

| Oregon Employment Department Advisory Council Legislative Session Update Meeting | | | | | | | |
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| Date/time: | | January 31, 2025 1 p.m. to 5 p.m. | | | | | |
| Location: | | Zoom platform | | | | | |
| Attendees: | | A – Absent P – Present | | | | | |
| A | Kurtis Baker, Chair | P | David Gerstenfeld | P | Bob Uhlenkott | P | Stephanie Bason |
| P | Robert Westerman, VC | A | Jeannine Beatrice | P | Lindsi Leahy | | |
| P | Robert Camarillo | P | Rebecca Nance | P | Jim Pfarrer | | |
| P | Kathy Nishimoto | A | Perla Brambila-Arechiga | P | David Genz | | |
| P | Catie Theisen | A | Monica Reyna-Dunigan | A | Sravya Tadeballi | | |

MINUTES - DRAFT

| | Topic | Minutes | Presenter |
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| 1. | Welcome, self-introductions of Advisory Council members & OED staff | <p>Meeting called to order at 1:01pm</p> <p>Council members and OED staff introduce themselves.</p> <p>*Kurtis Baker unable to attend. Robert Westerman facilitated the meeting.</p> | Robert Westerman, VC |
| 2. | Meeting Minutes Approval November 7, 2024 | <p>Kathy Nishimoto moved to approve the minutes of the November 7, 2024 meeting; motion seconded by Catie Theisen.</p> <p>Approve as is approval for Rebecca Nance to make minor edits as needed.</p> <p>Motion carried. 4 yes votes (Westerman, Camarillo, Nishimoto, Theisen); 1 member absent (Barker).</p> | Council Members |
| 3. | Council Recruitment and Housekeeping | <p>Rebecca has been in communication via email with OBI to help recruit employer members; currently Kathy is our only employer member to the council.</p> <p>Rebecca has sent out information to the prospective labor member that was previously discussed.</p> <p>Rebecca is also in contact with Angela Wilhelm, working with her and Paloma Sparks. We should have some new candidates coming in.</p> <p>Kathy provided Rebecca with a name, and she has reached out and will continue to pursue that as well.</p> | Rebecca Nance |
| 4. | Vice-Chair Election | <p>Robert Camarillo nominated Kathy Nishimoto for Vice Chair.</p> <p>Kathy Nishimoto accepts nomination.</p> <p>No other nominations; close nominations.</p> <p>Robert Westerman made a motion to elect Kathy Nishimoto Vice Chair by acclamation.</p> <p>Motion carried. 4 yes votes; (Westerman, Camarillo, Nishimoto, Theisen); 1 member absent (Barker).</p> <p>Congratulations, Kathy Nishimoto, new Vice Chair.</p> | Robert Westerman, VC |

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| 5. | Director's Update | <p>Director Gerstenfeld would like to thank all the council members for their time and guidance. Also, congratulations Kathy.</p> <p>A few weeks into the 2025 Legislation Session. One of the key things we are doing this session is updating our budget. Anticipate having our budget presentation to our Ways and Means subcommittee in the next couple of weeks. The Governor supports the Oregon Employment Department (OED) agency request budget.</p> <p>Director Gerstenfeld reported an important update to the budget according to the most recent state economic forecast; our revenue is projected to go down. One factor for this is one of our sources of income is based on Supplemental Employment Department Administrative Fund (SEDAF) which is based on overall state payroll. Another factor is that federal revenue is expected to go down for Workforce Innovation and Opportunity ACT Workforce Operations and with Unemployment Insurance (UI) Administration.</p> <p>Another impact, the current federal fiscal year started October 1, 2024, and we still do not have an approved federal budget for this federal fiscal year. We have a continuing resolution that runs into March. That means we are being reimbursed at the same rates now as we were last federal fiscal year. When a federal budget is passed, that will dictate if we get a retroactive increase in the federal revenue for all the work we've done since October 1, if they withhold future payments, or things stay the same.</p> <p>Another significant change is the Trade Adjustment Act (TAA). It is a federal program that supports people that are going to be unemployed due to the impacts of foreign trade. The federal Trade Act Program sunset in 2022; the federal government is not approving any new petitions. We've still been running it and we're able to help all the people that were eligible under the old petitions. There have been strong efforts to try to get a federal reauthorization and when we built our budget there was a lot of positive momentum. The guidance we received from the U.S. Department of Labor (USDOL) was for all states to keep running their program. It is less likely now that it will be reauthorized, which means our funding is going down. What this means is about 100 positions in total are going away. We have several vacancies in other areas and we're working very closely with the employees in that unit and with other employees who are impacted by this to make sure that we can do everything possible to keep them and find other positions. This does mean that we will be taking out both the revenue for the trade act and all the costs for the trade act leaving a small core team going forward to support those people that are able to get benefits under the already approved petitions.</p> <p>All of these factors together, and the fact that staff costs and other operational costs continue to increase over time, means that we don't have enough revenue projected to meet the Governor's requested</p> | David Gerstenfeld, OED Director |
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budget (GRB). We are working with the Governor on a legislative vehicle to address the shortfall, to stop us from having to make further cuts to our staffing levels. We are looking at the SEDAF rate to see if that can be adjusted again.

