

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 27, 1991Hearing Room D 8:30 a.m.Tapes 147 - 150

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 SB 540 - Public Hearing

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TAPE 147, SIDE A

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

PUBLIC HEARING, HB 3579 (Exhibits A-I & N)

Witnesses:Charles Hobbs, Jeld-Wen John Cogan, Jeld-Wen Irv Jacob Steve Minninch, Adult and Family Services Pamela Mattson, Employment Division Tom Clifford, Legislative Counsel

CHAIR DERFLER: Opens public hearing on HB 3579.

010 DOZLER: Describes the bill and the proposed amendments, Exhibit N.

046 CHARLES HOBBS, Jeld-Wen: Discusses Exhibit A, "Saturation Work Initiative Model in San Diego" by Manpower Demonstration Research Corporation and Exhibit B, "Summary of the impact of AFDC Work Programs."

-We are providing more income to the participants in our program than the programs outlined in Exhibit B.

095 REP. DOMINY: Were the people you are referring to receiving these benefits and programs in lieu of unemployment?

HOBBS: In most cases they had never collected unemployment benefits.

-Rep. Dominy and Mr. Hobbs discuss this issue further.

110 HOBBS: Discusses the Full Employment Program Benefit Comparison Charts (Exhibits C and D).

-Rep. Dominy and Mr. Hobbs discuss the unemployment portion of this program.

-Mr. Hobbs continues his explanation of the benefit comparison charts outlining the average monthly AFDC-food stamp benefits and the monthly full employment wages by case type.

200 HOBBS: Discusses the figures in Exhibit E, outlining the benefit group sizes and frequency.

220 -Discusses Exhibit F outlining the program costs for the first year. Total program costs would be \$67,756,000.

257 CHAIR DERFLER: What do you mean by benefits for relocating cases?

HOBBS: They are cases that are expected to leave the affected counties because they don't want to participate in the program. Explains further.

316 JOHN COGAN, Jeld-Wen: Clarifies the number of the participants on the two charts.

HOBBS: The unemployment insurance benefit recipients have been excluded from all of these calculations.

312 REP. MANNIX: Have you received any cooperation from the agencies to put together this proposal, HB 3579?

HOBBS: Yes we have had excellent cooperation. The operating plan and Ballot Measure 7 are exclusively our products and not the product of the state agencies.

343 REP. MANNIX: Have you asked assistance from the Executive Branch to create an operating plan?

HOBBS: We have not engaged them into creating a plan.

-Rep. Mannix and Mr. Hobbs discuss this issue further.

388 REP. MANNIX: Proposes 100% minimum wage rather than the proposed 90% of

minimum wage. Would that knock this program off its tracks?

HOBBS: It is not a very significant issue from a fiscal point of view. From a program point of view it would be quite detrimental.

TAPE 148, SIDE A

006 HOBBS: Discusses the economic incentives provided by this program.

-Discusses his interpretation of Ballot Measure 7, people voted for a 90% of minimum wage.

034 CHAIR DERFLER: How do you estimate the number of people that are going to move out of these six counties?

HOBBS: We estimated that 10% of the cases would actually choose to leave.

047 CHAIR DERFLER: Where do you get the employers willing to employ these "hard core unemployed?"

HOBBS: The big incentive is that they get the workers free except for the taxes. Discusses the future state of the Oregon labor force.

057 REP. DOMINY: Discusses the massive layoffs of timber workers in Roseburg.

-Rep. Dominy and Mr. Hobbs discuss the possible preferences of employers as to who to hire in these depressed timber industry areas.

087 COGAN: Addresses the issue of going to 100% of the state minimum wage.

REP. MANNIX: Should we describe these jobs as transitional, or training jobs.

COGAN: Yes.

120 CHAIR DERFLER: The employers need to spend a lot of money to train these people. I am not sure that they are getting a real bargain.

HOBBS: Discusses his personal experience with regard to managing a public housing unit.

150 REP. MANNIX: Are the -1 amendments doable as far as you are concerned?

HOBBS: Yes. The program for the AFDC recipients is doable with the existing amendments.

170 REP. REPINE: Refers to the report from the Employment Division with regard the minimum wage issue.

COGAN: The 90% of the prevailing wage would not be a violation against the suitable work requirement.

