

Senate T&E Committee
May 29, 1991
Page
HB 2069A - PH & WKS
HB 2601A - WKS
HB 2339 - PH & WKS
HB 3133A - PH
HB 3474A - PH

SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

May 29, 1991Hearing Room 343
3:00 P.M.State Capitol
Salem, OR

Tapes 130 - 133

Dogs and Ponies Lottery Games
Sports Action Lottery
Oregon Marketplace
Workforce Quality Council
Vocational Technical Education

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

MEMBERS EXCUSED:

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

WITNESSES:JIM DAVEY, DIRECTOR, OREGON STATE LOTTERY
 ROLLIE WISB ROCK, DIRECTOR, OREGON MARKETPLACE
 DAVE LOHMAN, SENIOR DEPUTY DIRECTOR, ECONOMIC

DEVELOPMENT DEPARTMENT

TOM LYNCH, RESEARCH AND STATISTICS, EMPLOYMENT
 DIVISION
QUINT RAHB ERGER, DIRECTOR OF APPRENTICESHIP DIVISION,
 BUREAU OF LABOR AND INDUSTRIES
MARILYN KEYSER, GOVERNOR'S OFFICE
REP. STAN BUNN, HOUSE DISTRICT 29
BOB BAUGH, WORKFORCE DEVELOPMENT PROGRAMS MANAGER,
 ECONOMIC DEVELOPMENT DEPARTMENT
DARYL WARD, VOCATIONAL EDUCATION DIVISION, DEPARTMENT
 OF EDUCATION

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 130, SIDE A

000 CHAIR FAWBUSH convenes the meeting at 3:19 p.m.

HB 2069A (Dogs and Ponies Lottery Games) - Public Hearing and Work Session

004 JOE CORTRIGHT: Presents Staff Measure Summary on HB 2069A (EXHIBIT A).

014 JIM DAVEY: We asked for this change because there was interest by the people who sell the tickets/run the games. We see advantages to using these themes. We might have a ticket that ties into a certain race.

034 CORTRIGHT: Presents the "Proposed A-2 amendments to HB 2069A" (EXHIBIT B) that incorporate provisions the require prize redeemers to be checked against a list of those persons with outstanding child support obligations and put a 30-day hold on such prizes.

046 DAVEY: Submits Lottery Proposed Amendments (EXHIBIT C) that increases prize amounts a retailer can pay out (up to \$5,000).

061 MOTION: SEN. JOLIN MOVES the adoption of the amendments proposed by the Lottery (EXHIBIT C).

065 SEN. FAWBUSH: Is the \$5,000 an arbitrary number - is there a problem with that amount of cash out by a retailer?

069 DAVEY: We chose \$5000 because anything over that amount has to be reported to the federal government and we have to withhold 20 percent. There are a lot of prizes over \$600 which a lot of people either have to mail in - with understandable reluctance - or drive to Salem to claim. As far as security, we are confident that is being protected through the process we currently use.

101 VOTE: There being no objection, the above proposed amendment (EXHIBIT C) is adopted.

080 CHAIR FAWBUSH: Does the lottery have any problem with the child support provisions in the proposed A-2 Amendments?

092 DAVEY: No.

102 MOTION: CHAIR FAWBUSH MOVES the proposed A-2 amendments to HB 2069A (EXHIBIT B) be adopted.

103 VOTE: There being no objection, the above amendments are adopted.

104 MOTION: SEN. JOLIN MOVES HB 2069A, as amended above, to the Senate Floor with a Do Pass recommendation.

106 VOTE: Passes, 4-0. Voting AYE: SENATORS DUFF, JOLIN, TIMMS, and FAWBUSH.
EXCUSED: SENATORS HAMBY AND J. HILL.

HB 2601 (Sports Action Lottery) - Work Session

114 TAMI MILLER: Overviews previous testimony on HB 2601A.

132 MOTION: CHAIR FAWBUSH MOVES HB 2601A to the Senate Floor; requesting approval from the Senate President to rescind the referral to the Committee on Ways and Means.

139 VOTE: Passes, 4-0. Voting AYE: SENATORS DUFF, JOLIN, TIMMS, and FAWBUSH.

EXCUSED: SENATORS HAMBY and J. HILL. CARRIER: SEN. TIMMS.

142 CHAIR FAWBUSH: I reserve the right to vote "NAY" on this bill and argue against it on the Floor of the Senate; I am merely voting "AYE" to enable this bill to move out of Committee.

