

## Oregon Employment Department Advisory Council

DRAFT Meeting Minutes

Tuesday, December 08, 2015

1:30 pm to 3:30 pm

The meeting was called to order at 1:35 pm by Tom Kelley, Chair of the Council. Chair Kelley welcomed all present.

### Members Present:

Barbara Byrd (by phone)  
Clif Davis  
Thomas Kelley  
Bill Kluting  
Lisa Nisenfeld, OED Director  
Mary Taylor  
Aniel Yates (by phone)

### Members Absent:

Robin Bitrick

### Staff to Council:

Melissa Leoni

### Others Present:

Jason Barbee, Operations and Program Services Manager  
Michelle Deister, Legislative Fiscal Office  
Andrea Fogue, Legislative and Public Affairs Manager  
David Gerstenfeld, Assistant Director for Unemployment Insurance (UI)  
Jennifer Shawcross, Senior Economist

### Approval of Minutes

A motion was made by Bill Kluting to approve the minutes from the September 8, 2015 meeting. Motion seconded by Mary Taylor. No discussion. Minutes approved.

### Agency Update

Lisa Nisenfeld, OED Director, asked that the Council receive a copy of the OWIB Strategic Plan so that members can understand the context as the department begins work to nest its plan within the OWIB plan. Members will be asked to review the UI section. Director Nisenfeld mentioned the move down to tax schedule 4 and the interdepartmental effort to prepare for the next recession. She also noted that the agency doesn't expect any significant changes from the February legislative session.

Director Nisenfeld then briefly updated the Council on the reduced size of the agency to meet the long-term expected revenues. These reductions, of approximately 190 staff, were done through attrition and without layoffs to meet the funding available at the end of the 2015-17 biennium. Members then briefly discussed the impacts to services, which will be reduced over time through the LEAN process in UI, information technology to increase self-service, and alignment of employment service with the improvements in the economy.

Unemployment Insurance Trust Fund and Tax Schedule

Jennifer Shawcross, Senior Economist, explained that the analysis of the trust fund to determine the tax schedule is set in statute with prescribed adjustments. Ms. Shawcross described the “marble chart” showing the tax schedules by year and explained that while the average rate in Schedule 4 is 2.26%, the actual tax rate for employers will range from 1.2% to 5.4% based on employers’ experience ranking. Over half of all the experience-rated taxpaying employers are set to pay 1.2%, the lowest rate in 2016. She also reminded the Council that the 2016 Taxable Wage base will be \$36,900, up from \$35,700 in 2015, which is also part of the adjustment process in Oregon’s tax rates. Lastly, Ms. Shawcross updated the Council on the comparison between Oregon’s trust fund and those of other states. Oregon was one of only a few states that remained solvent during the recession and didn’t have to borrow. Other states have also made changes to benefits, including reductions in the number of eligible weeks.

Unemployment Insurance Updates and Dashboard

David Gerstenfeld gave an overview of the UI dashboard, highlighting they continue to be challenged with the timeliness of processes particularly on wait times and decision issues. He added that the Department usually sees such declines during the winter workload period (October to February) where they see a big increase in workload, but the numbers have slipped early due to attrition and other changes.

Mr. Gerstenfeld added that he believes the changes the Department is implementing are having an impact, but the impact will be seen in timeliness not getting worse as our winter workload increases as it usually does; actual increases in timeliness are anticipated as the seasonal workload spike eases in mid-February. He elaborated further on the changes the Department is experimenting with and described how this year with holidays weeks (same number of calls but fewer work hours), they didn’t see wait times increase because of changes in who takes which calls. Future changes will include the upgrade to phone system to expand who can be added to help with the workload, and in the long term, the modernization effort.

Director Nisenfeld added that we are not adding more people to address workload but are identifying better ways of doing business so are seeing the pain of that transition in these numbers. She added that we are involving more people in the solutions.

Mr. Gerstenfeld added that the Department is seeing the results of its efforts in the quality measures and we have met the quality standards for four quarters due to a focus on training and quality.

UI Tax Update and Single Officer Exclusion Implementation

David Gerstenfeld explained the implementation of a legislation change in 2013 that gives single officer corporate officers the ability to opt out of the UI system. Because of concerns about the impact to collections at a time where rates were in the highest schedule to replenish the trust fund, the law was only triggered when we reached tax schedule 4 or lower, which will occur on January 1. The department will monitor the impact.

Mr. Gerstenfeld also described tax process improvements, including restructuring of auditor task assignments so that auditors can do more audits per year. This removed duties that auditors didn't have to do and has allowed auditors to go from 33 per year to 45 per year. In 2016, this will increase to 72 per year.

Finally, Mr. Gerstenfeld reporting on recent work of the Interagency Compliance Network (ICN) around the legalization of recreational marijuana and the use of cash payments because businesses can't use the banking system. The ICN has agreed to coordinated outreach and enforcement efforts to address this situation.

#### 2016 Legislative Session

Andrea Fogue, Legislative & Public Affairs Manager, described how the Department is having more interactions with legislators and committees and that there are three issues we are likely to see in the 2016 session.

Mr. Gerstenfeld gave an overview on the school employees recess coverage issue, including the special rules for school employees. There is interest in more substantive changes, but there are federal ground rules on the issue, so are discussing changes around the situation where someone quits for good cause and currently loses benefits during breaks. The Department is working with the Department of Labor (DOL) and this is likely for 2016 session.

Mr. Gerstenfeld also briefly explained that the Department is working with Representative Rayfield and DOL on a possible solution to extend benefits for a lock-out of steel workers in Albany. Jason Barbee, Operations and Program Services Manager, then described the discussions and possible changes contemplated to allow an extension for training under approved apprenticeship programs. Davis asked for more information on this issue. Mr. Gerstenfeld reported that they worked with the Bureau of Labor and Industries Apprenticeship Program staff and Mr. Barbee will connect with him to provide additional information.

#### Announcements/Good of the Order

Ms. Leoni gave the members and update on membership appointments and reappointments. She thanked Mary Taylor for her service on the council. Ms. Taylor, who has served an additional two years since the end of her last term, will be replaced prior to the March meeting. Ms. Leoni also reported that Robin Bitrick's term will also end in January and Chair Kelley recognized Ms. Bitrick's contributions to the council.

Ms. Leoni proposed a 2016 meeting schedule similar to 2015. Davis moved and Kluting seconded a motion to approve the meeting schedule. Meetings will be March 8, June 14, September 13, and December 13 at 1:30 pm.

#### Meeting Adjournment

Kluting thanked Director Nisenfeld for her work to right the agency and motioned for adjournment. Meeting adjourned at 2:37 pm.