197 REP. REPINE: The training wage idea would completely defeat the concept of minimum wage in Oregon.

HOBBS: You already have training wages in effect. Describes them.

251 IRVIN JACOB: Testifies in support of HB 3579, Exhibit G. Discusses the desirable goals and objectives of the proposed program. Outlines his recommendations in Exhibit G.

-Giving someone money in lieu of work is a detriment.

TAPE 147, SIDE B

-Mr. Jacob continues his testimony addressing how this program would fare in light of Ballot Measure 5 and the shortfall of funding.

035 CHAIR DERFLER: Would decentralizing benefit this program?

JACOB: It would be essential to the program that the counties would have the possibility to brainstorm and to create.

-It would be a mistake to exclude the unemployed workers from this program.

070 -Discusses his objection to take out the unemployment insurance portion.

-Discusses his objection that the fact that the placement of the participants to private industry jobs is funded by unemployment insurance funds since the recipients have not contributed to this fund.

-The question of 100% or 90% of the minimum wage is indifferent.

124 REP. JOHNSON: The worker would be forced to work at a wage lower than he would receive under unemployment benefits. That is cruel.

JACOB: Those people should have a low priority in the program. I agree with you.

-Most of the beneficiaries are not in that category.

160 STEVE MINNICH, Administrator, Adult and Family Services: Presents an analysis of HB 357 9, Exhibit H.

-Discusses section 1 in Exhibit H.

215 -Discusses section 2 in Exhibit H.

-Suggests language to be expanded to continue to allow young people, under 20 years of age, to complete their high school education. We have had phenomenal success in this area.

CHAIR DERFLER: I agree.

240 MINNICH: Discusses section 3 in Exhibit H.

-Continues his analysis of section 4. HB 3579 requires a much more complicated plan than does Measure 7. We would like to empower the planning groups already in charge in the 15 planning areas.

287 -Comments on section 6. Other disabled persons with fixed income at or near SSI levels and families trying to live on earned income of \$6.00 an hour need food stamps to survive.

CHAIR DERFLER: The intent was that they would continue to get the food stamps.

289 REP. DOMINY: Are you addressing the bill or the amendments?

MINNICH: I am going back and forth. We have been functioning under the premises that Ballot Measure 7 is the law now.

-The committee discusses this interpretation.

328 MINNICH: Discusses section 7 in Exhibit H. Can people who volunteer for the program also have benefits?

-If people quit their jobs and come back to the Employment Division, can

they get their benefits back? Can they do that over and over again until all the placements are exhausted? If Ballot Measure 7 is not the law, then HB 3579 is silent on this issue.

-I still believe that the exits from the counties are at 25% and not 10%.

377 -Discusses section 9 in Exhibit H. This section prohibits us from random assignments. This is a problem of implementation. The feds might say that we must have random assignments to get the waivers. Explains further what a random assignment is.

404 -Discusses section 10. It would be very difficult for any organization, either AFS or the Employment Division to certify than the jobs offered are not available due to layoffs or replacements. This would be a very difficult issue to enforce with an employer.

TAPE 148, SIDE B

010 -Discusses difficulties to deal with community boards.

017 -Discusses the question of minimum wage. It should not be 90% of the minimum wage.

-Discusses the availability of funds if the benefits will be available in these counties.

031 CHAIR DERFLER: It is unfortunate that we are this far along in the session because there is a need to put these people back into the work force. I believe there is a way that this program can work.

MINNICH: We are doing a lot of these functions already in the JOBS program. The major differences are the sub-minimum wage and the fact that there are no exemptions in HB 3579.

053 PAMELA MATTSON, Administrator, Employment Division: Discusses the Department's analysis of the proposed operations plan (Exhibit I).

-Discusses the confusion between the bill and the Ballot Measure. It is unclear what portions of the statutory law are being amended and what is being left. There are several interpretation questions around that issue.

-Goes over briefly an analysis of 15 issues, Exhibit I.

190 REP. REPINE: Are these two counties not on your decision packet?

MATTSON: At this point we don't have our budget.

REP. DOMINY: Refers to Ms. Mattson's earlier statement concerning administrative costs. Can you estimate what would be the cost of that duplicate program?

