

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

HOUSE COMMITTEE ON LABOR

January 21, 1991Hearing Room D 8:30 a.m.Tapes 6 - 8

MEMBERS PRESENT:Rep. Gene Derfler, Chair Rep. Kevin Mannix, Vice-Chair Rep. Sam Dominy Rep. Jim Edmunson Rep. Rod Johnson Rep. Bob Repine Rep. John Watt

MEMBER EXCUSED:

VISITING MEMBER:

STAFF PRESENT: Victoria Dozler, Committee Administrator Johanna Klarin, Committee Assistant

WITNESSES: Pamela Mattson, Administrator, Employment Division Lisa Nisenfeld, Portland Development Commission Irv Fletcher, Advisory Committee, Unemployment Insurance Mark Jones, Self & Oregon J.S.E.C

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TAPE 6, SIDE A

009 CHAIR DERFLER: Calls the meeting in order at 8:30 a.m.

INFORMATIONAL MEETING--OVERVIEW, EMPLOYMENT DIVISION

010 PAMELA MATTSON: Presents the committee with a broad overview of the Employment Division and outlines the Division's mission and goals. She further highlights the following themes (Exhibit A). > Who we are and what we do; > Who are our customers; > How we are funded; > Issues; > 1991-93 Legislative proposals; > Budget themes--improved delivery of services; > Current Employment Division Offices and Proposed Expansion; > Budget themes--improved coordination of services; > Process to determine Employment Division performance standard.

050 CHAIR DERFLER: What is the break-down of employees in terms of who works for employment or unemployment?

055 PAMELA MATTSON: That is fluid in our offices, because we have peak periods in employment and in unemployment.

062 REP. DOMINY: What is done in the education field to ensure that the public is getting the best of representation?

071 MS. MATTSON: We see training as a number one priority.

081 REP. WATT: Is the training done at your central location or in your field offices?

MS. MATTSON: In both locations.

Ms. Mattson continues with her presentation and introduces her staff.

149 REP. JOHNSON: According to these demographics you have 1096 full time employees which is broken down to 604 female and 420 male, total 1024 people. Does that mean that you have 72 employees who are neither female nor male?

MS. MATTSON: There are some vacant positions within that allotment.

REP. JOHNSON: Is it common to have this many unfilled positions?

MS. MATTSON: This is due to the seasonality of the work.

REP. JOHNSON: I have been informed that it is prevalent in some state agencies to budget for a certain number of positions but only fill something short of that number leaving some play in the budget. That play has been identified as a possible way to adhere to measure 5. Is this concept applicable in this situation?

MS. MATTSON: We do projections but we cannot predict accurately workload level through July 1993. This gives us the ability, without needing to return to the emergency board, to meet the workload in regard to staffing levels.

186 REP. DOMINY: Does that mean that from time to time you have more than 122 2 people on your payroll?

MS. MATTSON: That is correct.

190 CHAIR DERFLER: The cost of running the agency comes from the employers; Measure 5 doesn't really affect your agency I believe.

MS. MATTSON: You are correct. We have no general fund dollars in the Employment Division.

Ms. Mattson continues with her presentation.

221 REP. WATT: Could you explain briefly the difference between job orders received and job openings received?

MS. MATTSON: For some job orders received there are more than one opening.

Ms. Mattson continues with her presentation (Exhibit A, page 4-5).

238 CHAIR DERFLER: How do you refer people back to the job market, what is the procedure?

240 MS. MATTSON: When someone files a claim for unemployment insurance, we register the individual for work. This is dependent upon the labor demand in that office. We do a job match--people who meet the employer's expectations come up on the computer screen--the person who has been registered for employment should be a part of that field of

workers who are available for work. Our responsibility is not to do a referral to what would be considered unsuitable work.

267 CHAIR DERFLER: Give me a definition of suitable work.

268 MS. MATTSON: The idea is that this is not forced employment.

277 REP. WATT: If the wage offered would be higher than the insurance benefit, would that be termed suitable?

MS. MATTSON: I don't believe so.

288 REP. MANNIX: Is the basic thrust of the suitability then that the individual should lower their expectations as what wage and job conditions are acceptable as time goes on?

