

HOUSE LEGISLATIVE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 29, 1991Hearing Room 343 8:00 A.M.State Capitol Salem, OR

Tapes 159 - 161 Literacy Survey Presentation Benchmarks Dislocated
Worker Aid Workforce

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 HOLLY BROWN, COMMITTEE
ASSISTANT

WITNESSES:DUNCAN WYSE, DIRECTOR, PROGRESS BOARD LYNN YOUNGBAR,
LEGISLATIVE LIAISON, ECONOMIC DEVELOPMENT DEPARTMENT MARK HUSTON,
MANAGER, BUSINESS FINANCE SECTION, ECONOMIC DEVELOPMENT DEPARTMENT BOB
BAUGH, ADMINISTRATOR, PARTNERSHIP DIVISION, ECONOMIC DEVELOPMENT
DEPARTMENT KAREN GARST, OREGON COMMUNITY COLLEGE ASSOCIATION QUINT RAHB
ERGER, ADMINISTRATOR, APPRENTICESHIP AND TRAINING DIVISION, BUREAU OF
LABOR AND INDUSTRIES MIKE HOLLAND, COMMISSIONER, COMMUNITY COLLEGE
SERVICES

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 159, SIDE A

000 CHAIR BAUM convenes the meeting at 8:18 a.m.

Literacy Survey Presentation

011 DUNCAN WYSE: Presents "The Oregon Literacy Survey" (EXHIBIT A).

200 REP. PICKARD: How would you fill in the numbers for 1995 on the
fundamental literacy skills chart?

206 WYSE: I would start in 2010 and figure out what percentage of the
adult population we should have and work back. Concludes presentation
of EXHIBIT A.

231 REP. BARNES: If we don't do anything some of these will improve
anyway over the years.

240 WYSE: That is true. Literacy levels drive with age.

HB 2813 (Benchmarks) - Public Hearing and Work Session

259 CHAIR BAUM: When we passed out HB 3133 we indicated in there that the benchmark objectives, for purposes of education and training, would be followed by the Workforce Council. HB 2813 has benchmarks for lots of things. My concern is that since we passed out HB 313 3, which had some references to some specific benchmarks, we ought to look at this bill and focus it on those non controversial goals. Throughout this bill there are some interesting areas to deal with.

319 WYSE: There are 2 bills we have been working with, HB 2813 on the House side and SB 636 on the Senate side. On both sides we have been going around to committees and asking them to review those benchmarks that relate to their subject areas. We have summarized those results. We have gotten some very good critical comments. We want to hear the legislators view on the benchmarks so that we are reflecting real policy concerns. We would like the Trade Committee to review the economy benchmarks. Submits Lead Benchmarks (EXHIBIT B).

372 CHAIR BAUM: What did the Ag Committee say in relation to Section 5?

375 WYSE: They were supportive of those relating to agriculture.

390 REP. KATZ: There is nothing wrong with any of the benchmarks in Section 5. Those are our goals.

396 WYSE: The message in this is growth in value-added and we want a strong resource based economy that includes value added growth and then continued diversification. We also have a series of goals related to the business climate.

420 REP. CARTER: These are the goals that are consistent with what we want to see in this state.

TAPE 160, SIDE A

013 REP. HAYDEN: The benchmarks talk about reduction in hydro electric costs, I don't see how we will do that. There aren't any levels of timber available for harvest. Improvements in roads and bridges, the state highway system isn't in need of any significant improvements and we don't want to increase gas taxes. Please address those areas.

038 WYSE: In terms of energy goals we feel we can improve on natural gas.

050 REP. HAYDEN: I suppose that I think natural gas is the resource of the future but we need to put in the infrastructure and that will be expensive.

076 WYSE: The bill is less specific than the benchmarks report.

087 REP. BARNES: We haven't addressed mining in the state.

093 REP. CARTER: If we do that I want it to be done with the appropriate environmental concerns included.

100 WYSE: We can do that. Presents Section 5 of the bill.

116 REP. HAYDEN: Obviously, there are things that we want to export but there are some Oregon products that we won't want to export. We may

want to quantify that in the bill.

128 WYSE: The actual benchmark is the percentage of manufactured goods. We will put in manufactured products. Continues Section 5. To grow we have to have air shed, land, and water available for industrial use and it is important that we have enough industrial land cited.

160 REP. KATZ: If you push this to its furthest extreme it could impact the potential rural areas for the expansion of land for economic development.

171 WYSE: On the land availability we take it by big regions and then make sure that there is industrial land in each of the regions. In a lot of the regions now there is land zoned industrial but it isn't very good.

178 REP. CARTER: How do we deal with the drought issue? I think that keeps us from growing. I think something should reflect us dealing with that issue as an economic tool as well. We are seeing a disintegration of that economy because of the drought.

