

SENATE COMMITTEE ON LABOR

April 22, 1991 Hearing Room 50 03:00 p.m. Tapes 68 - 70
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 1191- STRUCTURAL UNEMPLOYMENT -
WORK SESSION SB 535 - HOLIDAY PAY FOR PURPOSES OF UNEMPLOYMENT
COMPENSATION BENEFITS - WORK SESSION SB 556 - UNEMPLOYMENT FOR LAID OFF
WORKERS - 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 68, SIDE A

001 CHAIR KERANS calls the meeting to order at 3:23 p.m.
WITNESSES: STEVE TEGGER, LEGISLATIVE LIAISON EMPLOYMENT DIVISION
FRANK RICHEY, EMPLOYMENT DIVISION BILL BRALY, JTPA, ECONOMIC DEVELOPMENT
DEPARTMENT 1 SB 1191- SUPPLEMENTAL UNEMPLOYMENT COMPENSATION BENEFITS
FOR WORKERS AFFECTED BY STRUCTURAL UNEMPLOYMENT - WORK SESSION
WITNESSES: STEVE TEGGER, LEGISLATIVE LIAISON EMPLOYMENT DIVISION
FRANK RICHEY, EMPLOYMENT DIVISION BILL BRALY, JTPA, ECONOMIC DEVELOPMENT
DEPARTMENT

003 CHAIR KERANS: > Introduces hand-engrossed copy of 1191, which
includes the "-1" amendments (EXHIBIT A), and "-2" (EXHIBIT B)
amendments as well as other data needed for discussing the bill: a Labor
and Industrial Relations ORS 657.345 (EXHIBIT C), and a report from the
Department of Senate Committee on Labor April 22, 1991- Page 2

Human Resources, Employment Division, dated April 19, 1991 (EXHIBIT D).
> Expresses desire to take a middle road approach with the fiscal
impact, and accept the major assumptions of the Employment Division and
go for their 51 % participation rate as a dollar figure to be inserted
into the bill.

027 ANNETTE TALBOTT, COMMITTEE ASSISTANT > Outlines hand-engrossed
bill and the "-1" amendments to 1191. > The amendments allow for a
period of time which gives the unemployed person a denial period, which
is unpredictable according to the person. The benefit year is 52
consecutive weeks in which they have become unemployed. > Line 32, work
history requirement - the Employment Division felt more comfortable with
the term "more than 26 weeks ", instead of the "principle portion", so
that term was substituted. > On page 2, line 1, referring to the "work
history requirement", the amendments state not less than 78 weeks in the
156 week period the person would have to have been working to be
eligible for supplemental benefits. > Section 3 says that any individual
who meets the definition of eligible dislocated worker, is eligible for
the benefits as of January 1, which is the same as SB 368 provides.

062 MOTION: SENATOR HILL moves to adopt the "-1" amendments.

VOTE: Hearing no objections, the motion carries.

TALBOTT: > Outlines the "-2" amendments. (EXHIBIT B) > Lines 3 through 9
express a concern that there be some cap on the amount of benefits
payable totally to a worker, meaning what their regular benefits are,
extended benefits, supplemental benefits, additional benefits, etc.
Places a 250% cap on the benefits, and also say that supplemental

benefits will not be paid at any time when a worker is eligible to receive extended benefits, which is a federal program, or additional benefits, which is a state program. 097 SENATOR KINTIGH: Is the 250% made up of the payment a worker gets for lost time, payment that might go for his training and all this gathered together?

TALBOTT: > That's just the UI specifically, and that's 65 weeks. The need to use a percentage figure is regarding those weeks where an individual won't receive benefits because of some earnings. > This is designed to make sure that workers do not lose out on their eligibility merely because they are on a waiting list when the benefit year expires. It's really addressing that issue, as well as if they earn wages in the interim, they have to earn so many wages again to qualify for a new benefit year. > Outlines the exhibits (EXHIBIT C) submitted by the Employment Division. · Assumes 41,000 dislocated workers over the next five years. · 21,000 of those will be in the 91-93 biennium. · 11,000 of the 21,000 are dislocated wood products workers. · The longer duration of training which is allowed through the extended benefits, may cause more people to enroll in training because they could get long-term quality training such as an associate's degree.

