 117,442    |    |             | 117,442    |
| 4200                        | Telecommunications           |           |       |     |           |             |          |    |    | 54,899     |    |             | 54,899     |
| 4250                        | Data Processing              |           |       |     |           |             |          |    |    | 2,236      |    |             | 2,236      |
| 4275                        | Publicity and Publications   |           |       |     |           |             |          |    |    | 5,642      |    |             | 5,642      |
| 4300                        | Professional Services        |           |       |     |           |             |          |    |    | 3,666      |    |             | 3,666      |
| 4325                        | Attorney General             |           |       |     |           |             |          |    |    | -          |    |             | -          |
| 4375                        | Employee Recruit and Develop |           |       |     |           |             |          |    |    | 1,352      |    |             | 1,352      |
| 4400                        | Dues and Subscriptions       |           |       |     |           |             |          |    |    | 4,108      |    |             | 4,108      |
| 4425                        | Facilities Rental and Taxes  |           |       |     |           |             |          |    |    | 188,136    |    |             | 188,136    |
| 4450                        | Fuels and Utilities          |           |       |     |           |             |          |    |    | 15,444     |    |             | 15,444     |
| 4475                        | Facilities Maintenance       |           |       |     |           |             |          |    |    | 44,018     |    |             | 44,018     |
| 4650                        | Other Services and Supplies  |           |       |     |           |             |          |    |    | 3,224      |    |             | 3,224      |
| 4700                        | Expendable Property          |           |       |     |           |             |          |    |    | 8,632      |    |             | 8,632      |
| Total Services and Supplies |                              |           |       |     |           |             |          | -  | -  | 513,357    | -  | -           | 513,357    |
| CAPITAL OUTLAY              |                              |           |       |     |           |             |          |    |    |            |    |             |            |
| Total Capital Outlay        |                              |           |       |     |           |             |          | -  | -  | -          | -  | -           | -          |
| SPECIAL PAYMENTS            |                              |           |       |     |           |             |          |    |    |            |    |             |            |
| Total Special Payments      |                              |           |       |     |           |             |          | -  | -  | -          | -  | -           | -          |
| TOTAL REQUEST               |                              |           |       |     |           |             |          | -  | -  | 3,414,066  | -  | -           | 3,414,066  |
| TOTAL POSITIONS/FTE         |                              |           |       |     |           |             |          |    |    | 26 / 26.00 |    |             | 26 / 26.00 |

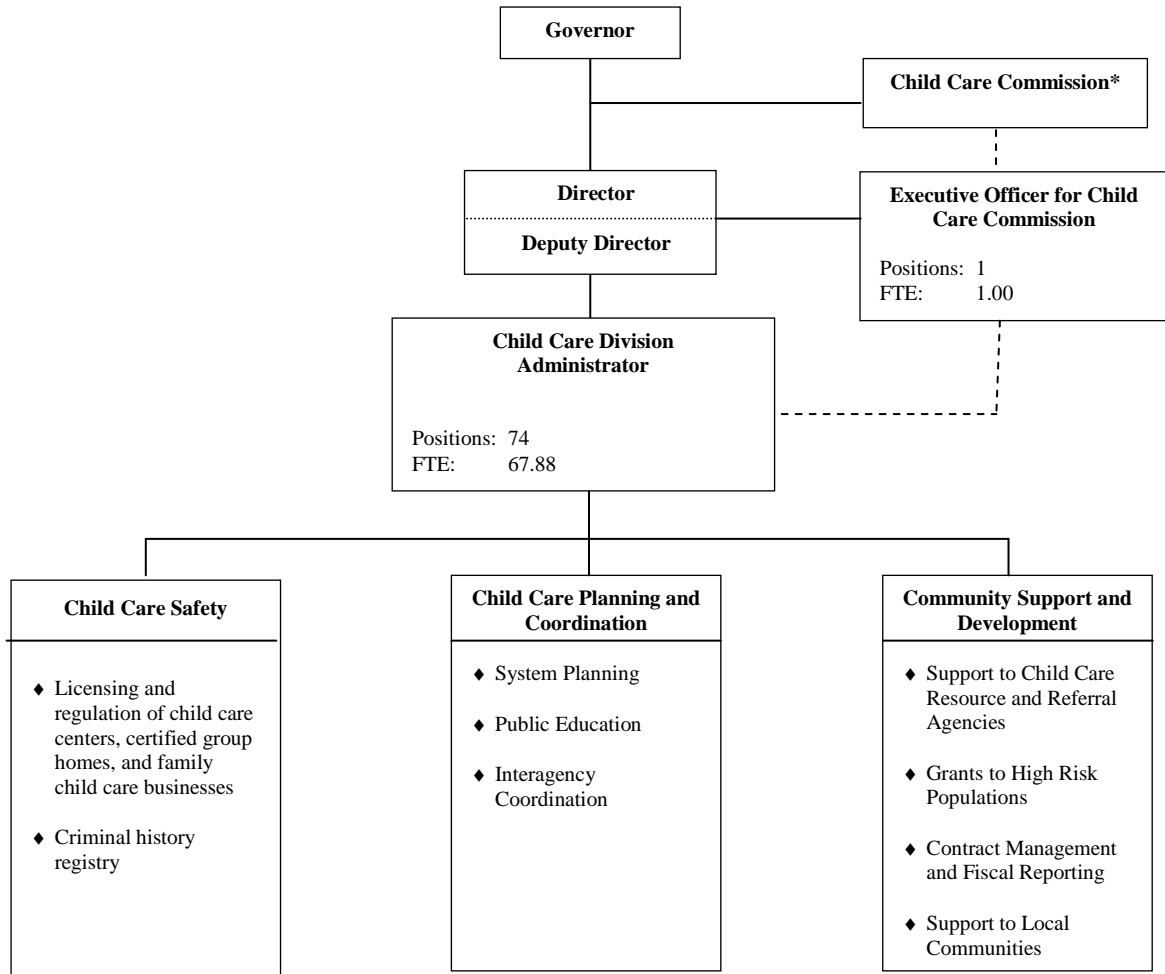
## PROMOTE EMPLOYMENT AND DEVELOP THE WORKFORCE

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### Detail of Other Funds and Federal Funds Revenue *Promote Employment / Workforce Development*

| Source                                                            | Fund    | 1999-01<br>Actual | 2001-03                   |                   | Agency<br>Request | 2003-05                   |                          |
|-------------------------------------------------------------------|---------|-------------------|---------------------------|-------------------|-------------------|---------------------------|--------------------------|
|                                                                   |         |                   | Legislatively<br>Approved | Estimated         |                   | Governor's<br>Recommended | Legislatively<br>Adopted |
| Federal Government                                                | Federal | 36,264,941        | 36,781,189                | 36,579,832        | 40,600,415        | 40,587,360                | 38,672,033               |
| Penalty & Interest                                                | Other   |                   |                           |                   |                   |                           |                          |
| Supplemental Employment Department<br>Administrative Fund (SEDAF) | Other   |                   |                           |                   |                   |                           |                          |
| JOBS Plus Fund                                                    | Other   |                   |                           |                   |                   |                           |                          |
| Contracted Services                                               | Other   | 4,955,589         | 4,242,707                 | 3,942,919         | 4,784,120         | 4,784,120                 | 4,697,824                |
| Reed Act                                                          | Other   |                   |                           |                   |                   |                           |                          |
| Child Care Licensing Fees                                         | Other   |                   |                           |                   |                   |                           |                          |
| Other Revenue                                                     | Other   | 261,600           | 263,780                   | 305,202           | 261,600           | 261,600                   | 261,600                  |
| Sale of Cert of Participation                                     | Other   |                   |                           |                   |                   |                           |                          |
| Fraud Control Fund                                                | Other   |                   |                           |                   |                   |                           |                          |
| Employer Taxes                                                    | Other   |                   |                           |                   |                   |                           |                          |
| Federal Benefits                                                  | Other   |                   |                           |                   |                   |                           |                          |
| <b>TOTAL</b>                                                      |         | <b>41,482,130</b> | <b>41,287,676</b>         | <b>40,827,953</b> | <b>45,646,135</b> | <b>45,633,080</b>         | <b>43,631,457</b>        |

# PROMOTE/REGULATE CHILD CARE



*\*The Child Care Commission is appointed by the Governor and the Legislature.*

# PROMOTE/REGULATE CHILD CARE

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## MISSION

The Child Care Division is responsible for creating a comprehensive statewide system of safe, accessible, affordable, quality child care.

To accomplish its mission, the division has developed the following goals and carries out activities essential to their achievement.

- Assure and protect the health, safety, and well-being of children in child care settings.
- Work with partners to build a Child Care Resource and Referral (CCR&R) system to serve parents, providers, businesses, and communities with information, technical assistance, and training services.
- Coordinate the efforts of state and local government, public and private agencies to build the child care system.

## PROGRAM BACKGROUND

The Child Care Division (division) develops and operates programs that are responsive to the:

- Governor's social support investment strategies for affordable and accessible child care;
- Recommendations from the Commission for Child Care;
- Oregon Progress Board's child care Benchmarks; and

- Employment Department's commitment to child care as an essential component supporting a multi-skilled, diversified workforce.

The division has three program areas responsible for the following activities:

### Child Care Safety Licensing and Regulation

- Child care centers, certified family, and family child care businesses
  - Provide public information to providers and parents.
  - Provide family child care overviews and child abuse training.
  - Receive, record, and respond to complaints.
  - Invoke sanctions including fines, suspensions, and revocations.
  - Participate in contested case hearings.
- Criminal history registry
  - Conduct, review, and assess Law Enforcement Data System/Child Protection Service checks on child care providers.

### Child Care Planning and Coordination

- System planning
  - Develop a quality early childhood care and education system.
  - Collect and disseminate data for community planning.
- Public education
  - Recruit and retain child care providers.
  - Consumer education and child care referrals for parents.
- Interagency coordination
  - Provide community information and coordination of child care services.

## PROMOTE/REGULATE CHILD CARE

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- Develop administrative rules for division programs.
- Coordinate policies and procedures with other state agencies and public organizations.

### Community Support and Development

- Support CCR&R agencies
  - Provide training and technical assistance to ensure consistency of standards and services.
- Provide grants to high risk populations
  - Develop and administer programs that benefit at-risk and special populations.
- Provide contract management and fiscal reporting
  - Administer the federal Child Care and Development Fund.
- Support local communities
  - Promote knowledge and use of Oregon's Employer Tax Credit.
  - Provide information and technical assistance to employers.
  - Provide funding for local child care priorities through grants to the state Commission on Children and Families.

### KEY ISSUES

The division and stakeholders continue to share concerns in the following areas:

- Oregon's working families must have access to child care that is convenient to where they live and work, corresponds to parents'

work schedules, and appropriate for their child's developmental needs.

- 61 percent of women with children under age six work outside the home.
- Working families at the lower end of the income scale often must pay in excess of 25 percent of their income for child care, a factor which makes workforce participation difficult.
  - A family's yearly child care expense is often more than the cost of tuition at a public college.
- The quality of child care is adversely affected by low compensation for child care workers and high turnover rates in the child care industry. In a national study, 80 percent of child care centers were rated mediocre to poor in quality
- The safety of children must be addressed through the inspection and certification of child care centers and group homes, on-site health and safety reviews of family child care businesses, and response to serious health and safety complaints.
  - Of 604,000 Oregon children under the age of thirteen, 217,000 are in some form of child care and 99,000 are in care regulated by the division.