HB 2339A (Oregon Marketplace) - Public Hearing and Work Session

150 CORTRIGHT: Presents Staff Measure Summary on HB 2339A (EXHIBIT D).

172 ROLLIE WISB ROCK: Presents letter of support for Oregon Marketplace (EXHIBIT E) and a folder of information (EXHIBIT F). This past biennium Marketplace brought the State \$70 million in direct new business - not including the multiplier effect. We have moved Marketplace into the global arena - attracting attention to small businesses throughout Oregon. We have been successful in tracking the business we create.

202 CHAIR FAWBUSH: How successful are you in collecting the five percent that people are required to pay?

208 WISB ROCK: Not very well, we have not had the staff to go after them. Prior to the shortfall we did a billing, but after the shortfall we didn't have the staff to do that. We have contracted with Chemeketa to provide some of that service.

222 CHAIR FAWBUSH: It seems odd to me that you would cut the billing system first when you need the money because the state is not going to support this program forever. This is a good program but it needs to prove itself. I want to see it make some money.

251 WISB ROCK: We will respond to your direction. Chemeketa will do the billing for us now through their business department. We will provide them with the information and they will follow through and track, mail, extract a small fee for that, etc. What we charge depends on the business sector. We will pursue default of payments and decide whether to take it to court or not.

294 CHAIR FAWBUSH: What is the volume of contracts that you have made?

310 WISB ROCK: Approximately \$70 million. One of the matches was for \$51 million; that is for a government contract. We have never charged a fee to government agencies.

322 CHAIR FAWBUSH: So this is a contract between a private supplier in Oregon and the federal

government and you are not charging the private supplier because they are dealing with a government?

324 WISB ROCK: That has been our policy.

326 CHAIR FAWBUSH: But the private contractor is going to make a lot of money from this contact. What difference does it make to him if it is a government or private entity?

330 WISB ROCK: Our concern was about criticisms as a program being funded with government funds and then charging a fee to a government agency.

339 CHAIR FAWBUSH: I don't understand. You are facilitating a contract for a private party and the profits will occur to the private sector.

342 WISB ROCK: We could charge that fee.

344 CHAIR FAWBUSH: Outside of that \$51 million, how many fees have you collected on the remaining approximately \$20 million. What is uncollected?

347 WISB ROCK: We have collected under \$50,000. Potentially approximately 2.5 percent of \$20+ million could be collected.

387 CHAIR FAWBUSH: We will want to see a clear balance and debt sheet from you next time. I want to know how rigorous you have been in collecting these fees.

404 SEN. DUFF: Does GCAP charge a fee? Could you do the same thing?

406 WISB ROCK: They do not charge a match fee; they charge a minimal fee to use their services. We could do that but it would return us less money. We have received the message that returning fees is important to this Committee.

421 CHAIR FAWBUSH: The House has said this should be a free-standing contractual arrangement with the Economic Development Department. We need to aim toward that free-standing status or else integrated into EDD. If you want to be "free-standing", there is more impetus to fulfill that commitment of achieving as much self-support as possible.

477 WISB ROCK: That message is clear and we will respond.

479 SEN. TIMMS: I agree; Marketplace needs to be either totally independent or else integrated.

TAPE 131, SIDE A

028 WISB ROCK: The fees will be taken care of. We will have a mechanism and be able to respond and move ahead in that area.

030 WISB ROCK: Continues testimony in support of HB 2339A.

059 CHAIR FAWBUSH: How have you been working with EDD?

062 WISB ROCK: EDD has formed a group called the Small Business Consortium

and we meet every other month to coordinate what we are all working on and identifying common problems. We also meet at least weekly with EDD.

083 CHAIR FAWBUSH: How do you split your budget between the Central Office and regions and what services that the central office provides to the regions?

087 WISB ROCK: The Central Office supplies two major services to the regions: 1) Coordination through the Executive Director; 2) a computer database of information on small businesses throughout the state. There is no support staff at all in the office. The recommended budget would provide us with a half-time clerical support personnel to assist us. Regions will also get primary clerical support for their mailings and that is all the clerical support we will have. Our Central Office staff has been cut over 50 percent since four years ago.

115 CHAIR FAWBUSH: What is involved in the Hanford procurement and secondary wood products items?

117 WISB ROCK: The State of Oregon has a biennial general services budget of \$350 million; the Hanford project has a general service annual budget of \$420 million. The State is currently getting one-half of one percent of the Hanford general service business. There are businesses throughout Oregon that can take advantage of the Hanford opportunities. We think this is a resource that economic development entities can tap into. I have reviewed this project and asked them why Oregon is not getting contracts for the services they need - basic services and supplies that we can provide. The response from Hanford and the businesses attempting to get these contracts is that the State does not have a person on-site to attract that business. That is what that enhancement is about. We believe we can tap millions of dollars of opportunities that are going elsewhere. Washington is getting the lion's share of this business - over \$100 million of that business - because they have a staff person who is charged with attracting those contracts. We think we can do the same - particularly for businesses in Portland and Eastern Oregon. This is the biggest opportunity that is close to us for real capital infusion into this state.

