

Senate T&E Committee  
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SENATE LEGISLATIVE COMMITTEE  
ON TRADE AND ECONOMIC DEVELOPMENT

January 28, 1991Hearing Room 343  
3:00 P.M.State Capitol  
Salem, OR

Tapes 11-12  
First Source Hiring Agreements  
Job Training Providers

MEMBERS PRESENT: SEN. WAYNE FAWBUSH, CHAIR  
SEN. JEANNETTE HAMBY  
SEN. JIM HILL  
SEN. PEG JOLIN  
SEN. EUGENE TIMMS

MEMBERS EXCUSED:SEN. BILL BRADBURY

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

JILL COPELAND, COMMITTEE ASSISTANT

WITNESSES:DAVID LOHMAN, SENIOR DEPUTY DIRECTOR, ECONOMIC  
DEVELOPMENT DEPARTMENT  
CHESTA E. BAUER, TECHNICAL SERVICES ANALYST, JOB  
TRAINING PARTNERSHIP ACT ADMINISTRATION,  
ECONOMIC DEVELOPMENT DEPARTMENT  
BOB BAUGH, ADMINISTRATOR, PARTNERSHIP DIVISION,  
ECONOMIC DEVELOPMENT DEPARTMENT  
MIKE HOLLAND, COMMISSIONER, OFFICE OF COMMUNITY  
COLLEGES

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 11, SIDE A

000 CHAIR FAWBUSH: Convenes the meeting at 3:10 p.m.

SB 167 (First Source Hiring Agreements) - Public Hearing

009 TAMI MILLER: Presents Staff Measure Summary on SB 167 (EXHIBIT A).

030 DAVID LOHMAN: Presents letter with attachments as EXHIBIT B.

073 SEN. TIMMS: Why are the restrictions limited to just the two -  
lottery-funded programs and enterprize  
zones?

075 LOHMAN: That is how the legislation was written. The Legislature thought that firms getting some special benefit from the state should hire those who have gone through our job training programs.

086 SEN. TIMMS: There are no requirements for other projects that you have to hire from job training programs regarding federal funds? If you had a private employment group, your obligation would be to hire from a state job training program?

091 LOHMAN: The first source agreement states that company that gets lottery money or the benefits of being in an Enterprise Zone, must come to a public job training provider (federal or state) when they are ready to start hiring, and ask if they have any referrals from people who have completed their job training program. If they do, that company agrees to look at those to see if anyone meets their needs. It is not a requirement to hire from that list; but a requirement to look at the list and fairly consider those on it.

112 LOHMAN: We would like to propose changes to the first source hiring legislation and those are contained in SB 167.

116 MILLER: How do you decide who should enter into a first source hiring agreement and how many firms have entered into those kind of agreements?

124 BAUER: We have defined business firms in our Administrative Rule governing this process (from EXHIBIT B). There are four programs subject to the first source agreement: Strategic Reserve, Special Public Works Fund, Regional Strategies, and Oregon Business Development Fund. Any grant or loan over \$50,000 that is not only marketing services is subject to the agreement. The Director of EDD can waive this requirement.

156 BAUER: Begins description of changes being requested in SB 167 from EXHIBIT B (pages 5 and 6 of letter). In addition to the difficulty of a consistent definition of "low income", we have also found that the agreement is serving persons who have a barrier to employment who may not necessarily meet low income definitions.

182 SEN. HILL: There are people with barriers who are not low income?

187 BAUER: They may be low income, but that is very difficult to determine because everybody's definition is different.

204 SEN. HILL: What is the profile of those you are trying to serve?

205 CHAIR FAWBUSH: If they are not low income, who are they?

207 BAUER: We do not collect anything other than the data shown on pages 3 and 4 of EXHIBIT B (race, sex, age, and low income or not by HUD income guidelines). This data does not show the types of

barriers we are serving.

225 BAUER: A definition of barriers to employment would include: lack of work history, offender, low basic skills, older workers, youth, displaced workers, etc.

234 SEN. HILL: When you do away with the concept of low-income it concerns me that people not as needy would take advantage of the program. If these other criteria lead you to others who are needy, that would be acceptable, but doing away with the low income requirement is disturbing to me.

