

SENATE COMMITTEE ON LABOR

April 17, 1991 Hearing Room 50 03:00 p.m. Tapes 6465
MEMBERS PRESENT: SEN. GRATTAN KERANS, CHAIR SEN. LARRY HILL,
VICE-CHAIR SEN. PETER BROCKMAN SEN. BOB KINTIGH SEN. BOB SHOEMAKER STAFF
PRESENT: ANNETTE TALBOTT, COMMITTEE COUNSEL ROBERTA WHITE, COMMITTEE
ASSISTANT MEASURES CONSIDERED: SB 1075 - CREATES WORKFORCE
DEVELOPMENT COUNCIL IN OFFICE OF GOVERNOR - PUBLIC HEARING SB 1191 -
PROVIDES SUPPLEMENTAL UNEMPLOYMENT COMPENSATION BENEFITS FOR WORKERS
AFFECTED BY STRUCTURAL UNEMPLOYMENT - PUBLIC HEARING SB 465 - TRANSFERS
ADMINISTRATION OF FEDERAL JOB TRAINING PARTNERSHIP ACT PROGRAM FROM
ECONOMIC -- DEVELOPMENT DEPARTMENT TO EMPLOYMENT DIVISION OF
DEPARTMENT OF HUMAN RESOURCES - WORK SESSION SB 545 - ALLOCATES TO JOB
TRAINING PARTNERSHIP ACT DISLOCATED WORKER PROGRAMS MONEYS FROM
EXECUTIVE DEPARTMENT ECONOMIC DEVELOPMENT FUND - WORK SESSION _ 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. -

TAPE 64, SIDE A

001 CHAIR KERANS calls the meeting to order at 3:15 p.m.

WITNESSES: MARILYNNE KEYSER, GOVERNOR'S POLICY ADVISOR ON WORK FORCE,
EDUCATION ISSUES, AND DIRECTOR, EDUCATIONAL POLICY AND PLANNING,
GOVERNOR'S OFFICE KARL FREDERICK, ASSOCIATED OREGON INDUSTRIES DIANE
ROSENBAUM, OREGON STATE INDUSTRIAL UNION COUNCIL PAMELA MATTSON,
ADMINISTRATOR, EMPLOYMENT Senate Committee on Labor April 17, 1991- Page
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DIVISION, DEPARTMENT OF HUMAN RESOURCES DICK VAN PELT, EMPLOYMENT
DIVISION

SB 1075 - CREATES WORKFORCE DEVELOPMENT COUNCIL IN OFFICE OF GOVERNOR
PUBLIC HEARING

WITNESSES: MARILYNNE KEYSER, GOVERNOR'S POLICY ADVISOR ON WORK FORCE,
EDUCATION ISSUES, AND DIRECTOR, EDUCATIONAL POLICY AND PLANNING,
GOVERNOR'S OFFICE KARL FREDERICK, ASSOCIATED OREGON INDUSTRIES

020 MARILYNNE KEYSER, GOVERNOR'S POLICY ADVISOR ON WORK FORCE,
EDUCATION ISSUES, AND DIRECTOR, EDUCATIONAL POLICY AND PLANNING,
GOVERNOR'S OFFICE (EXHIBIT A) > Details Exhibit A. > Testifies in
support of SB 1075. > Exhibit A reflects how the Governor believes SB
1075 can work. > HB 3133 (Exhibit B) is parallel legislation with SB
1075. Governor's Office is supporting HB 3133. They suggest that SB
1075 should be kept alive in case HB 3133 does not go anywhere.
121 SENATOR HILL: Where does it go after T and E, does it go to House
Labor or does it go to the Floor of the House? KEYSER: I understand it
will be to the Floor directly. 135 SENATOR SHOEMAKER: How would the
Council work? There are some pretty highly placed people on it - are
they expected to meet frequently, and I assume they are expected to meet
in person and not by designee since only one designee is called for.
KEYSER: It will require as much as two days a month time commitment to
moving the agenda forward. I think that we need to look for the people
who are willing to make a very important commitment to this process, and
we intend to use industry associations, labor unions and other groups to
help us identify people who have a high level of commitment to this, and

we would be very careful to indicate the level of commitment it would involve. > Once it's up and running, we would still be looking at one day a month to do the business of the Council. > It will be dominated and chaired by the private sector. > HB 3133 does have a Ways and Means referral but that may not need to happen because there has been an adjustment to the way it will be funded. 176 SENATOR HILL: What are the differences between the "-2" amendments to HB 313 3, and our current language on SB 1075? KEYSER: The major difference is that specific strategies have been added to the HB 3133. > It gets more specific than the general guiding principles in 1075. > Other than that, there is very little substantive difference between the two bills now.