### PROPOSED LEGISLATION

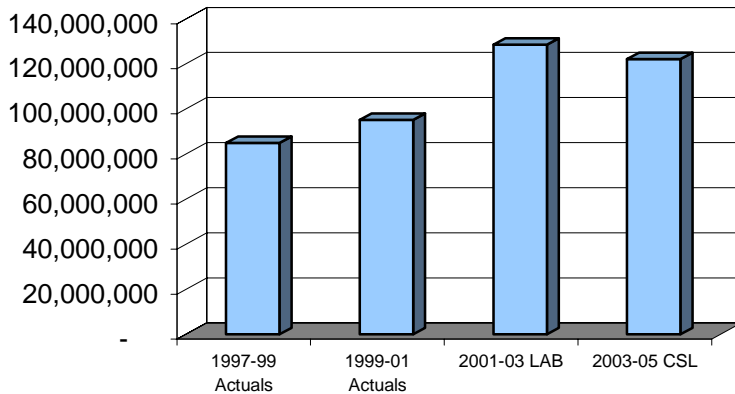
**House Bill 2191** – A legislatively mandated Task Force on Financing Quality Child Care is introducing legislation through the Employment Department. Passed.

## PROMOTE/REGULATE CHILD CARE

### PROGRAM FUNDING

The Child Care Division budget is comprised of Federal Funds, state General Fund, and Other Funds. Historically, division revenue increased from a total of \$84.9 million in the 1997-99 biennium to \$128.5 million in 2001-03, as shown in the chart on the next page.

**General Fund** – The division’s legislatively adopted budget includes \$4.1 million in state General Fund for the 2001-2003 biennium. General Fund is used to support licensing and regulatory activities. A small portion (\$500,000) supports CCR&R. Reductions during 2001-03 reduced total General Fund to \$1.9 million.



**Other Funds** – Other Funds are derived from fees and fines paid by child care providers and used for activities related to registration including criminal history checks and processing applications. The

Other Funds total has gradually declined over time, from \$1 million in 1995-97 to \$700,000 projected for 2003-05. This parallels a decline in the numbers of registered providers from 10,000 in 1996 to 6,000 in 2002.

**Federal Funds** – The Child Care Division is designated in statute as lead agency for the federal Child Care and Development Fund (CCDF). The CCDF is comprised of three funding streams: mandatory, matching, and discretionary. At an estimated \$73 million for 2003-05, matching and mandatory funds comprise the majority of Oregon’s total allocation and are primarily contracted to the Department of Human Services (DHS) for subsidized child care to low-income families. Federal regulations (45 CFR 98) prescribe how these funds must be used:

- Not less than 70 percent of mandatory and matching funds must be used to meet the needs of families who are on, or at risk of becoming eligible for, public assistance.
- Not less than four percent of the funds must be spent on quality activities such as consumer education, resource and referral, parental choice, grants to providers, licensing and regulation, training and technical assistance, provider compensation and benefits, and other activities consistent with regulations.
- Not more than five percent shall be used for program administration.

CCDF match funds are allocated above the State Maintenance of Effort (MOE) level at the medical assistance percentage (FMAP). Match funds are distributed according to the proportion of children under age thirteen. These funds are available provided the State obligates all the Mandatory funds and expends state funds in an amount equaling the MOE threshold for child care activities. Federal Match funds must be obligated in the year received.

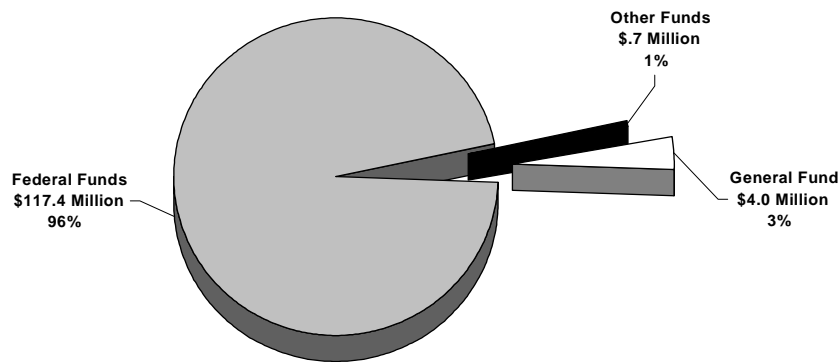


## PROMOTE/REGULATE CHILD CARE

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Discretionary funds make up the balance of the allocation. CCDF regulations require that “a substantial portion” of discretionary funds be used for child care services for low income families, including targeted populations and families receiving Employment Related Day Care (ERDC).

The federal regulations further specify that funds must be allocated for “earmarked” programs including infant and toddler care, child care resource and referral, school age programs, and expansion of activities that promote the quality of care. The remainder of the discretionary funds are allocated to support the child care infrastructure as described in Oregon’s federally-approved child care plan.



Additional federal funds from the federal Department of Health and Human Services may continue to be available to conduct research on child

care needs, services, and outcomes. Grant objectives include development of a process to assess the performance of Oregon’s child care system and increased understanding of how child care subsidy programs work.

Sufficient limitation is included in the budget to accept federal funds for grant activity at current levels, although no changes in funding sources are anticipated. The department will inform the Legislature if changes occur in federal appropriations that result in a need for additional limitation.

There is a growing trend to shift funding for state-mandated regulatory responsibilities from General to Federal funds. In October 1999, the division implemented HB 2240, requiring investigation of all serious complaints against family child care providers. In January 2000, the division implemented HB 2241, requiring on-site health and safety reviews of all newly registering providers. The new legislation was implemented using additional funds available through the federal Child Care and Development Fund.

### Partnerships and Discretionary Fund Allocation

The Child Care Division is designated in ORS 657A as lead agency for the federal Child Care and Development Fund (CCDF). The division is responsible for ensuring CCDF funds are allocated and expended in accordance with federal regulations and Oregon’s federally approved child care plan. The plan details priorities for use of CCDF funds and is developed in collaboration with community stakeholders and other state agencies. The division works with:

- DHS and other partners to promote family self-sufficiency;
- The Commission on Children and Families to fund local child care priorities;
- Health Services Division and others to promote healthy child development;

## PROMOTE/REGULATE CHILD CARE

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- Department of Education and public/private groups to promote early childhood learning; and
- Commission on Child Care and advocacy groups to develop coordinated, inclusive policies.

- Compliance monitoring provided by Child Care Division staff.

Oregon's child care partners have historically prioritized funding for the infrastructure deemed necessary for a basic system of care.

Elements include:

- Child care for high risk populations through contracts with migrant, drug and alcohol, teen parent, and developmental disabilities programs statewide.
- School age care through a contract with the School Age Care, Education, and Recreation program at Portland State University.
- Provider professional development through a contract with the Center for Career Development in Childhood Care and Education.
- Child care resource and referral through a contract with the statewide Child Care Resource & Referral Network.
- Child care for student parents through a contract with the Department of Education.
- Grants to increase local child care supply through a contract with the Commission on Children and Families.
- Infant and toddler programs through contracts with the Center for Career Development and the Commission on Children and Families.

# PROMOTE/REGULATE CHILD CARE

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## BUDGET REQUEST

The Child Care program is requesting to continue its Current Service Level (CSL) with no budget packages. The CSL includes the program area's Base Budget Request plus Essential Packages. Approval of the CSL continues current operations through the 2003-2005 biennium.

**BASE BUDGET** *\$130,244,443 and 68.88 FTE*

The base budget request is the 2001-03 Legislatively Adopted Budget (LAB) adjusted for any Emergency Board actions and administrative changes approved by the Department of Administrative Services through April 2002 and roll-up of salary costs.

### ESSENTIAL PACKAGES

#### **010 Vacancy Factor and Non-PICS Personal Services**

Non-PICS Personal Services have been reduced \$7,790 by the calculation of the change in vacancy factor savings and other Non-PICS changes for the 2003-05 biennium.

#### **020 Cost of Phased-in and Phased-out Programs**

There is an increase of \$95,724 in service and supply costs associated with the phase in of 12 positions approved in 2001-03 package 115.

#### **030 Inflation and Price List Adjustments**

The costs of goods and services and special payments increased \$4,351,994 for this program area. This is based on an overall 3.5% biennial inflation factor increase in services and supplies

expenditures, allowed exceptions, and changes in State Government Service Charges.

#### **040 Mandated Caseload**

The department has no increase in mandated caseload in this program area.

#### **050 Fund Shifts or Revenue Reductions**

Due to a projection that Other Funds are insufficient to support CSL, the department is requesting that Other Funds be shifted to Federal Funds resulting in a net increase of \$413,490 in this program area.

#### **060 Technical Adjustments**

The department has no technical adjustments to report.

#### **070 Revenue Reductions**

Uncertain revenue was used to support special payments when the 2001-03 LAB was prepared. The revenue is not anticipated in the 2003-05 biennium and is removed in this package in the amount of \$12,937,500.

## PROMOTE/REGULATE CHILD CARE

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### POLICY PACKAGES

#### 092 Additional Program Reductions

This package will incorporate a 10 percent reduction option proposed by the agency because of General Fund constraints. It will reduce the total payments, consisting of General Fund and Federal Funds, to the state Child Care Resource and Referral Network by eight percent by incorporating a \$404,968 General Fund reduction. Information and referral services to parents and child care providers would have to be reduced statewide.

#### Legislative Update

*Package 094: The Subcommittee approved adjustments to the Governor's budget in support of statewide policy decisions and recommendations based on prior actions taken by the Joint Committee on Ways and Means. The adjustments, in Package 094- LFO Adjustments, include the following:*

- *A decrease of \$221,001 total funds to remove projected expenditures for employee merit increases scheduled to occur after July 1, 2003.*
- *A decrease of \$11,398 total funds to reflect reductions in the Department of Administrative assessments, liability insurance costs and telecommunications costs.*
- *A decrease of \$3,790 total funds to reflect an Attorney General rate change, which reduced the charge to agencies to \$98 from \$109 per hour.*
- *A decrease of \$24,186 total funds to eliminate the inflation factor originally included in the Governor's budget for most Services and Supplies and Capital Outlay line-items.*

- *A decrease of \$327,556 in total funds to reflect reductions in the rate for Public Employees Retirement System payments.*
- *A decrease of \$522 in General Fund to reflect adjustments for assessments for the Capitol Planning Commission and Secretary of State Audits Division.*