258 BAUER: We felt that the people who come to these agencies are people who have barriers to employment. They are not people who know how to apply for a job, have up-to-date job skills, education backgrounds that allow for these jobs.

270 SEN. HILL: Would you say that all of these are poor people?

272 BAUER: I would say that all of these people are low income or have experienced barrier(s) to employment.

273 LOHMAN: For instance, in the case of displaced workers, they may not qualify as poor, but they need job training and qualify for the Job Training Partnership Program. All we are trying to do is allow us to get out of the business of trying to find a common definition of low income, which is impossible; let us rely on the fact that you have required us to go to publicly-funded job training programs that have requirements themselves.

288 SEN. HILL: The job training agencies have requirements?

289 BAUER: Yes.

305 CHAIR FAWBUSH: Therefore, we would accept whatever standards the training firms use.

330 SEN. JOLIN: Is having the terminology "low income" in statute limiting your ability to place people?

333 BAUER: No. The problem is the legislation requires employers hire and retain low income individuals, but we do not know if they are low income or not. We cannot say that at this time. We cannot live up to the letter of the law.

352 SEN. JOLIN: Because it is in statute that the person has to be low income in hiring, it could be a problem potentially?

356 BAUER: Yes. It could be a problem if somebody pressed us on this.

366 LOHMAN: The primary problem is that the companies and us are being asked to do something that it is not possible to verify. We believe that most of them are low income, but we do not know this. We are caught in a position where we say we comply when we do not know whether or not we do. We want to make this as clear as possible.

382 SEN TIMMS: I am trying to figure out how this is administered. If we can't do it right, maybe we shouldn't do it. What about the prison in Ontario?

397 LOHMAN: The way the legislation is written it only applies to private firms, not public firms.

402 SEN TIMMS: We are setting a limitation on who they can hire.

412 CHAIR FAWBUSH: It is not a limitation, it is only that they have to agree to look at the list. It is a "First Source" agreement, not "Hiring".

424 SEN. TIMMS: How do you administer a program like this?

425 CHAIR FAWBUSH: EDD's obligation is to ask the firms.

430 SEN. TIMMS: How do we verify this?

438 LOHMAN: We get the data by talking with the businesses. It is something of a problem in terms of having staff to monitor this. But, the firms seem to be complying as far as we can tell. We ask them to report. We do not send someone into the field to check on every firm.

448 CHAIR FAWBUSH: Has this helped make employers aware that there are people out there, trained, who may be good workers?

454 LOHMAN: I believe that it has; that the businesses are glad to receive another source of employees - recently trained.

461 BAUER: I have heard this has been a helpful resource for training providers and contact with new companies coming into their area. It has also been helpful in many other ways.

TAPE 12, SIDE A

030 SEN. HAMBY: I also interpret the language to mean that the Ontario prison construction would be included.

038 SEN. HAMBY: Your testimony would indicate a 20 percent success rate. The agencies that are referring people to you have placement personnel on staff. Their job would include being aware of new businesses coming to their area and the employment placement of newly trained individuals. I am concerned about the duplication of this service by EDD through this agreement.

056 LOHMAN: Regarding your first concern (about Ontario prison), the Administrative Rules exclude businesses that contract with a public agency.

065 CHAIR FAWBUSH: I don't understand. This legislation was written with the Oregon Convention Center in mind - which public agencies were building. If that is the case, what good is this legislation? All of the money we spent is spent through agencies to private contractors.

070 LOHMAN: The Convention Center was not the reason for this legislation - it had its own separate legislation. This legislation was to address a broader concern - that when we put public money into a training program, the beneficiaries of that training get a good chance at jobs created by public money.

079 MILLER: This was also an effort to assure that all those who play the lottery receive a benefit from it. The assumption was that low income individuals contribute a significant amount to the lottery and this was an effort to assure their benefitting.

084 SEN. TIMMS: A lot of private agencies in rural areas do the job training. I am not sure I want the public training agencies preferred in all cases. This is a process that is tough to administer. I cannot see how much good it is doing.