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215 SENATOR HILL: It looks like they have tucked the duties of the Board of Education into this.

CHAIR KERANS: Has a fiscal impact statement been developed for 3565? KEYSER: I don't think so. 220 SENATOR HILL: Has the Board of Education commented on Section 6, because it would really impact the Department of Education? KEYSER: They have adopted a posture of supporting Vera Katz' bill, which is referencing America's choice. Generally, they are supportive. > It has a reciprocal assignment that says the work force council will have some oversight function, so I don't think they're inconsistent.

236 CHAIR KERANS: What you're asking us is to wait and see developments in the House Trade and Economic Development Committee and on HB 3133, the "-2" amendments and any further amendments to that.

KEYSER: Explains how she believes the bill can be implemented without impacting the General Fund.

296 KARL FREDERICK, ASSOCIATED OREGON INDUSTRIES (EXHIBIT B) > Details Exhibit B. > Testifies in support of SB 1075.

TAPE 64, SIDE A SB 1191 - PROVIDES SUPPLEMENTAL UNEMPLOYMENT COMPENSATION BENEFITS FOR WORKERS AFFECTED BY STRUCTURAL UNEMPLOYMENT - PUBLIC HEARING WITNESSES: MARILYNNE KEYSER, GOVERNOR'S POLICY ADVISOR ON WORK FORCE, EDUCATION ISSUES, AND DIRECTOR, EDUCATIONAL POLICY AND PLANNING, GOVERNOR'S OFFICE KARL FREDERICK, ASSOCIATE OREGON INDUSTRIES PAMELA MATTSON, ADMINISTRATOR, EMPLOYMENT DIVISION, DEPARTMENT OF HUMAN RESOURCES DICK VAN PELT, EMPLOYMENT DIVISION

351 MARILYNNE KEYSER, GOVERNOR'S POLICY ADVISOR ON WORK FORCE, EDUCATION ISSUES, AND DIRECTOR, EDUCATIONAL POLICY AND PLANNING, GOVERNOR'S OFFICE > Testifies in support of SB 1191. > The Governor's Office is in strong support of extended benefits for the structurally unemployed. > She is concerned about offering extended unemployment benefits and tying them to training if the training monies run out. > She is also concerned that there have been a lot of bills introduced about displaced workers,

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timber dependent communities issues. There is no way that most of the bill will survive the process, so she advocates a bipartisan compromise. TAPE 65, SIDE A 008 KEYSER, CONTINUED > Look for a strategy to look at other workers beside timber workers. > Issues to consider: · Don't allow federal funds to drive state strategy. We need to define strategy if General Fund dollars are involved. · She advocates considering programs that are not available through the federal program, such as family medical care, training through the Small Business Development Center, etc. · She also believes that the eligibility issue should be addressed carefully. CHAIR KERANS: So SB 545 would be parallel to the definition of SB 1191 so that the moneys are targeted to the same population? KEYSER: You'd have to work on it, but I'd be willing to work with some folks to get it done. 045 SENATOR HILL: I think your point is that we shouldn't dump state funds on top of federal funds and use it in the same way with the same criteria, the same limitations, and the same problems the federal program presents. 064 KEYSER: We're going to try to get more discretionary grants through the federal government for JTPA. We need to be very careful about how we apply state funds to this program because of the way it will be viewed by the federal government. CHAIR KERANS: To your mind, we can perfect 1191 and get it moving without having taken action on 545, and in fact shouldn't, and should await that further kind of consultation to line up the various partisan/bipartisan ducks in a row. KEYSER: Initially I was thinking that we might be able to do one bill that would encompass both - put the training piece together with the extended unemployment piece. CHAIR KERANS: I understand that, and the Chair's desire is to take those up separately by virtue of the fact that the second one, when it's agreed to, can simply be used to parrot the attempt of 1191 as far as its support for it in the training side of the issue. 128 SENATOR HILL: The two different pieces are real important independent of each other, but also together. If we can get them through together, that would be great. Even if the other piece, 3133 or 1075 don't survive, the 1191 piece is still valuable because it helps leverage the investment we're making with our current job dollars. > On its own it has value, but not as much as it would if we get the other large piece. On its own, it will help make the JTPA investment that currently occurs go further. > I have received a lot of phone calls from people with JTPA and the community colleges regarding the other bill. I would like to find a marriage of those two areas in our work force training capability in this state that will work, but I don't think either one is going to be able to - 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. - Senate Committee on Labor April 17, 1991 - Page 5