MS. MATTSON: I think that is a good description.

Ms. Mattson continues with her presentation and gives a profile of the Employment Division's customers (Exhibit A, page 6).

351 She outlines the funding of the Division (Exhibit A, page 7).

377 REP. DOMINY: How much would we be getting back if we got back all we should get back?

MS. MATTSON: That is a difficult question to answer. The amount of dollars that has been returned to the state has continued to decline.

410 REP. REPINE: Is that coincidental to the federal government tax reform of 1986, or is it part of their strategy?

MS. MATTSON: Your guess is probably as good as mine. Our concern in this whole picture is the trust fund dollars.

423 REP. JOHNSON: Give me a feel for what percentage are the paid benefits in regard to your total budget in an annual or bi-annual basis.

Representative Johnson and Ms. Mattson discuss the figures pertinent to this question.

TAPE 7, SIDE A

017 REP. MANNIX: Isn't the point of what you are doing that you are trying to raise more during good years so you can set aside money for the bad years?

MS. MATTSON: That is the strategy.

REP. MANNIX: The problem that you are having with the Federal Government is that they are raising the level that you have to set aside for the bad years.

Ms. Mattson explains further the federal requirements in regard to this issue.

037 REP. DOMINY: I understand that the state unemployment contributions are used just for benefits and the federal for administration. Could you give us a figure how much of the State's unemployment contributions are used for administration?

MS. MATTSON: In the last biennium 11 million dollars from the contribution side was diverted to the administration side. She refers to Exhibit A, page 7 in regard to the diversion concept and further

clarifies this issue.

063 MS. MATTSON: Continues her presentation in regard to the issues the Employment Division is facing this biennium (Exhibit A, page 8): >Budget Issues >Program Issues

091 CHAIR DERFLER: Is this the first time unemployment funds have been used for job training programs?

MS. MATTSON: The JTPA (Job Training Partnership Act) has a federal fund source.

103 REP. MANNIX: Is this transfer part of the vision of the Employment Division being the central lead agency in unemployment and training issues.

MS. MANNIX: Yes that is the beginning of that consolidation and a point of

accountability within the Executive Branch. There will be a senior policy advisor in Governor Roberts' office on work force development issues.

117 REP. MANNIX: Are there other operational activities of the executive branch that are to be moved to the Employment Division during this legislative session?

122 MS. MATTSON: I don't know of other functions that are proposed to be moved to the Employment Division.

Ms. Mattson continues her presentation in regard to Employment Division program issues (Exhibit A, page 8).

155 REP. WATT: Could you be more specific on the issue of strengthening of tools to collect delinquent taxes? What kind of numbers are you looking at?

MS. MATTSON: The package includes the authority to collect attorneys' fees, to file liens, etc.

167 REP. WATT: I would like to know what are the outstanding delinquent taxes, do you have a number on that?

MS. MATTSON: We will get back to you with those numbers.

173 REP. DOMINY: What is here in this agenda concerning handicapped employment? It seems to be missing from your programs issues.

MS. MATTSON: There is no requirement for statutory changes, it is certainly a big issue in regard to training and education. We are implementing the requirements of the Congressional Act.

REP. DOMINY: So you have researched this issue and have not found any statutory problems in our laws dealing with taking away some of the barriers in employment for handicapped?

MS. MATTSON: We have not done research. We have been implementing the Congressional Act in terms of what requirements employers have.

201 REP. MANNIX: The Department of Insurance and Finance is using some of the workers' compensation re-employment job modification programs to modify work-sites for the handicapped. Do you work at all with that?

MS. MATTSON: That is an area where we are working to have a closer

relationship.

REP. MANNIX: There is a lot of money out there in their account for re-employment efforts for people who have re-entry problems.

217 Ms. Mattson continues with her presentation and outlines the legislative proposals for 1991-1993 (Exhibit A, page 9).

270 CHAIR DERFLER: What is lacking; the employers using the services or the employees? Where do you feel there could be improvement?

MS. MATTSON: We need improvement in both instances to be successful. We need to draw both types of customers simultaneously and with the same intensity; a good pool of applicants and a good pool of jobs.