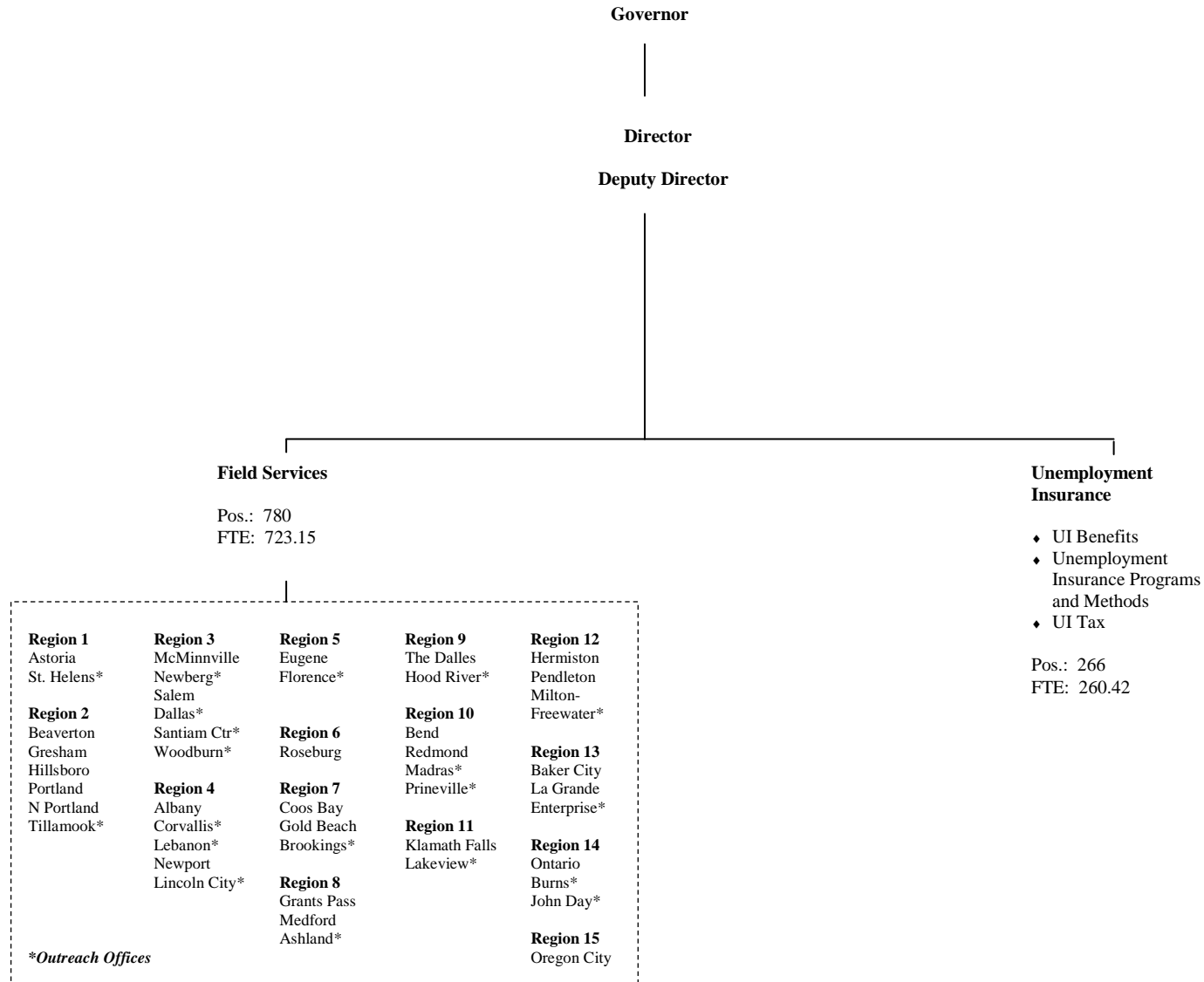
**LEGISLATIVELY ADOPTED BUDGET**    \$121,166,940 and 68.88 FTE

# PROMOTE/REGULATE CHILD CARE

## Detail of Other Funds and Federal Funds Revenue *Child Care Division*

| Source                                                            | Fund    | 1999-01<br>Actual | 2001-03                   |                    | 2003-05            |                           |                          |
|-------------------------------------------------------------------|---------|-------------------|---------------------------|--------------------|--------------------|---------------------------|--------------------------|
|                                                                   |         |                   | Legislatively<br>Approved | Estimated          | Agency<br>Request  | Governor's<br>Recommended | Legislatively<br>Adopted |
| Federal Government                                                | Federal | 90,449,755        | 124,103,582               | 124,103,582        | 117,418,697        | 117,418,697               | 117,087,384              |
| Penalty & Interest                                                | Other   |                   |                           |                    |                    |                           |                          |
| Supplemental Employment Department<br>Administrative Fund (SEDAF) | Other   |                   |                           |                    |                    |                           |                          |
| JOBS Plus Fund                                                    | Other   |                   |                           |                    |                    |                           |                          |
| Contracted Services                                               | Other   |                   |                           |                    |                    |                           |                          |
| Reed Act                                                          | Other   |                   |                           |                    |                    |                           |                          |
| Child Care Licensing Fees                                         | Other   | 694,278           | 695,751                   | 695,751            | 695,751            | 695,751                   | 695,751                  |
| Other Revenue                                                     | Other   | 34,767            | 16,000                    | 16,000             | 16,000             | 16,000                    | 16,000                   |
| Sale of Cert of Participation                                     | Other   |                   |                           |                    |                    |                           |                          |
| Fraud Control Fund                                                | Other   |                   |                           |                    |                    |                           |                          |
| Employer Taxes                                                    | Other   |                   |                           |                    |                    |                           |                          |
| Federal Benefits                                                  | Other   |                   |                           |                    |                    |                           |                          |
| <b>TOTAL</b>                                                      |         | <b>91,178,800</b> | <b>124,815,333</b>        | <b>124,815,333</b> | <b>118,130,448</b> | <b>118,130,448</b>        | <b>117,799,135</b>       |

# SUPPORT THE UNEMPLOYED



\* Field Services shows FTE delivering both ES and UI programs.

# SUPPORT THE UNEMPLOYED

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## MISSION

The Unemployment Insurance (UI) program's mission is to provide temporary income maintenance for unemployed workers who are unemployed through no fault of their own and act as a partial economic stabilizer for communities during periods of economic recession.

The purposes of the UI program are to:

- Provide partial wage replacement to workers unemployed through no fault of their own;
- Stabilize the economy in local communities with high unemployment and during economic downturns;
- Encourage employers to minimize unemployment by using an experience-rating system that accounts for the amount of benefits paid to their workers when determining their tax rate; and
- Facilitate reemployment through a focus on work search and employment services.

## PROGRAM BACKGROUND

The Oregon UI system is designed on a counter-cyclical strategy of raising revenues to pay benefits from employers when the economy is strong. This results in a solvent and healthy UI Trust Fund when the number of individuals drawing benefits suddenly increases due to an economic recession. In contrast to a pay-as-you-go design, the Oregon UI system

avoids the need to dramatically raise employer taxes during short-term economic downturns.

Oregon's unemployment insurance program has three major areas, each containing several basic components: Benefits, Tax, and Appeals.

### Unemployment Benefits

The following programs and services are provided by the UI Benefit Section:

Determination of Monetary Eligibility – The amount of the benefit is based on the individual's prior earnings. Determining monetary eligibility takes place when the individual files an application for UI benefits.

Eligibility Determinations – This process ensures benefits are payable to workers unemployed through no fault of their own. Eligibility issues must be resolved before benefits are paid, typically by telephone investigation.

The department is addressing eligibility determinations in six areas:

- Regional Adjudication Centers (RAC) – The department has consolidated the Eligibility Determination Process into eight offices statewide and continues to consider additional consolidation. This provides for better training and supervision of adjudicators and makes the determinations more consistent on a statewide basis.
- Benefits Timeliness and Quality (BTQ) Reviews – Each quarter fifty separation and fifty non-separation decisions are reviewed statewide. The decisions are reviewed as part of the federal tripartite review in conjunction with Department of Labor Region VI counterparts. The results are reviewed and analyzed to set targets for correction and improvement. The review is also used to assess training needs for regional seminars.

## SUPPORT THE UNEMPLOYED

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One area the department has concentrated on for several years is the quality and timeliness of eligibility decisions. Following a decline in previous years, through 2000 there were some improvements in the areas of timeliness and non-separation decision quality. However, with the recession that began in 2001, the number of non-monetary determinations increased by approximately 40 percent and weeks claimed activity more than doubled.

This dramatic increase in workload with minimal increase in staff adversely affected the quality measures of the department's work. Therefore, a strong effort is being maintained to ensure quality decision-making and that the department's services to customers do not further deteriorate.

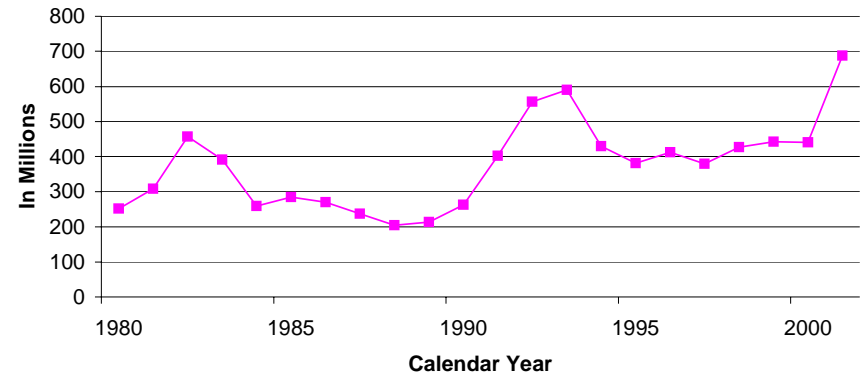
- **Quarterly Reviews of Eligibility Decisions** – The quality and promptness of decisions are reviewed on a quarterly basis to ensure they meet quality standards. The quality reviews are conducted in the field by direct supervisors to address problems quickly and encourage quality.
- **Training** – Supervisors and staff in local offices receive ongoing training to ensure consistency in the application of agency law and policy. Technical staff work directly with supervisors in conducting local reviews.
- **Regional Seminars** – Technical staff conduct regional seminars for all adjudicators and their supervisors. The seminars focus on new laws, rules, procedures, and issues or concerns arising from the BTQ or quarterly field reviews.
- **Annual Adjudication Conference** – Technical staff also conduct an annual conference for all adjudicators and their supervisors. The focus is similar to that of Regional Seminars with the added benefit of

allowing adjudicators from the entire state to hear policy and technical information at the same time.

**Payment of Benefits** – Over 60 percent of UI claimants in Oregon file for weekly benefits through the Interactive Voice Response (IVR) system. IVR permits a person to claim benefits by telephone, substantially reducing the amount of staff time needed to process and pay benefits.

Approximately 35 percent of claimants are now claiming weekly benefits through the On-line Claim system (OLC). OLC permits a person to claim benefits at any time of day over the Internet, which reduces the claimant's frustration when the IVR telephone line is busy and saves the agency telephone costs. In addition, claimants may receive benefits through direct deposit to individual checking accounts.

**Benefits Paid Calendar Year 1980-2001**



**Benefit Payment Control** – This program deters fraud, waste, and abuse in the UI system through the use of audit, investigation, and collection programs. The department uses a variety of procedures to detect improper



## SUPPORT THE UNEMPLOYED

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and illegal payments and recover overpaid unemployment benefits for the Unemployment Insurance Trust Fund. Recovery activity includes garnishments and referral of accounts to private collection agencies. Those who commit illegal acts are prosecuted to the fullest extent of law.

Using expenditures from the UI Fraud Control Fund, the agency increased revenue agent staffing to boost recovery of unemployment insurance overpayments. As a result, receipts for the last fiscal year increased 20 percent over the prior year.

Between June 2001 and June 2002, the UI Tax and Benefit programs reviewed all closed accounts with no payment in a year and sent all those with no exception codes to private collection agencies (PCA). Included were accounts retained in the “uncollectible file” as write-offs. Rather than retaining uncollectible accounts, all uncollectible debt (after the three years allowed by law) has been written off. Additionally, all open accounts with no payment in a year were reviewed for appropriate collection action.

