



# Oregon Employment Department Advisory Council

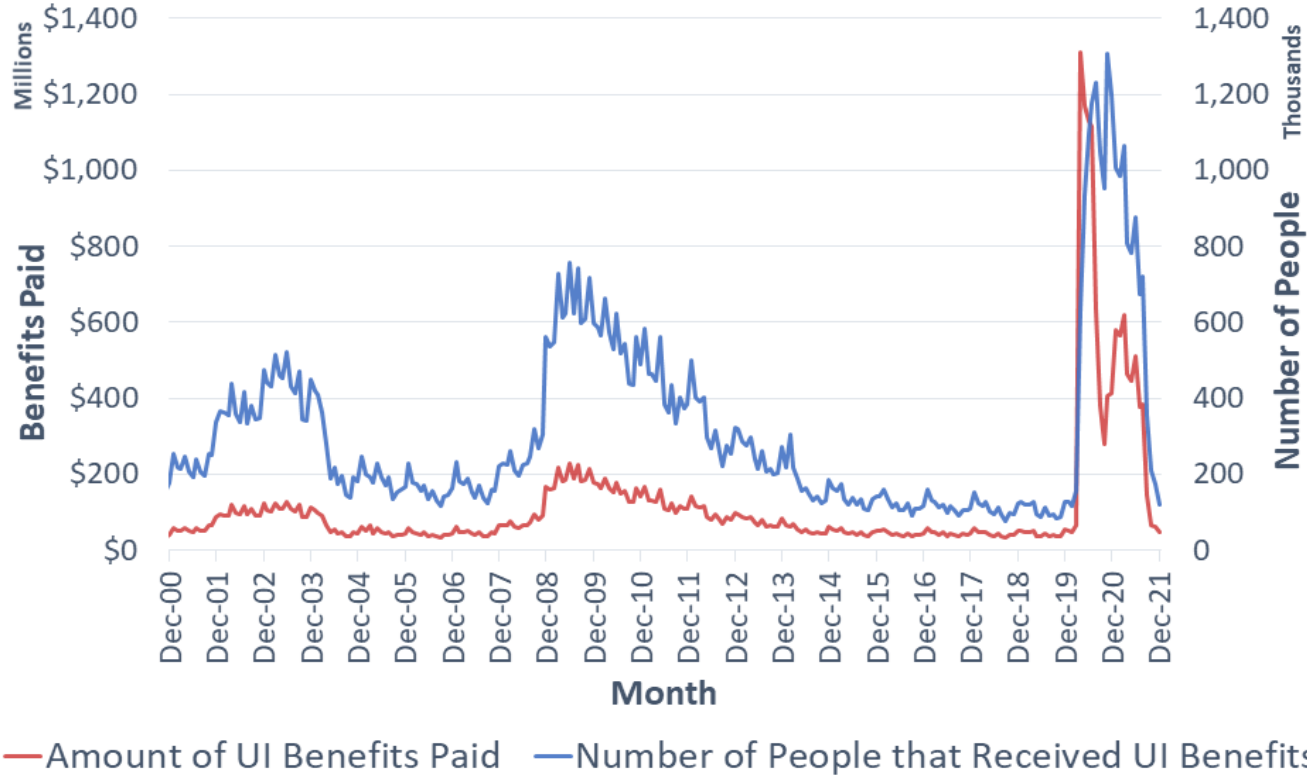
## Unemployment Insurance Division Update

Lindi Leahy, Unemployment Insurance Division Director

February 4, 2022



# Monthly Unemployment Insurance Benefits



# People Served by the Unemployment Insurance Program

Employers by Calendar Year	2020	2021
Subject Employers	140,000	165,700
Number of wage records filed	8.7 million	8.65 million
Amount of payroll taxes collected	\$910 million	\$1.1 billion

Workers	CY 2019	CY 2020	CY 2021
Claims for benefits	237,000	1.5 million	587,600
Weeks of benefits claimed	1.45 million	13 million	9 million
Workers receiving benefits	114,000	583,000	385,600
Amount of benefits paid	\$521 million	\$6.7 billion	\$4.57 billion