MATTSON: We can get those figures to you. Our concern is that if unemployment insurance individuals are not the top of the priority list and we will not be dealing with those, then there are no administrative dollars to continue to run the existing programs in those six pilot counties.

215 REP. DOMINY: With the amendments, how close does this come to our

current JOBS program?

MATTSON: The major change is the training issue. In the JOBS program participants would receive enhanced skills.

243 REP. REPINE: Who would have been in charge of implementing Ballot Measure 7 if we did not have the proposed of HB 3579?

MINNICH: The Ballot Measure is specific in that the Governor and the Legislature petition Congress for the necessary waivers. We received the information from the federal agencies that in its present form Ballot Measure 7 would not gain the necessary waivers.

264 TOM CLIFFORD, Legislative Counsel: Ballot Measure 7 is a statute now in place. Anything you do along these lines would have to reflect that statute.

303 REP. DOMINY: Could we, as the legislature, completely repeal Ballot Measure 7?

CLIFFORD: Yes.

PUBLIC HEARING, SB 540 (Exhibits J and K)

Witnesses: RCA Moore, Oregon Workers Compensation Attorney and Oregon Trial Lawyers. Chris Moore, Malogen Moore & Johnson. Diane Rosenbaum, Oregon AFL-CIO and Oregon State Industrial Union Council.

CHAIR DERFLER: Opens public hearing on SB 540.

DOZLER: Describes the bill.

353 RCA MOORE, Oregon Workers Compensation Attorneys and Oregon Trial Lawyers: Introduces Chris Moore, Malogen, Moore & Johnson: Testifies in favor of SB 540, Exhibit J.

TAPE 149, SIDE A

003 REP. MANNIX: This is a fairness issue.

020 DIANE ROSENBAUM, Oregon State Industrial Union Council and Oregon AFCL-CIO: Testifies in support of the bill, Exhibit K.

PUBLIC HEARING, SB 829

Witnesses: John Gervais, National Electrical Contractors Association Bill Orgill, NECA Mike Murphy, Local 289 of International Brotherhood of Electrical Workers Chuck Grawford, Local 280 Jack Pompei, OR-OSHA

CHAIR DERFLER: Opens public hearing on SB 829.

057 DOZLER: Describes the bill.

058 JOHN GERVAIS, National Electrical Contractors Association: Testifies in opposition to SB 829. We don't want to set up a whole bunch of committees that are not effective. The repeal would be disastrous for our particular situation. We are willing to work with the Department to develop amendments along the lines of HB 3017 to implement the goals and objectives of a safe work place and conditions.

086 BILL ORGILL, Chapter Manager, NECA: Testifies in opposition to SB 829. Describes his organization's safety committee functions.

-We provide a safety hot line and safety representative.

-We have a monthly newsletter.

-We provide safety hand books.

-A joint safety committee is more effective than to implement this on an employer basis.

CHAIR DERFLER: What is your objection to the bill?

ORGILL: It would be impossible to provide continuity.

147 REP. DOMINY: It is still the employer's responsibility to provide safety at the work site?

ORGILL: Yes, absolutely.

157 MIKE MURPHY, Business Manager, Local 289 of International Brotherhood of Electrical Workers: We do training through our joint safety committee. We are not an advisory committee. We have a right to enter a job site and identify hazardous work problems. We also have the right to discipline employees who do not follow safety requirements. It is a very important program for us to have the joint committees.

178 CHUCK GRAWFORD, Assistant Business Agent of Local 280: The IBW has always been a very safety oriented organization and we do work well with the employers group. Opposes the bill.

189 GERVAIS: We have a good program and want to be able to continue working.

210 FRANK BIEHL, Oregon Pulp and Paper Workers Council: Testifies in favor of SB 829, Exhibit L. We see no reason for this exemption. A dual standard should not be set for those with unions and those without. There should not be an opportunity for less than effective safety committees. Operations that have collective bargaining agreements should adhere to the same minimum safety requirements as other businesses.

CHAIR DERFLER: How do you address the problem regarding the electrical workers?

BIEHL: I don't see why they would not fit within the administrative rules.

254 REP. DOMINY: How about the language "equal to or better than."

BIEHL: I have no problem with that.

264 LINDA WISHER, Oregon Council of Communications Workers of America: Testifies in support of SB 829. Exhibit M. There is no mandates for local safety committees to occur. We have safety committees at US West but they operate at the whim of the management. There is a real need for the removal of these exemptions for bargaining units.