148 CHAIR FAWBUSH: Where would the staff person have to be located?

149 WISB ROCK: For it to work, we need someone in the tri-cities area - on the Hanford site that works with the federal Department of Energy, Westinghouse (they control most of the general service contracts), Kaiser Engineering, etc., on a daily basis to identify and screen contracts that are up. We also think we need someone within the state to capitalize on those opportunities - to develop businesses and coordinate the distribution of that material.

165 CHAIR FAWBUSH: Is that a better investment than to the Southern Oregon coast? How much have

you returned to there? If it is that good of a deal, why have you not changed your own budget to incorporate it or why hasn't EDD done something to tap it.

172 WISB ROCK: In order to change our budget, I would have to cut something else we are doing and I believe that what we are doing is very successful and I would not want to cut any of it. This is an additional item. For Southern Oregon and the southeastern coast, the secondary wood products and value-added project is the component for economic development that would affect them most directly. The Eastern Oregon area can use the Hanford contracts to develop and industry in that region. There is no reason why we cannot be successful, other than that we have not gone after it. The businesses who have tried have just not been able to succeed because they are located here.

192 SEN. HAMBY: I agree with that. However, for people in my district who have responded to RFP's in this project, the response seems to be one of a "good old boy" network. My question is why you need two people. I would hope you would hire an Oregonian to alert the appropriate resources in Oregon. Why do you need someone in the tri-cities area and in Oregon?

210 WISB ROCK: The second person would not just distribute the information. We see that person in Oregon using the opportunity up there as a business development tool. To attract new business and enhance existing business. Someone needs to work with these businesses and identify what they need and work with them in order to capture that.

230 SEN. HAMBY: Don't we already have the associations and links to do that already?

234 WISB ROCK: I am not sure we have the network focused on that one particular industry.

239 CHAIR FAWBUSH: This is a good opportunity. Will this fall through the cracks?

244 WISB ROCK: There is that possibility. We have discussed this with EDD and they are also interested in it, but neither of us has had the budget to follow through.

298 DAVID LOHMAN: EDD's relationship with the Marketplace has been much better in the last two years than it ever has been. We are working very closely together. I think there is even more potential for the Marketplace program than has been tapped in the past. For instance, procurement is an area that we, as a state, have not provided much assistance to our small businesses in; the Hanford discussion has been a good example of this, and there are many others (albeit smaller). Because of the good working relationship, I think we can make this work outside of the department, although it would make more sense to us to put it in the department. The House Committee chose to keep the Marketplace separate. "I think it can work either way. My view - maybe because I've become a bureaucrat or

something - is that I think we can coordinate it better within the department, but it is a close call, frankly. We are coordinating pretty well right now."

336 SEN. TIMMS: What expertise does Mr. WisB rock bring to the department in acquiring business?
Procurement . . . what else? What does the Oregon Marketplace bring that we don't have?

344 LOHMAN: They bring brokers in field that are well-acquainted with individual businesses throughout the state.

355 SEN. TIMMS: What is the difference between these brokers and the Regional Business Development Officers?

357 LOHMAN: The function of the brokers is more narrow. They are looking for contract opportunities. The RBDO's are working with local economic development organizations to get them ready for an expansion or recruitment. They do not tend to work on an individual business-business basis as they do work with local economic development groups.

385 SEN. TIMMS: Then it makes sense to me to not interface the Marketplace with government if it can be done independently - the very nature of the Marketplace is independency and free-lancing.

391 LOHMAN: I think you could make it work through state government, if it is supposed to be part of that function. It has not traditionally been part of our function.

396 SEN. TIMMS: Will Marketplace employees be covered under PERS?

399 WISB ROCK: We are not covered under the state benefit program. Part of the difference between us and the RBDO's is that we are singularly deal-oriented, we do not build businesses.

415 SEN. TIMMS: I agree with the Chair that if you deal-oriented, and you are successful, you should also be successful in collecting commissions. Therefore, I think this should be reviewed in that light in two years.

424 CHAIR FAWBUSH: I also have a problem leaving them free-standing with EDD undertaking a major networking initiatives. At the same time, Marketplace may be out there, on their own, doing somewhat the same thing. I believe that the Marketplace has expertise it can provide, but I am not sure that being independent makes that much sense. I am open to suggestions on whether or not we should follow what the House Committee did or to put you both back together again. That could solve my fee concerns. How do you envision this working?

