

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

May 20, 1991Hearing Room D 8:30 a.m.Tapes 140 - 142

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

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

MEASURES CONSIDERED: HB 3579 - Public Hearing

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TAPE 140, SIDE A

006 CHAIR DERFLER: Opens the hearing at 8:30 a.m.

WORKERS' COMPENSATION BOARD - OVERVIEW (Exhibits A and B)

015 LYNN MARIE CRIDER, Chair, Workers' Compensation Board: Discusses the changes in the Board's structure (Exhibits A and B, old and new organization charts). Explains why the changes were made.

-Rep. Mannix and Ms. Crider discuss the channel of power and authority within the Board.

REP. MANNIX: We did not ask you to appoint the administrator who would then appoint the presiding referee. We asked you to appoint the presiding referee, so you would have a direct link with the presiding referee.

CRIDER: The Board continues to appoint the presiding referee and we continue to have a great deal of direct communication. We want the administrator to be responsible as to day to day business. We want the presiding referee act as a supervisor of the referees in a way that he has not done in the past because we have not clearly asked him to do that.

070 -Rep. Mannix and Ms. Crider discuss the flow of administration in the charts presented (Exhibits A and B).

077 REP. MANNIX: Your chart does not indicate the presiding referee reporting to the Board on legal issues and reporting to the administrator on administrative issues. It shows the presiding referee reporting to the administrator.

CRIDER: I think this is accurate as to a basic schematic on how we operate.

-We are not saying that the presiding referee is in charge of the hearings division. He is the supervisor of the referees. The overall functioning of the hearings division on the level that cases are heard timely is the responsibility assigned to the administrator.

104 CHAIR DERFLER: Does the Board review staff primarily work with the referees?

CRIDER: The Board review staff primarily works with the Board.

REP. MANNIX: What has the big problem been that required a change in the whole administrative structure of the Workers Compensation Board? The hearings division is current in its case load?

CRIDER: Yes we are hearing cases in a timely manner.

REP. MANNIX: Yet you have had an "untimely" removal of the presiding referee who has served since 1979. I don't see a reason to change the whole system topsy turvy.

CRIDER: We believe that to have a single person who is directly accountable to the Board enables a more efficient way to communicate policy.

129 RUDOLPH WESTERBAND, Public Member of the Workers Compensation Board:  
We

have time constraints. We don't have time to be administrators. The changes we are putting into place would mean that the Board would continue to be responsible to you and to the public concerning the proper functioning of the entire agency.

170 REP. MANNIX: Has not received a satisfactory answer as to what is the problem from the last two years to prompt a change in the structure of the Board. I am very upset about the dumping of the presiding referee who served for nearly 12 years with no plans for a replacement. I am not convinced that this new system is better than what we had before.

CRIDER: We need to be able to hold someone accountable as to the operations of the agency. The Board cannot personally do that.

-Discusses the discontinuation of the presiding referee position.

228 REP. WATT: Expresses confusion, please explain the true meaning of these changes.

CRIDER: We sat down with the presiding referee and agreed that a change should occur.

245 CHAIR DERFLER: To me it seems that we are adding more bureaucratic layer.

CRIDER: One needs to have in place a formal chain of authority and be accessible.

263 REP. MANNIX: Did the Board have an outside agency person to come in and study the board operations?

CRIDER: We did not have anyone from the outside to examine it.

294 REP. REPINE: Requires about some positions on the old structural chart. Have they been eliminated?

CRIDER: They would be folded into different categories. Explains the changes on the administrative chart.

-Rep. Mannix and Ms. Crider discuss further the issue of the administrative changes.

331 REP. MANNIX: I am not satisfied with the documentation or the background information for this kind of major change. I don't understand how you can come about with these kind of changes, overnight, without any kind of assistance from anybody. I am very upset about this.

CRIDER: I do not believe that the system is in disarray. We have people in place to take care of the problems for the public.

WESTERBAND: We have some excellent people in place. We like to give someone else an opportunity to show what she/he can do in that position.