358 DIANE ROSENBAUM, Oregon AFL-CIO and Oregon State Industrial Union

Council: Testifies in support of SB 829. This was an important part of the package that resulted in SB 1197. Passing this bill would be correcting something that was overlooked.

TAPE 150, SIDE A

011 REP. MANNIX: If we repeal ORS 654.187, we are not just dealing with safety committees. Discusses ORS 654.192 as it relates to this bill. Have you had any problems or lawsuits regarding labor organizations being involved in safety committees and collective bargaining?

ROSENBAUM: I have never heard of a union being sued in a situation like that.

REP. MANNIX: Describes his position further.

035 BIEHL: We had a problem in California along these lines.

042 JACK POMPEI, Oregon OR-OSHA: Discusses the discriminatory aspect of this issue. Supports SB 829. If you don't have enforcement of those rules because they are exempted, it does the state of Oregon no good.

PUBLIC HEARING, SB 962

Witnesses: Irv Fletcher, Oregon AFL-CIO

CHAIR DERFLER: Opens public hearing on SB 962.

074 DOZLER: Describes the bill.

077 IRV FLETCHER, Oregon AFL-CIO: Testifies in support of SB 962. -The Director of the Department of Insurance and Finance and the head of OR-OSHA would determine what the money was used for.

-The proposed amount is \$25,000.

097 CHAIR DERFLER: What are we trying to accomplish with this bill?

FLETCHER: We need to emphasize the importance of safety.

CHAIR DERFLER: What would be done with the money?

FLETCHER: A scholarship fund would be appropriate.

110 REP. MANNIX: We should put this into a trust fund to generate an annual scholarship.

-The committee discusses further the appropriate amount of the annual scholarship fund.

135 CHAIR DERFLER: Adjourns the meeting at 12:40 p.m.

Submitted by:      Reviewed by:

Johanna Klarin      Victoria Dozler Assistant

Administrator



EXHIBIT LOG:

A - Testimony on HB 3579 - Charles Hobbs - 25 pages.  
B - Testimony on HB 3579 - Charles Hobbs - 1 page.  
C - Testimony on HB 3579 - Charles Hobbs - 1 page.  
D - Testimony on HB 3579 - Charles Hobbs - 1 page.  
E - Testimony on HB 3579 - Charles Hobbs - 1 page.  
F - Testimony on HB 3579 - Charles Hobbs - 2 pages.  
G - Testimony on HB 3579 - Irvin Jacob - 5 pages.  
H - Testimony on HB 3579 - Steve Minnich - 5 pages.  
I - Testimony on HB 3579 - Pamela Mattson - 5 pages.  
J - Testimony on SB 540 - Christopher D. Moore - 60 pages.  
K - Testimony on SB 540 - Diane Rosenbaum - 1 page.  
L - Testimony on SB 829 - Frank Biehl - 1 page.  
M - Testimony on SB 829 - Linda Wisher- 4 pages.  
N - Amendments to HB 3579 - Committee staff - 2 pages.

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HOUSE COMMITTEE ON LABOR

May 27, 1991 Hearing Room D 5:30 p.m. Tapes 151 - 152

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: Rep. Eldon Johnson

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

INFORMATIONAL MEETING - SAIF AUDIT

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TAPE 151, SIDE A

003 CHAIR DERFLER: Opens the meeting at 5:30 p.m.

INFORMATIONAL HEARING - SAIF AUDIT - OVERVIEW

Witnesses: Herbert Aschkenasy, SAIF Board of Directors Cecil Tibbetts, SAIF Board of Directors Stan Long, SAIF

016 HERBERT ASCHKENASY, Chair, Workers Compensation Board: Discusses the letter he received from Rep. Edmunson after the May 22, 1991, hearing and his response to this letter (Exhibit A).

134 REP. MANNIX: Do you have a team working on the issue of monitoring the accounting system and developing recommendations?

STAN LONG, President and Chief Executive Officer, SAIF: In November 1988, when I came to SAIF, we made claims our first priority. Our administrative costs were quite high. The second goal for administration was marketing. The third set of priorities was the accounting system.