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> Each exhibit is a participation rate and amount, and they show the dollar figure and how that works out. 220 SENATOR SHOEMAKER: If they run into that \$48 million cap, does that mean that the program is terminated?

SENATOR HILL: The gate would close. First come, first served. SENATOR SHOEMAKER: The Emergency Board wouldn't have authority to increase that amount would it? To increase the cap? SENATOR HILL: It would be an expenditure limitation of other funds. It's a continuing appropriation, but it would be locked into statute.

267 STEVE TEGGER, LEGISLATIVE LIAISON, EMPLOYMENT DIVISION: > There are a great number of bills on the table this session which would impact the Trust Fund. > If this is the only bill which is passed, the impact on the Trust Fund would not cause a problem. If it is passed in conjunction with the diversion bill and another bill which would provide other benefits, then that would be a problem. SENATOR HILL: How much additional cost could the fund absorb before needing additional contributions from the employers. Is there a figure? 293FRANK RICHEY, EMPLOYMENT DIVISION > We have projected what we think the trust fund balances will be for the next several years, and those are based on a state economist's forecast. Almost any legislation that is passed which changes the trust fund balance would impact that forecast. > The way that the Employment Division tax schedules work is that there are 8 of them. We are currently in 6. The question would be whether or not we would be able to drop to 5. We are projecting growth in the trust fund, and it's certainly going to have money in it, but the question will be whether or not it meets a test that will allow employers to have a tax schedule drop. SENATOR HILL: How much room do we have before an increase to schedule 7? RICHEY: Depending on what other bills, there are approximately \$180 million difference between one schedule versus the other. If we barely stay in the schedule we're in now, it would have to be another \$180 million differential before the schedule would be

raised. 342 SENATOR HILL: In 1989, it closed out at \$779 million ending balance, and in 1991, what will be the projected ending balance? RICHEY: The projected balance as of this year would be in the range of a little of \$1 billion. TALBOTT: > Continues to outline the attachments to Exhibit C. SENATOR HILL: How many people would be assumed in the 51 % participation rate? What's

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the number - 14,286?

RICHEY: By the time you get down to the 51%, the number is 5,668. All of the earlier screenings have occurred, and of the those people who survived the various tests, and the duration of unemployment to get to this supplemental program, we've applied the 51 % against those people, and that would get you to the 5,668 number.

TAPE 69, SIDE A

049 TALBOTT: > Introduces "-2" amendments from the Employment Division representative. 100 TEGGER: > Outlines the three bills which would impact the trust fund if all pass. Also, the proposal put forward by the house democratic caucus to provide supplemental benefits in counties or areas of the state that are experiencing double digit or a 10% total unemployment rate. In addition, there is also the business and labor training panel - HB 2876 - which is currently in the House Labor Committee. That program alone would be upwards of \$40 million. > There are some other bills around, but these are the major impacts that have been identified. 170 SENATOR BROCKMAN: If you drop a level, do the employment taxes go up or down? TEGGER: The lower the tax level, the lower the tax rate. SENATOR HILL: If the diversion bill is \$29 million, and of that \$7.5 is for the JOBS, and even if that were stripped out, there would be \$21.25 million to keep the offices open and run the program. The only way to fall into the next lowest tax bracket, level 4, would be not to fund the administrative activities and the field offices. I'm not sure that's likely to occur. 187 TEGGER: The margin has sign)ificantly decreased since the start of the session. At the beginning of session we were saying it looked like we could do diversion even at \$29 million and not have an impact on the tax schedules, but the economy has deteriorated considerably in the last three months, and because of that, that margin has declined significantly to the point where, basically, anything that we do is going to have the effect of not lowering tax rates in the next year. SENATOR HILL: So if we do nothing, we might get lower taxes, is that right? TEGGER: You might, yes. SENATOR SHOEMAKER: In §3, it mentions that we're "providing additional benefits upon exhaustion of unemployment benefits, including the extended benefits provided by federal law", but no mention is made of the additional benefits provided under state law, 657 .331 -.334. Is that omission intentional, or should we be making reference there to that other state program? > With this there would be four levels: base, extended benefits, supplemental benefits and this program. > This program will always stack on the top.