185 WYSE: In the natural resource section there are water goals for water quantity. We do have a measure.

195 REP. HAYDEN: I would be supportive of this language as long as it supports the secondary lands bill.

211 WYSE: Number 10 is maintaining timber levels for harvest. The board felt that it is important that we have a measure of the total board feet of harvest available, they were unsure of what the ultimate target should be. We need a good system of tracking and measuring timber harvest.

220 REP. HAYDEN: I have discussed the benchmarks related to timber harvest. I think that we can say here "maintain optimal levels of timber available for harvest" and that can mean whatever you want.

262 WYSE: I would like to come back to this issue with the other committees comments. We want a measure of the time it takes to receive permits.

267 REP. BARNES: Did the Transportation Committee talk about growth in direct air in the within the state?

270 WYSE: Yes, there are measures on inter city and intra state transportation.

276 CHAIR BAUM: You may want to mention something about the dredging problem we are going to have.

300 WYSE: On roads and bridges, REP. HAYDEN is right, the quality of state roads has gone up substantially. The problem is local roads.

308 REP. BARNES: I agree that the local roads are terrible.

316 WYSE: We want to be sure we are monitoring construction on local roads.

325 REP. CARTER: We need to look at housing goals as well.

337 WYSE: Housing availability was something we picked up right away. As we have the come back to the rural areas we have seen there is not enough housing in some of those areas.

371 REP. CARTER: A lot of the problem has developed because as we have gone from family wage jobs to jobs in the service industry people are not making enough money to pay the mortgage or the rent.

392 WYSE: Availability of telecommunication is a big issue. Our ranking on research and development is important to track in national ranking. Tax structure hasn't been discussed in the Revenue Committee yet, but the basic idea is to tell how we are doing on creating enough revenue to pay for the kind of activities that we want. We want to be roughly at the national average in terms of per capital tax rates.

TAPE 159, SIDE B

025 CHAIR BAUM: There is a lot of possible conflict with how these goals are achieved.

038 WYSE: These are the goals, the strategy for achieving these goals are up to you. All this is just a list of what we want to see in Oregon's future. There will be enormous debates on how to get there.

055 REP. BARNES: When we vote this out are we to include the recommendations of the other House committees or do we use a subsequent referral?

058 CHAIR BAUM: We send it directly to the floor. There will be some discussion on funding the board. We need to decide if we can put together a package that sets some goals and does so in a meaningful manner.

060 REP. BARNES: How do we incorporate the views of some of these other House committee?

063 CHAIR BAUM: Duncan has solicited those views and will probably present them to us in a week or so.

067 WYSE: We will bring back the other language and that will give the Progress Board direction from the legislature.

090 WYSE: The Progress Board sunset bill passed out of Ways and Means so it is on its way to the floor.

094 REP. HAYDEN: The Progress Board and the benchmarks have not had my uncommitted support so I haven't gotten into the details until now. If after the caucuses it appears that it is going to continue I will take a great interest in the minutia.

HB 2251 (Dislocated Worker Aid) - Public Hearing and Work Session

120 JOE CORTRIGHT: Presents -5 amendments to HB 2251 (EXHIBIT C).

164 CHAIR BAUM: I would like to discuss page 2, line 7. We have a part of the forest in the Cascades that doesn't have an owl but they have a drought and some disease and bug problems. 40% of the timber out there is dead and dying and will be unsalvageable if it is not harvested. So, we have an endangered species on the west side that could affect 40% of

the timber and a bug problem on the east side that is affecting 40% of the timber and that leaves both areas in the same scenario. The language we have in sub paragraph a might not leave open the opportunity to help both. I would suggest that on line 7 after "affected" we add "by forest health problems or the listing of a species as threatened or endangered".

187 MOTION: REP. CARTER moves on page 2, line 7 of the -5 amendments after the word "affected" to add "by forest health problems or the listing of a species as threatened or endangered."

VOTE: Being no objection the above amendment is adopted.

194 CORTRIGHT: Presents Further Amendments to HB 2251 (EXHIBIT D).

213 REP. PICKARD: What would be reasonable parameters to think about in terms of the percentage on the further amendments?

220 CHAIR BAUM: 50% to 100% would be my recommendation.

223 LYNN YOUNGBAR: We don't make these loans out of our department we simply create the reserve and the bank makes the loan. We could direct the banks to make some percentage. We were thinking about it as a percentage of the population in those communities. Most of the timber dependant communities are probably in lagging counties, so you might want to add 5% or 10% to that figure for timber dependent communities that might not be in lagging counties.