This combination of focused collections on open accounts, write off of uncollectible debts, and use of PCA’s has greatly reduced accounts receivable and increased revenues to the UI Trust Fund.

### Unemployment Tax

Over the past decade, the department has built strong partnerships with the Department of Revenue and the Department of Consumer and Business Services as all three agencies worked together to implement combined quarterly payroll reporting for employers. The focus on user-friendly processes has driven the agencies to collaboratively improve service delivery so it is seamless to its customers.

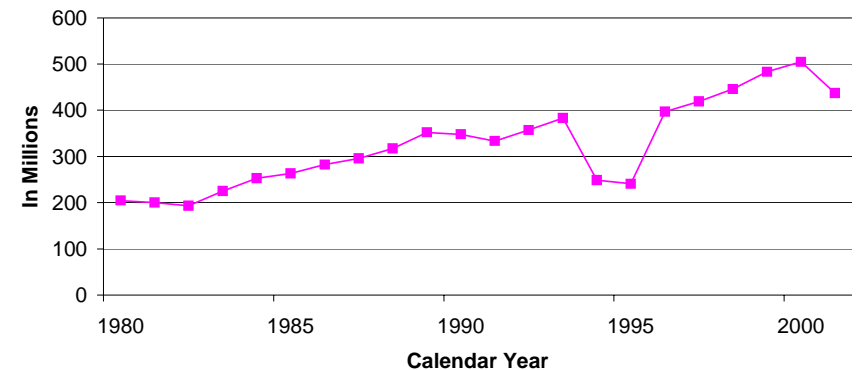
The three agencies continue to work together on all initiatives that require joint development and implementation. The goal of all three agencies is to enhance customer choice and access for Oregon taxpayers.

Using improvements in technological capacity, the department designed a web-based Secure Employer Tax Reporting Online program (SETRON) as a “fillable” interactive form that can be transmitted by e-mail. This is in addition to reporting by electronic cartridge or the Oregon Tax Employer Reporting (OTTER) system.

An interactive voice response (IVR) application has been developed that allows employers who have no payroll for a quarter to call and file their “no payroll” quarterly reports by telephone. This employer tool won a national award in 2001 from the National Association of State Workforce Administrators

The department is also implementing both IVR and Internet access to employers for inquiry into their account status. This allows employers to confirm their tax rate, verify payment and report filings, and quickly obtain answers on routine requests for information without requiring staff interaction. A pilot project is currently underway to determine the feasibility of providing employers with the ability to respond to specific tax notices by e-mail.

**Taxes Assessed Calendar Year 1980-2001**



## SUPPORT THE UNEMPLOYED

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Programs and services within the UI Tax Section include:

- Tax Status Determination – Identify and register employers and assign tax rates.
- Report Delinquency – Promote reporting compliance and secure delinquent tax reports.
- Tax Collection – Promote tax payment compliance and manage accounts receivable.
- Field Audits – Promote and verify employer compliance with federal and state laws.
- Account Maintenance – Establish and maintain accurate employee wage records and employer accounts.
- Combined Tax Reporting – The combined tax reporting process includes this department, the Department of Revenue and the Department of Consumer and Business Services. The Department of Revenue provides cashing and initial registration for the three agencies, while the Employment Department processes the quarterly employer reports and sends notices of delinquent reports.

Employers may report on scanned paper forms, but they are encouraged to report electronically by:

- cartridge or by using the Oregon Tax Employer Reporting (OTTER) program,
- web-based Secure Employer Tax Reporting Online (SETRON) program, or
- telephone via the Interactive Voice Response (IVR) system to report no payroll for a quarter.

The department is working with the Department of Revenue to implement an electronic registration process, which would complete the suite of electronic access plans. In addition, work progresses with the Department of Revenue to automate a debit/credit cross-match when employer payments are applied to the wrong agency.

### **Unemployment Appeals**

There are two hearing levels: (1) initial at the Hearings level, and (2) subsequent at the Employment Appeals Board, whose members are appointed by the Governor.

- Hearing Officer Panel – The responsibility of the Hearing Officer Panel is to provide workers and employers the opportunity for a fair and prompt hearing of disputed administrative decisions and tax determinations. This section makes decisions based upon the record and testimony. The majority of the Hearing Officer Panel decisions are conducted by telephone to improve efficiency and productivity.
- Employment Appeals Board – The responsibility of the Employment Appeals Board is to review decisions of the Hearing Officer Panel on benefit cases.

### **Claimant Reemployment**

The department continues to place increased emphasis on early reemployment of UI claimants in suitable work as quickly as circumstances allow. Many of the activities represent a true cross-functional program whereby staff and resources of two historically distinct federal programs (UI & ES) are jointly focused on one goal.

The strategies used include:

- Identification of Work Attachment.
- Enhanced Enrollment

## SUPPORT THE UNEMPLOYED

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- Self Employment Assistance (SEA) Program Participation
- Worker Profiling Program

Complete descriptions of these strategies are covered in the Promote and Develop the Workforce Section of this budget document.

### KEY ISSUES

- Address continued under-funding, by Congress, of the Unemployment Insurance program.
- Promote and maintain integrity of the UI Trust Fund.
- Increase remote access for customers to programs and services.
- Use technology to streamline programs and services without affecting quality of service.
- Assist in the reemployment of UI recipients as quickly as possible into suitable work.

### PROPOSED LEGISLATION

**Senate Bill 237** – Brings the bond amounts as outlined in ORS 657.505 up to date and in line with the amounts of the average claims. Bond amounts are currently five times lower than they should be. Nonprofit employers who elect to reimburse are required to file a bond or deposit to cover potential losses to the trust fund if the employer does not pay or is unable to pay the cost of the claims. Passed.

**House Bill 2161** – Clarifies ORS 657.571 which requires domestic employers to report annually. To change language to the department “shall” provide an annual reporting method, but the domestic employers “may” report annually. This would allow domestic employers to file quarterly. Passed.

**House Bill 2162** – Taxpaying Indian Tribes will be treated the same as taxpaying non-profit and political subdivision. They will pay one-half of extended benefits, which current law does not require them to do. Although periods of extended benefits are not very common, Oregon is currently providing extended benefits to eligible recipients. Did not pass.

**Senate Bill 160** – Modify ORS 657.310 and 657.315 to eliminate the current requirement that a disqualification for benefits becomes final before an overpayment decision is issued. Did not pass.

**House Bill 2163** – Unemployment Insurance Hearings Gives the Department explicit authority to dismiss hearings for certain purposes, i.e. a claimant does not appear for his/her hearing. Passed.

**House Bill 2190** – Add specific dismissal authority to statute for unemployment insurance hearings cases. Passed.

### PROGRAM FUNDING

**Federal Funds** – Administrative funding for operation of the Oregon UI system is appropriated annually by Congress from dedicated revenues collected from employers by the Internal Revenue Service under authority of the Federal Unemployment Tax Act (FUTA). Although there is a sizeable surplus of dedicated revenues available for administration of UI, Congress has under-funded the UI system nationwide since the early 1980’s when federal budget deficits began to skyrocket. As part of the federal

## SUPPORT THE UNEMPLOYED

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unified budget, these accumulated surpluses offset deficit spending by the federal government in other parts of the federal budget.

FUTA provides for a payroll tax but allows employers an offset against the federal tax if they are paying taxes under an approved state unemployment compensation law. It is the responsibility of the U.S. Department of Labor to ensure that state laws meet all the requirements necessary for approval. Failure of a state law to conform with these requirements could mean loss of offset credit for the state's employers (the difference of paying \$56 per covered employee with the credit versus paying \$434 per covered employee without the credit). In addition, the state would not be eligible for federal grants to administer the Employment Service and Unemployment Insurance programs.

The Congressional appropriation for UI administration is allocated among the 50 states by the U.S. Department of Labor. The allocation formula was developed many years ago when system administration was fully funded. It is intended to equitably distribute administrative revenues among the states based on UI claims workload. States experiencing higher levels of unemployment relative to other states are supposed to receive more administrative funding while states with lower unemployment rates receive less funding.

Continued under-funding by Congress, however, has caused the workload-driven model to become severely out of kilter with the actual costs experienced by the states in administering the UI system. Federal funding allocations have not kept pace for many years with cost of living adjustments, salary and benefits increases which are set at the state level, and investments needed to develop, maintain, and upgrade technology systems. As a result, staffing levels for UI in Oregon have been seriously constrained even while the state continues to experience one of the highest statewide unemployment rates in the nation.

The department continues to monitor an administrative financing reform proposal by the Bush Administration as well as other proposals introduced in Congress by employers, organized labor, states, and other stakeholders in the UI system. Thus far, these proposals have tended to benefit larger states at the expense of smaller states like Oregon.

Some of the proposals would also shift the responsibility for FUTA tax collections from the Internal Revenue Service to the states. Oregon believes this shift would largely offset any benefit to the state from the financing reform. However, concerns about the continued under-funding of these programs may well cause the department to recommend that the Governor support one of the proposals.

**Other Funds** – Funding to pay unemployment benefits in Oregon is a dedicated payroll tax paid by employers and collected by the Employment Department. These tax revenues, however, are required under federal law to be deposited in an Oregon UI Trust Fund account held by the U.S. Treasurer. These funds are continuously appropriated by Congress and are drawn down by the Employment Department as needed to pay benefits and are treated as Other Funds in the department's budget.

The Oregon UI Trust Fund account currently has a balance of approximately \$1.5 billion. Interest earned on these funds accrues to the account as additional revenues for payment of benefits. In recent years, the fund has paid out between \$380 million and \$440 million in benefits annually. During calendar year 2001, over \$750 million in benefits were paid.

Based on current economic projections, the trust fund will pay about \$700 million annually during the 2003-05 biennium. These large payouts will reduce reserves in the Unemployment Insurance Trust Fund, but will require only a moderate increase in UI taxes.

## SUPPORT THE UNEMPLOYED

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During the recent period of higher unemployment, the department paid benefits under the Extended Benefits program, funded 50 percent out of the Oregon UI Trust Fund and 50 percent by additional federal dollars. In addition, as previously occurred from 1991 until 1994, Congress enacted a fully Federally funded 26-week extension of unemployment benefits, which will cover most of CY 2002 and part of CY 2003.

The department has two special UI administrative funds that are held and invested by the State Treasurer. The Penalty & Interest Fund accrues interest earnings and penalties assessed against employers for the delinquent payment of their payroll taxes collected by the department for the payment of benefits. These funds pay administrative expenses for which federal funds are not available or as determined by the Director of the Employment Department.

The Fraud Control Fund accrues interest earnings on the delinquent repayment of benefits recovered from UI claimants. These funds are used for administrative costs associated with the prevention, discovery, and collection of unemployment benefit overpayments.

**FY 2002 Reed Act Funds** – In March 2002, the Federal government disbursed \$98 million to Oregon as Reed Act funds. These disbursements are provided in Federal law when the accounts financed by the FUTA tax on employers have reached their statutory limits. Under Federal law, Reed Act funds may only be used for the payment of Unemployment Insurance benefits or administration of the Unemployment Insurance or Employment Service programs. The Reed Act disbursement was made to the Oregon Unemployment Insurance Trust Fund and is classified as Other Funds.

