

Oregon economy continues to add jobs, nears full recovery

By PETER WONG
Oregon Capital Bureau

SALEM — The addition of 8,700 jobs in June moves Oregon a little closer to full recovery from the pandemic downturn in spring 2020, when the official unemployment rate shot up to 13.2%.

Oregon's gains kept the statewide unemployment rate in June at 3.6%, essentially unchanged from the previous month (adjusted to 3.5%) and identical to the national average. The record low of 3.4% prevailed from November 2019 through February 2020, at the onset of the coronavirus pandemic.

"We continue to have a strong labor market," Gail Krumenauer, economist for the Oregon Employment Department, said Wednesday, July 20, in an online briefing for reporters. "Large job gains have been reported over many sectors of the economy. No broad sector of Oregon's economy had large job losses in June."

According to the June report, also issued July 20, construction led monthly gains with 2,800 jobs. Its 118,700 jobs overall is a historical peak for Oregon,



Job seekers visited booths at a job fair May 3, 2022, at the Pendleton Convention Center. The Pendleton Chamber of Commerce coordinated with 40-plus businesses to assist those looking for work and local employers. Oregon Employment Department on Wednesday, July 20, reported the state added 8,700 jobs in June.

Kathy Aney/East Oregonian, File

surpassing the 112,300 in February 2020.

All construction industries grew rapidly over the past 12 months, with several growing by double-digits: Building finishing contractors, up 13.2%; building equipment contractors, up 11.5%; heavy and civil engineering construction, up 10.8%; and specialty trade

contractors, up 10.7%.

Monthly growth also occurred in other services, such as auto repairs and hair salons, 1,600; health care and social assistance and leisure and hospitality (bars, entertainment, hotels and restaurants), 1,300 each.

"We have seen some sectors still struggle to get back to their pre-pandemic

levels," Krumenauer said.

She said the health care and social assistance sector has rebounded strongly in the first half of this year, after lagging through the end of 2021.

The leisure and hospitality sector also has added 28,500 jobs between June 2021 and June 2022, or 16.4% growth.

But Krumenauer said recov-

ery in that sector is still only 87% of pre-pandemic levels, and 14,600 jobs remain to reach those levels.

She said public and private education continue to lag in job growth.

Oregon has regained 94% of the jobs lost during the pandemic, compared with 98% for the nation as a whole. For Oregon's private sector, that mark is 98%.

The Oregon Office of Economic Analysis, which prepares the state's quarterly economic and revenue forecasts, has projected that Oregon will see a complete recovery of jobs by the end of this year. When that occurs, the recovery period of two-and-a-half years from the downturn will have been relatively short — far shorter than the seven years Oregon required to recover from economic downturns in the 1980s and 2010s. Those earlier recessions did not see a record one-month jump in the unemployment rate from 3.4% to 13.2% during March and April 2020, unlike what happened in the pandemic — but high unemployment rates persisted longer.

On July 18, the Employment Department released

its second-quarter report on job vacancies. The agency has compiled such reports since 2013 — and the 106,500 vacancies in the newest report means that Oregon has now exceeded the 100,000 mark for a full year. Employers told the agency that three of every four vacancies was hard to fill. (Counting spring 2021, vacancies ranged between 97,000 and 107,000 for a record five quarters.)

"The need for workers was widespread," Krumenauer said. "Businesses are looking to fill a variety of jobs in more than 280 occupations. That means it's still a tight labor market where employers are having trouble trying to find enough workers."

In Oregon and the nation as a whole, she said there are two job vacancies for every unemployed person. Krumenauer said employers have raised pay, added benefits, increased job flexibility, changed job requirements, and advertised vacancies more widely, including the statewide network of WorkSource centers run by the Employment Department and partner agencies.

Oregon Employment Department readies new computer system

By PETER WONG
Oregon Capital Bureau

SALEM — Oregon businesses and workers will begin to see the roll-out of a new computer system for the Employment Department after more than a decade of false starts and frustrations.

When the transition is completed in more than three years, the new system will automate employer payroll and tax records, employee claims and benefits from the state unemployment trust fund — and also contributions and benefits for Oregon's new program of paid family leave, which starts in 2023.

"It is a complex project and a multiyear effort to transform the Employment Department business processes and core technology so that they are more flexible, adaptable and efficient," said David Gerstenfeld, acting director of the agency since May 2020.

State says 1,500 tests, 99% pass rate

On Sept. 6, the new system will go live with Oregon employers filing their third-quarter payroll reports, on which their unemployment tax payments are based. Employers also will use the new system to gain access to their unemployment tax rates.

On Aug. 28, the two current systems that handle those functions will shut down to allow for the transition to the new system.