248 CORTRIGHT: One of the things we need to consider is that you are not making this loan directly. The bank and the lender would set aside a contribution equal to between 5% and 7% of the principle value of the loan and then the state would match that contribution. The attractive feature from the banks point is that if you get a diverse set of businesses in there the risk that more then one of them will go down is presumably lessened. Rather than dedicating 100% you may want it to be a smaller number so that you can get loans in there that will spread the risk rather then concentrating it.

284 CHAIR BAUM: We could do something like Oregon Business Development Fund. We could raise the guarantee on the capital access to encourage the use of the money.

290 REP. CARTER: I would like to offer the number 35% and then look at 5% or 10% over. Then we could look at the proposal you have in mind.

300 REP. BARNES: Will the figure we put in there act as a cap as well as a floor? I don't want to put 35% if the opportunities are there and you are not going to go above 35%.

308 MARK HUSTON: This is a set aside for the capital access program so that as opportunities occur in timber dependent communities we would have monies available for those. The time that it would act as a limitation is if banks find enough projects that they enroll and that money is used up. There would be money available in the set aside for the timber dependent communities but not in the general fund.

320 REP. CARTER: But it is a possibility that they can come back to E-Board and remove this.

325 CORTRIGHT: The suggestion you offered, to raise the amount that the

state contributes, would work very well. It would give the bank the incentive to go look for those loans.

348 MOTION: REP. CARTER moves, in concept, to leave the percentage out until Staff, the Economic Development Department and the Bankers Association get together and talk about the appropriate amount to insert.

VOTE: Being no objection the above amendment is adopted in concept.

371 CORTRIGHT: Continues presentation of EXHIBIT D. There is a couple of differences from how the Governor's office worded this. The Governor has a broader definition for what a dislocated worker is.

437 CHAIR BAUM: We want the Workforce Quality Council to be driving the general policy of the state. I am reluctant to give them direct jurisdiction over pots of money to disperse to certain individuals. That would put them in the business of micro managing. I would rather have them as a policy body driving the coordination rather than getting into the allocation of dollars themselves. We have JTPA to do that.

TAPE 160, SIDE B

029 REP. CARTER: EDD can drive this. Then we have some control in terms of them coming back and we can see how they are doing.

035 REP. KATZ: What about community colleges?

045 CHAIR BAUM: JTPA is the council and community colleges and the Economic Development Department are left to direct this. Workforce Council is going to be watching \$250,000 go around the room.

050 REP. CARTER: For the last 2 years EDD basically served as a conduit. That is all we are talking about why not leave the dollars where they are?

052 CHAIR BAUM: I agree with that.

065 BOB BAUGH: It seems you are going to be relegating one of those agencies to carry out the administration of those funds. I don't read it to be that the council will be dividing up the dollars.

072 REP. CARTER: Where should the responsibility go?

079 TAMI MILLER: Section 6 would give the Workforce Quality Council the authority to run a program. The committee needs to decide who will manage this program and give the council responsibility of over site of that agency.

095 REP. CARTER: What would happen if we gave the money to EDD?

096 BAUGH: It would be relegated to work with JTPA.

114 REP. BARNES: This whole program has to more than just JTPA and there has to be a broader focus in JTPA because they are dealing with fairly strict federal guidelines.

120 BAUGH: The act focuses on dislocated workers. What you are doing in this bill is broader.

125 KAREN GARST: We tried to build a collaborative model and the people who participated in that were the Employment Division, JTPA, the PICS, community colleges and committee staff from the Governor's office. The language you see does that. I think we have set up a process that will funnel those monies down to the regional communities so that they have more flexibility than in the federal guidelines. If you leave it this way we can do it through designation of a rule process to one of the agencies, we could manage it effectively.

150 CHAIR BAUM: I would suggest that if the bill is not clear enough on what the money should be used for we can put in there language that says "JTPA requirements and restrictions shall not apply to the use of these funds." We don't want to get the council involved with drafting rules.

168 REP. KATZ: You are suggesting that we ought to funnel the money through EDD as we did before. You could have the council designate who is responsible for dealing with these pieces so that the council doesn't get involved in it but those agencies that are delegated actually deliver the product.

188 KAREN GARST: We could replace the Workforce Quality council with the Economic Development Department. If you give it to JTPA they might be obligated to use those dollars up front or in place of federal dollars. We want these funds to be in addition to the funds that are already expended. So, if you can't live with the Workforce Quality Council, substitute Economic Development Department but keep in "consultation with...".

200 CHAIR BAUM: That is fine with me.

205 MOTION: The CHAIR moves, in concept, on lines 12, 14, 18 and 22 of the further amendments (EXHIBIT D) to replace "Workforce Quality Council" with "Economic Development Department" and to add on line 19, "These monies shall be in addition to JTPA monies and shall not be subject to the same restrictions".

VOTE: Being no objection the above amendment is adopted in concept.