obtain a superior position, and if parties in either of those areas feel they can attain a superior position, they'll probably see the whole thing will tear apart. We have to avoid that. I think we can and will avoid it. CHAIR KERANS: I would say that 545 will remain here as a vehicle, and following the discussions that you are going to have, and it will represent the compromise you mentioned about financing this additional activity, and use the super structure we're going to create in 3133 to get that done. I think it's possible to get to it. 171 KEYSER: With respect to HB 3133, OPICA group, the statewide association of Private Industry Councils, has endorsed it as amended, and community colleges have supported it. We do have some tenuous

partnerships, and I believe we will maintain those relationships.

192 DIANE ROSENBAUM, OREGON STATE INDUSTRIAL UNION COUNCIL >
Testifies in support of SB 1191 as amended, at least conceptually. >
Also endorses broadening the definition to include those who are already
affected and those who are potentially affected by long-term,
technologically induced, unemployment situations. > Pick up people both
by industry as well as by geographic impact on their communities, even
though they may not be directly engaged in the industry in effect. >
Unemployment benefits are really a necessary but not a sufficient part
of the package that will deal with this overall problem. > The
amendments address real problems for the members of her council.
Cyclical lay-offs prior to permanent lay-offs are addressed by the
amendments in a reasonable way. > Support the addition of Section 3 in
its attempt to grandfather in people who are already out of work so long
that they wouldn't be picked up by a more restrictive definition.

SENATOR HILL: You are comfortable with the changes made to 1191?

263 ROSENBAUM: Yes, it seems to address several major problems for
people who might otherwise be missed through not qualifying by the
number of weeks they've worked or by having been out of work too long to
otherwise qualify. 281 KARL FREDERICK, VICE PRESIDENT AND DIRECTOR OF
LEGISLATION, ASSOCIATED OREGON INDUSTRIES > Fiscal implications on Table
I of the analysis of the Employment Division concerns him. > Needs to
have more information on this issue. > As the bill stands, his
organization would be in opposition to passage, but they are willing to
endorse a concept of extended benefits of dislocated workers. But he
would want to see the fiscal implications of this before endorsing 1191
in either its original form or its amended form. 333 PAMELA MATTSON,
ADMINISTRATOR, EMPLOYMENT DIVISION, DEPARTMENT OF HUMAN RESOURCES
(EXHIBIT C) > Details Exhibit C - which is a piece of a larger paper
written in an attempt to highlight those policy issues and the
ramifications of those policy issues. > They have provided a decision
matrix from the research and statistics projection information, and
definitional basis. > Training costs broken down in Table I, based on
three assumptions: · The narrowest, assuming 11,000 lumber and wood
products workers;

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· 40,000 structurally unemployed workers; or · the broadest definition,
154,000 displaced workers. > Table II provides assumptions by broad
occupational groups. · Projected the percentage of those individuals
would need OJT. · They do not project the number of people who will sign
on for these benefits.

TAPE 64, SIDE B

011 SENATOR HILL: The impact on the Trust Fund would be a range of
\$63.9 million to a high of \$1 billion for the biennium

TALBOTT: This chart bears no relation to the bill itself because it
doesn't address specific issues in eligibility criteria that are in
1191. Is that correct?

021 MATTSON: That is correct. We have provided to the Committee the
biggest possible picture in discussion that we have. The Fiscal Impact
Statement is specific to the language of the bill. Perhaps it should be

viewed as a backgrounder or a discussion paper of the policy issues incorporated in the specifics of the bill. TALBOTT: But to address Mr. Frederick's concern that this bill in no way is going to cost the trust fund \$496 million, because that includes a lot of other things. The only thing that 1191 would provide would be the UI benefits themselves, not training, child care, health insurance, etc.