"We are doing this to make sure all the remaining work is completed," Gerstenfeld said. "We think this will not have an impact on most employers," because they should have completed filing payroll reports for the second quarter of 2022, which ended June 30.

He said some employers that took part in agency focus groups were invited to log on to a copy of the new system so they could become familiar with how it operates.

"It was positive overall," he said, and suggested adjustments will be incorporated into future work on the system.

"Our staff has run more than 1,500 test scenarios with a 99% pass rate," he added. "Those scenarios that did not pass were sent back to the team, fixed and will be retested. We are also working with other

state agencies and organizations we share data and processes with to ensure those connections are intact and working the way they need to."

One of those agencies is the Oregon Department of Revenue, which is the repository for the unemployment payroll taxes paid by employers. Employees do not contribute to the unemployment trust fund.

The new system, Frances Online, is named in honor of Frances Perkins, U.S. labor secretary during the 12 years Franklin D. Roosevelt was president and also the first woman appointed to a presidential Cabinet back in 1933.

It will be paid for from \$89.6 million that the U.S. Department of Labor granted to the state agency back in 2009, and has been sitting in the unemployment trust fund. The 2021 Legislature added more in the current two-year state budget for startup costs connected with paid family leave — Oregon is one of 10 states with such programs — but that money will be repaid from employer and employee contributions to the program.

States run their own unemployment trust funds, but the Department of Labor oversees them under an arrangement that goes back more than 80 years to the Great Depression.

The vendor is FAST Enterprises, based in Centennial, Colorado, outside Denver.

2nd phase starts in 2023, 3rd starts in 2024

On Jan. 1, Oregon employers and employees will begin under a second phase of the new system to contribute their shares toward another fund for family-leave benefits. Overall contributions are capped at 1% of employee wages, split between 60% from employees (.6%) and 40% from employers (.4%). Actual benefit payments are scheduled to start Sept. 3, 2023.

Lawmakers last year changed the start dates under the original 2019 law, which covers a range of situations.

A third phase of the new system will start in 2024, when claims and benefits for unemployed workers will make the transition.

The project is scheduled for completion by the end of 2025, six months after the end of the state's 2023-25 budget cycle.

Nearly half of Oregon's inmate population included in first class action suit of its kind

By SAM STITES
Oregon Capital Chronicle

EUGENE — A federal lawsuit involving current or former Oregon inmates infected with COVID-19, including one who died, is moving forward with notification of nearly half of the state's prison population of their inclusion in the class-action suit.

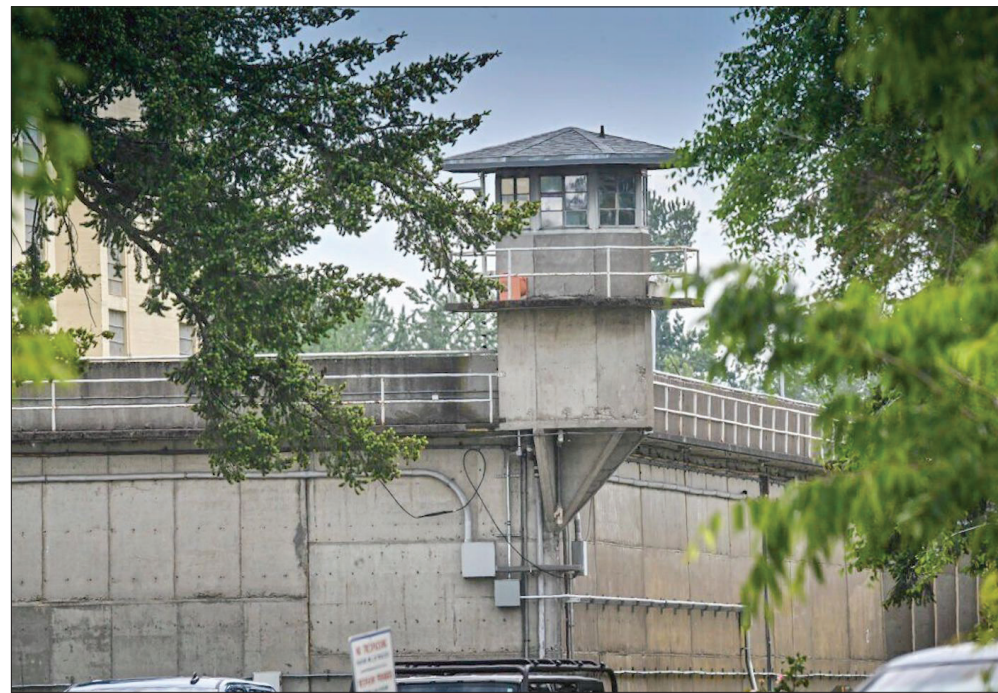
The U.S. District Court in Eugene certified the class-action status of the suit in April. Since then, an administrator appointed by the court has been reaching out to the class-action members. They include about 5,000 people who were infected with COVID-19 and incarcerated in Oregon starting on Feb. 1, 2020 and tested positive at least 14 days after, according to a class-action notice. The suit includes all inmates infected from mid-February 2020 through May 31 this year. That group represents 40% of Oregon's prison population, which is more than 12,000, according to the state Department of Corrections. Oregon has 14 prisons for men and women.