Ms. Mattson discusses the Division's future technology needs.

303 REP. MANNIX: Have you had contact with other divisions of Human Resources or other agencies to work together with them?

MS. MATTSON: That is very important to us. A study is being made presently to link together these hardware systems. (Gives an example from Hawaii in regard to touch screen technology in delivering services.)

337 REP. WATT: Please describe your existing technology. How long before this technology is going to be obsolete? Do you use mainframe technology with terminals? Do you plan on moving to local area technology?

MS. MATTSON: Yes we are using mainframe and terminals. We are considering a LAN (Local Area Network).

371 Ms. Mattson refers to the map of the current locations and expansion of the Employment Division Offices (Exhibit A, page 11).

384 REP. DOMINY: I don't see an expansion in the areas where the timber industry has the most problems. What is the logic behind this expansion plan?

MS. MATTSON: The economy of the area, projections of the labor market growth. We will provide you with more specific analysis.

425 Ms. Mattson continues her presentation in regard to Employment Division performance standards (Exhibit A, pages 13-16): >Improving customer service to job seekers; >Improving customer service to employers; >Helping the future work force.

446 CHAIR DERFLER: Where did you get the benchmarks?

MS. MATTSON: They are a product of the Oregon Progress Board. One of the key benchmarks is to have the best trained work force in the United States. The Progress Board went out to talk to a lot of people to find out how we could reach those benchmark.

TAPE 6, SIDE B

013 MS. MATTSON: We have taken that product from the Progress Board and found the areas where we are closest to, where we could help. We use that information as a starting point. Refers to pages 13-16 in Exhibit A and delineates how the Employment Division is going to achieve those benchmarks.

034 Ms. Mattson finishes her presentation by outlining the Welfare Reform JOBS Program (Exhibit A, page 12). What is proposed is that the Employment Division, in cooperation and coordination with the Adult and Family Services, would have the responsibility for the placement functions for the people who have attained the necessary skills levels to be a competitor in the Oregon job market.

063 CHAIR DERFLER: Will you also be projecting what areas might be available for employment in the future?

MS. MATTSON: Yes we do that.

072 REP. WATT: Please clarify; earlier you said working hand-in-hand with the AFS, but here it says (Exhibit A, page 12) "reduces duplication of effort, moving Welfare Reform job placement responsibilities to Employment Division". Which one is it?

MS. MATTSON: What is most important to us is the working relationship with AFS around these issues. Technically the budget for that responsibility will be part of the Employment Division budget.

REP. WATT: So you will take full responsibility for that while working in cooperation with AFS.

MS. MATTSON: The only way it works is with that close responsibility with Adult and Family Services. The AFS has the onus to make Welfare Reform work and we assist them by helping with this placement component.

REP. WATT: Will you have total responsibility for the job placement part of that program.

MS. MATTSON: The local committees will have the responsibility to prescribe the placement function, and we have asked them to use the Employment Division as completely as possible in that prescription.

119 REP. REPINE: Page 5 talks about the average duration of unemployment. Have you developed any model that would tell us, if the downturn in the timber industry takes place, how the number of 26 weeks would be affected?

MS. MATTSON: We have done a desk-top analysis of the timber workers. What is the chance for immediate re-employment, what would be their short-term chances in the employment market, and what percentage would need a long-term training and intervention to keep them as an active part in the employment network.

REP. REPINE: We need to identify the differences now to clarify assumptions that are not truly reflective of the model.

156 CHAIR DERFLER: We might need to know what percentage of people use the 26 weeks.

159 REP. REPINE: What was the salary income of those individuals when they were displaced or lost their jobs?

MS. MATTSON: We do collect that information.

REP. REPINE: Do you have the percentage of the employers who use the Employment Division's services?

MS. MATTSON: We do not have that information; we would like to get a handle on that one.

REP. REPINE: What could we do to make those people use the services, a

sliding scale or some stimulus.

196 REP. JOHNSON: Who has been involved in this desk-top analysis? Are those people available for consultation?

MS. MATTSON: Yes they are.

204 CHAIR DERFLER: Right now we cover the unemployment for 26 weeks, what happens after that? Is there an extension available?