We generally do an initial budget presentation; we are asking to come back and do a phase two presentation later in the year because it gives us some time until another economic forecast comes out. Hopefully, we will have the federal budget and other variables locked down by that time. We anticipate coming back for a phase two presentation with details of what those SEDAF adjustments will be.

Director Gerstenfeld would like to recognize and thank the OED leadership team:

Bob Uhlenkott – Leadership position and continues this with the research work we do. Oregon continues to get a lot of recognition for our data quality.

Karen Humelbaugh– Involved in the national association and working to form a group specifically around paid leave programs.

Lindsi Leahy – Leadership role with the integrity center of our national association.

At the national level, we are receiving questions about the impact of federal executive orders and other federal actions. The executive orders that have been issued are presidential orders directed at federal executive branch agencies. We received placeholder guidance from USDOL, saying they would be issuing more guidance later about things they believe states can and cannot do with federal funds that states administer. We are watching closely, seeing what information is coming out and what if any impact it might have. Also coordinating very closely with others at the state level to make sure we can continue serving Oregonians.

We did have a flurry of activity earlier in the week, with the federal grant pause. We were concerned that it could potentially impact our ability to get our regular draws to pay unemployment insurance benefits, that was not the case. We continue to watch very closely. The Paid Leave program is not paid through federal money and not susceptible to those disruptions. We have had some challenges with administrative funding. Some agencies have had trouble accessing the federal payment system. Our programs also use that federal payment system, we did see some disruptions. We are watching closely, the original disruptions that we saw appear to have been eased. We are monitoring and working closely with the state Chief Financial Officer, Department of Justice and the Governor's Office in case any of these issues do come up. For now, a lot of watching, actively making sure we know what we are doing and how much of this is important for Oregonians. But we haven't seen changes to how we are operating or any critical disruptions.