# SUPPORT THE UNEMPLOYED

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## BUDGET REQUEST

The Unemployment Insurance program is requesting to continue its Current Service Level (CSL) plus two budget packages. The CSL includes the program area's Base Budget Request plus Essential Packages.

**BASE BUDGET** *\$121,338,610 and 630.51 FTE*

The base budget request is the 2001-2003 Legislatively Adopted Budget adjusted for any Emergency Board actions and administrative changes approved by the Department of Administrative Services through April 2002 and roll-up of salary costs.

### ESSENTIAL PACKAGES

#### **010 Vacancy Factor and Non-PICS Personal Services**

Non-PICS Personal Services have been increased \$167,370 by the calculation of the change in vacancy factor savings and other Non-PICS changes for the 2001-03 biennium.

#### **020 Cost of Phased-in and Phased-out Programs**

There has been a reduction of \$685,495 for phase out of HB 3141 implementation and for one-time Services and Supplies related to Hearing Panel charges discussed at the April 2002 Emergency Board and a limited duration position received in 2001-03 package 116.

#### **030 Inflation and Price List Adjustments**

The costs of goods and services increased \$1,523,443 for this program area. This is based on an overall 3.5% biennial inflation

factor increase in services and supplies expenditures, allowed exceptions, and changes in State Government Service Charges.

#### **040 Mandated Caseload**

The department is projecting a level of workload combined with funding changes for the Unemployment Insurance program which will result in a reduction in federal revenue from the Department of Labor and a reduction of \$935,672 Federal Funds and seven permanent full-time equivalent positions in this essential packages.

Legislative Revision: Due to increased workload projection, the Legislature restored these seven positions as limited duration and restored \$935,672 Federal Funds.

#### **050 Fund Shifts or Revenue Reductions**

The Department of Labor has made available Reed Act funds through Section 903 of the Social Security Act for use in administering the Unemployment Insurance Program. Reed Act is treated as Other Funds and allows the department to shift the funding of 52 positions from Federal Funds to Other Funds in the amount of \$8,302,242.

#### **060 Technical Adjustments**

The department has no technical adjustments to report.

# SUPPORT THE UNEMPLOYED

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## POLICY PACKAGES

### 081 2002 Third Special Session

This package removes \$18,761 Federal Funds for the three percent cost-of-living adjustment starting February 2003 for employees at salary range 38 or higher.

### 201 Telephone Initial Claims

This package requests a \$4,000,000 appropriation for Reed Act funds to implement a statewide telephone initial claims system. See complete detail on following pages.

### 202 Fraud Control Fund

This package requests \$395,023 and 3 FTE to increase accounts receivable recoveries and reduce outstanding debt. See complete detail on following pages.

- *A decrease of \$490,744 total funds to reflect reductions in the Department of Administrative assessments, liability insurance costs and telecommunications costs.*
- *A decrease of \$52,361 total funds to reflect an Attorney General rate change, which reduced the charge to agencies to \$98 from \$109 per hour.*
- *A decrease of \$59,083 total funds to eliminate the inflation factor originally included in the Governor's budget for most Services and Supplies line-items.*
- *A decrease of \$3,055,228 Other Funds to remove expenditure limitation for pass-through funds to the Central Hearings Panel that is no longer needed. These funds will now be paid directly to the Central Hearings Panel.*
- *A decrease of \$2,895,540 in total funds to reflect reductions in the rate for Public Employees Retirement System payments.*

LEGISLATIVELY ADOPTED BUDGET      \$118,668,535 and 633.47 FTE

## Legislative Update

*Package 094: The Subcommittee approved adjustments to the Governor's budget in support of statewide policy decisions and recommendations based on prior actions taken by the Joint Committee on Ways and Means. The adjustments, in Package 094 - LFO Adjustments, include the following:*

- *Elimination of one vacant Office Specialist I position (0.04 full-time equivalent). The Subcommittee left the funding for this position to be used in other Personal Services line items and more accurately reflect the historical use of these funds.*
- *A decrease of \$1,491,883 total funds to remove projected expenditures for employee merit increases scheduled to occur after July 1, 2003.*

# SUPPORT THE UNEMPLOYED

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## TELEPHONE INITIAL CLAIMS Policy Package #201

### PURPOSE

The department requests authorization to use Reed Act funds for the purpose of implementing Telephone Initial Claim Call Centers for the Unemployment Insurance (UI) program. As customer choice is a key element of the Workforce Investment Act (WIA), by implementing a remote initial claims system, the department not only ensures that UI information is provided in all one-stop locations but, by 2004, any eligible UI recipient will be able to apply for benefits via the Internet, telephone, mail, or in-person. Although initial claims are just one component of the WIA system, with the combination of remote options and traditional modes of filing, Oregon plans to increase customer satisfaction, realize increased savings in both staff time and telecommunications charges, and build toward a model Unemployment Insurance program.

By 2003, the department will have completed the implementation of two Telephone Initial Claims Call Centers (Interstate and Eugene). Future Call Centers may be identified based on the outcomes of these two sites. The purpose of this package is to act as a placeholder to establish funding limitation to proceed with the implementation of future, as yet undefined, Call Centers.

### HOW ACHIEVED

Success criteria from the first two sites will be evaluated to validate the business case, including return on investment, for call center service delivery. Based on business models to provide local one-stop services, as well as centralized call center services, the department will determine the number and location of any future regional call centers. It is anticipated that this will result in:

- Efficiencies in service delivery.
- Improved consistency.
- Cost savings through facility sharing with partners.

The full Legislature is required by Federal law to approve expenditure of Reed Act funds. Federal law does not allow an Emergency Board to appropriate Reed Act Funds. Therefore, the department requests that the legislature appropriate and un-schedule the funds pending approval by the Department of Administrative Services and the Emergency Board of the project during the 2003-05 biennium.

The department will not have a detailed cost estimate available until the first two sites have been evaluated later in the 2003-05 biennium. Though it is anticipated that expenditures will include professional services, equipment, supplies and other costs, this request does not attempt to forecast what those amounts will be by cost category.

### STAFFING IMPACT

|                 |      |
|-----------------|------|
| Positions / FTE | 0.00 |
|-----------------|------|

### REVENUE SOURCE

|                           |             |
|---------------------------|-------------|
| Other Funds<br>(Reed Act) | \$4,000,000 |
|---------------------------|-------------|





# SUPPORT THE UNEMPLOYED

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## FRAUD CONTROL FUND Policy Package #202

### PURPOSE

ORS 657.400 created the Employment Department Special Fraud Control Fund in 1997. The purpose of this fund is to improve the integrity of the unemployment insurance program through the prevention, discovery and collection of unemployment insurance overpayments. Over the last decade, the collection of these overpayments has failed to keep pace with the outstanding balance. This package increases administrative funding for the department's Benefit Payment Control staff that will allow the department to increase collection of overpaid benefits.

### HOW ACHIEVED

This package adds two revenue agents to enable the department to increase recoveries and reduce outstanding debt. Increased recoveries have a side benefit of maintaining or increasing the Fraud Control Fund, enabling the department to request other improvements as needed. The results will be measured by the increase in collections. The department anticipates that collections will increase by \$.5 million annually for each of the two revenue agents in this package.

Adding an Information Systems Specialist will enable continued improvements in the department's fraud tracking software. This position was requested as limited duration last biennium. The department requests that it be continued as a permanent position to allow continued automation efforts to further enhance fraud control efforts.

### STAFFING IMPACT

Positions / FTE 3 / 3.00

### REVENUE SOURCE

The Employment Department Special Fraud Control Fund – ORS 657.400. This fund consists of interest moneys collected under ORS 657.310, and is specifically limited to paying the administrative costs associated with the prevention, discovery and collection of unemployment insurance overpayments.

### Legislative Update

***Package was reduced \$3,606 for reductions in out-of-state travel and Attorney General rate. The three positions were approved as limited duration appointments.***

Other Funds \$395,023

# SUPPORT THE UNEMPLOYED

## Essential and Policy Package Fiscal Impact Summary

Package No. 202 Fraud Control Fund

| PERSONAL SERVICES                  |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|------------------------------------|------------------------------|-----------|------|-----|-----------|-------------|----------|----|----|-----------------|----|-------------|-----------------|
| Classification No.                 | Group by Classification Name | # of Pos. | FTE  | SR  | Avg. Step | Avg. Salary | Avg. OPE | GF | LF | OF              | FF | Non-Limited | All Funds       |
| C5110                              | Revenue Agent 1              | 1         | 1.00 | 16  | 2         | 2,019       | 1,269    |    |    | 79,081          |    |             | 79,081          |
| C5110                              | Revenue Agent 1              | 1         | 1.00 | 16  | 2         | 2,019       | 1,269    |    |    | 79,081          |    |             | 79,081          |
| C1486                              | Info Systems Specialist 6    | 1         | 1.00 | 291 | 2         | 3,818       | 1,759    |    |    | 134,087         |    |             | 134,087         |
|                                    |                              |           |      |     |           |             |          |    |    | -               |    |             | -               |
|                                    |                              |           |      |     |           |             |          |    |    | -               |    |             | -               |
|                                    |                              |           |      |     |           |             |          |    |    | -               |    |             | -               |
|                                    |                              |           |      |     |           |             |          |    |    | 292,249         | -  | -           | 292,249         |
|                                    |                              |           |      |     |           |             |          |    |    |                 |    |             | -               |
|                                    |                              |           |      |     |           |             |          |    |    |                 |    |             | -               |
|                                    |                              |           |      |     |           |             |          |    |    | 3,876           |    |             | 3,876           |
|                                    |                              |           |      |     |           |             |          |    |    | (530)           |    |             | (530)           |
| <b>Total Personal Services</b>     |                              |           |      |     |           |             |          |    |    | <b>295,595</b>  | -  | -           | <b>295,595</b>  |
| SERVICES AND SUPPLIES              |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
| 4100 Instate Travel                |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 1,517           |    |             | 1,517           |
| 4125 Out-of-State Travel           |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | -               |    |             | -               |
| 4150 Training                      |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 1,000           |    |             | 1,000           |
| 4175 Office Expenses               |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 10,559          |    |             | 10,559          |
| 4200 Telecommunications            |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 9,537           |    |             | 9,537           |
| 4250 Data Processing               |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 9,500           |    |             | 9,500           |
| 4275 Publicity and Publications    |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | -               |    |             | -               |
| 4300 Professional Services         |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 43,550          |    |             | 43,550          |
| 4325 Attorney General              |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 17,854          |    |             | 17,854          |
| 4375 Employee Recruit and Develop  |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | -               |    |             | -               |
| 4400 Dues and Subscriptions        |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 1,000           |    |             | 1,000           |
| 4425 Facilities Rental and Taxes   |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | -               |    |             | -               |
| 4450 Fuels and Utilities           |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | -               |    |             | -               |
| 4475 Facilities Maintenance        |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 385             |    |             | 385             |
| 4650 Other Services and Supplies   |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 1,003           |    |             | 1,003           |
| 4700 Expendable Property           |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | 3,523           |    |             | 3,523           |
| <b>Total Services and Supplies</b> |                              |           |      |     |           |             |          |    |    | <b>99,428</b>   | -  | -           | <b>99,428</b>   |
| CAPITAL OUTLAY                     |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
| <b>Total Capital Outlay</b>        |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          | -  | -  | -               | -  | -           | -               |
| SPECIAL PAYMENTS                   |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
| <b>Total Special Payments</b>      |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          | -  | -  | -               | -  | -           | -               |
| <b>TOTAL REQUEST</b>               |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          | -  | -  | <b>395,023</b>  | -  | -           | <b>395,023</b>  |
| <b>TOTAL POSITIONS/FTE</b>         |                              |           |      |     |           |             |          |    |    |                 |    |             |                 |
|                                    |                              |           |      |     |           |             |          |    |    | <b>3 / 3.00</b> |    |             | <b>3 / 3.00</b> |