-The accounting system had weaknesses in the seventies. -"File and use" has some good benefits but it also had some negative ones. It brought us the creative kind of financing policies. -Great proliferation of policies in Oregon. -Not collecting money at the front end of the policy

creates all kinds of accounting problems. -We have not been able to find a model that would allow us to do things the way we want and that would satisfy our legal obligations, so we do things by hand and mistakes happen.

194 REP. MANNIX: Would it be, at the end, easier to change the bureaucratic system? Will you be coming back with recommendations to uncomplicate the regulatory system?

LONG: We are trying to adapt the national system to Oregon business and then adapt Oregon marketing to that adaptation. It is very complicated and very expensive.

-We should get into a two-way conversation with the Insurance Division.

229 REP. MANNIX: Is this accounting program that you are looking at addressing that issue?

LONG: Yes, but we cannot influence that very much. We don't have a foothold, we are not on any of the NCCI committees. I have no forum to look at that. I suggest that you do that at some point.

REP. MANNIX: We have no staff to do that.

250 LONG: We could end up with a much improved system where our computers are interfacing with those of the Department of Insurance and Finance.

REP. MANNIX: Suggests a task force after the session to look at all these problems.

292 -Rep. Watt and Mr. Long discuss computer problems with regard to the accounting process.

310 LONG: We are in a middle of a massive process that involves people inside and outside the company. We need to evaluate also how we do business, not just address the software problems.

335 REP. WATT: Are your competitors experiencing same kind of problems with accounting as you?

-Rep. Watt and Mr. Long discuss this issue further.

384 LONG: Continues his presentation from May 22, 1990, Exhibit B. I was under the impression that the Governor did not feel that SAIF's and Oregon workers' compensation system's problems were identical.

TAPE 152, SIDE A

021 -Discusses the problems that were dealt with during the 1990 special legislative session.

-After the special session we continued to work with our problems as to why our numbers were not displaying themselves in the right fashion.

045 REP. DOMINY: Were the dividends paid before or after the error was found?

LONG: The error was found in July. The dividend was determined in September. There is no connection between those two, they are two

different pools of money.

074 REP. DOMINY: Discusses his acquaintance's experience when applying a job with SAIF.

LONG: I have no knowledge of this.

KATHY KEENE: I do not identify either the event or the person.

117 REP. EDMUNSON: It seems that you did everything possible not to disclose the existence of the accounting error. Refers to the letter by Ms. Keene on September 5, 1990 to the Speaker of the House Vera Katz.

-Refers to Mr. Long's April 30, 1990, letter to Michael Greenfield, Exhibit C.

-Rep. Edmunson discusses Mr. Long's letters and the concept of "public's right to know."

161 Rep. Edmunson and Mr. Long discusses this letter to Michael Greenfield, Exhibit C, and Mr. Long's interpretation of the section which discusses the notion of "public's right to know."

-Mr. Long goes over the ten items on the letter.

300 REP. EDMUNSON: Referring to item No. 7. Are you saying that this error was Secretary of the State's fault?

LONG: Of course not, but we could have found this error earlier if they had found it. Continues addressing his letter, section 8. I have to be concerned about whether auditors help us to avoid problems or not.

REP. EDMUNSON: What do you mean about the significant professional malpractice claim? Is there someone else who is liable to SAIF?

LONG: Well, that is the question.

351 REP. MANNIX: Reiterates the chain of events. You are talking about contributory negligence by auditors who don't identify the problem so that you can rectify it earlier hence the consequences continue to grow because the problem has not been identified.

LONG: That is a pretty fair statement.

-Rep. Mannix and Mr. Long discuss the tone and intent of the abovementioned letter. Mr. Long points out that he was writing as a client.

403 LONG: Discusses paragraph 10 of the letter, Exhibit B.

TAPE 151, SIDE B

017 -I wrote and underlined..."I want, and the fund deserves and needs audit help with insurance expertise." I have been asking for more audits for two years. It would be more convenient to have auditors with insurance expertise.

032 REP. EDMUNSON: Are you contemplating any legal action against Secretary of State for not catching this error?

LONG: I am not going to over-react or under-react. I plan to protect the fund. If the lawyers tell me that we have a claim, then the course is set.

REP. EDMUNSON: Are you actively pursuing a legal action?