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| | | <p>Update to our modernization work/workforce modernization. We are working to get the request for proposal (RFP) out soon; expect to get that out early this year. We are hoping to close out the UI project, which also includes contributions and recovery, and the Paid Leave roll out, by March 2025. We are on our way to operationalizing this project, moving people around.</p> <p>Question: In all your years of work life, have you ever had experience with grants going away, funding going away?</p> <p>Answer: The federal changes, no. In my professional career I have been around when there have been individual programs that end. There is typically a fair amount of advance notice. For example, if the only thing was the Trade Act, because the program expired and wasn't reauthorized - that is disruptive and challenging to deal with, but I have seen things like that happen over time. I haven't seen a situation where that essentially becomes just one of multiple possible things that are going on. I haven't seen a period of so much intense disruption.</p> | |
| 6. | Economic Outlook | <p><i>*PPT shared</i></p> <p>Director Uhlenkott would like to recognize Sarah Cunningham, Lead Projection Analyst. A lot of the data that is being shared today came from the projections team. We just published the 2023-2032 long term industry and occupational projections. All the data and information can be found at QualityInfo.org.</p> <p>For reference, you have received an email from Gail Krumenauer on our most recent Oregon employment situation and this data. Oregon lost 3,700 jobs from nonfarm payrolls, while the unemployment rate was little changed. Between December of 2023 and December 2024, Oregon employers added 22,000 jobs to nonfarm payrolls, a grow rate of 1.1% A few sectors had notable losses from December 2023 to December 2024, retail trade, leisure and hospitality, and Oregon manufacturers. Oregon's unemployment rate was 4.1% in December 2024, matching the U.S. rate.</p> <p>Recently we published the December data for unemployment rate jobs and employment levels. We will not publish data in February for January, we wait until March. We look at all our administrative data, a lot of late arriving survey data. This is the period where we benchmark our historical data and publish January/February in March; we do this every year.</p> <p>For reference, you have also received an email about our Job Vacancy Survey. We are one of only a couple states in the country that conducts this survey. Oregon businesses reported 49,900 vacancies in fall 2024. Vacancies decreased 18% from the summer and decreased 23% from fall 2023. Employers reported difficulty filling 63% of fall 2024 vacancies.</p> | Bob Uhlenkott, Research Director |

The average starting wage among this group of vacancies was \$26.50 per hour, an inflation-adjusted increase of 1% from fall 2023, and a 3% increase from summer 2024. Characteristics of Oregon job vacancies were consistent with prior quarters. A typical job vacancy tends to be for a full-time, permanent position.

Long term industry and occupational projections. This is where we try to make an estimate for jobs of the future; we do this every year in Oregon. Oregon's job growth will total 8% between 2023-2033. Private payrolls are expected to grow by 150,500 (9%), while government employment will increase by 10,700 (6%), and self-employment will grow by 8,800 (6%). For every new job added by growing and expanding businesses, Oregon employers will have another nine job openings requiring newly trained workers to replace those who leave the labor force or make a major occupational change.

Which industries are expected to grow the most. Private health care and social assistance, and construction are projected to grow the fastest, with 13% growth each from 2023 to 2033. Health care and social assistance is also projected to add the largest number of jobs at 37,200. Growth in health care and social assistance is driven by the aging of the state's population and longer life expectancies. Gain in construction can be attributed to strong projected growth in the specialty trades industry.

Oregon industry groups with the fastest job declines, 2023-2033. Groups of industries that will have fewer net jobs according to our projections. Several industry groups with the biggest projected losses relate to new media, production and distribution of various paper-related products, and retail trade. These include computer and peripheral equipment manufacturing, newspaper, periodical, book, and directory publishers, pulp, paper, and paperboard mills, business support services and electronic appliance stores. This does not mean we need to stop preparing our workforce for these sectors, they will still need workers due to retirements and occupational changes.

Job openings by occupational group in Oregon, 2023-2033. Nearly one out of four projected job openings over the next ten years are expected to be a service-related job. All broad occupational categories in Oregon are expected to add jobs over the next ten years. Nine out of ten total job openings are expected due to the need to replace workers who retire, leave the labor force for other reasons, or make a major occupational change, with the remaining openings due to new or expanding businesses.

The fastest-growing occupational groups. Computer and mathematical occupations are projected to grow the fastest of any occupational group from 2023-2033 as demand increase for workers who can model, interpret, and analyze data. Healthcare support occupations are projected to grow the second fastest. The growing elderly population,

which typically has increased healthcare needs compared to younger groups, will in turn increase demand for caregiving and therapy services.

Some occupations are growing faster than others. Health care occupations and those with health care (including mental health and animal care) accounted for seven of the last fifteen fastest-growing occupations. As healthcare facilities increasingly use team-based healthcare models, demand will increase for nurse practitioners and physician assistants to provide patient care that would otherwise be provided by a doctor. Nurse practitioners also have the largest projected job growth for occupations that typically require a master's degree.