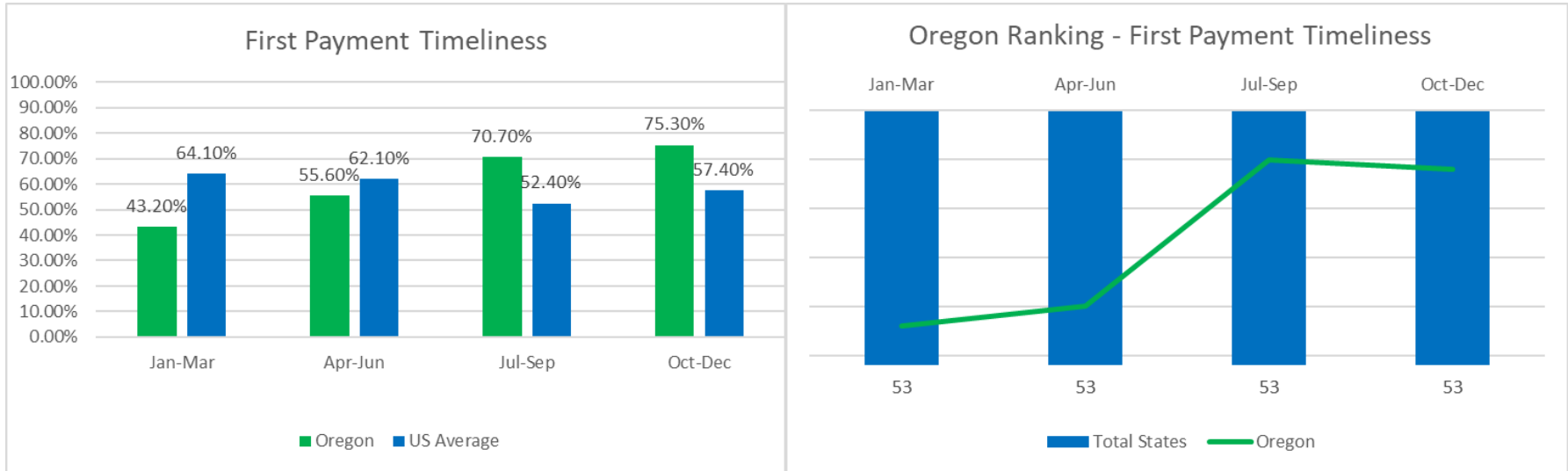


# Current State of UI in Oregon

- Unemployment rate at 4.1% in December 2021, compared to 4.7% in September 2021, 13.2% in April 2020 and 3.4% in February 2020
- UI claims – initial processing in September almost 97% were done within seven days and in December over 99% were processed within four days
- Initial claim payments are made within 14 days, 82.5% of the time
- Phone wait times have dramatically improved; answering 94.6% of calls within five minutes
- Adjudication 70-80% of issues resolved within 21 days
- ‘Contact Us’ online inquiries – over 97% addressed within a week