097 CHAIR FAWBUSH: Please provide us with an example how this works.

182 BAUER: For the SPWF, the loan document contains language that the businesses benefitting from the infrastructure improvements enter into a first source agreement. The public agency then contacts the company and the contact agencies are listed. The program manager also notifies the contact agency. The business and contact agency then enter into the first source agreement. That is usually in conjunction with the contact person for the loan at the public, local level.

139 CHAIR FAWBUSH: It is not the Department contacting the employer - it is the training provider.

142 BAUER: Continues with example. Data collection process is outlined in rules that the contact agency collects and that the employer is required to provide the contact agency.

154 CHAIR FAWBUSH: That resolves the issue of duplication. It is unique to the lottery funds.

165 SEN. HAMBY: Isn't it the job of the job placement staff at the training agencies to already be aware of what is available in the community? The JTPA contact person in my district certainly already knows that - that is their role.

172 CHAIR FAWBUSH: The net result is that those folks will be contacted.

177 :SEN HAMBY: My question is, wasn't that being done already? How much further ahead are we? If this were a line item in the EDD budget, what would that cost be? We have to make sure there is no duplication. Is this already being done and we are just burdening the department without much cost effectiveness?

193 LOHMAN: We have not received additional staff or funding to do this, therefore it is very cost effective.

200 CHAIR FAWBUSH: Is it worth the effort you are putting into it?

202 SEN. HAMBY: Are we displacing the job responsibilities of other agencies in the field?

204 LOHMAN: This bill got us to do a better job of organizing those people in the field; therefore, they are doing a better job of talking to each other as a result of this and the JOBS program.

213 SEN. HAMBY: This is the year that we may not have the funds to encourage people to talk with each other.

216 CHAIR FAWBUSH: This is not necessarily adding a lot of workload to the department; you are adding some workload to the providers. It needs to be considered from the point that these people should be out there making these contacts. That has some merit.

237 ACTING CHAIR HILL: Under data for lottery funded programs, only one black person has been hired (out of 73) and there are no Hispanic hires. This is with low income in there. This is of concern to me.

271 BAUER: We do have a category for Hispanics but none were hired. I can't tell you why the hiring was so low in categories other than white.

289 ACTING CHAIR HILL: That was one of the things we were trying to do. Hispanics and blacks are disadvantaged. This didn't work, as far as I'm concerned. I would like something to help.

301 BAUER: We currently only have three or four companies reporting hiring under lottery funded programs (from Douglas, Umatilla, Lane, and Polk Counties).

314 LOHMAN: It is too early to decide that this is not working for blacks and Hispanics. There are not many companies that have started hiring. I can't guarantee the results will get better when more hiring is done, but we hope they will be and agree with you that it was one of the intents of this legislation.

333 SEN. HAMBY: (Referring to EXHIBIT B) How can you say that this cost you nothing?

347 LOHMAN: We took it out of existing resources. It is not a costless program.

357 SEN. TIMMS: I have a problem with this - because I agree that this is probably already being done and because in this process we put the public sector above the private sector. I'm going to need to be sold a lot better than I have been. Last session EDD was not excited about this program, were you?

376 LOHMAN: We did express concern about making it a hiring requirement and this Committee made it a referral requirement in response to our concern.

448 SEN. JOLIN: In general terms, Douglas County has a very small black and Hispanic community. That has to have an impact on those who would be in a training program which

would explain the data. As projects continue in more metropolitan areas, this data should show a greater number of minority hires.

419 ACTING CHAIR HILL: As far as the black population is concerned, that would be true. There are not enough results yet to evaluate the effectiveness. Regarding Community Colleges, are we distinguishing these applicants from the regular Community College student?

441 BAUER: Community Colleges can refer whomever they choose. They may be a regular student or someone who is there under a job training program.

445 ACTING CHAIR HILL: With all of the other training programs, you know the type of people being served. When it comes to Community Colleges, that may not be the case. That is a very different situation. There needs to be some distinction drawn there. Do you do anything to do that?