Typical entry level training needs/education in 2023. Six out of ten jobs in Oregon typically required a minimum of high school education or less. To meet more competitive requirements for Oregon's jobs, six out of ten required education beyond high school, including postsecondary training (non-degree).

Projected growth rate by entry-level education for 2023-2033 is 7.8%. Occupations that require a master's degree are projected to be the fastest-growing set of occupations, followed by associate's degree occupations, and doctoral or professional degree occupation.

Regional employment projections, 2023-2033. All areas of Oregon are expected to add jobs between 2023-2033. The two areas projected to grow faster than Oregon's rate of 8% are Central Oregon (9%), and the Portland Tri-County area (9%). Southwestern Oregon (5%) is projected to grow the slowest.

Please scan the QR code in the attached PowerPoint presentation for short survey. Thank you!

Question: Second slide cuts off, 'Gains in construction can be attributed to strong projected growth in the specialty trades industry which...

Answer: 'Trade industry which ... includes establishments that perform activities such as site preparation, plumbing, painting, and electrical work.' Ms. Nance will send presentation to council members.

Question: Where do you get the job loss information?

Answer: Modeled from historical general direction. Data we have that projects trajectory.

Question: For jobs added, do those numbers include short jobs, do you track those jobs?

Answer: Yes, the projections can capture part-time and short-time work. Those are reflected in our long-term industry and occupational projections.

Question: What are consumer goods rentals on declining jobs?

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| | | Answer: I will gather that information and provide a formal definition to Mr. Camarillo. | |
| 7. | UI Program Update | <p>Director Leahy would like to thank the council for continued support and partnership, especially during legislative sessions.</p> <p>I'll start today with a legislative update. We have HB3024 which I presented on Monday at a public hearing with the House Labor and Workplace Standards Committee.</p> <p>The bill removes what we call the 8 times penalty. That penalty is applied to claims after a worker has been disqualified from receiving benefits and then they requalify. When an individual files a claim, we look at a variety of factors to determine their eligibility for benefits and one of those things that we look at is if there's a disqualifying issue. If a worker quits their job without good cause or is fired from misconduct, if they refuse a job without good cause, or they failed to apply for suitable work, they are disqualified from receiving unemployment insurance benefits. When that happens under the current law two conditions apply to that worker moving forward.</p> <p>First, they need to requalify for benefits by earning and working 4 times their weekly benefit amount and subsequent employment. That means they are not eligible to receive benefits until they've earned additional amount, which is called requalification.</p> <p>Second, once they have requalified, they are assessed a penalty that reduces their maximum benefit amount by 8 times their weekly benefit amount. Typically, this means that instead of 26 weeks of benefits to use in a 52 week, the worker is only eligible to receive 18 weeks to use in that same time frame. HB3024 eliminates that penalty. The requalification requirements still remain in place; the worker still has to earn four times their weekly benefit amount and that subsequent employment before they can receive benefits. It simply removes the penalty that we currently apply.</p> <p>In terms of impact of the bill the percentage of claimants that requalify and then claim benefits is relatively small. Additionally, we don't anticipate that the change will have any sort of meaningful impact to the trust fund's adequacy ratio or the forecasted tax schedules. In addition, eliminating the 8 times penalty will allow OED to provide faster service by increasing efficiency in the way that we adjudicate claim issues like discharges, quits, and job refusals. While we think that the 8 times penalty may be intended originally to deter individuals from doing things service qualifying like quitting a job without good cause and practice it really doesn't have that impact. What it does primarily is just reduces the safety net and unemployment insurance benefits are designed to provide for individuals, their families and communities.</p> | Lindsi Leahy, UI Director |

The bill is scheduled for a work session on Monday, February 3, and we're excited to see how it progresses through the legislative process.

Comment | Mr. Westerman: would like to commend OED for putting this bill together. Thank you.

Comment | Ms. Theisen: I would like to echo what Bob said.

Question: How is the agency feeling about this going through?