216 CORTRIGHT: We need to address the notion of making lump sum payment to dislocated workers for the purpose of starting businesses. That in effect is what the baby loan program does. We have discussed with the Employment Division a mechanism that is available under the Unemployment Insurance law for doing those lump sum payments. Federal law prevents lump sum payments of unemployment insurance to workers. Under current federal and state law workers who are enrolled in vocational training can continue to draw unemployment insurance when they are being trained to start their business. They cannot receive any income or record any sales. The existing Oregon law could be amended to make the vocation unemployment insurance exemption somewhat clearer and somewhat easier for them to administer. We can clarify existing statute.

260 CHAIR BAUM: We should try to incorporate that here.

HB 3474 (Workforce) - Public Hearing and Work Session

273 CHAIR BAUM: We adopted, in concept, to stuff HB 3474 with the proposed engrossed HB 3474 (EXHIBIT E).

280 MOTION: REP. PICKARD moves the -4 amendments to HB 3474.

VOTE: Being no objection the -4 amendments are adopted.

321 REP. MC TEAGUE: Is the model school still in this bill?

327 MILLER: Yes. These amendments are from Rep. Bunn.

366 CHAIR BAUM recesses the meeting at 10:10 am.

368 CHAIR BAUM reconvenes the meeting at 10:34 am.

370 QUINT RAHB ERGER: Presents testimony for Mike Kaiel on HB 3474 (EXHIBIT F). Submits "Oregon Apprenticeship Directory" (EXHIBIT G) and additional information from the Bureau of Labor and Industry (EXHIBIT H).

TAPE 161, SIDE A

030 QUINT RAHB ERGER: Continues presentation of EXHIBIT F.

069 REP. CARTER: This is asking that people are trained and certified by the industry.

076 REP. HAYDEN: The general concepts are good. Would the Bureau of Labor and Industries be supportive of the six day school week?

080 RAHB ERGER: I have no idea.

119 MIKE HOLLAND: The first amendment recommended by the Bureau of Labor is phrased in the conjunctive, it talks about developing comprehensive professional and technical programs that lead to industry certification and that is not a bad idea. Some of the programs that we propose to develop are not degree programs but certificate programs. If by the deletion of "degree" the Bureau is suggesting that those programs ought to include those programs less than 2 years in length then I would find that to be a helpful amendment. The substitution of "labor" instead of "industry" is helpful.

160 MILLER: What has been proposed here by the Apprenticeship Division is very consistent with what the committee has concluded in HB 3133.

179 MOTION: The CHAIR moves on page 3, line 19, after "that" to insert "lead to implementation of Section 3 of this act and that:".

182 REP. CARTER: I want more information about that.

184 MILLER: This would give the Workforce Quality council the responsibility for administering workforce development funds from lottery. In HB 3133 this committee chose to leave the existing distribution system in place with the Economic Development Department administering the fund for workforce training. Priority will be given to programs that adhere to these objectives. This amendment would say priority would be given to those with these objectives.

213 REP. CARTER: I want to talk to SEN. COHEN and REP. BUNN.

244 QUINT RAHB ERGER: There are other councils, boards, and commissions in the state that except and recognize industry standards for occupations. We are suggesting that the Workforce Quality Council may wish to recognize someone elses work.

255 MILLER: Submits questions on HB 3474 (EXHIBIT I), "Workforce Program Funding Requests Comparison" (EXHIBIT J) and Proposed allocations for HB 3474 (EXHIBIT K).

265 CHAIR BAUM adjourns the meeting at 10:56 am.

Submitted by,

Jeri Chase Office Manager

EXHIBIT SUMMARY

EXHIBIT A - "The Oregon Literacy Survey," submitted by Duncan Wyse, pgs. 27.

EXHIBIT B - Lead benchmarks, submitted by Duncan Wyse, pgs. 4.

EXHIBIT C - -5 amendments to HB 2251, submitted by Joe Cortright, pgs. 8.

EXHIBIT D - Further amendments to HB 2251, submitted by Joe Cortright, pgs. 1.

EXHIBIT E - Proposed engrossed HB 3474, submitted by Chair Ray Baum, pgs. 15.

EXHIBIT F - Testimony on HB 3474 from Mike Kaiel, submitted by Quint RaHB erger, pgs. 3.

EXHIBIT G - "Oregon Apprenticeship Directory," submitted by Quint RaHB erger, pgs. 39.

EXHIBIT H - Information from the Bureau of Labor and Industry, submitted by Quint RaHB erger, pgs. 9.

EXHIBIT I - Questions on HB 3474, submitted by Tami Miller, pgs. 1.

EXHIBIT J - "Workforce Program Funding Requests Comparison," submitted by Tami Miller, pgs. 1.

EXHIBIT K - Proposed Funding for HB 3474, submitted by Tami Miller, pgs. 1.