

HOUSE LEGISLATIVE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

March 25, 1991Hearing Room 343 8:00 A.M.State Capitol Salem, OR

Tapes 98 - 100 Oregon Business Development Fund Modifications Special Public Works Fund Modifications Oregon Workforce Quality Act

MEMBERS PRESENT: REP. RAY BAUM REP. JERRY BARNES REP. MARGARET CARTER REP. CEDRIC HAYDEN REP. VERA KATZ REP. DAVE MC TEAGUE REP. BOB PICKARD

MEMBERS EXCUSED:

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER TAMIRA MILLER, POLICY ANALYST JERI CHASE, OFFICE MANAGER

WITNESSES:YVONNE ADDINGTON, COMMUNITY DEVELOPMENT PROGRAMS MANAGER, ECONOMIC DEVELOPMENT DEPARTMENT MARILYNNE KEYSER, SENIOR POLICY ADVISOR ON WORKFORCE DEVELOPMENT AND EDUCATION, GOVERNOR'S OFFICE J.D. HOYE, ASSOCIATE SUPERINTENDENT, VOCATIONAL TECHNICAL EDUCATION MIKE HOLLAND, STATE COMMISSIONER, COMMUNITY COLLEGE SERVICES STEVE PETERSON, DIRECTOR, ECONOMIC DEVELOPMENT DEPARTMENT PAM MATTSON, ADMINISTRATOR, EMPLOYMENT DIVISION MIKE KAILLE, DEPUTY, LABOR COMMISSION

NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 98, SIDE A

000 CHAIR BAUM convenes the meeting at 8:05 a.m.

HB 2338 (Oregon Business Development Fund Modifications) - Work Session

003 CORTRIGHT: Presents of the -2 Amendments to HB 2338 (EXHIBIT A).

042 MOTION: REP. PICKARD moves to amend the -2 amendments by deleting "and accrued interest" from lines 7 and 8 and lines 20 and 21 and to insert in the blanks lines 6 and 19 "10%".

VOTE: There being no objection, the above amendments to the -2 amendments are adopted.

058 MOTION: REP. PICKARD moves the -2 amendments, as amended, to HB 2338.

VOTE: Being no objections the -2 amendments, as amended, are adopted.

069 MOTION: REP. BARNES moves HB 2338, as amended above, to the floor with a Do Pass recommendation.

VOTE: By roll call vote (6-0) HB 2338 is passed to the floor with a Do Pass recommendation. Voting AYE: REPRESENTATIVES KATZ, MC TEAGUE, PICKARD, BARNES and BAUM. EXCUSED: REPRESENTATIVE CARTER. NOTE: REP. HAYDEN was not present during

the vote; his AYE vote was recorded later; see TAPE 99, SIDE A, TAPE COUNT 245 .

HB 2248 (Special Public Works Fund Modifications) - Work Session

075 CORTRIGHT: Presents -2 Amendments to HB 2248 (EXHIBIT B).

155 REP. PICKARD: Where is the commitment for the community on this program?

160 YVONNE ADDINGTON: The loan that a community gets from us is used to recover their expenses. Normally when a community is taking on a project they wrap all of the costs into one bond issue. It is difficult to abuse borrowing from the state because of the arbitrage requirements. We have a lot of restrictions on the borrowing, they must pledge a source of revenue to repay and they must back that up with a limited tax general obligation.

240 REP. MC TEAGUE: Are we subsidizing these revenue bonds or are we selling the bonds to the local units of government?

250 ADDINGTON: The SPWF is established for the purpose of extending water, sewer, roads and docks and it comes in the form of two programs. One, is direct loans and grants to cities and counties for their infrastructure. Secondly, we have established a bond pool concept. The state is selling bonds.

288 REP. MC TEAGUE: Roughly how much money is in the fund at this point?

293 ADDINGTON: We received about \$9 million the first biennium and about \$12 million the second biennium. In this biennium all of the money has been loaned out so we have about \$3 million left for loan or grant. We have given out roughly 51% loans, 49% grants. Now that loan side is going to go up because we are going to be selling bonds.

387 REP. BARNES: I think the federal government should finance these projects that they have mandated.

398 REP. MC TEAGUE: This program was initially established to foster economic development and was focused on specific project-oriented types of loans and grants. Has the pressure of federal and state regulations taken more and more of this funds resources? Where do we stand on that?