Answer | Director Gerstenfeld: I think this has pretty good odds. We know there tends to be support for the worker community. The purpose was to have disincentives; we don't see this having that behavioral impact. This is an unnecessary complication in the system, it does take extra work and can create extra additional delays for people. This is Lindsa and her team really looking at the system and being focused on customer service and how can we streamline things. This looked like a way to streamline things without bad policy implications.

Question: The impact of HB3024, how many claimants would this apply to?

Answer: When we look at our projections they are based on estimates. Looking at the number of claimants in recent years, looking at the population that could claim weeks 19-26, less than half a percent.

General UI update. Since the launch of Frances online in March 2024, we have distributed over \$710 million in benefits to over 107,000 claimants. That includes over \$60 million in benefits since the beginning of the year. The percentage of claimants using Francis online to file their claims has remained steady at about 97% since July of last year. We are working continuously to improve the system. That's what is great about the new system, we can continually iterate and improve upon it. We listen to a lot of feedback from customers and our employees to guide those system changes that we want to make.

We continue to focus on solving claim issues that are holding up one or more weeks of payment to our customers. Those are also known as hold pay issues. We made it our goal to resolve hold pay issues within three weeks at least 80% of the time. When we started this in mid-June, we were doing that roughly 60% of the time. I'm happy to report that we have stayed near that 80% target amidst the seasonal spike in workload that we see every single winter. Currently we have approximately 9,150 total hold pay issues as we resolve things all throughout the day that number varies. It is about 77.5% or roughly 7,000 issues that are three weeks old or less. The total number of hold pay issues has increased over the past couple of months but our three-week percentages have held steady around 78%. This means that we're keeping up with resolving the majority of those issues as they come in despite the higher claim volumes.

At the last council meeting I shared our plan to periodically schedule days when our phones are closed to inbound calls; we call those focus days. The focus days have helped us better manage and keep up on that workload. We recently scheduled five more of those focus days, one per month from March through July. Those will be held on March 26, April 18, May 27, June 20, and July 3. As a reminder on those days, we are working we're just not answering inbound calls. We use the time to focus on workload priorities like processing claims, addressing customer requests, making outbound calls to customers when we need more information about issues on their claim, and providing training to our team members.

With the high volume of claims this year it has continued to be a challenge for many of our customers to reach us by phone. In November I shared that we have been making incremental improvements with our call wait times throughout the fall. For the most part we've been able to hold steady at those levels for the past several months despite entering our busiest time. For example, in July we answered 45.9% of calls within fifteen minutes but that rose to 68.3% in October, and 66.3% in November, 68.7% in December, and so far in January at 64.4%. We have been able to hold steady at that over 60% range in under fifteen minutes. We are going to continue to look for ways to make additional progress on those on those hold times as well.

Lastly, I want to share that for several months we've exceeded the national average in two of our federal performance metrics. First, in payment timeliness which measures the speed with which we're able to deliver the first payment to our customers. Oregon has outperformed the national average every month since August. For the month of December 2024, we were at 82.7%; the national average was at 80.2%. We have seen a similar trend in the non-monetary timeliness, which is the measure that looks at the speed for with which we decide on claim issues and get that out to our customers. Oregon has topped the nation's rate every month since June. In December Oregon posted a rate of 83.1%, as compared to 76.9% nationally.

Question: Regarding hold pays, we are at 78%, that means 22% of applicants are being held. What is that number for the 22%, how many Oregonians are having their unemployment insurance held up?

Answer: The total number of this varies.

Comment | Mr. Westerman: I have a few questions regarding these numbers. Lindsy and Bob will connect offline regarding this.

Question: What is the current health of our UI trust fund.

Answer | Director Gerstenfeld: Good, we watch it closely. Historically it has been very healthy. It is fully ready for the next recession in terms of having money to fund benefits.