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TEGGER: The language probably ought to include additional benefits, but the "-2" amendments get to the same concept because the 250% limitation includes both extended benefits and additional benefits. > To be consistent, it should be in both places in the bill. 357> Subsection 4 identifies when the person is eligible for the supplemental benefits. Eligibility for supplemental benefits is effective when the person enrolls in the training program. The benefit year can only be extended when the person is already enrolled in the training program, so they are mutually exclusive. 419 CHAIR KERANS: I would appreciate it if this could be amended so that there would be some further words in the "-2" in order to show that a person has to have been enrolled in order to get the waiver.

TAPE 68, SIDE B

001 SENATOR HILL: There may be an occasion where people are on waiting lists and they may not be admitted to a program until there is room, and there may be several weeks, in which case we shouldn't deny UI benefits - the supplemental benefits - if they are otherwise qualified on an authorized waiting list. TALBOTT: The benefits are tied to the training. They will not be getting benefits while they are on the waiting list. > In order to get any kind of unemployment now, and get out of the work search requirements, a person has to be attending the training program - it is not enough to be just enrolled, and making satisfactory progress. That's current requirements. 071 CHAIR KERANS: Summarizes the "-2" amendments as they were originally written.

106 MOTION: CHAIR KERANS moves to adopt the supplemental amendments to SB 1191. VOTE: Hearing no objection, the motion carries.

125 MOTION: CHAIR KERANS moves the adoption of the "-2" amendments to SB 119 1.

VOTE: Hearing no objections, the motion carries.

126 SENATOR HILL: > Returns to the "-1" amendments and asks: \$b. "eligible dislocated worker", the amended language says it's an individual who worked in an industry or occupation effected by the structural unemployment for more than 26 weeks in the individual's base year, have been employed for not less than 78 weeks in a 156 week period preceding the valid claim for unemployment compensation. Since we have the "cap", why is it necessary to try to sort the workers by how many weeks they've been working for the employer in the previous year. CHAIR KERANS: It may be affected somewhat by the cap, but was also a decision to show an attachment to the affected industry to verify structural unemployment. The purpose was to show some long-range attachment to an industry - timber or other.

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TALBOTT: Explains the difference between dislocated workers as opposed to those workers who are young and unemployed.

190 CHAIR KERANS: Asks the department how eligibility is determined.

RICHEY: Conceptually, the first time it's going to come into play is if we need to get beyond the regular benefits. It won't make any difference on the regular benefits. If they're in JTPA Title III training, they're automatically approvable under vocational unemployment insurance provisions. To get beyond that, we're going to have to do something funny with their computer records anyway so that it will think you're supposed to stop at 26 weeks. There will have to be an application process. Part of that application process, whether we do it in advance of the 26 weeks running out so that it will be all done and set up, or whether they would know whether to pick that particular training course or not, or when their money will run out, we may want to predetermine what will happen, but the 26 week test will probably need some individual attention so that approval of applicants will be made. If the individual passes that test, the 78 week test will not be very difficult in the computer record in the last couple of years. 252 TEGGER: I would like to see JTPA and the Employment Division come to a single process for enrolling these individuals. This would make the maximum use of all of these dollars. SENATOR HILL: How would JTPA perform this sort, and what effect would it have upon the current program to have some people in the current program eligible for the supplemental benefits and some people not.

299 BILL BRALY, JTPA, ECONOMIC DEVELOPMENT DEPARTMENT > It will be an additional workload item for local JTPA employees. It would have to be an item conducted fairly early in the assessment process, as we determine what an individual's future training might be, we're going to need to look at the amount of time that individual is going to have some income support. So that is a critical decision that will need to be made early in the training determination process. CHAIR KERANS: Would it help to be to make not less than 78 weeks in the 104 week period, or do something to adjust that so that you've got your two years on the screen, and then don't have to program to go recall the third year, which is gone. Would that help? 338 BRALY: That would greatly simplify things. SENATOR HILL: When a plant lays off, and you send somebody out, what criteria do you currently use for eligibility into the dislocated worker program in terms of history in the industry? BRALY: At this point there is no criteria for history in the industry. It's simply whether an individual meets the dislocated worker criteria listed in state law. At this point that is not an issue.