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page

# SUPPORT THE UNEMPLOYED

## Detail of Other Funds and Federal Funds Revenue *Support the Unemployed*

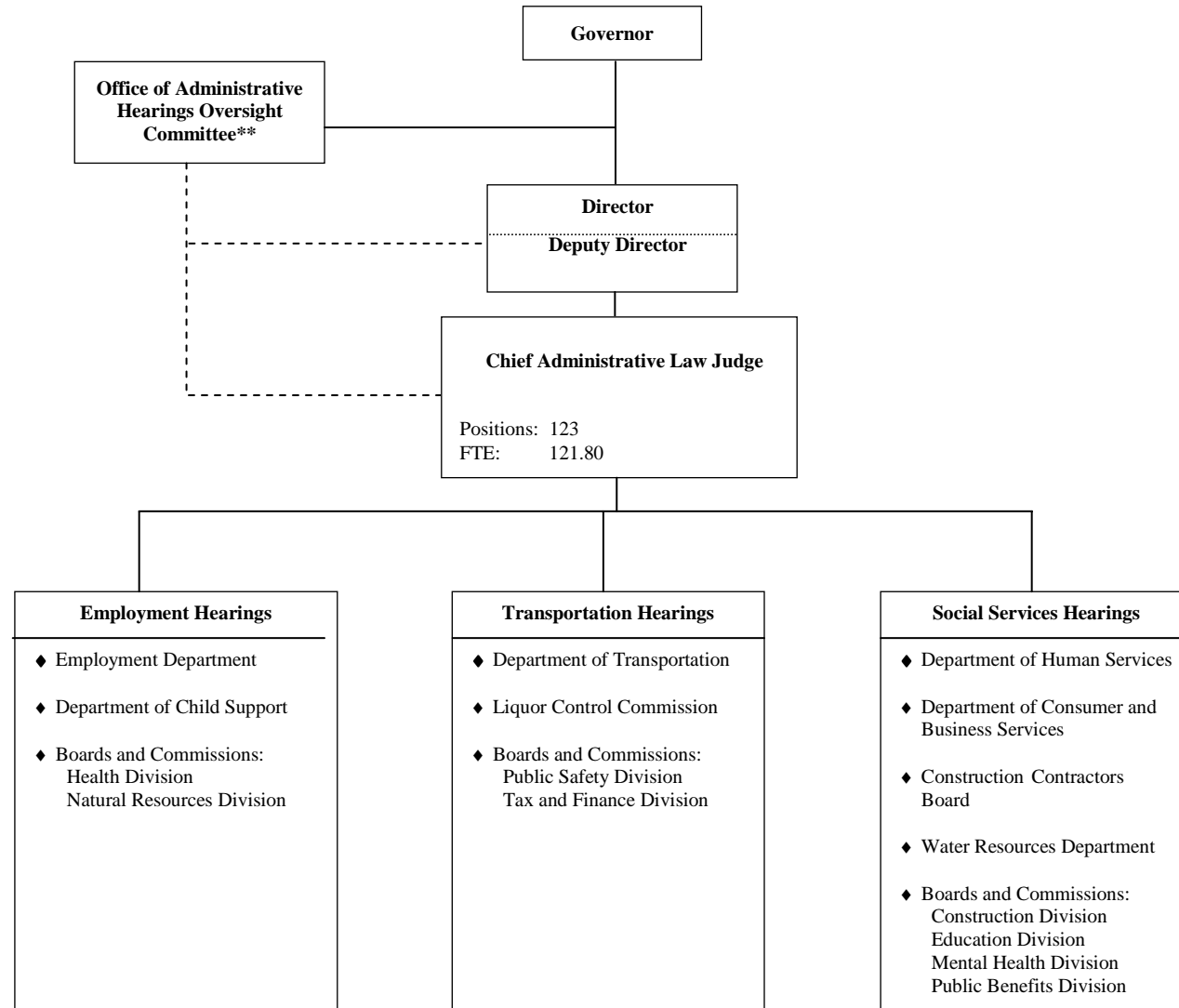
| Source                                                            | Fund    | 1999-01<br>Actual | 2001-03                   |                    | 2003-05            |                           |                          |
|-------------------------------------------------------------------|---------|-------------------|---------------------------|--------------------|--------------------|---------------------------|--------------------------|
|                                                                   |         |                   | Legislatively<br>Approved | Estimated          | Agency<br>Request  | Governor's<br>Recommended | Legislatively<br>Adopted |
| Federal Government                                                | Federal | 85,675,652        | 105,527,216               | 101,818,127        | 102,069,954        | 102,051,193               | 98,794,684               |
| Penalty & Interest                                                | Other   |                   |                           |                    |                    |                           |                          |
| Supplemental Employment Department<br>Administrative Fund (SEDAF) | Other   |                   |                           |                    |                    |                           |                          |
| JOBS Plus Fund                                                    | Other   |                   |                           |                    |                    |                           |                          |
| Contracted Services                                               | Other   | 1,194,750         | 3,157,718                 | 680,436            | 3,055,228          | 3,055,228                 | -                        |
| Reed Act                                                          | Other   |                   |                           |                    |                    |                           |                          |
| Child Care Licensing Fees                                         | Other   |                   |                           |                    |                    |                           |                          |
| Other Revenue                                                     | Other   |                   |                           |                    |                    |                           |                          |
| Sale of Cert of Participation                                     | Other   |                   |                           |                    |                    |                           |                          |
| Fraud Control Fund                                                | Other   |                   |                           |                    |                    |                           |                          |
| Employer Taxes                                                    | Other   |                   |                           |                    |                    |                           |                          |
| Federal Benefits                                                  | Other   |                   |                           |                    |                    |                           |                          |
| <b>TOTAL</b>                                                      |         | <b>86,870,402</b> | <b>108,684,934</b>        | <b>102,498,563</b> | <b>105,125,182</b> | <b>105,106,421</b>        | <b>98,794,684</b>        |

**SUPPORT THE UNEMPLOYED**

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# OFFICE OF ADMINISTRATIVE HEARINGS



*\*\*The Office of Administrative Hearings Oversight Committee is appointed by the Governor, the Legislature, and Attorney General. It includes the Chief Administrative Law Judge serving as ex officio.*

# OFFICE OF ADMINISTRATIVE HEARINGS

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## MISSION

The Office of Administrative Hearings serves the citizens of Oregon by hearing state contested cases for the 70+ state agencies subject to HB 2525 (1999).

## PROGRAM BACKGROUND

For over twenty years, attempts were made to pass legislation creating a central panel of administrative law judges, who would preside over state agency hearings. The purpose was to separate agency enforcement from agency adjudication. The general belief was that agencies should not be policeman, prosecutor, judge, and jury of their own actions.

In 1999, the Legislature passed HB 2525, which created the Hearing Panel (Panel) making Oregon the 22nd state in the nation to have a central panel.

The Panel was established in the Employment Department and, with 130 employees, is a consolidation of the hearing units of seven different agencies: Adult and Family Services, Construction Contractors Board, Department of Consumer and Business Services, Department of Transportation, Employment Department, Oregon Liquor Control Commission, and the Water Resources Department.

Approximately 30,000 cases are heard each year by the Panel, representing 90 percent of all state contested case hearings. In 2001 over 32,000 cases were referred to the Panel. The breakdown is as follows:

- Employment Department (16,600): unemployment insurance compensation and employer taxes.

- Division of Child Support (5,000): child support obligations.
- Oregon Department of Transportation (6,000): implied consent (4,200); driver and automobile licensing issues (1,700); miscellaneous others (fuels tax, commercial vehicles: 100).
- Department of Human Services (3,700): Eligibility for health and social services (Medicaid, Oregon Health Plan, Temporary Assistance to Need Families, General Assistance, and others).
- Department of Consumer and Business Services (325): workers' compensation, insurance licensing, premium audit.
- Construction Contractors Board (545): disputes between contractors and homeowners.
- Oregon Liquor Control Commission (135): regulation of alcohol sales and dispensing.
- Water Resources Department (15): water disputes (including Klamath Basis).
- All others (361): includes about 60 agencies; for example, all occupational licensing boards and commissions, Department of Environmental Quality, Department of Agriculture, and others.

To better serve citizens and businesses, an Internet website is under development, which will permit external customers to learn about the functions of the Panel. It will feature a word-search program, enabling citizens and businesses to find past decisions.

The Panel has also established a site on the Employment Department's Intranet which is available only to Panel hearing officers and staff. The site contains

## OFFICE OF ADMINISTRATIVE HEARINGS

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the text of Panel procedural rules (HB 2525) and other documents necessary to conduct hearings. Site expansions will include useful training materials which otherwise would be discarded or lost, Panel policies, and other relevant materials.

To provide better training, a comprehensive outline of all subjects included in administrative law was recently completed by the Panel. Subjects include:

- Order writing
- Administrative Procedures Act
- HB 2525
- Panel procedural rules
- All aspects of conducting a hearing
- Evidence

The outline will serve as the basis from which topics are chosen for formal training. The Panel is also examining different ways of delivering training efficiently through: videotape, CD with voice overlay, written materials, and/or classroom instruction.

### KEY ISSUES

**Continuation of the Panel** – HB 2525 established the Panel as a pilot project; during the June 2002 Special Session, the sunset date was advanced to June 30, 2005. The 2003 Legislature will need to address the continuance of the Panel as well as organizational issues.

**Trends** – Since October 2001 case loads in unemployment insurance and social service claims have grown substantially, but have recently leveled off. Caseloads and the implications of current state budget difficulties for the Panel are uncertain. If agency staff are reduced as a cost-cutting measure, claims may be processed more slowly and may result in an increase in the

number of requests for hearing. However, a reduction in state services and regulation may reduce the number of persons affected by agency action and possibly would reduce the number of hearing requests.

**Specialized training** – The Panel serves the hearing needs of about 70 agencies and each has its own statutes, rules, and case law. In the past, training in these specialized areas has been quite intensive, often lasting several days and involving a considerable investment in resources and lost productivity. Using implied consent and unemployment insurance cases as a pilot, the Panel is trying to develop a model of streamlined training lasting no more than a day.

**Geographical efficiency** – Because hearing officers are located in communities from Portland to Medford the Panel is exploring a pilot with the Oregon Liquor Control Commission (OLCC). Previously, the Panel would send hearing officers assigned to OLCC cases across the state to conduct their hearings at a significant expense to the Commission. For the pilot, hearing officers that are located in a particular geographical area will be designated to hear OLCC cases.

### PROPOSED LEGISLATION

**House Bill 2190** – Add specific dismissal authority to statute for unemployment insurance hearings cases. Passed.

### FUNDING

The Office of Administrative Hearings bills agencies for hearing services, much like the Department of Justice. Most agencies are billed on an hourly basis; those agencies which transferred hearing officers to the Panel are billed for "actual costs" (salaries of staff and other hearing costs).



