

## Oregon Employment Department Advisory Council

APPROVED Meeting Minutes

Tuesday, June 9, 2015

1:30 pm to 3:30 pm

The meeting was called to order at 1:30 pm by Tom Kelley, Chair of the Council. Chair Kelley welcomed all present.

Members Present:

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

Members Absent:

None

Staff to Council:

David Genz  
Melissa Leoni

Others Present:

Andrea Fogue, Legislative and Public Affairs Manager  
Dave Carpenter, Benefit Payment Control (BPC) Manager  
David Gerstenfeld, Assistant Director for Unemployment Insurance (UI)  
Lisa Richardson, UI Operations Unit Manager  
Tim Valery, UI Policy Analyst

Approval of Minutes

A motion was made by Robin Bitrick to approve the minutes from the March 10 meeting. The motion was seconded by Clif Davis. No discussion. Minutes approved.

Agency Update

Lisa Nisenfeld, OED Director, provided updates about the implementation of the agency's strategic plan; including the:

- UI lean process.
- Remodel of the WorkSource Centers to make more customer-friendly.
- Research division to review department performance.
- UI division and WorkSource offices working more closely together.

Additionally, Director Nisenfeld reported the department hired a new Chief Financial Officer and Bill Truex has been appointed as the Interim Chief Information Officer until the position can be permanently filled.

## OEDAC June 9, 2015 Meeting Minutes

Director Nisenfeld also described discussions the agency is having about recession preparedness, using information gathered from previous recessions to better prepare for the next recession.

Members of the council asked questions about the department's budget and the use of the agency's Special Employment Department Administrative Funds (SEDAF) by the legislature. Director Nisenfeld confirmed that only \$13.2 million will be appropriated since the legislature can only access the SEDAF the department has at the end of a biennium. She advised the council that the reduction in the fund would not have an effect on the UI tax rate for employers and that the department continues to anticipate a decline in the rates. Lastly, she explained that she needed to support the Governor's budget and the council discussed being more proactive in communicating about the SEDAF to the legislature.

### 2015 Legislative Session Update

Andrea Fogue, Legislative and Public Affairs Manager, updated the committee on the agency's five priority policy bills:

- House Bill (HB) 2439 and HB 2440, as amended, have been signed into law.
- HB 2438, to move the Office of Administrative Hearings (OAH) to the Department of Administrative Services (DAS) is not moving forward.
- Senate Bill (SB) 242 and SB 243 passed out of the Joint Ways and Means Committee and are headed to the House for a floor vote.

Ms. Fogue also discussed several bills that may have affected the department, including:

- SB 845, to support health care coverage, is moving forward but an amendment significantly reduces the potential impact to OED.
- HB 2960, to establish a retirement savings program for the state, is moving forward but will not require OED to administer the program.
- Bills to address UI for school employees are not moving, but OED will be participating in interim work groups.
- SB 136, on franchisees and UI coverage, does not appear to be moving forward.

Ms. Fogue and Director Nisenfeld also discussed HB 2960, which establishes the Oregon Talent Council at OED, and allocates funding to support it. Director Nisenfeld explained that the council will be integral to the workforce development functions of the agency.

### Unemployment Insurance Performance Dashboard

Mr. Gerstenfeld reviewed the current measures at a high level and talked about common themes:

1. **Benefits timeliness:** The UI division has had some recent challenges and performance has been affected due to reduced funding and staff attrition combined with peak workload.
2. **Appeals Timeliness:** The measures for both the OAH and the Employment Appeals Board are in good shape.
3. **Tax Timeliness:** Performance improved for the voluntary reporting of payroll measure, but the division did not meet the standard for timeliness of determinations on new businesses due to workload increase and technological limitations.

Mr. Kelley asked about the phone wait times and about the resources the department allocates to address call volume. Mr. Gerstenfeld explained that wait times remained elevated because there was not the usual reduction in call volume after the winter peak. He further elaborated that while the other benchmarks are federally required, the US Department of Labor (DOL) does not currently have a measure of wait times to compare with other states. Finally, Mr. Gerstenfeld and Director Nisenfeld confirmed that technology is a significant factor in wait times and in timeliness in general and that through the call center upgrade and UI modernization project the department anticipates improvements in performance.

#### Policy Input Process

During the previous meeting, Mr. Gerstenfeld indicated that he planned to ask the council to help guide department policy in the UI system. He introduced Lisa Richardson, UI Operations Unit Manager, and Tim Valery, UI Policy Analyst, to present UI policy papers on three concepts for the council to consider:

1. **Back Pay:** Current law allows workers to receive UI benefits and not repay them after they receive back pay for the same period of time. While the legislature decided not to change this in HB 2440, this is an issue for additional discussion.
2. **Actively seeking work requirements for workers who are working part-time or are only temporarily laid off:** Workers must seek full-time, part-time, or temporary work if their return to work date is greater than 4 weeks. This is an area of policy that has not been formally reviewed for changes in almost 10 years.
3. **School Employee Recess** – People who perform work at educational institutions, other than instructional, research, or administration jobs, are denied benefits during recess periods. While many of the guidelines for UI eligibility for school employees are federal required, Oregon does have some flexibility to modify statutory authority to enable non-classified employees to be eligible for UI.

The council agreed that the policy of most interest for future input was the actively seeking work requirements. Mr. Gerstenfeld further advised that his staff would establish a task force and work with members of the council who would like to participate to gather information about potential changes to the policy.

UI Overpayments Refresher

Dave Carpenter, BPC Manager, gave a PowerPoint presentation to provide a high level overview on UI overpayments. He provided some general background information and detail on how Oregon matches up with the federal requirements for prevention, detection and recovery efforts.

Mr. Carpenter confirmed that as of June 1, 2015 the department has approximately \$118 million in total UI overpayment debt. He elaborated that the debt includes overpayments going back up to ten years and that the department has recovered 42% of the debt incurred in 2014.

Mr. Carpenter reported that there has been a reduction in the amount of overpayments established in recent years as a result of prevention and detection efforts. One example is that the department has successfully prevented almost all incarcerated individuals from collecting UI benefits. Mr. Carpenter explained that a reduction in overpayments is also likely a result of a reduction in claims overall and in the average amount of benefits paid on a claim.

Mr. Carpenter described three federally required measures concerning overpayments:

- 1. Improper payment rate:** The total amount of improper overpayments. The agency goal is to be at 10% or less; performance has been a little over 10%, but is in line with the national average.
- 2. Detection rate:** How much in overpayments Oregon detected as a percentage of the total amount of overpaid. As of the end of the first quarter of 2015, the performance of the state is 38.56%; following an overall trend of improvement towards the goal.
- 3. Recovery rate:** The percentage of the amount the state has recovered, based on what was detected. The federal requirement is 58%; Oregon was at 65.88% at the end of the first quarter of 2015.

Mr. Gerstenfeld acknowledged that while the rates show Oregon struggles with detecting overpayments, they do not allow for a state-to-state comparison. He explained that the rates are estimates based on a relatively small number of cases, which are extrapolated to reflect what a state has improperly paid as a whole.

As time ran short, Chair Kelley invited Mr. Carpenter to complete the overpayment presentation at the next council meeting.

Announcements/Good of the Order

Mr. Kluting motioned for adjournment.

Meeting Adjournment

Meeting adjourned at 3:30 pm.