MS. MATTSON: Not at the present time.

CHAIR DERFLER: Part of the funds you pay are charged to employers, part are socialized. Can you give us a break-down on this?

MS. MATTSON: Explains to the committee how unemployment benefit charges are covered by employers. She will come back with the exact percentage break-down.

244 REP. WATT: How many job search contacts must an applicant make when applying for unemployment insurance?

MS. MATTSON: There is no exact number requirement.

REP. WATT: Is there a way to track if a person has made those contacts?

MS. MATTSON: There is a process called the eligibility review.

REP. WATT: There is no follow-up with the employers they have contacted?

MS. MATTSON: It is not a routine practice. That is a funding problem.

MOTION

288 REP. MANNIX: Moves to reconsider the January 18, 1991, committee action on HB 226 9.

The committee discusses the above motion.

VOTE

In a roll call vote the motion carries with representatives Dominy, Edmunson, Johnson, Mannix, Repine and Watt voting AYE. Representative Derfler votes NAY.

373 REP. MANNIX: Suggests that HB 2269 be placed on January 30, 1991 agenda.

CHAIR DERFLER: Concurs with the above suggestion.

PUBLIC HEARING, HB 2084

391 PAMELA MATTSON: Presents a summary of HB 2084 (Exhibit B).

>Provides interest on principal for operation of employment division in 199 3-95. >Preserves unemployment benefit dollars for their intended purpose. >Keeps more dollars in the state working for oregonians. >Lowers tax rates in tax schedules III, II & I to regulate trust fund balance.

TAPE 7, SIDE B

009 MS. MATTSON: Continues her summary.

044 REP. DOMINY: How often the interest money is taken out, annually?

050 MS. MATTSON: The diversion dollars are the last dollars that we spend in terms of the dollars that are appropriated now. We first spend the dollars that come to us from the federal government. We would dip into that interest account the last possible moment.

REP. DOMINY: I hope it is not more often than quarterly.

063 REP. REPINE: What is the amount of the diversion dollars?

MS. MATTSON: We are projecting about 200 million dollars. The interest on those dollars, invested in a benefit reserve fund, is projected to be 25 million dollars.

073 CHAIR DERFLER: You are expecting 25 million back for a 200 million investment?

MS. MATTSON: Over a course of a couple of years.

075 REP. JOHNSON: Can this be summarized as an increased temporary diversion to create a fund from which the interest could make it so that we don't need any future diversions?

MS. MATTSON: That is the premise of HB 2084.

081 CHAIR DERFLER: What would happen if the feds would suddenly decide to send us the monies that we have coming?

MS. MATTSON: The appropriation of the interest dollars must be done each legislative session by the legislature.

CHAIR DERFLER: Will this have any effect on payroll tax?

MS. MATTSON: This does not affect the employer's account. Explains the tax rates further.

124 CHAIR DERFLER: Why would you use this process instead of coming back to the legislature and asking, like this time, for those 11 million dollars to fund those programs?

MS. MATTSON: The aim, in creation of this fund, is to maintain some control of those dollars here. It feels better to be spending the interest accumulated by those premium dollars invested in Oregon than to spend the premium dollars themselves.

137 REP. WATT: How would this affect employers' payments; will this create more paper work?

MS. MATTSON: It is invisible to the employer.

143 REP. REPINE: Has this been done in other states?

MS. MATTSON: No other state is currently doing this. The federal government provided us a clean reading concerning this proposal.

157 REP. JOHNSON: Over the next several years 250 million dollars would be generated into this fund. Is this 250 million coming out of what would have otherwise gone to the Unemployment Trust Fund?

MS. MATTSON: Yes.

REP. JOHNSON: The people who would be potentially paying for this would be the people for whom there would be no benefits if this fund got depleted.

MS. MATTSON: That is true, but the bill creates that the only use for that 200 million dollars in Oregon is to pay those unemployment benefits.

195 REP. REPINE: Presents a question concerning the comparative yield of investments in state and federal levels.

MS. MATTSON: I am not skilled to answer that question.