420 ADDINGTON: It is not our intent to divert any of the present program for businesses to expand or relocate. We have expanded the program by using the interest we have set aside to make loans or bonds for building capacity.

456 CORTRIGHT: There is a change to the printed bill that the Committee made in concept that is not reflected in the -2 amendments. You need to delete line 29 on page 1 and delete lines on 1 thru 4 on page 2.

TAPE 99, SIDE A

036 MOTION: REP PICKARD moves to delete line 29, on page 1 and lines 1 thru 4 on page 2 of the printed bill.

VOTE: There being no objection the amendment above is adopted.

040 ADDINGTON: In the printed bill Section 1, lines 10 through 13, we need to change the statute numbers to ORS 450.650 to 450.750.

054 MOTION: REP. KATZ moves the Economic Development Departments amendments.

052 ADDINGTON: On line 11 we would request that you strike "a corporation for use and control of water organized under ORS 554". On line 13 insert after 450. 245, "and 450.705 to 450.945". The assistant Attorney General found the references were incorrect in the original draft of the bill.

070 ADDINGTON: In the - 2 amendments we need to add "and loans" on line 24.

075 CORTRIGHT: These are in -1 amendments (EXHIBIT C).

091 CORTRIGHT: Summarizes EDD's proposed amendments to -2 amendments.

100 VOTE: Being no objection the Economic Development Department's amendments are adopted.

101 MOTION: REP. BARNES moves the -2 amendments to HB 2248 to the bill.

VOTE: Being no objection the -2 amendments are adopted.

114 CORTRIGHT: Presents -1 proposed amendments to HB 2248 (EXHIBIT C).

135 ADDINGTON: Continues summarization of -1 proposed amendments (EXHIBIT C).

151 REP. PICKARD: What is the "blank"?

153 ADDINGTON: This is uncertain for us also. We think \$30,000 would be appropriate but we are willing to take \$20,000.

168 CORTRIGHT: Both of these authorities would be subject to the cap of \$250,000.

180 REP. KATZ: It would be a lot less bureaucratic if it was just a loan program, rather than loan and grant.

214 MOTION: REP. KATZ moves to fill in the blank on the -1 amendments with \$20,000.

VOTE: There being no objection the above amendment is adopted.

238 MOTION: REP. HAYDEN moves to adopt the -1 amendments, as amended, to HB 224 8.

VOTE: There being no objections the -1 amendments, as amended, to HB 2248 are adopted.

HB 2338 (Oregon Business Development Fund Modifications) - Work Session

260 CHAIR BAUM reopens work session on HB 2338.

264 VOTE: REP. HAYDEN requests permission to vote on HB 2338. He votes AYE.

267 CHAIR BAUM recesses the meeting at 8:53 am.

268 CHAIR BAUM reconvenes the meeting at 9:15 am.

HB 3133 (Oregon Workforce Quality Council) - Public Hearing

270 TAMIRA MILLER: Presents Staff Measure Summary on HB 3133 (EXHIBIT D).

TAPE 98, SIDE B

030 MILLER: Continues presentation of EXHIBIT D.

065 MILLER: Presents Overview of the Workforce Quality Council (EXHIBIT E).

108 MARILYNNE KEYSER: Submits "Oregon's Workforce Agenda Organizational Structure" (EXHIBIT F). The goals and policies addressed in the bill have consensus with the Governor's office, members of the executive branch and members of the legislature who are interested in Workforce legislation. I think establishing a high level statewide policy making body is imperative. I also concur with the council's proposed make-up. Presents EXHIBIT F. The federal governments strategy is to coordinate those groups also. I would like to merge or relate those councils. Accomplishing that is possible with this council's structure with the subcommittees. I concur with the charges of the council and their function being one of oversight not management or administration. The governance issues need to be addressed in regard to structure, role and responsibilities. We are not creating new delivery services organizations. The strategy in SB 1075 is to look at how these groups work now and if they can work better.

290 REP. CARTER: I find it highly inconsistent that the Board of Higher Education wants to take charge of the budget and still be on the council. Higher Education does not need to be a player.

304 KEYSER: For too long, higher ed has been excluded. If they are at the table, it may increase the coordination between K-12 and higher ed.