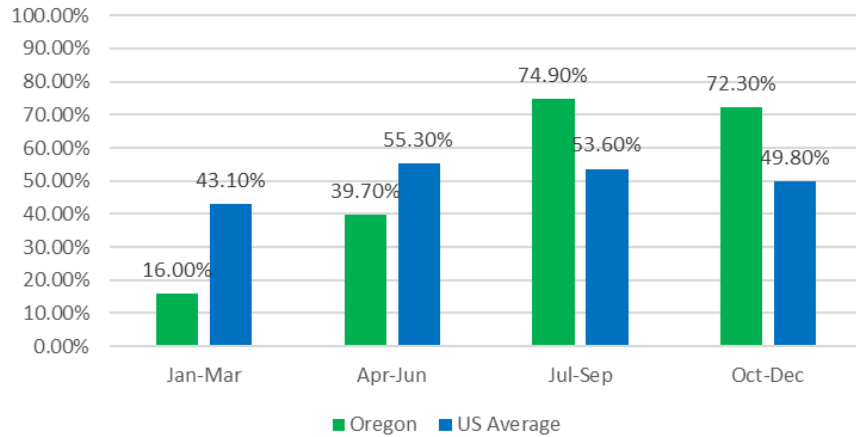


# Oregon Compared to Other States

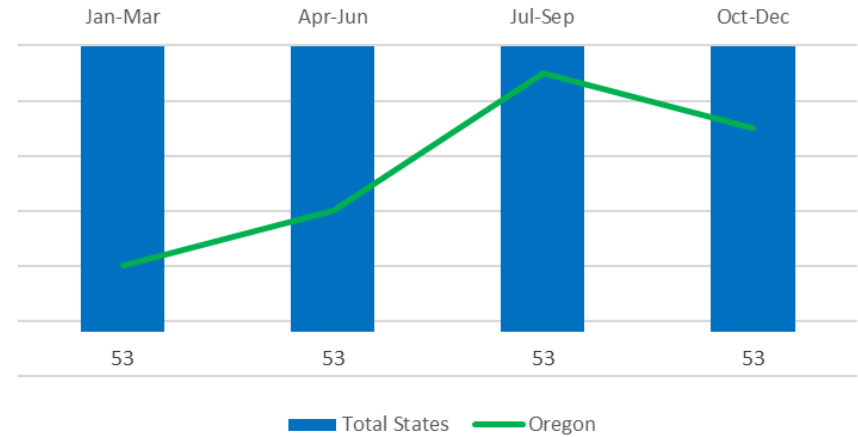


# Oregon Compared to Other States

## Non-Monetary Determination Timeliness



## Oregon Ranking - Non-Monetary Timeliness



# UI Trust Fund Solvency

- Oregon continues to be a leader in funding its UI Trust Fund
  - Our UI Trust Fund has provided exactly the type of countercyclical economic safety net it was designed to
  - Oregon still has the highest UI Trust Fund balance in the nation at over \$4.4 billion
  - Oregon remains in the upper echelon of solvent trust funds, as measured by the average high cost multiple [https://oui.doleta.gov/unemploy/data\\_summary/DataSum.asp](https://oui.doleta.gov/unemploy/data_summary/DataSum.asp)
  - We are one of the minority of states and territories that did not supplement its UI Trust Fund with federal borrowing (Title XII loans), pandemic relief programs (e.g. CARES Act, CAA, ARPA), or non-federal borrowing (e.g. private bond markets, state loans, and bank loans)



# House Bill 3389

- Effective date of September 25, 2021
- Provides unemployment insurance tax relief to Oregon employers in response to the COVID-19 pandemic
- Legislators, the Governor's office, and OED worked together to craft bipartisan legislation that would reduce the tax impact to those employers, without putting the UI Trust Fund in danger of insolvency
- **Goal: support Oregon employers, stimulate recovery from the COVID-19 pandemic and maintain long-term solvency of Oregon's UI Trust Fund**
- These changes leverage Oregon's solvent UI Trust Fund and provide a mix of short-term and long term tax relief for Oregon businesses.





# Impact on Employers

- **These changes, from 2021 – 2029, are estimated to save employers \$2.2 billion**
- Estimated over 50,000 more employers will have a tax rate of 2.5% or less, and more than 42,300 fewer employers will have a rate of 2.6% or more
- 73,000-79,000 employers are projected to be eligible for deferral with over \$42 million of 2021 tax liability estimated to be forgiven



# Deferral and Forgiveness - Amounts

- Employer contributions of **\$134 million** are deferrable for Q1 – Q3, 2021
- **\$33 million** of Q1 – Q3, 2021, deferrable amount is eligible for forgiveness
- After Q4, 2021 is completed, impact amounts and the number of eligible employers for prior quarters could change

Category	Employers	Quarter 1		Quarter 2		Quarter 3	
		Deferrable	Forgiveness	Deferrable	Forgiveness	Deferrable	Forgiveness
100% forgiveness	8,330	\$3,480,390.35	\$3,480,390.35	\$3,966,576.69	\$3,966,576.69	\$3,846,280.37	\$3,846,280.37
75% forgiveness	4,678	\$5,266,223.11	\$3,949,667.33	\$5,234,786.14	\$3,926,089.60	\$4,852,674.43	\$3,639,505.82
50% forgiveness	5,086	\$7,204,367.63	\$3,602,183.82	\$6,960,413.36	\$3,480,206.68	\$6,040,835.70	\$3,020,417.85
Deferral only	58,127	\$34,440,600.58	\$0.00	\$29,476,900.22	\$0.00	\$23,650,090.81	\$0.00
Total	76,221	\$50,391,581.68	\$11,032,241.50	\$45,638,676.41	\$11,372,872.97	\$38,389,881.32	\$10,506,204.05



# Senate Bill 172

- Effective date of June 23, 2021
- Limits recovery of non-fraud claimant-caused UI benefit overpayments to five years after the overpayment decision becomes final
- Permanently waives recovery of non-fraud claimant-caused UI benefits overpaid if repayment would be against equity and good conscience
- Allows less than 100% intercept of future UI benefits to recover past overpayment
- Considers back payment award as earnings and prohibits an employer to reduce an employee's back payment based on the UI benefits they are eligible to receive
- Includes being a victim of a "bias crime" in the list of reasons why a person claiming UI benefits cannot be disqualified