TAPE 69, SIDE B

032 TALBOTT: > Explains where in the bill discussion ends concerning the individual worker and discussion

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of the industry begins. The language is very broad. > The intent of the bill is that a person has a general work history for so many weeks, not necessarily in a specific industry.

076 SENATOR HILL: Suggests inserting "generally" on Line 1, page 2, after "employed". 082 MOTION: CHAIR KERANS moves the adoption of supplemental amendments.

VOTE: Hearing no objection, the amendments are adopted.

087 SENATOR SHOEMAKER: Who decides whether there has been structural unemployment? Have we set up any kind of a system to do that? CHAIR KERANS: Yes, they know how to do that and it is being done now.

096 TEGGER: Our Research and Statistics Section works with that definition now, in conjunction with the JTPA people, and they believe that it is not that difficult a thing to figure out. SENATOR SHOEMAKER: Is it similar to a situation in which the President declares a disaster, only on a smaller scale?

105 BRALY: There are now dislocated occupational listings which are developed by the local and state level economists dealing with our local people to determine what kinds of occupations have been experiencing levels of dislocation. The structural unemployment definition would flow fairly easily from the ground work that has been done there. Their concern is that they will need clean, clear definitions and updated lists so that they will not have to be running back and forth to an economist every time someone came in. The ease with which they are able to do that depends on the extent to which they work well together as they draw out the process initially.

SENATOR SHOEMAKER: You say it is a significant decline in an industry establishment or occupation - what do you mean by establishment?

TEGGER: Work site.

132 SENATOR SHOEMAKER: You don't refer to that word anywhere else.

CHAIR KERANS: Do we need to repeat that elsewhere, or have we said it in the definition? > Decides to include "establishment" to make the bill language consistent. 152MOTION: CHAIR KERANS moves the adoption of the word "establishment" at the end of line 31, page 1. VOTE: Hearing no objection, the motion carries. SENATOR SHOEMAKER: Were you intending to exclude causes or other causes for the decline of an industry, such as foreign competition, which doesn't meet the language of the bill - such as the steel industry, which isn't exactly technological progress, it's just that we haven't been keeping up. Are those sorts of things to be included also?

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> So you do mean "technological progress" and "decline in natural resources", but not anything else. TEGGER: > Foreign competition would kick in the provisions of the federal Trade Readjustment Act. There are a slew of benefits then which come to unemployed workers that are impacted because of those kinds of dislocations. > To the extent that you mentioned other kinds of dislocations, they crafted a definition which they felt worked for the situation in Oregon at the present time, but they are open to suggestions for how the Committee wants to craft its definition. . 201 CHAIR KERANS: Explains the means by which Committee Counsel arrived at the definition of "structural unemployment" used in the bill. 282 SENATOR HILL: Since we're defining structural unemployment on page 1, and on page 2 we were adopting the JTPA definitions, which include the term "structural unemployment", are we changing the effect of the JTPA definition? BRALY: I would have to do

some homework to answer that question. TALBOTT: That is the one change in the A,B,C, and D on the second page. The only change we've made in terms of the definition is to add the reference "due to structural unemployment", and that was because we were making it specific to the qualifications and the definition that we provided in the bill, whether or not that has any substantive effect on how they apply that in the past. CHAIR KERANS: Unlikely. BRALY: It could serve to exclude individuals who are eligible for JTPA services in general, who because of that language might not be eligible for extended benefits. But I would have to do some homework to understand just how much. CHAIR KERANS: I would appreciate a memo to that effect so that we would have that in the file. I don't think we need to wait for it. 316 MOTION: CHAIR KERANS moves that we adopt 657.345 as amended with the deletion of Subsection (D). TALBOTT: This language is fallback language from the CETA program. This is the one that stood out as limiting the period of instruction for these kinds of training to 180 days or no longer than 90 additional days, so 270 days all together. A program of instruction under supplemental benefits could be for a longer period of time. CHAIR KERANS: This is the controlling statute is it not? TALBOTT: That is correct. It is my understanding that this will not be a problem in their current administration of their other vocational programs, either.

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TEGGER: That is correct, it will not affect the administration if our other programs.

TALBOTT: Do we want to delete Subsection (C) also? TEGGER: Currently, no, I don't want to delete C unless we are going to adopt the other changes that occurred in the other draft.

