

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

April 24, 1991Hearing Room D 8:30 a.m.Tapes 115 - 117

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

VISITING MEMBER:Sen. Wayne Fawbush Rep. Ray Baum Rep. Tim Josi

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

MEASURES CONSIDERED: HB 2876 - Public Hearing HB 3322 - Public Hearing

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TAPE 115, SIDE A

003 CHAIR DERFLER: Opens the meeting at 8:30 a.m.

PUBLIC HEARING, HB 3322 (Exhibit B)

Witnesses:Tim Josi, State Representative, District 3.

CHAIR DERFLER: Opens public hearing on HB 3322.

014 TIM JOSI, State Representative, District 3: Testifies in support of HB 332 2 (Exhibit B). These people are leaving what they thought would be their life's work and in many cases leaving a life-long tie with their community due to policy decisions from our government regarding timber supply, you can see why such a preference is appropriate.

055 REP. DOMINY: Refers to the veterans preference. How would you like to see the committee address this issue?

REP. JOSI: I don't see a conflict with the veterans.

068 REP. WATT: What if that dislocated timber worker is a disabled veteran?

REP. JOSI: There would be a potential for 15 points and that is not

wrong.

REP. WATT: Refers to section 3, subsection 2. What is the criteria for the 15 years? It seems an awful long time.

REP. JOSI: I agree.

PUBLIC HEARING, HB 2876 (Exhibits A, C.1 - C.7, D,E,F,G)

Witnesses: Wayne Fawbush, State Senator Ray Baum, State Representative, District 58 Karen Garst, Oregon Community College Services Doreen Daily, Clatsop community College Mary Spilde, Linn-Benton Community College Karl Frederick, Associated Oregon Industries Pamela Mattson, Employment Division Joe Gilliam, National Federation of Independent Business Jim Craven, Oregon Council or the American Electronics Association Quint RaHB erger, Bureau of Labor and Industries

CHAIR DERFLER: Opens public hearing on HB 2876.

096 WAYNE FAWBUSH, State Senator and RAY BAUM, State Representative, District 58: Testify in support of HB 2876 (Exhibits C.1 - C.7).

120 REP. BAUM: As much as 40% of the forests in Oregon may be put aside for the protection of the spotted owl, in addition to the 2.5 million acres we have already set aside in various designated areas.

156 -He describes the Business and Labor Training Act, a legislative proposal to establish a program for training and retraining employees of Oregon companies (Exhibit C.3).

193 SEN. FAWBUSH: This program offers a lot of flexibility. This is not targeted to a narrow area.

REP. BAUM: The JTPA may not be as flexible as we need a program to be, especially in a crisis situation. He discusses the California success story (Exhibit C.3, page 2). We have benefitted from their experience.

-He explains how the program works (Exhibit C.3, page 3). This is not a welfare program.

236 REP. JOHNSON: Are these people given priority over all other kinds of people?

REP. BAUM: They are listed in a priority order (Exhibit C.3, page 3) on a first come first serve basis.

SEN FAWBUSH: If you want a different priority, you can set that priority.

REP. JOHNSON: My first priority is of course the displaced timber workers.

253 REP. DOMINY: Would the concept be that whoever we put on the top would have the top preference, or are we saying that these people would all be in preferential hiring?

270 REP. BAUM: We would like to give first preference to workers who have received a lay-off notice.

283 SEN FAWBUSH: Discusses the results of the California system.

306 REP. DOMINY: So this would be a priority list. In this case the forest products would be the number one on the list?

SEN. FAWBUSH: In California this program is targeted to small employers who don't have the capability to do their own in-house training. Priority should be considered as a priority but not something that is absolute. Explains this further.

342 REP. BAUM: Discusses workers' concern about the necessity to relocate. We are focusing on keeping those communities whole, intact.

386 SEN. FAWBUSH: Discusses performance based training.

407 CHAIR DERFLER: Many dislocated workers have been out of school for many years. Are these job training locations just going to be businesses, or is there going to be an opportunity to bring up some of those basic skills by attending schools?

REP. BAUM: This allows businesses to upgrade their own employees to a level that they can do more.

SEN. FAWBUSH: It also allows contracting with a training provider whether it be a community college. It depends on the priorities that you set with legislation.

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008 CHAIR DERFLER: Would this provide for each person to choose what he desires?