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| 8. | Workforce Operations Update | <p>Director Pfarrer, thank you for inviting me today.</p> <p>First, I'd like to report on the Trade Act changes, what we are doing and how we are moving forward with that. I am working quite a bit with other program areas in trying to identify opportunities they may have in the organization. So far, we have moved roughly 15 individuals to other locations within the agency. I think by the time we're done we should have a place for everyone. We are also working closely with the union to ensure they are up to date with what is going on. I've been communicating with my managers to see if there's anything they may need. We are working to reassure staff that we are here and that we're going to be doing our best to make sure that we can have you know a place for everybody to go.</p> <p>A positive update, now that UI has launched their new system, Workforce Operations is next. Part of that process is getting the RFP released. We are hoping to have that out by the first of next week. We have had quite a few vendors that have inquired about our process and stated they would like to apply for the RFP. It appears we are going to have a good selection of vendors that will apply for the RFP. I know of at least nine that have inquired about our modernization efforts. We are hoping to have the RFP out for about 45 days and then start the process of vendor selection. We are hoping to have a selection by July 1 for a vendor contract to sign. We are anticipating at least a two-year process to get the system up and running, and fully operational.</p> <p>Update to our state monitor advocate, an individual who makes sure that we are following guidelines and providing services that we can to migrant seasonal farm workers. The previous individual was in the position for about 15 years has decided to retire. We did hire a new individual, and he has been in that position for about one month now. The USDOL issued new guidelines around this position several months ago; that position will report to me. We have about two years to make that that shift.</p> <p>One legislative bill that I am excited about, it is working with the reentry program. The nine workforce boards, Oregon workforce partnerships are applying for around \$3,000,000 for the department to have staffing to go inside prisons and work with incarcerated individuals to help them get employment when they get released. We are doing that right now in Madras and it has worked out well. We have an individual that goes into Deer Ridge, and we have had some great success with that and want to spread that throughout the rest of the correction facilities. We are working with the Department of Corrections as well as the local workforce boards well in each of the communities.</p> <p>There were no questions by council members.</p> | Jim Pfarrer, WO Director |

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| 9. | Legislative Update | <p><i>*PDF shared: OED 2025 Legislative Measures of Note (as of 013125).pdf</i></p> <p>Senior Advisor Genz reports OED has been very busy with the 2025 Legislative Session so far.</p> <p>There are 13 "brand new" members, 4 "new returning" members, and 73 returning members.</p> <p>We've been setting up meetings to introduce the Director and the agency to all the "brand new" members, connecting with key members about OED's budget, and coordinating other meetings with members on their policy bills.</p> <p>We also shared district-specific economic and customer service info packets with all members, and we've also delivered agency overview packet to "brand new" members.</p> <p>We've already had a lot of activity on bills in hearings so far and there's a lot more to come.</p> <p>All five of our bills have had public hearings, and two of them are headed for floor votes in the Senate next week. Our three house bills are all slated to have work sessions next week.</p> <p>There are 9 other policy bills which we consider could create a potential impact for us.</p> <p>Fortunately, we had the opportunity to provide our input on 6 of these bills during the interim, and have a pretty good understanding of how they could affect us</p> <p>Some key bills to mention for the council are:</p> <ul style="list-style-type: none"> ▪ SB 69 – Paid Leave Oregon / OFLA Omnibus Bill ▪ HB 2271 – Post-Pandemic UI Tax Relief ▪ HB 2972 – Funding for OED to Support Re-Entry of Adults in Custody <p>There were no questions by council members.</p> | David Genz, OED Senior Legislative Advisor |
| 10. | Public Comment | No comment from the public. | Members of the Public |
| 11. | Adjourn | Adjourned at 2:39pm. | Robert Westerman |

ACTION ITEMS

| Action | Assigned | Date Due | Completed |
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| Notify Mr. Camarillo of the following: Detailed definition of 'Consumer Goods Rentals' | Bob Uhlenkott | | |

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| Connect with Mr. Westerman in regard to: Hold pays and the numbers presented during Director Leahy’s update. | Lindsi Leahy | | |
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FUTURE MEETING TOPICS

| Action | Assigned | Date Due | Completed |
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Minutes submitted by Stephanie Bason and Rebecca Nance.