REP. MANNIX: Are you proposing a reduction of force in the number of referees in the next two years?

CRIDER: We have terminated a couple of limited duration referee positions and a couple of temporary referees as of the end of the biennium. Discusses the Board's budget.

396 REP. MANNIX: Do you have a plan in place to maintain the 90-day hearing

requirement?

CRIDER: Yes we do have a plan.

REP. MANNIX: I would like to receive an outline of that plan.

TAPE 141, SIDE A

008 -Discusses the judicial performance surveys. Are the results of the survey going to be made public?

CRIDER: I don't know yet.

REP. MANNIX: I encourage you to do so. It was not intended to be a secret process.

022 REP. EDMUNSON: How many attorneys do you have on the Board review staff?

CRIDER: Seventeen.

REP. EDMUNSON: How many referees are there?

CRIDER: Thirty four in the new budget.

REP. EDMUNSON: What was it about the history of the presiding referee that led into the conclusion that his service was not consistent with your management plans?

CRIDER: It would not be appropriate to discuss the stepping down of the residing referee.

-Rep. Edmunson and Ms. Crider discuss this issue further.

054 CHAIR DERFLER: Suggests putting another person in between the presiding referee and the board reviewing staff.

063 REP. DOMINY: When are you going to fill up the residing referee position?

CRIDER: Within the next two months.

PUBLIC HEARING, HB 3579 (Exhibits C, D, E )

Witnesses: John Cogan, Jeld-Wen Charles D. Hobbs, Jeld-Wen Robert Kingzett, Jeld-Wen Kristen Grainger, Oregon Human Rights Coalition Manuel Garcia, Airgroup Express Steve Lanning, Oregon AFL-CIO Steve Minnich, Adult and Family Services Irv Jacob

CHAIR DERFLER: Opens public hearing on HB 3579.

075 VICTORIA DOZLER: Describes the bill.

110 CHARLES HOBBS, Jeld-Wen: Introduces John Cogan and Robert Kingzett. Describes the proposed Operating Plan for the Implementation of Measure 7, the Oregon Full Employment Program (Exhibit C).

-Overview. -Federal waivers. We feel confident that they will be granted. -This proposal is in the mainstream of the federal redirection of public assistance.

162 CHAIR DERFLER: How many waivers are you talking about?

HOBBS: There may be as many as forty or fifty. Many of them are technical waivers.

-There are only three or four major waivers. Explains further.

182 CHAIR DERFLER: What do you anticipate the time frame to be?

HOBBS: Approximately 90 to 120 days should be adequate for the resolution of these issues.

192 REP. WATT: Refers to section 1 in the bill. Prior to seeking the waivers, the language in the bill says that if the Department of Human Resources finds that program integration is feasible, the Department shall seek waivers. Has that already been taken care of?

HOBBS: Believes that program integration is feasible as it relates to the JOBS program.

REP. WATT: Does the Department of Human Resources find that feasible?

HOBBS: I don't know.

223 -Continues his presentation. The success of this program is going to depend on moving people from "full employment" jobs into regular employment.

-The program has a strong emphasis on case management.

-The program has no impact on the social security payments or social security system. "The safety net" remains intact in this program.

-We have proposed that each county set up a separate community service program.

283 REP. DOMINY: Where in the ballot measure is there room for this kind of exemptions-- people's right to opt out?

HOBBS: There are indications that people who are unable to work should go into a different provision.

REP. DOMINY: Could you point that out in the Ballot Measure?

CHAIR DERFLER: The Ballot Measure is quite different than the bill introduced.

REP. DOMINY: I am not in favor of making this law any better or worse than what it is. This should be taken to Washington D.C. on its own merits.

HOBBS: Explains his interpretation of Ballot Measure 7. This bill is to orient Ballot Measure 7 to the realities of the social security act, the food stamp act and the state laws and regulations.

-We have left a lot of flexibility for the Employment Division, Adult and Family Services and the Legislature to do changes as needed.

-The enabling legislation is very important for the implementation of this program.