SEN. FAWBUSH: We emphasize as much flexibility as possible. The training can be accomplished by community colleges or by individual businesses. The training can be fairly individualized. The employer will identify a need for retraining and approach the council. Upon the council's approval the employer will enter a contract with a provider. That contract is performance driven.

035 REP. MANNIX: How is this funded? How about a surcharge on the unemployment tax?

REP. BAUM: We will discuss funding a little later.

REP. MANNIX: Any proposal that suggests using the unemployment funds creates a lot of problems for me.

049 SEN. FAWBUSH: We need to provide training. We need to take care of those highly motivated unemployed people.

REP. BAUM: We wouldn't want to do this if it didn't reduce the cost of the unemployment insurance.

059 CHAIR DERFLER: During the training period, do the individuals collect unemployment benefits?

SEN. FAWBUSH: The unemployment benefit would go to the individual. Training works very well as long as the person can minimally maintain their family.

CHAIR DERFLER: Would the employer then not pay the employee but just

provide the training?

SEN. FAWBUSH: That would be up to the employer.

080 TAMI MILLER, Policy Analyst, Trade and Economic Development Committee: Explains how the system works in California as it relates to the unemployment benefits and grant monies.

110 REP. BAUM: Outlines the criteria that the trainers have to meet.

-He discusses the financing options Exhibit C.3, page 5. >Restructuring; >Diversion; >Surcharge; >Payroll Tax.

SEN. FAWBUSH: Basically what one does is to set up a payroll tax collected by the unemployment fund. That is technically what would be done. There is no net increase but you have two distinctly separate funds.

REP. JOHNSON: If the unemployment benefit fund would drop in half, the employers' rates would go up automatically. You are taking some off the top which reduces the amount that goes into the fund.

140 TAMI MILLER: There is some flexibility to play with that rate. The impact on the total fund would be negligible.

SEN FAWBUSH: We are recommending \$7-10 million per biennium to start this project.

147 REP. MANNIX: Every dollar we take out from the unemployment trust fund eventually delays a reduction of rates for employers or maintains a rate at a certain level when it could have been reduced. It is a tax. The question is whether we want to call it a tax.

180 -Rep. Mannix, Rep. Baum and Senator Fawbush discuss what to call this surcharge and the concept and purpose in general.

211 SEN. FAWBUSH: Discusses retraining and productivity of the workforce as it compares to other countries, for example Sweden. They are rejuvenating their work force while they are working.

-We are in a situation having to play catch up with thousands of people whose skills are outdated.

-They are in an enviable situation and they are still outspending us.

247 CHAIR DERFLER: What would 1% payroll tax get us?

TAMI MILLER: The fiscal office informed me that it would be approximately \$535 million dollars.

248 REP. DOMINY: I would like to know about the total cost for retraining that an employer in Oregon pays in comparison to an employer in Sweden.

REP. BAUM: I have that information for you.

REP. MANNIX: Do we have a problem with using the unemployment compensation system as a vehicle with this? Do we run into problems with the federal government?

MILLER: The cost of administering the program would be paid for by the fund. The Employment Division would be collecting this surtax, in addition or at the same time with the same mechanism they use for collecting unemployment insurance and the cost of that would be paid for out of the funds that are collected by the Employment Division. There would be no impact.

298 REP. BAUM: Outlines the composition of the panel, Exhibit C.3, page 6.

307 REP. JOHNSON: I would like to see that some of the business representatives on the panel are from small companies.

REP. BAUM: That is an option.

CHAIR DERFLER: Are you proposing this as an exclusive program or in conjunction with some other programs that are being suggested?

REP. BAUM: If it came into being, it would report to the Governor's Work Force Council and would coordinate its efforts with the education reform and other areas. This is one piece to the puzzle.

370 REP. DOMINY: Could this plug into some other panel so we don't have to build new bureaucracy?

REP. BAUM: We have right now the Work Force Council bill. These members could become part of that Work Force Council.

REP. DOMINY: Suggests adding a section, in reference to the abovementioned bill, that if that bill passes it would become the panel?

REP. BAUM: The seven members of this panel would become a subsection of that panel.

400 SEN FAWBUSH: Highlights the key issues:

-Financing--lets face it, this is a tax. -Targeting of specific training to people who are unemployed or are in the work force today.

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-This program has more flexibility than any of the other programs proposed.

-The state-wide Work Force Council will be setting the standard.

-We can come up with a fund that will retain its integrity but will accomplish the training goals we have for the state.