The case, brought by seven current and former inmates, accuses state officials of violating their Eighth Amendment rights, which guarantees protection from cruel and unusual punishment. It also claims the state was negligent in protecting them from becoming infected and preventing inmate deaths.

The lawsuit marks the first time in Oregon — and perhaps the country — that a judge has certified a class-action seeking damages over COVID-19, attorneys said. More than 600,000 inmates in the U.S. and Puerto Rico have been infected with COVID-19, according to the COVID-19 Prison Project, which is overseen by faculty and students at several universities across the country. The project's data show that nearly 2,900 have died. According to the Oregon Department of Corrections, 46 inmates infected with COVID-19 have died.

The case does not specify damages but attorneys said it could cost the state millions of dollars in damages and fees. If it goes to trial as requested, it would showcase the Department of Corrections' treatment of inmates during the pandemic. Dozens of inmates sue the agency every year, often representing themselves. Most cases are dismissed.

Inmates can opt out of being included in the class action, which they might do if they want to file their own suit or for another reason. If



Ron Cooper/Oregon Capital Chronicle

Inmates at the Oregon State Penitentiary in Salem are included in a lawsuit over COVID-19 against the state.

they're included, they would share in damages, lawyers said.

One of the plaintiffs named in the suit, Juan Tristan, who is represented by his estate, contracted COVID-19 while incarcerated at the Oregon State Penitentiary in Salem and died just over a year ago. The other inmates who are named

Peters, director of Oregon's Department of Corrections and President Joe Biden's nominee to lead federal prisons; Oregon Health Authority Director Patrick Allen; and seven current or former officials — denied in court filings they were negligent in protecting inmates from COVID-19. They also said they did not violate prisoners'

some of the inmates were emotionally shaken.

"I think the stories that stick with me are the ones where people watched their cellmates die in front of them because of this disease when it could've been prevented," said Juan Chavez. "That's a particularly scary, dangerous and hopeless space to find yourself ... where you have a system that's allegedly built to keep the public safe, but also the people inside of these prisons safe, and this was just going to keep happening that so many people were going to die or get injured."

The lawsuit maintained that the state "acted with deliberate indifference" to inmate rights by failing in not protecting inmates, including by not separating corrections officers who became infected from the others. It also accused the state of being slow to vaccinate prisoners.

"On January 16 and 17, 2021, Oregon DOC offered vaccines to approximately 1,558 adults in custody who were deemed high risk or who were elderly," the suit said. "Notwithstanding that early vaccination of a small number of adults in custody, the remaining adult in custody population — some 12,000 people — were not scheduled for vaccination at that time."

In early February 2021, U.S. District Court Judge Stacie Beckerman ordered the state to offer vaccines to all inmates. Beckerman is also hearing this lawsuit.

The complaint said that allowing communal dining inside prisons contrasted with statewide closures of restaurants and other eateries on the outside. The lawsuit said prisons have poor ventilation which helps prevent the spread of the virus, and that the population is at high risk.

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— Juan Chavez, director of the Civil Rights Project at the Oregon Justice Resource Center

are imprisoned or were incarcerated at the penitentiary or Oregon State Correctional Institution in Salem along with Coffee Creek Correctional Facility, a women's prison in Wilsonville. The lawsuit does not detail the severity of their infections but it does accuse government officials of negligence in not enforcing mask requirements, not properly screening visitors for COVID-19, failing to adopt a robust testing system for inmates and not providing adequate sanitation or training.

It said the state knew that masking and social distancing protected against COVID-19.

"Defendants have failed to take appropriate and prompt steps to adequately prevent, test and treat COVID-19 across all ODOC facilities," the suit said.

The defendants — Oregon Gov. Kate Brown; Colette

Eighth Amendment rights and were not responsible for a "wrongful death."

Spokespeople for Gov. Kate Brown's office and the Department of Corrections declined to further comment on the case, citing pending litigation.

The case was originally filed in April 2020. A U.S. District Court judge granted the case class-action status in November 2021, approving two classes in the case: the first for wrongful deaths of the 46 individuals who died and another "damages class" for all those who became infected.

The state appealed the class-action ruling but that was denied in May. The state's motion to dismiss the lawsuit early in the case was also denied.

An attorney for the plaintiffs and director of the Civil Rights Project at the Oregon Justice Resource Center said