374 -Clarifies section 11 on the proposed legislation with regard to the existing preconditions.

395 -Clarifies section 15 on the proposed legislation with regard to the voluntary advisory board and its role in looking at hardship cases. Discusses temporary hardship allowances.

401 CHAIR DERFLER: Where would those additional benefits come from?

HOBBS: Out of the program itself.

TAPE 140, SIDE B

004 HOBBS: Describes further the possible hardship cases. They are a relatively minor amount of families.

013 REP. JOHNSON: Questions about the proposed amendments, section 11, with regard to unemployment compensation? You said that they are not

going to be offered a job. Are you further amending the amendments?

HOBBS: The judgement should be on the Department, that the department shall not offer a job if any of the three conditions would prevail--the position offered is vacant due to a strike, suitable work requirement is not met, etc.

032 REP. JOHNSON: Explains his analysis of Ballot Measure 7. I don't believe many people realized that this measure would apply to unemployment benefits. Where on the bill do we address this issue, to give at least equal to what a person would receive under unemployment benefits?

HOBBS: The job under this program would provide employment well beyond what unemployment benefits would provide.

REP. JOHNSON: How would you get time off to go to look for a real job?

HOBBS: There is no allowance to take time off for job search. The job search is going to be done mostly during off-hours and week-ends.

086 REP. DOMINY: Would this bill allow for example the dislocated workers to continue their education and still receive benefits?

HOBBS: Yes.

REP. DOMINY: Would a person in training who is offered a job at a minimum wage have to quit his training and take that job?

HOBBS: It depends how this program is implemented county by county.

REP. DOMINY: What is the intent?

HOBBS: The intent is not to address any particular labor problem at all.

114 JOHN COGAN, Stanford University: Your question is a tough one to handle. The legislation has the ability to address the issue of displaced timber workers. The final success will depend on the skills of the program administrators.

124 REP. DOMINY: Refers to section 11. With regard to the exemptions, I don't see anything there about educational skills. The problem is that how can you go to school if you are working somewhere 40 hours a week at a 90% of minimum wage?

HOBBS: Discusses exemptions with regard to 16-18 years old. The legislature of the individual counties can set this up as a training program. There is nothing to prevent that.

152 CHAIR DERFLER: Addresses Rep. Dominy's concerns. That exception can be made in the rules as we make them.

HOBBS: You can do that with legislature, you can leave that to the Department of Human Resources, or you can leave that to the county voluntary board which sets the policies and procedures for that county.

166 REP. WATT: Addressed section 19. Is that going to be an additional tax to the employer on top of the unemployment insurance?

HOBBS: For every dollar collected under this tax, there will be a dollar reduced in the current unemployment tax collected.

183 COGAN: Discusses section 19. The employer would not see any change in his/her tax rate.

205 CHAIR DERFLER: How would you offset the fact that some of the people would continue to receive unemployment benefits?

COGAN: Then we would not be able to reduce the unemployment insurance tax.

214 REP. DOMINY: How is the Employment Division going to know what is coming in to them every month?

COGAN: It is no different than the way the unemployment insurance works now. We really don't know in advance how many people are going to claim unemployment insurance benefits. We set an average tax rate with the expectation of some level of unemployment.

-Rep. Dominy and Mr. Cogan discuss this issue further in light of a situation where the economy takes a big dive.

288 REP. EDMUNSON: Would this program be successful if you offered the Oregon minimum wage? I see this program as an effort to undermine the Oregon minimum wage.

COGAN: I don't think it would adversely affect this program.

313 REP. WATT: Refers to section 12. Is that going to increase costs to the counties in any way.

HOBBS: It is a voluntary advisory board, so I do not anticipate additional costs.

374 REP. DOMINY: Most people, when they go on unemployment, find a job before their unemployment benefits run out. Why did you even include unemployment as the base for funding this program?

HOBBS: We are talking about trying to bend our public assistance system to the direction of people becoming less dependent.