## **OFFICE OF ADMINISTRATIVE HEARINGS**

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Billings for all agencies are based on time spent on the agency's hearings. Estimates of the cost of the Panel have been provided to agencies to allow them an opportunity to request sufficient funding for hearing services.

Funding comes to the Office of Administrative Hearings as Other Funds revenue (principally from federal sources) from those agencies that purchase hearing services.

# OFFICE OF ADMINISTRATIVE HEARINGS

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## BUDGET REQUEST

The Office of Administrative Hearings program area is requesting to continue its Current Service Level (CSL) with no budget packages. The CSL includes the program area's Base Budget Request plus Essential Packages. Approval of the CSL continues current operations through the 2003-05 biennium.

**BASE BUDGET** *\$24,080,885 and 135.42 FTE*

The base budget request is the 2001-2003 Legislatively Adopted Budget adjusted for any Emergency Board actions and administrative changes approved by the Department of Administrative Services through April 2002 and roll-up of salary costs.

### ESSENTIAL PACKAGES

#### **010 Vacancy Factor and Non-PICS Personal Services**

Non-PICS Personal Services have been increased \$10,847 by the calculation of the change in vacancy factor savings and other Non-PICS changes for the 2003-05 biennium.

#### **020 Cost of Phased-in and Phased-out Programs**

There is a reduction of \$233,975 in service and supply costs associated with the limited duration positions approved by the April 2002 Emergency Board.

#### **030 Inflation and Price List Adjustments**

The costs of goods and services increased \$178,399 for this program area. This is based on an overall 3.5% biennial inflation factor increase in services and supplies expenditures, allowed exceptions, and changes in State Government Service Charges.

#### **040 Mandated Caseload**

The department has no increase in mandated caseload in this program area.

#### **050 Fund Shifts or Revenue Reductions**

The department has no fund shifts or revenue reductions in this program area.

#### **060 Technical Adjustments**

The department has no technical adjustments to report.

#### **070 Revenue Reductions**

Customer agencies have indicated that they will not have the revenue and/or workload to support the level of services that are being provided in 2001-03. As a result, the Office of Administrative Hearings projects a revenue loss of \$1,643,528.

## OFFICE OF ADMINISTRATIVE HEARINGS

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### POLICY PACKAGES

#### 080 Emergency Board

This package reduces Other Funds by \$6,816 to reflect action taken by the June 2003 Emergency Board to reclassify a position.

#### 081 2002 Third Special Session

This package removes \$6,921 Other Funds for the three percent cost-of-living adjustment starting February 2003 for employees at salary range 38 or higher.

#### 090 Program Reductions

This will reduce \$417,137 Other Funds from the Department's Office of Administrative Hearings budget. Of the total, \$314,206 is from elimination of two positions, and \$102,931 is from Services and Supplies.

- *A decrease of \$248,880 Other Funds to remove projected expenditures for employee merit increases scheduled to occur after July 1, 2003.*
- *A decrease of \$41,167 Other Funds to reflect reductions in the Department of Administrative assessments, liability insurance costs and telecommunications costs.*
- *A decrease of \$1,031 Other Funds to reflect an Attorney General rate change, which reduced the charge to agencies to \$98 from \$109 per hour.*
- *A decrease of \$97,794 Other Funds to eliminate the inflation factor originally included in the Governor's budget for most Services and Supplies line-items.*
- *A decrease of \$694,773 Other Funds to reflect reductions in the rate of Public Employees Retirement System payments.*

LEGISLATIVELY ADOPTED BUDGET

\$20,878,109 and 124.09 FTE

### Legislative Update

*Package 094: The Subcommittee approved adjustments to the Governor's budget in support of statewide policy decisions and recommendations based on prior actions taken by the Joint Committee on Ways and Means. The adjustments, in Package 094- LFO Adjustments, include the following:*

- *Elimination of two vacant positions (1.33 full-time equivalent) – one Employment Hearings Referee and one Technical and Executive Assistant 2. The Subcommittee left the funding for these positions to be used in other Personal Services line items and more accurately reflect the historical use of these funds.*

# OFFICE OF ADMINISTRATIVE HEARINGS

## Detail of Other Funds and Federal Funds Revenue *Office of Administrative Hearings*

| Source                                                            | Fund    | 1999-01<br>Actual | 2001-03                   |                   | 2003-05           |                           |                          |
|-------------------------------------------------------------------|---------|-------------------|---------------------------|-------------------|-------------------|---------------------------|--------------------------|
|                                                                   |         |                   | Legislatively<br>Approved | Estimated         | Agency<br>Request | Governor's<br>Recommended | Legislatively<br>Adopted |
| Federal Government                                                | Federal |                   |                           |                   |                   |                           |                          |
| Penalty & Interest                                                | Other   |                   |                           |                   |                   |                           |                          |
| Supplemental Employment Department<br>Administrative Fund (SEDAF) | Other   |                   |                           |                   |                   |                           |                          |
| JOBS Plus Fund                                                    | Other   |                   |                           |                   |                   |                           |                          |
| Contracted Services                                               | Other   | 14,714,208        | 22,193,901                | 22,193,901        | 22,382,458        | 22,382,458                | 20,878,109               |
| Reed Act                                                          | Other   |                   |                           |                   |                   |                           |                          |
| Child Care Licensing Fees                                         | Other   |                   |                           |                   |                   |                           |                          |
| Other Revenue                                                     | Other   |                   |                           |                   |                   |                           |                          |
| Sale of Cert of Participation                                     | Other   |                   |                           |                   |                   |                           |                          |
| Fraud Control Fund                                                | Other   |                   |                           |                   |                   |                           |                          |
| Employer Taxes                                                    | Other   |                   |                           |                   |                   |                           |                          |
| Federal Benefits                                                  | Other   |                   |                           |                   |                   |                           |                          |
| <b>TOTAL</b>                                                      |         | <b>14,714,208</b> | <b>22,193,901</b>         | <b>22,193,901</b> | <b>22,382,458</b> | <b>22,382,458</b>         | <b>20,878,109</b>        |

## **OTHER EXPENDITURES**

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### **CAPITAL IMPROVEMENT**

No capital improvement projects are planned by the Department during the biennium.

### **CAPITAL CONSTRUCTION**

No capital construction projects are planned by the Department during the biennium.

### **NON-LIMITED EXPENDITURES**

Non-limited funds include Unemployment tax collections, Trust Fund interest earnings and Federal revenue that are used to pay Unemployment benefits to qualified applicants who are out of work and actively seeking work. Non-limited funds also include Federal revenue used to fund various Federal training programs such as the North American Free Trade Act (NAFTA) and Trade Adjustment Assistance Program.

Unemployment Insurance taxes are assessed to employers pursuant to ORS 657.462, collected by the State and then transferred to the Oregon State 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 are computed on the fund balance and credited to the Department. Funds are subsequently transferred to the Oregon Unemployment Benefit Fund for payment of Unemployment benefits to eligible claimants. Federal Funds are also deposited to the Federal Unemployment Trust Fund for payment of various Federal Unemployment benefit and training programs.

# OTHER EXPENDITURES

## Detail of Other Funds and Federal Funds Revenue *Non-limited*

| Source                                                            | Fund    | 1999-01<br>Actual    | 2001-03                   |                      | 2003-05              |                           |                          |
|-------------------------------------------------------------------|---------|----------------------|---------------------------|----------------------|----------------------|---------------------------|--------------------------|
|                                                                   |         |                      | Legislatively<br>Approved | Estimated            | Agency<br>Request    | Governor's<br>Recommended | Legislatively<br>Adopted |
| Federal Government                                                | Federal |                      |                           |                      |                      |                           |                          |
| Penalty & Interest                                                | Other   | 11,445,110           | 8,392,536                 | 8,622,033            | 8,966,914            | 8,966,914                 | 8,966,914                |
| Supplemental Employment Department<br>Administrative Fund (SEDAF) | Other   | 33,694,095           | 35,316,895                | 24,805,783           | 27,981,594           | 27,981,594                | 27,981,594               |
| JOBS Plus Fund                                                    | Other   | -                    | 19,473,694                | 19,473,694           | 6,039,305            | 6,039,305                 | 6,039,305                |
| Contracted Services                                               | Other   |                      |                           |                      |                      |                           |                          |
| Reed Act                                                          | Other   | 3,564,684            | 1,766,657                 | 99,795,762           |                      |                           |                          |
| Child Care Licensing Fees                                         | Other   |                      |                           |                      |                      |                           |                          |
| Other Revenue                                                     | Other   | 189,302,959          | 202,240,249               | 227,137,633          | 314,365,986          | 314,365,986               | 314,365,986              |
| Sale of Cert of Participation                                     | Other   |                      |                           |                      |                      |                           |                          |
| Fraud Control Fund                                                | Other   | 1,651,549            | 1,280,600                 | 1,979,098            | 1,934,191            | 1,934,191                 | 1,934,191                |
| Employer Taxes                                                    | Other   | 1,050,751,148        | 1,241,161,380             | 1,203,122,500        | 1,445,587,605        | 1,445,587,605             | 1,445,587,605            |
| Federal Benefits                                                  | Other   | 40,976,777           | 35,104,876                | 35,104,876           | 51,000,000           | 51,000,000                | 59,000,000               |
| <b>TOTAL</b>                                                      |         | <b>1,331,386,322</b> | <b>1,544,736,887</b>      | <b>1,620,041,379</b> | <b>1,855,875,595</b> | <b>1,855,875,595</b>      | <b>1,863,875,595</b>     |

# SPECIAL REPORTS

## INFORMATION TECHNOLOGY PROJECTS IN 2003-05 BASE BUDGET

(that Equal or Exceed \$500,000)

|               |                   |
|---------------|-------------------|
| Project Name: | TOUCHSCREEN KIOSK |
|---------------|-------------------|

Project Description: This project is fundamentally an equipment upgrade to the existing Employment Department touchscreen kiosk system. Repair parts for the current ten-year old equipment are increasingly difficult to obtain, and maintenance costs are increasing. Development for a new web-based touchscreen platform began during the latter half of 2001-03 biennium. Purchase and installations of the upgraded devices are expected to be complete during the first quarter of the 2003-05 biennium.

| Amount in base by fund: | General Fund | Lottery Funds | Other Funds | Non-Limited | Federal Funds | Non-Limited | Total Funds |
|-------------------------|--------------|---------------|-------------|-------------|---------------|-------------|-------------|
|                         | \$           | \$            | \$609,000   | \$          | \$            | \$          | \$          |

| Amount in base by category: | Personal Services | Services & Supplies | Capital Outlay | Special Payments | Debt Service |
|-----------------------------|-------------------|---------------------|----------------|------------------|--------------|
|                             |                   | \$609,000           |                | \$               | \$           |

|             |             |
|-------------|-------------|
| Begin Date: | Spring 2002 |
|-------------|-------------|

|            |  |
|------------|--|
| Positions: |  |
|------------|--|

|                           |             |
|---------------------------|-------------|
| Expected Completion Date: | Summer 2003 |
|---------------------------|-------------|

|      |  |
|------|--|
| FTE: |  |
|------|--|

## SPECIAL REPORTS

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### FACILITY PROPOSAL IMPACT ON WORK SPACE REQUIREMENTS

The Employment Department delivers services statewide through a network of 52 local and itinerant offices. The department owns eleven of the offices and leases the remainder. There will be six leases that expire during the 2003-05 biennium and will be renegotiated at that time. Based upon the negotiations and needs of the department, the same or similar locations will be identified within budgetary constraints. There are no planned office closings or consolidation of space currently planned for the 2003-05 biennium. The department will discuss with the legislature any work space requirements that will adversely impact service delivery to its customers.