024 LOHMAN: We do not. Last session that came up and the Committee explicitly added Community Colleges.

TAPE 11, SIDE B

030 LOHMAN: The conclusion that the Committee reached was that the fact that they are at a community college, which is partially funded by public funds, is why they decided to include all community college students.

035 ACTING CHAIR HILL: It did not matter when the definition included low income. If you remove the low income definition it matters. I hope we can address this.

041 MILLER: Could you explain why you are requesting a provision that allows the Director of EDD to defer the reporting requirements?

052 BAUER: There are some jobs that are not appropriate for referral of candidates from publicly-funded job training providers. The contact agencies did not want to refer people to temporary, seasonal, or part-time jobs that did not lead to self-sufficiency. The way the legislation was written, all jobs must be included under the first source agreement. We would like the Director to have the latitude to waive the requirement if it is not practical or reasonable.

066 SEN. JOLIN: Those provisions seems to destroy the intent of the law.

069 BAUER: The jobs waived are jobs that are not receiving referrals now. We don't have highly technically trained or managerial persons in our job training programs now.

080 SEN. JOLIN: Reads page 6 of EXHIBIT B.

084 LOHMAN: We would like to have the flexibility to make the decision so the company does not have to go through the paper process. We want to change the language so it says

"not all job openings have to go through this system".

105 LOHMAN: Continues description of changes requested in SB 167. Request to drop the word "hiring". This is a referral not hiring requirement.

118 SEN. JOLIN: I don't think we should act on this measure today because it obviously needs more work.

120 ACTING CHAIR HILL: Staff have identified the issues from the Committee's discussion that will be worked on at the next hearing.

SB 170 (Job Training Providers) - Public Hearing

132 MILLER: Presents Staff Measure Summary on SB 170 (EXHIBIT C).

144 BOB BAUGH: Begins testimony on SB 170. This is an issue that we have discussed for a while. There have been instances, with potentially more happening, where Community Colleges being the exclusive provider of services may not be the best way to go. SB 170 is an attempt to address this problem while keeping the original intent of the program. The Commissioner of Community Colleges and EDD have worked on the language for SB 170 together and the Commissioner now has additional amendments.

163 MIKE HOLLAND: Presents written testimony on SB 170 (EXHIBIT D) which includes proposed amendment.

193 SEN. HAMBY: I would like to hear what key areas have been identified that we are lacking trained employees for and what skills cannot be picked up at the community colleges.

202 BAUGH: We have that information and will make a full presentation during hearings on Workforce 2000. Presents some examples of situations where training was not available through Community Colleges.

233 SEN. HAMBY: You are aware of the legislative audit on job training programs. Are we further encouraging the development of local training that is in direct competition with Community Colleges or are we adding another layer to what we currently have that will replicate these efforts?

245 BAUGH: No. This is continuing operation of the program and a way to address a problem we have identified and a process to do that. It is not to set up another training system or anything new. We have difficulty sometimes reaching the best provider.

256 HOLLAND: In working with EDD in this program and others, the department has been a model of cooperation. They value the training services offered by the Community Colleges, but some targeted issues and programs do need more flexibility.



272 SEN. HAMBY: I do support this. I am concerned about the review that some of my districts are undergoing because of Measure 5 and the suggestions to reduce the school day from six periods to five, the 40 percent increase in Higher Ed tuition with a cap, etc. Some of those students will be looking to Community Colleges. I am seeing Community Colleges reducing two year education services and moving toward training and retraining of the workforce.

298 HOLLAND: This is an issue that all of us face. Community Colleges are growing rapidly, some because of demographics, some because of higher education tuition increases, and this growth is occurring during a time when local governments cannot offer more support and the state budget is also tight. We have questions about the mission and role of Community Colleges in Oregon. It would be easy for Lane, Chemeketa, and Linn-Benton to become junior colleges. If those colleges are to preserve a vocational program of any significance, they have to make those decisions. Does it make sense in terms of policy? On the other hand, what are the consequences of preserving vocational programs? The result will be denial of some students who would be enrolled in lower division general education courses. We cannot prevent students from having less access to higher education by simply being better managers. That is going happen. We have to do our best to reduce the effect as much as we can. But we are going to see students who will not have the chance to participate in secondary education because of revenue problems.