# Senate Bill 172 Implementation

- All non-fraud claimant-caused debt over five years has been cancelled and balances will continue to cancel once debt reaches the five year mark
- Waiver request forms have been updated to include claimant-caused overpayments
- We have begun outreach to claimants with overpayments to notify them that they may qualify for a waiver
- Rule notice will go out in the March bulletin with the rule becoming effective in late May (retroactive to weeks on or after June 27, 2021)



# Waivers and Offsets

- Waivers
  - Can be allowed, extinguishing the debt, when household expenses are at or exceed 90% of total household income
  - Claimants can reapply for a waiver at anytime
  - We will honor initial date of waiver request if “wrong” form was used (federal vs. state overpayments)
- Offsets
  - Non-fraud claimant-fault overpayments offset at 100%
  - Claimant non-fault overpayments offset at 50%
  - Claimant non-fault overpayments offset at 0% if waiver was denied and household expenses were between 80 – 89% of household income



# Availability Rule Update

- Change to OAR 471-030-0036
  - Modified the ‘availability for work’ requirement
  - The old rule required claimants to be available for all the hours and days of the week that are customary for their occupation
  - The new rule requires claimants to be available for 40 hours during the week; claimants with barriers are still considered available for work if they can work full-time during the week
  - Permanent rule is scheduled to be effective March 7, 2022



# Availability Rule Update (Cont.)

- Listening Sessions Feedback
  - Three Worker Focused Sessions
    - » This will be helpful for working families
    - » Claimants who cannot find childcare should not have this requirement or lower if from 40 hours
  - Three Business Focused Sessions
    - » This should only apply if the claimant has barriers
    - » The language in the rule regarding shift-based work was confusing
    - » Potential impact to the UI Trust Fund and future tax rates for Oregon employers



# Failure to Provide Information Change

- Returning to pre-pandemic policy
  - When additional, relevant, information is needed to make a decision on eligibility, information is requested with a deadline to respond, usually 5 days, reasonable deadline extensions can be requested
  - Denials for failing to provide information will now be ‘ended’ instead of ‘reversed’
- Reasons for the change
  - Difficulty in contacting the Department has been resolved
  - Federal programs have ended
- Proposed timeline
  - Change would be effective for all deadlines beginning on or after February 13, 2022





# UI Fraud Report - 2020

- Fraud has always existed in the UI system, however pandemic era changes made fraud an increased concern
  - The sudden and severe job losses across the country, ‘plus up’ benefit programs, extension programs, backdating, pandemic programs, and waiving the waiting week added to the risk

TOTAL pandemic benefits paid to 581,801 claimants in 2020*	\$ 7,442,771,123	100%
TOTAL amount paid in suspected or proven ID theft and other fraud cases*	\$24,172,793	0.32%
Amount paid in 4,543 ID theft cases confirmed or under investigation*	\$3,064,393	
Amount paid to 4,692 individuals found to have committed UI fraud*	\$21,108,400	

\*All information in this table is as of November 30, 2021

- Created an ID Theft and PUA Investigation team in 2021
  - In addition to investigating, they work with state and federal law enforcement to assist in prosecution where appropriate

2020 fraud overpayments due to fraud by program<sup>2</sup>

Program	Distinct Count	Overpaid Amount
Disaster Unemployment Assistance (DUA)	0	0
Pandemic Unemployment Assistance (PUA)	385	\$4,441,372
Extended Benefits (EB)	135	\$196,356
Pandemic Emergency Unemployment Compensation (PEUC)	421	\$825,937
Regular Unemployment Insurance claim	3366	\$11,213,363

Note: Federal Pandemic Unemployment Compensation (FPUC) is included in fraudulent program overpayment amounts



# UI Fraud Report – 2020 (Cont.)

- Oregon had a low rate of pandemic era UI fraud in 2020 compared to some other states
- Fraud investigations take time to complete, as these cases are resolved we anticipate the amount of identified fraud will increase
- We will continue seeking out fraud and recovering overpaid UI benefits
- Ongoing huge threat of fraud attempts and criminals' use of publically available information, OED, is cautious about sharing any information that could invite or be used by criminals to successfully attack Oregon's UI system





# Thank You