068 CHAIR DERFLER: Are you going to use lottery funds for this program?

SEN. FAWBUSH: In the lottery allocations there are \$8 million for work force and \$6 million for community college equipment. When we form the Work Force Council, we are trying to figure out a way that those dollars will transition to under the authority of that council.

CHAIR DERFLER: You are going to give the training agent a grant? From what source is that grant money coming from?

MILLER: From the payroll tax.

081 -Sen. Fawbush reiterates the proposed financing options.

090 REP. WATT: Suggests stronger language to require that the panel will concentrate its efforts outside the metropolitan areas.

SEN. FAWBUSH: Explains how that objective can be reached with the priority emphasis.

107 REP. JOHNSON: Presents an example of a displaced timber worker as to how all this translates to a "real life" situation. Is this how it works in practice?

SEN FAWBUSH: That is one way. Provides an example from California of an employer who retrained his whole work force to make his company more competitive.

130 REP. WATT: Who do you envision to be the primary training providers?

REP. BAUM: Outlines the options: Community colleges, apprenticeship programs, universities, etc. We have a lot of good programs, we need to get them connected with the business people in the areas that are hard hit.

-Describes other programs designed to bring new businesses into the economically disadvantaged areas.

SEN FAWBUSH: This is part of a package we are putting together to deal with individual leadership training in communities, community assessments and planning for those depressed communities with some emphasis of some lottery monies.

162 REP. JOHNSON: What is the maximum that can be spent on training on any one worker?

SEN. FAWBUSH: We left that blank for you to work out. It depends how much you want to dip into the fund and how intense you want the training to be.

184 TAMI MILLER: The purpose of that specific language is to prevent funding of exorbitant training costs.

219 KAREN GARST, Executive Director, Oregon Community College Services: There is no disagreement about the goals. We have to drastically change the way we deliver training and the type of training we are delivering. We strongly support the creation of the Work Force Council.

-We are concerned about creating another layer of bureaucracy.

-Our concern is that we do not create another training system. We already have an under-funded community college system. We need to build on the existing system.

252 REP. EDMUNSON: How much is the frustration due to the uncertainty caused by Ballot Measure 5?

279 DOREEN DAILY, President, Clatsop Community College: Testifies in opposition to HB 2876 (Exhibit D). We are struggling to do some significant regional strategy about the whole work force development set

of issues.

-Expresses concern about dislocated workers.

-We need to envision the emergent industries. We need to look into the future 5 to 10 years. We don't want to have to import marine industrial workers from Seattle.

-We need to look at funding that is not employer directed.

-Discusses the lack of resources.

-We applaud many aspects of this bill but you need to look at some of these specific concerns.

374 CHAIR DERFLER: The employer would certainly know what he will need in the future.

DAILY: Discusses the different categories of dislocated workers.

392 REP. EDMUNSON: Discusses the change in the big picture of the work force due to the problems in the timber industry. Doesn't the change demand dealing with those dislocated workers now more than ever before?

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028 DAILY: Yes. We need to see the retraining and movement of these workers into jobs that may not be the quick and dirty fix that can be done in four weeks.

REP. EDMUNSON: What about the service based industry?

DAILY: There are some opportunities there. We don't want to put all of our focus in the tourist industry. Those jobs are often minimum wage and offer hardly any career advancement. We need to look for more than that if we are going to survive economically.

055 MARY SPILDE, Dean of Business, Health and Human Resource Development, Linn-Benton Community College: Doesn't support some of the provisions of the bill, but supports the concept of the bill in terms of providing stable and permanent funding base for training and work force development (Exhibit E). The timing of the bill is problematic. We are excited about the work force development and coordination at the state level.

-We don't want another training system to be developed.

-We want integration, not duplication.

092 CHAIR DERFLER: I am surprised that you don't like the bill. There has been a lack of cooperation between business and the education. Why couldn't the employer come to you and tell what they need in terms of training?

SPILDE: That is happening now.

CHAIR DERFLER: Isn't that what this bill would do?

SPILDE: We are concerned about another overlapping system and duplication. We want to see one coordinated system.

110 GARST: The way this bill is written, it opens the door to a lot of other players who are not in the system now.

CHAIR DERFLER: We don't want to guarantee you a position in the field, but if you are competitive...

122 REP. REPINE: We should identify community colleges as the prime training source and create the pecking order behind that.

GARST: We are happy to work with you to answer some of the concerns discussed.