MATTSON: That's correct.

046 SENATOR HILL: I think the number that we need to evaluate the cost of the bill is the incremental cost to the 39 weeks, which we don't have yet. CHAIR KERANS: For purposes of benefits only, and setting aside all the rest of this, look at the increment because we are obligated for the first part, and look at the difference for purposes - of the UI benefit, look at that number. This allows the committee to look at the bill and say here is an outside total cost - maximum for this bill under this configuration.

057 MATTSON: I believe the fiscal impact which is before you, does.

CHAIR KERANS: That says, indeterminate. If we came to you, you would come back and say undetermined. Are we looking at the wrong thing?

TALBOTT: Our fiscal impact says indeterminate. I don't know if that was what you gave them. 074 CHAIR KERANS: The question would be what the impact on the trust fund would be as a result of "not less than 78 weeks in a 156 week period". Does that give you kind of specificity you need in order to tell us something other than indeterminate? MATTSON: I see the cause for confusion. Because the fiscal statement states there is a blank number of weeks in Section 2, which now the amendments would complete, then we can come

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back and provide the indeterminate. We can go back and provide the necessary information.

089 SENATOR HILL: The experience of the JTPA dislocated worker program is that about 50% of the workers who are displaced from their timber jobs, apply for and seek the dislocated worker training. It's less than 100% by a substantial amount. Your figure assumes 100%, no discount. So we would probably be more accurate if we assumed some conservative discount of workers who have other skills, or who move out of state, or move to an area that's rich in job opportunities, and they would not go into the retraining. MATTSON: The suggestion that your making is that when we come back with the specificity due to the amendments, to use assumptions that you're suggesting to us now in terms of the history that we have had to provide a more realistic fiscal impact effect on the trust fund. 110 SENATOR HILL: The actual training dollars will drive this cost. If we put few training dollars in, few people will qualify by virtue of being in the training program, therefore they will not receive the extended benefit. That's a variable we just don't know right now.

CHAIR KERANS: I would think it would be worthwhile to have your impact statement reflect that or at least your analysis reflect that it is driven by yet other funds being used to create an opening for someone

who comes with this entitlement. 130 SENATOR SHOEMAKER: I don't know whether it would be relevant to factor this in or not, but if the people didn't have this extended benefit so that they could be going to school, many of them would remain unemployed or very substantially underemployed, and that would call for other public benefits such as Aid to Dependent Children. Can that be factored in as an offset against the cost of providing unemployment insurance for an extended period of time? > If you're receiving unemployment compensation, you're probably not receiving Aid to Dependent Children.

MATTSON: We were able to do that the other way with Adult and Family Services, when we were projecting some benefits of the welfare reform program, so it would be the inverse of what we had done there. That's a good suggestion and let us make an effort to do it.

168 SENATOR HILL: When we talk about this again, I would like to know if at some point there may be such a draw on the fund that an increase would be needed in the UI tax. I would like to know if we're approaching that point before we approach it.

MATTSON: We have prepared a chart that to the best of our ability reflects every bill that has some impact on the trust fund with a fiscal impact. And then we have another chart that shows the very thing you're talking about, based upon our best projections. We have to emphasize projections, not guarantees. We will certainly give you our best projections. SENATOR HILL: It's my interest that we be very conservative and protective of the Fund in looking at these types of proposals.

220 CHAIR KERANS: We will carry over SB 465 and SB 545 after some of the outstanding issues have been settled.

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240 Meeting is adjourned at 4:26 p.m.

Submitted by: Reviewed by: Roberta White Annette Talbott
Assistant Committee Counsel

EXHIBIT LOG:

A - Testimony on SB 1075 - Marilynne Keyser - 21 pages B - Testimony on SB 1075 - Karl Frederick - 1 page C - Testimony on SB 1191 - Pamela Mattson - 9 pages D - Testimony submitted on SB 1075 - Irv Fletcher - 1 page E - Testimony submitted on SB 1191 - Irv Fletcher - 1 page F - Preliminary Staff Measure Summaries on SB 1075 and SB 1191 - Staff - 3 pages G - Fiscal Analysis of SB 1191 - Legislative Fiscal Office - 1 page H - Hand-engrossed copy of SB 1191 and Amendments - Staff - 3 pages I - ORS 657.337 on SB 1191 - Staff - 1 page

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