053 LONG: I have not made up my mind. I don't know that the fund has suffered any damage as of now.

068 REP. WATT: For the calendar year 1990, SAIF had approximately 190% loss ratio comparing claims losses to premium dollars. Some time during this period or on early 1991, SAIF purchases \$65 million or reinsurance. Reinsurance is routinely purchased by insurance companies to cover losses over a certain level of risk. In today's market reinsurance is normally purchased to reinsure losses over \$1 million. SAIF's purchase of \$65 million represents approximately 25% of their premium dollar. There is only one reason for doing this and that is to cover actual claims losses. Provides an example.

In a situation of a public insurance company, such as SAIF, this would be made to make the present management of the company look good to employers and anybody who might be looking at them. What is in fact being done is that public money is used to buy reinsurance that would be used to pay claims and to develop interest income. Assuming 8% on \$65 million; that would be a loss of some \$4.5 million a year plus whatever was saved out of the reserves on claims that were not paid. SAIF has refused to comment on this extraordinary expenditure and activity on the grounds that it is a trade secret and could affect their business.

098 REP. EDMUNSON: Discusses a May 3, 1991 letter from Mr. Weeks, Director of the Department of Insurance and Finance, addressed to the Senate Labor Committee observing that SAIF paid \$65.6 million for reinsurance during 1990. SAIF is not willing to disclose the details of this contract.

107 REP. E. JOHNSON: I am troubled to have Rep. Watt's material on record without knowing the source of the material.

118 LONG: Addresses Rep. Watt's inquiry. We were asked to be a competitive company.

-It is my job to see that the value of the fund does not diminish.

-Discusses trade secrets. Hands out a copy of the law that applies to trade secrets in Oregon.

-Believes that SAIF's unique and unprecedented reinsurance program helps SAIF to carry the job the legislature gave it.

-I am willing to discuss the program in general.

-The possession of the information of the details of the program is of great value to the fund.

234 REP. MANNIX: Discusses the uneasy situation of SAIF being somewhere between a public agency and a private insurance company. We have to address this question separately in terms of long-term philosophy with SAIF.

LONG: Elicits Chair Derfler's opinion as to whether he should release the program document.

284 REP. EDMUNSON: I feel we should be candid in this particular area. The question of reinsurance is one of the most controversial in the industry. Elaborates further.

-Our concern is that SAIF's \$65 million purchases of financial reinsurance might distort SAIF's statutory financial statement.

375 LONG: Whatever business decision we make can be put under a political microscope. Discusses the role of the CEO's in a company like SAIF. It is to see that the company has a strategy to achieve its mission and objectives.

TAPE 152, SIDE B

-Discusses the reinsurance program. We are trying to stabilize the rates this way.

049 REP. EDMUNSON: Refers to Mr. Week's letter. SAIF will not reveal the details of the contract to the Department of Insurance and Finance?

LONG: If I would make something like this available to the Department of Insurance and Finance, other than the Director himself personally, it would take about 30 min to be in a certain office in Portland. My duty is to prevent that.

066 REP. DOMINY: Refers to the audit report, page 8, with regard to \$80,000 worth of equipment having been lost. Have you ever investigated these losses?

LONG: I don't like those kind of problems. Our inventory control system is not very good, we are working on it. I have not addresses that particular figure. Our chief financial officer could give you more details.

108 REP. DOMINY: Refers to the same page regarding a lost dividends check. How come this kind of a mistake could have happened in 1987?

LONG: I don't know. I was not there in 1987.

140 CHAIR DERFLER: If we want to do changes in the system, that is something we have to do as legislators.

LONG: We do have the lowest rates and we are generating the best numbers in the country. The reform is working and SAIF corporation is improving.

153 REP. WATT: Thank you for answering my questions. The group of people I represent view SAIF as a public corporation and they demand more answers than what you are perhaps prepared to give.

164 CHAIR DERFLER: Adjourns the meeting at 7:10 p.m.

Submitted by:      Reviewed by:

Johanna Klarin Victoria Dozler Assistant Administrator

EXHIBIT LOG:

A - Statement to the House Labor Committee - H. Aschkenasy - 5  
pages. B- Testimony on SAIF Audit Overview - Stan Long - 4 pages.  
C - Teatimony on SAIF Audit Overview - Stan Long - 4 pages.