-We recognize the need for businesses to be more involved.

154 REP. MANNIX: I appreciate your concern about the proliferation of commissions and agencies related to work force development. Maybe we ought to talk about redoing the whole system. We don't have a proposal to address that now.

164 KARL FREDERICK, Vice President and Director of Legislation, Associated Oregon Industries: Testifies in opposition to HB 2876 (Exhibit F). We have some problems with this bill but acknowledge a great deal of merit in some of its objectives.

-Discusses the competition that Oregon employers face.

-We object to the method of funding for this program.

-Discusses the pattern of erosion of the unemployment tax fund.

-The problems outlined should not be totally the fiscal responsibility of the Oregon business community.

225 CHAIR DERFLER: Wouldn't the employers benefit from this program, from a higher skilled work force?

FREDERICK: We are not arguing that point.

-We are already spending a lot of money for retraining. We should inventory all the existing programs. The state should come up with an overall, comprehensive job training policy and reduce the fragmentation.

271 REP. JOHNSON: Please give us your opinion of the work force council.

FREDERICK: The Work Force Development Council is in SB 1075, it is referred to as the Work Force Quality Council.

287 VICTORIA DOZLER: Clarifies SB 1191 as it relates to SB 1075. Refers to Rep. Johnson's concern that there are two council proposals set up that need to be dovetailed and those are HB 313 3 and SB 1075.

317 TAMI MILLER: Today the Committee on Trade and Economic Development voted out HB 313 3 which establishes a state-wide Work Force Quality Council and merges SB 1075 with that bill.

FREDERICK: I hope that HB 3133 becomes reality so we can eliminate fragmentation and get a handle on an overall state-wide policy.



362 PAMELA MATTSON, Administrator, Employment Division: (Exhibit G).

-Discusses the fiscal impact on the trust fund. Provides a list of proposed bills (Exhibit G, pages 3-5) that would have a potential impact on the trust fund.

-The Division is not taking a position on the training council idea.

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010 REP. JOHNSON: Asks clarification as to the concepts and bill numbers presented in Exhibit G.

014 MATTSON: We need to update these figures and we'll get back to you.

REP. JOHNSON: Would you explain the legal restrictions with regard to tapping into these funds? What can we use them for?

023 MATTSON: Our understanding is that the concept of diversion does not fly in the face of the federal regulations.

035 CHAIR DERFLER: Could there be a point where the federal government would disallow the use of the diversion tactic?

MATTSON: Explains how the federal government would interfere with this funding mechanism. Provides an example from South Dakota.

CHAIR DERFLER: If more and more of states would start using this method, would the federal government start assessing fees?

MATTSON: It is hard to predict. They recognize the problems that the states are facing now as they are so well articulated today.

102 JOE GILLIAM, National Federation of Independent Business: In the past we have opposed any diversion of funds but now we are looking at a program that would get individuals off unemployment. This program deserves a serious consideration. We are willing to work with the committee.

-The panel needs to include employers and employees who are not part of the organized labor.

146 JIM CRAVEN, Oregon Council of the American Electronics Association: Discusses competition. We have a huge interest in overhauling the work force.

-Describes his association's experiences with the California Panel.

-This program can be broadly applied. We have been focusing on the dislocated timber workers.

CHAIR DERFLER: We have a lot of proposed programs to look at relating to this issue.

215 QUINT RAHB ERGER, Director of the Apprenticeship Training Division, Bureau of Labor and Industries: We like what we heard today from Sen. Fawbush and Rep. Baum. We support the concept and are willing to offer our help

226 CHAIR DERFLER: Adjourns the meeting at 10:40 a.m.

Submitted by:      Reviewed by:

Johanna Klarin    Victoria Dozler Assistant                    Administrator

EXHIBIT LOG:

A            -            Testimony on HB 2876 - Jack Kalinoski - 4 pages.  
B            -            Testimony on HB 3322 - Rep. Tim Josi - 2 pages. C.1 - C.7 -  
Testimony on HB 2876 - Sen. Wayne Fawbush and Rep. Ray Baum - 39 pages.  
D            -            Testimony on HB 2876 - Doreen Dailey - 2 pages.  
E            -            Testimony on HB 2876 - Mary Spilde - 3 pages.  
F            -            Testimony on HB 2876 - Karl Frederick - 2 pages.  
G            -            Testimony on HB 2876 - Pamela Mattson - 12 pages.