210 CHAIR DERFLER: You said that the feds have not objected to this proposal, have you specifically asked them if it was OK?

MS. MATTSON: We do not have any objections. It is an OK proposal as it regards the federal government.

228 IRV FLETCHER: The Unemployment Insurance Advisory Committee unanimously endorses this bill.

WORK SESSION, HB 2084

MOTION

247 REP. MANNIX: Moves that HB 2084 be referred to the House floor with a "do pass" recommendation.

VOTE

In a roll call vote the motion carries with representatives Derfler, Dominy, Edmunson, Mannix, Repine and Watt voting AYE. Representative Johnson is absent.

[Rep. Johnson votes AYE on HB 2084 later during today's meeting.]

Representative Repine will carry HB 2084 in the House.

PUBLIC HEARING, HB 2252

270 PAMELA MATTSON: Summarizes HB 2252 (Exhibit C).

Restores base funding to continue operations at current level.

Enhancements for more service locations, automation, customer service & productivity.

Funding for job placement portion of new jobs program.

Total diversion package of \$29 million.

338 REP. DOMINY: How close did you come hitting your target in the last diversion?

MS. MATTSON: We are very close in terms of projecting the appropriations that the federal government would have supplied to us and the need that we would have.

REP. MANNIX: The change in the tax schedules that you are proposing is simply a follow-up on the change from .58 to .76?

MS. MATTSON: That is correct.

363 CHAIR DERFLER: Would you go over the differences between the 11.3 and the 29 million dollars.

MS. MATTSON: Discusses the differences, refers to Exhibit C, page 3.

402 REP. MANNIX: This would still leave you at a lower service level than you were before 1982.

MS. MATTSON: That is correct.

REP. MANNIX: We have two concepts here: 1) extension of services to new locations, 2) spirit of measure 7 thrust.

424 MS. MATTSON: It is my opinion that ballot measure 7 would go much further than what is proposed in the welfare reform.

REP. MANNIX: I understand that. You are moving in a direction of finding more jobs for people in welfare and trying to place them?

MS. MATTSON: That is correct.

REP. MATTSON: You are asking us to authorize you to move in that direction, but you will still have to go to Ways and Means to authorize the expenditure for those programs.

MS. MATTSON: That is correct.

438 CHAIR DERFLER: Please clarify the 7.5 million dollars the for New Jobs Placement component? Is that coming from the Economic Development? How is that money going to be generated?

MS. MATTSON: The money is generated through the diversion of funds from the unemployment insurance contributions.

CHAIR DERFLER: So we are taking money out of the Employment Division from the taxes that employers have paid?

TAPE 8, SIDE A

008 MS. MATTSON: We are proposing to use that 7.5 million dollars to do the placement function of the Welfare Reform Program.

015 REP. MANNIX: Are we talking here about right hand and left hand?

MS. MATTSON: I agree with that analogy.

020 REP. JOHNSON: Southern Oregon timber workers are going to need some beefed-up help. Have you identified anything in this budget that is directly directed at those needs?

MS. MATTSON: We proposed an enhancement package targeted specifically to timber workers. It did not make it through the budget approval process. Our ability to serve in those outreach locations is enhancing our ability to serve the timber dependent communities.

REP. JOHNSON: You don't have a specific program such as a "timber workers crisis response?"

MS. MATTSON: Not within this package.

044 REP. MANNIX: You should not call this just a New Jobs Placement but you should add a phrase like "Timber Workers Re-employment Project".

This labeling would help to focus the outreach programs into economically hurt communities.

061 MARK JONES: As a business owner I support the HB 2252. He emphasizes the importance of a strong employment service in Oregon to face the future needs of growing service and tourism industries.

079 REP. MANNIX: What is your reaction to the [QUOTE]welfare put them on jobs component here[QUOTE].

084 MARK JONES: This is a new concept. I see the transfer from welfare to employment programs as a positive move for the state.

092 REP. JOHNSON: You have worked with the unemployment people quite a bit?

MARK JONES: Yes. I am the chair of the local Job Service Employers Committee that works with the Newport Employment Office.

REP. JOHNSON: I was hoping to get a third party independent observation as to the efficiency of the service of the Office. How do they perform as far as efficient use of funds?