TALBOTT: No. TEGGER: It needs to be there because that ideneifies individuals who are not JTPA people that could qualify for UI.

371 MOTION: CHAIR KERANS repeats his motion to adopt the amendments to 657 .345, Sub (1), deletion of Subparagraph (D). VOTE: Hearing no objection, the motion carries. (Senators Brockman and Kintigh were excused.) 381 SENATOR HILL: I want to make sure that by striking (D), persons who don't qualify under the terms of SB 1191 for the supplemental benefits, but do qualify for the Federal JTPA training dollars still have access to an extended benefit opportunity in order to complete their training. I think by striking (D), you're eliminating the possibility that those people will be able to complete their training. They're excluded from 1191 because they don't qualify, but they are qualified under the Federal law for Federal benefits through JTPA. TALBOTT: Yes, but you're just taking off a maximum number of days they could get training, you're not doing anything else. CHAIR KERANS: All we're doing is taking off the 180 days maximum for training. SENATOR HILL: We're removing the requirement that the assistant director shall approve an extension, not to exceed 90 days. Now does the assistant director continue to have the power to approve an extension short of this language? Where else is the assistant director authorized to approve an extension? 400 TALBOTT: They have the power to approve a written training plan, so now there won't be any time limit on that. They will have the discretion to approve. It gives them more flexibility, actually. SENATOR HILL: All right, then I'm not concerned.

SENATOR SHOEMAKER: Does 657.345 provide for training programs that really apply in different situations than the bill addresses? TALBOTT: ~ To a small number, about 5% of people who aren't in the JTPA program currently have some kind of training that might apply. ~ This bill says that those people could have a longer training period. They won't get

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supplemental benefits, they'll get whatever benefits they qualified for before.

TAPE 70, SIDE A

007 CHAIR KERANS: It's about 95% congruity, isn't that correct?

TEGGER: About 95% of the people will be JTPA clients. A small group, generally people who are underemployed and want skill upgrading, who might qualify individually under our Voc/UI statutes, but they will not be eligible for supplemental benefits. 049 SENATOR HILL: What if it is a management decision to close down, then people would not be eligible? TEGGER: You're correct, Senator. Those are the kinds of people who would not be covered under this definition of structural unemployment.

TALBOTT: I think the assumption was that they would have transferrable skills to other like industries. 078 TEGGER: Those individuals would, however, be eligible for the regular vocational UI benefits. So if their job goes to Illinois, and there isn't anything else in their local labor market for which they are fitted by their training and experience, then that's the small group of individuals over here who can qualify individually for regular vocational UI benefits. So they can get training and unemployment benefits, they just won't get the extended benefits. 091 MOTION: SENATOR HILL moves SB 1191 as amended to the floor with a "do pass" recommendation. VOTE: Hearing no objection, the motion carries. (Senators Brockman and Kintigh are excused.)

TAPE 170, SIDE A SB 535 - HOLIDAY PAY NOT CONSIDERED EARNINGS FOR PURPOSES OF UNEMPLOYMENT COMPENSATION BENEFITS - WORK SESSION

118 CHAIR KERANS, at the request of the members of the committee, moves to the work session on SB 556.

TAPE 70, SIDE A SB 556 - ALLOWS INDIVIDUALS PERMANENTLY REPLACED IN THEIR EMPLOYMENT DUE TO LABOR DISPUTES TO BE ELIGIBLE FOR UNEMPLOYMENT BENEFITS -WORK SESSION

118 TALBOTT: > Outlines the amendments to SB 556.

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CHAIR KERANS: Moves further discussion of SB 556 to the Wednesday evening session of April 24, 1991 at 6:00 p.m.

154 The meeting is adjourned at 5:23 p.m.

Submitted by: Reviewed by:

Roberta White Annette Talbott Assistant Committee Counsel

EXHIBIT LOG:

A - "-1" amendments to SB 1191- Staff- 1 page B - "-2" amendments
to SB 1191- Staff - 1 page C - Oregon Revised Statutes 657.345 -
Staff - 1 page D - Fiscal Analysis of SB 1191 - Pamela Mattson,
Employment Division - 9 pages

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