323 REP. KATZ: Can they, under their structure, work with federal regulations?

335 KEYSER: The JTPA program would meet with their council. The others would require federal waivers.

371 MILLER: Presents letter from Legislative Council regarding federal authority (EXHIBIT G).

TAPE 99, SIDE B

033 J. D. HOYE: The Department of Education is supportive of the creation of a Workforce Development Council. They are excited about participating fully and being a partner. There is no concern about

submitting budgets and operating plans to the council. There are governance concerns regarding the time it would take for a council to form, develop operating guidelines and get those guidelines in place.

084 REP. KATZ: There needs to be a clear date by when things need to happen.

095 MIKE HOLLAND: We think the council is a good idea and we support it. We want to include the Chancellor of Higher Education in the Council. We believe that the council should not manage programs. In Section 6 the language could be a problem in this regard.

120 REP. CARTER: We are not interested in anyone running programs, we are interested in you all being accountable for the programs that you already have.

138 HOLLAND: I think the language in the bill does get at management but not at policy issues.

167 HOLLAND: There are some points I would like to make regarding the adult worker training piece and the centralization piece. There is reference in this bill to creating business and labor training pieces and having business and labor begin to design these pieces that are not referenced to training providers. That is inconsistent to the call in the bill for a greater centralization of training effort in this state. As is, it creates an additional employment and training system.

188 REP. KATZ: I am interested in the leadership being provided by the business, labor and educators to move way ahead of what is currently going on.

193 HOLLAND: I agree.

204 HOLLAND: I worry about time lines and who will coordinate this with funds. I think the legislature should make the allocation to workforce this biennium and use the workforce council to offer suggestions to the legislature on how it is that workforce investment should be structured for 1993 and beyond.

218 MILLER: The language that Mr. Holland is referring to directs the council to develop, implement and oversee Workforce strategies. Strategies is the operative word not programs.

228 STEVE PETERSON: The Economic Development Department is supportive of the council's creation. The council can achieve development of true partnerships.

261 REP. KATZ: We need to think about the people representing business and labor. The traditional groups may not be the ones that need to come to the table. They may be too focused on today.

290 PAM MATTSON: We concur. Submits brochure "Employment Division Mission, Goals, & Values" (EXHIBIT H).

330 CHAIR BAUM: Where are we on the proposed transfer of JTPA to unemployment?

333 MATTSON: SB 465 had an initial hearing in front of the Senate Labor Committee. There are still some people who feel uncomfortable with that transfer but we are comfortable about the opportunity that this would

bring to the system.

362 MIKE KAILLE: The Commissioner supports the creation of the council. This is a difficult and is long term process. We are talking about a radical change in program delivery. Short-term and long term training are not connected today. Pieces are there but the system is not in place. The council needs to have the authority to move and agenda that changes what we have while at the same time keeping in place the pieces that work.

TAPE 100, SIDE A

030 REP. HAYDEN: America's Choice and the Benchmarks are philosophical but not the authority.

044 REP. CARTER: Business can stop taking pot shots at education and training and they have to be at the table, not criticizing but developing.

064 KEYSER: Consider the caliber of people and the effort needed for these far-ranging changes. What can we use to attract those kind of people? There may be impact to the extent that policies and goals are defined. The council members may have a different agenda. How much should be framed by the legislature?

090 CHAIR BAUM: We have to start the ball rolling with some policies. We want to give the council enough discretion to come back and say if we need to emphasize policies in certain directions.

100 CHAIR BAUM adjourns the meeting at 10:35 a.m.

Submitted by,

Jeri Chase Office Manager

EXHIBIT SUMMARY

EXHIBIT A - -2 amendments to HB 2338, submitted by Joe Cortright, pgs. 2.

EXHIBIT B - -2 amendments to HB 2248, submitted by Joe Cortright, pgs. 3.

EXHIBIT C - -1 amendments to HB 2248, submitted by Joe Cortright, pgs. 2.

EXHIBIT D - Staff Measure Summary on HB 3133, submitted by Tami Miller, pgs. 3.

EXHIBIT E - Overview of the Workforce Quality Council, submitted by Tami Miller, pgs. 1.

EXHIBIT F - "Oregon's Workforce Agenda Organizational Structure, submitted by Marilynne Keyser, pgs. 1.

EXHIBIT G - Letter from Legislative Council regarding federal authority,

submitted by Tami Miller, pgs. 2.

EXHIBIT H - "Employment Division: Mission, Goals and Values," submitted by Pam Mattson, pgs. 5.