MARK JONES: Their efficiency has improved tremendously since 1982. At the moment they are stretched but they do a very good job from an employer's stand point.

116 CHAIR DERFLER: Why would you use the Employment Division instead of an independent agency?

MARK JONES: We have the greatest success with the people referred from the Employment Division.

134 REP. MANNIX: Would you rather see the Employment Division to find jobs for the people on welfare rather than the Welfare Division?

MARK JONES: Yes it would be better to reduce duplication of services.

REP. MANNIX: Should welfare applications also be duplicate applications for employment?

MARK JONES: Yes and no.

157 CHAIR DERFLER: Do you object that we take some of the tax dollars that you pay and use them to find jobs for the unemployed people?

MARK JONES: Hopefully this diversion package will be the last step to develop the Benefit Reserve Fund. At this point Oregon needs its people employable. I don't see a reason why we couldn't use the 7.5 million for that kind of work.

171 CHAIR DERFLER: You don't think that most employers would object to that?

MARK JONES: As long as it doesn't cost them dramatically more.

178 REP. WATT: Will there be any increased taxes?

MARK JONES: My assessment is that there would not be any increases.

189 REP. MANNIX: Has the Restaurant Association taken a position on this?

MARK JONES: They are taking no position at this time.

208 LISA NISENFELD: Discusses the proposed bill from the Job Net Program's point of view.

>Emphasizes the importance of cooperation with the Employment Division.

>Importance of finding trained workers.

>Provides statistical information regarding placement of employees.

252 REP. MANNIX: How do you feel about using some of the unemployment tax money to help enhance the Job Placement Program for people on welfare?

MS. NISENFELD: It is imperative.

REP. MANNIX: Are you more comfortable having the Employment Division carry out the task of looking for work for these people rather than having the welfare people doing it?

MS. NISENFELD: Yes it makes sense.

272 CHAIR DERFLER: How is the Portland Economic Commission formed and funded?

MS. NISENFELD: We are an agency of the city of Portland. The Commission is appointed by the Mayor of Portland. The Job Net Program is funded through the city's allocation of Community Development Block Grant funds.

CHAIR DERFLER: Are you a job placement program?

MS. NISENFELD: We are a coordination program. We don't handle any clients.

305 MS. MATTSON: Refers back to a conjecture regarding where AOI stands in regard to the diversion package. Our advisory council unanimously supported the diversion concept but didn't take a position on the welfare reform portion.

324 REP. JOHNSON: Is there going to be a reduction in the welfare budget for the 7.5 million.

MS. MATTSON: That has happened with the effects of Ballot Measure 5.

334 REP. JOHNSON: The 7.5 million is coming from the Unemployment Insurance Trust Fund?

MS. MATTSON: Yes.

REP. JOHNSON: What effect this reduction in the trust fund would have on the formula that determines employers' tax?

MS. MATTSON: It is not expected to make any difference in the rate that employers are paying.

357 CHAIR DERFLER: What percentage is the 7.5 of the total?

MS. MATTSON: Employers are contributing about 300 million dollars, I don't have the exact percentage.

372 REP. MANNIX: Is this an attempt to move in a direction of a combination of Measure 5 and Measure 7?

MS. MATTSON: I would concur with that generalized statement.

392 CHAIR DERFLER: According to my analysis the AFS budget is actually increased 15%. The 45 million dollar cut is from the projected budget.

I have a problem with the 7.5 million dollars. I would like to hear more testimony on this issue.

MOTION

416 REP. REPINE: Moves that representative Johnson is allowed to cast a vote on HB 2084.

The committee has no objections to this motion.

VOTE

Representative Johnson votes AYE on HB 2084.

430 CHAIR DERFLER: Adjourns the meeting at 11:05 a.m.

Submitted by: Reviewed by:

Johanna Klarin Victoria Dozler Assistant Administrator

EXHIBIT LOG:

A - Employment Division Overview - Pamela Mattson - 16 pages
B - Testimony on HB 2084 - Pamela Mattson - 2 pages
C - Testimony on HB 2252 -Pamela Mattson - 3 pages