TAPE 141, SIDE B

008 REP. DOMINY: I don't see unemployment as public assistance. I see it as an insurance.

HOBBS: Reiterates the objectives of the proposed legislation--to reduce dependency on government programs.

051 KRISTEN GRAINGER, Oregon Human Rights Coalition: Testifies in opposition to HB 3579. We cannot support any bill that would prevent Oregonians from receiving welfare benefits. We seek to preserve the new JOBS program.

063 REP. JOHNSON: Don't you think that we as legislators have an obligation to respond to the vote by the people?

GRAINGER: I believe that people voted for the right to earn a decent living in Oregon and not to replace any eligibility for training,

education or child care. This is not a fair or appropriate answer for the problems with the Oregon welfare system.

080 CHAIR DERFLER: What do you find distasteful in this program?

GRAINGER: Addresses the lack of provisions for basic training programs and child care. These programs exist in the AFS. If they were properly funded and supported, they would successfully place people in the work force.

CHAIR DERFLER: I would like to see suggestions as to how to improve this program.

GRAINGER: There has been a lot of testimony for the success of the new JOBS program.

130 MANUEL GARCIA, Airgroup Express: Testifies in support of the bill. Addresses the question of work ethic in the country.

240 STEVE LANNING, Oregon AFL-CIO: Testifies in opposition to the bill (Exhibit D).

-We don't believe that this program is going to provide adequate welfare reform or break the cycle of poverty.

CHAIR DERFLER: What do you find distasteful about this program?

LANNING: I don't think it provides the incentive for the recipients to break the cycle of poverty. I don't think people should give up their unemployment benefits for sub minimum wage jobs.

284 REP EDMUNSON: How about if this was full minimum wage?

LANNING: It would have to be more than that.

-This would possibly drive down wages to minimum wage.

305 REP. JOHNSON: Would you compare the minimum unemployment wage rate is the 90% of federal or Oregon minimum wage?

LANNING: The minimum wage would be higher than the minimum unemployment insurance benefit, but a lot of unemployment benefits recipients don't receive the minimum.

-Rep. Johnson and Mr. Lanning discuss the average unemployment benefit payments.

350 -Chair Derfler and Mr. Lanning discuss the reasons for introducing this bill.

LANNING: Until we know that something else works better, we are not willing to eliminate existing programs.

400 REP. WATT: This program gives people an opportunity to receive a paycheck instead of a handout. Do you find that unacceptable?

LANNING: Yes if the paycheck that is being offered is so small that I cannot raise my family with it.

-Rep. Watt and Mr. Lanning discuss the appropriate size for a paycheck.



TAPE 142, SIDE A

009 REP. EDMUNSON: Do you think this program offers the opportunity to make \$20,000 a year?

LANNING: I think it is closer to \$4,000 than \$20,000.

018 STEVE MINNICH, Adult and Family Services: We need some time to respond to the memo presented by Mr. Hobbs.

-The measure, as written, would not gain the necessary federal approval.

-We need to see how close we need to get to the family support act.

-I don't believe the family support act has had long enough run to see the results and we ought to stick with it. We have invested a lot of time and effort.

070 REP. MANNIX: Will you present a package of amendments that could facilitate the passage of this bill? Something that you could implement.

MINNICH: We would favor a state-wide application right now in lieu of the six counties.

093 IRV JACOB: Testifies in favor of the bill (Exhibit E). The proposal actually weakens the measure whereas the measure should be strengthened in terms of what people want in Oregon.

137 CHAIR DERFLER: Adjourns the meeting at 10:30 a.m.

Submitted by:      Reviewed by:

Johanna Klarin    Victoria Dozler Assistant                    Administrator

EXHIBIT LOG:

A            -            Workers Compensation Board - Ms. Crider - 1 page.  
B            -            Workers Compensation Board - Ms. Crider - 1 page.  
C            -            Testimony on HB 3579 - Charles Hobbs - 75 pages.  
D            -            Testimony on HB 3579 - Steve Lanning - 3 pages.  
E            -            Testimony on HB 3579 - Irv Jacob - 4 pages.