347 SEN. HAMBY: Is there a way to create apprenticeship programs for students in the 11th or 12th grades?

363 BAUGH: There is a lot of education reform happening to help address those concerns. There are things that we can do to educate students earlier. These are choices we need to make - providing opportunities for the non-four year college bound.

398 SEN. HAMBY: I do not believe in removing humanities programs for youth. I would like a global workforce. I wonder about additional apprenticeship being added to the school day, possibly using lottery dollars. Utilizing our own facilities, going to a three-hour cluser in apprenticeship.

399 BAUGH: Apprenticeship is tied to the workplace. It is embroiled with the reform taking place. I am very concerned about the students in this state that do not have the opportunities available to them.

442 HOLLAND: The central problem is not in capacity issues as it is in institutional expectations. We have a fairly good model for those students who are going to college. That model works. But for those students that are not going on to college (70%), we do not have a system in place for them. There is no model and those students are vulnerable. We need to know what it is we want to accomplish. What

is the system? That is what the report America's Choice is all about - to create a set of expectations for those 70 percent of students not going to college.

TAPE 12, SIDE B

024 SEN. TIMMS: I want to know what was developed for training programs for the prison construction in Ontario and what impact the Community College had on that. Where were the people hired?

047 SEN. HILL: Would your amendment to SB 170 give you veto power? What do you want to accomplish by having them confer with you?

049 HOLLAND: No. There is a danger that if it becomes mildly inconvenient to contract with the Community College that they could go to another training provider. By requiring discussion, it serves as a way of assuring that EDD has fully considered their decision to contract with another job training provider. I don't want to hold them hostage to my approval, but it is not unreasonable to have a conversation about that contracting out process.

059 SEN. HILL: What do you mean with the language "services that are not directly available"?

066 BAUGH: That relates to specific example of something we want to do but could not contract with the persons who have the expertise to do that.

077 SEN. HAMBY: You do not have the capability for contracting with higher education? Will there be an evaluation of the effectiveness of these training programs?

081 BAUGH: No, we cannot currently contract with higher education. We are conducting ongoing evaluations of the effectiveness of our job training programs that will be presented to you during our workforce presentations.

SB 170 (Job Training Providers) - Work Session

093 CHAIR FAWBUSH: Summarizes bill and requested Community College amendment. The most basic question is that the present statute says that EDD is constrained to contract with Community Colleges when they can provide the training. Should we open that up?

108 SEN. HILL: Is the program working otherwise? You raised the issue. Apparently it is working except for a few instances.

114 CHAIR FAWBUSH: Do you have trouble providing the full range of services if that provision is changed? Is that all you need?

117 BAUGH: That is all we need. There have been a couple of problems that this would address. The Community Colleges have been good partners with us in this.

120 CHAIR FAWBUSH: You are satisfied with their amendment?

121 BAUGH: Yes.

122 MOTION: CHAIR FAWBUSH moves adoption of the Community College offered amendment (included in EXHIBIT D) to SB 170.

VOTE: There being no objection, amendment is adopted.

123 SEN. JOLIN: The protection for Community Colleges is still there.

127 MOTION: CHAIR FAWBUSH moves SB 170, as amended above, to the floor with a Do Pass recommendation.

VOTE: Passed 5-0. Voting AYE: Senators Fawbush, Hamby, J. Hill, Jolin, and Timms.

133 CHAIR FAWBUSH: We will work through the list of questions that the Committee had on SB 167 at one of our next meetings.

141 CHAIR FAWBUSH: Adjourns the meeting at 4:45 p.m.

Submitted by,

Jeri Chase  
Office Manager

EXHIBIT SUMMARY

EXHIBIT A -Staff Measure Summary on SB 167, presented by Tami Miller, 1 page

EXHIBIT B -Letter (w/attachments) regarding implementation of SB 167, presented by Dave Lohman, 25 pages

EXHIBIT C - Staff Measure Summary on SB 170, presented by Tami Miller, 1 page

EXHIBIT D - Written testimony on SB 170, presented by Mike Holland, 1 page