### AUDITS RESPONSE REPORT

Summary of responses to financial and performance audits by the Secretary of State or the Joint Legislative Audit Committee finished in the 1999-2001 or 2001-2003 biennium to date.

#### 1999-2001 BIENNIUM

In the 1999-2001 biennium, the Department was included in two statewide audits:

- The annual Statewide Financial Audit (FYE 6/30/99 & FYE 6/30/00).
- The annual Federal Compliance Report and Internal Control Report (FYE 6/30/99 & FYE 6/30/00).

The Statewide Financial Audit is conducted annually by the Secretary of State's office and allows them to give an opinion on the statewide financial statements contained in the Comprehensive Annual Financial

Report. The Employment Department had no reportable conditions in either year; therefore, no response was required.

The annual Federal Compliance and Internal Control Report is required for the state to continue receiving federal financial assistance and is conducted according to the Single Audit Act Amendments of 1996. Although the Department complied in all material respects with federal requirements, the audit identified an error in how one section had recorded staff time (FYE 6/30/99). The error did not affect either employer taxes collected or unemployment benefits distributed but did affect how funds were allocated to differing federally funded activities.

The auditors made two recommendations:

- Remind employees and supervisors of the importance of timely and accurate time reporting.
- When necessary, charge estimated hours to a suspense activity code, making the need for subsequent adjustment readily identifiable.

The department has corrected the error and reminded staff of the importance of correctly reporting their time in a timely manner. In addition, the department implemented a new electronic time reporting system on January 1, 2001, which has sufficient safeguards to reduce the risk of future error.

The annual Federal Compliance Report and Internal Control Report (FYE 6/30/00) had no reportable conditions for the Employment Department.



## SPECIAL REPORTS

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### AUDIT BY THE UNITED STATES DEPARTMENT OF LABOR (USDOL)

In addition to audits by the Secretary of State, the Employment Department was audited by USDOL on the tracking of Federal equity in Oregon real property.

USDOL allows state employment security agencies to purchase real property with Federal Funds under specified conditions. In doing so, they claim an equitable interest in the property. The state has eleven properties with federal equitable interest. Responsibility for tracking the amount of equity in each property rests with the state. In 1996, USDOL audited the tracking system and made four recommendations. The Department of Administrative Services responded to the draft report, but no further information was received from USDOL until June 2000. The Employment Department responded to the USDOL formal request for an Audit Response Report in the form of a proposal regarding the treatment and calculation of federal equity in state real property. USDOL accepted the proposal. Main Points of the audit include:

- Use the information contained in DOL spreadsheets to track equity in Oregon real property. Much of that information came from Employment Department records. However, the department disagreed with some of their calculations and proposed alternate figures. USDOL accepted the proposed equity amounts.
- Ensure that the state transfers funds in the amount of \$48,474 to be applied to the loan for the Employment building, reducing the loan balance. The Employment Department proposed transferring the equity to the Salem Employment Building. USDOL accepted this proposal.

- Ensure that the state properly compensate the federal government for the equity accumulated in the old Portland State Office building. The Employment Department proposed transferring the equitable interest in the old Portland State Office building for equitable interest in the Salem Employment building. This was also accepted.
- Instruct the state to properly document the accrual of equity in the new Portland State Office building in accordance with USDOL published recommendations. The Employment Department believes that in accordance with their own recommendations, USDOL has no accrual of equity in the new Portland State Office building. USDOL has accepted zero equity in the new Portland State Office building.

### 2001-2003 BIENNIUM-TO-DATE

#### Statewide audits

In the 2001-2003 biennium-to-date, the Department was included in two statewide audits:

- The annual Statewide Financial Audit (FYE 6/30/01 & FYE 6/30/02).
- The annual Federal Compliance Report and Internal Control Report. (FYE 6/30/01 & FYE 6/30/02).
- An audit of State Agency Energy Conservation 2001.

The Statewide Financial Audit is conducted annually by the Secretary of State's office and allows them to give an opinion on the statewide financial statements contained in the Comprehensive Annual Financial Report. The Employment Department had no reportable conditions in 6/30/01; therefore, no response was required. The audit for FYE 6/30/02 is not complete, but we expect no reportable conditions.

## SPECIAL REPORTS

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The annual Federal Compliance Report and Internal Control Report is required for the state to continue receiving federal financial assistance and is conducted according to the Single Audit Act Amendments of 1996. The Employment Department had no reportable conditions in 6/30/01; therefore, no response was required. The audit for FYE 6/30/02 is not complete, but we expect no reportable conditions.

The audit of State Agency Energy Conservation contained no recommendations for the Employment Department.

### Employment Department audits

In addition to these annual audits, the Employment Department is the subject of three direct audits by the Secretary of State and one by JLAC:

- The constitutionally required Change of Director audit.
- An audit of the General and Application Controls of the OBIS system.
- An audit of the Unemployment Insurance Program operations.
- An audit of the Hearing Officer Panel.

The Change of Director audit was issued September 5, 2002. The auditors made three recommendations:

- The department should more closely monitor its use of state and private vehicles to ensure that the most cost-effective method is used.
- The department should adjust its cellular telephone agreements to ensure that each telephone's billing plan is appropriate for its usage.
- The department should develop standard contracts for interpreter services that clearly reflect the department's intent.

The department has always monitored the use of state and private vehicles and cellular telephone agreements. We will continue to do so. In addition, the specific language in the contracts for interpreter services has been standardized.

The General and Application Controls audit has not been issued.

The Unemployment Insurance program operation audit began January 2, 2003.

The Hearing Officer Panel audit conducted by JLAC was completed in December 2002. The audit did not make specific recommendations for the Employment Department, but presented several options for the continuance of the Panel and identified issues still to be addressed.

## AFFIRMATIVE ACTION

### AGENCY VALUE STATEMENT

In May 2002, the department's mission statement was rewritten to better clarify the department's role in state government. However, the focus on organization values that honor and respect the talents and contributions of others and builds a work culture free from harassment and discrimination continue to be major themes. The executive team will continue to emphasize the building of organization trust as an overall value necessary to support all other values. The Director, Deputy Director, and Assistant Directors will continue meeting with staff around the state to emphasize these values.

### 1. Affirmative Action Goals and Accomplishments

There has not been any change in the agency's status as one of the top ten percent in the Affirmative Action Progress Report compiled by the Governor's Affirmative Action Office. The number of protected class persons in professional and senior level management positions has improved and will be a continued focus in recruitment. Increasing the number of bilingual supervisors is also a continued recruitment effort.

## SPECIAL REPORTS

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### 2. Affirmative Action and Diversity Awareness

The department-wide Diversity Council has been incorporated into the newly formed Human Resources Advisory Committee.

The Advisory Committee has as one of its three major subcommittees the workplace environment/culture work group. The Committee meets monthly. Its purpose is to assist the Office of Human Resources archive its mission and to provide improved customer service in all areas of personnel and recruitment services: organization development and training by promoting diversity in the workplace; moving the agency in its effort to become culturally competent; recommending strategies for the staff training; and reviewing selected policies and processes.

The Human Resources Advisory Committee will assume responsibility for coordinating the central office lobby display case. The displays will feature diversity and cultural exhibits.

At each New Employee Orientation, the personnel manager identifies the skill of providing excellent customer service to a diverse customer group and working effectively in diverse team settings as an essential skill to the business of the Employment Department.

### 3. Affirmative Action Training

The Employment Department continues to distribute to all new employees the publication “Workplace Harassment, Definitions, Responsibilities.” The agency developed for affirmative action training “Discovering Common Ground.” One-third of the agency, or 440 employees, attended the training, which will continue to be offered.

### 4. Affirmative Action/Customer Service

The department enhances its multi-cultural program efforts by focusing on publications and services to limited English proficiency customers. To support its efforts, the department hired a Limited English Proficiency (LEP) Program Coordinator. Subsequent to filling this position, the agency has finalized an agency wide language services policy. All publications take into account the diversity of all customer service and incorporate customer diversity into publication graphics. The LEP office has determined that it will make available by the end of the biennium all vital program information in Russian and Vietnamese languages. This determination was based on U.S. Census demographic information and program service use. The LEP office is also looking to consolidate all language contracts to provide consistency in quality and cost control measures.

## WEB SITE DIRECTORY



| Subject                                          | Audience                | Website                                                                                                        |
|--------------------------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------|
| Working In Oregon (Registered domain name – URL) | Everyone                | <a href="http://www.WorkingInOregon.org">www.WorkingInOregon.org</a>                                           |
| Alien Labor Certification                        | Employers – Agents      | <a href="http://findit.emp.state.or.us/aliencert/">findit.emp.state.or.us/aliencert/</a>                       |
| Employment Department                            | Everyone                | <a href="http://www.emp.state.or.us">www.emp.state.or.us</a>                                                   |
| Business in Oregon                               | Employers               | <a href="http://www.businessinoregon.org">www.businessinoregon.org</a>                                         |
| Child Care Division / Commission for Child Care  | Parents-Providers       | <a href="http://findit.emp.state.or.us/childcare.cfm">findit.emp.state.or.us/childcare.cfm</a>                 |
| Communications                                   | News-Media              | <a href="http://findit.emp.state.or.us/comm">findit.emp.state.or.us/comm</a>                                   |
| Employer Services                                | Employers               | <a href="http://findit.emp.state.or.us/emprsvcs">findit.emp.state.or.us/emprsvcs</a>                           |
| Job Fairs                                        | Job Seekers – Employers | <a href="http://findit.emp.state.or.us/events">findit.emp.state.or.us/events</a>                               |
| Job Search Assistance                            | Job Seekers – Employers | <a href="http://www.emp.state.or.us/emplsvcs/">www.emp.state.or.us/emplsvcs/</a>                               |
| JOBS Plus                                        | Job Seekers - Employers | <a href="http://findit.emp.state.or.us/emprsvcs/jobsplus.cfm">findit.emp.state.or.us/emprsvcs/jobsplus.cfm</a> |
| Labor Market Information (OLMIS)                 | Everyone                | <a href="http://www.qualityinfo.org">www.qualityinfo.org</a>                                                   |
| Office Locations                                 | Everyone                | <a href="http://findit.emp.state.or.us/offices">findit.emp.state.or.us/offices</a>                             |
| Online Claim System                              | Claimants               | <a href="http://www.WorkingInOregon.org/ocs">www.WorkingInOregon.org/ocs</a>                                   |
| Oregon Employer Council                          | Employers               | <a href="http://findit.emp.state.or.us/oec">findit.emp.state.or.us/oec</a>                                     |
| Tax Information-OTTER / SETRON                   | Employers               | <a href="http://findit.emp.state.or.us/tax">findit.emp.state.or.us/tax</a>                                     |
| Touch Screen Kiosks                              | Kiosk Users             | <a href="http://findit.emp.state.or.us/team">findit.emp.state.or.us/team</a>                                   |
| Unemployment Insurance                           | Claimants-Employers     | <a href="http://findit.emp.state.or.us/benefits">findit.emp.state.or.us/benefits</a>                           |