462 LOHMAN: I think we will work with Marketplace on the network broker training. I am not exactly sure how this responsibility for networks will come together. I think we will end up contracting this out to someone who is more experienced in this area. We may contract with

Marketplace to do certain activities that fit with their expertise in networking. If they were part of EDD, we wouldn't have to contract with them, we would just make it part of their responsibilities. That may be smoother, but we can make it work either way.

488 CHAIR FAWBUSH: Are the opportunities at Hanford something we are missing that we should look at giving you the capability of doing or is it lower priority?

494 LOHMAN: It is an important opportunity that we need to address.

TAPE 130, SIDE B

030 CHAIR FAWBUSH: Then I would like the two of you to figure out some way to address it by the time this bill arrives in the Committee in Ways and Means - either within EDD or Marketplace - and bring a proposal to us that we can review in Ways and Means.

038 LOHMAN: We have been working with Senator Hatfield to see if we can get him to pressure either the Department of Energy or Westinghouse to put up some of the money for a broker-type employee up there. It is my understanding that is how the funding for the staff that Washington has there was obtained. There may be other resources to access.

047 CHAIR FAWBUSH: OK. The bill is currently structured so that Marketplace and EDD will continue their current relationship. The issue of division and state coverage has not yet been addressed. I am assuming that with the enhanced funding requested, Marketplace will again be state-wide?

048 WISB ROCK: Yes.

049 SEN. HAMBY: You are going to try to work to be self-sufficient.

055 WISB ROCK: I don't think we can be self-sustaining by next session. We will charge the fees and get more dollars in revenue. We are afraid that if we try too hard to become self-sufficient that we will become private sector brokers and lose the economic development aspect of our program.

077 CHAIR FAWBUSH: You never will be a private sector consultant. My question is whether or not this Committee want to change the bill to incorporate Marketplace within EDD.

096 SEN. HILL: Historically, the implementation of the Marketplace program was delayed because of fighting EDD. We need to look at the Oregon Marketplace and see if it has achieved the results we wanted; if it is working, it needs to be left alone.

116 CHAIR FAWBUSH: What do you want us to do?

118 WISB ROCK: I am comfortable with the version of HB 2339A as it stands. I think it gives us the greatest opportunities.

125 LOHMAN: I am comfortable either way.

127 CHAIR FAWBUSH MOVES an amendment to require Marketplace to report back to the Committee on their fee collection process and status.

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

134 SEN. HILL: How do you currently report that?

137 WISB ROCK: We would report when asked.

144 CHAIR FAWBUSH MOVES HB 2339A, as amended above, to the Committee on Ways and Means (by prior reference) with a Do Pass recommendation.

146 SEN. HAMBY: I would like to request reporting in outcomes.

148 CHAIR FAWBUSH: That should be incorporated in that amendment. We want outcomes: total contracts, charges to those contracts, and actual charges received, and the process you use to do that.

183 VOTE: Passes, 5-0. Voting AYE: Senators DUFF, HAMBY, J. HILL, TIMMS, and FAWBUSH. EXCUSED: SEN. JOLIN.

HB 3133A (Workforce Quality Council) - Public Hearing and Work Session

185 MILLER: Presents "Proposed -A6 Amendments to HB 3133A" (EXHIBIT G).

222 MOTION: CHAIR FAWBUSH MOVES the adoption of the Proposed -A6 Amendments to HB 313 3A.

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

230 SEN. DUFF: Under Section 9 we had questions about reviewing annual operating plans and budgets; whether or not they had the actual authority to do that.

238 CHAIR FAWBUSH: What is the procedure that we have set up on that?

240 MILLER: This specific authority was given to the council in order to assure that the agencies that administer training, education, and placement programs - for which the council will have oversight responsibility - will report to the council about their operating plans and budgets. Section 9 gives the council explicit authority to: 1) review and approve annual operating plans before any funds are spent - every agency must have approval from the council that states their programs are headed in the same direction as state policy is; 2) review, but not necessarily approve, the budgets of the agencies before they are sent to the Governor's Office for inclusion in that final budget that will be submitted to the Legislature.

257 CHAIR FAWBUSH: That is what we wanted so we can begin to check and review.

262 SEN. DUFF: How is the Workforce Quality Council to report back to the Legislature.

265 MILLER: The Council will report to the Trade Committee, the two Labor Committees, and the two Education Committees.

267 CHAIR FAWBUSH: That is included in Section 12.

268 SEN. DUFF: Do we need to legislate the type of report? Is that covered in Section 9.

276 MILLER: Subsection (4) in Section 9 refers to the Occupational Program Planning System. They are required to report to you directly through HB 3474.

282 SEN. DUFF: I am concerned that the annual report we receive have some quality measures of how the Workforce Council has done, based upon the success of the client.

284 MILLER: That is the intent of having this council report to you. They will bring to you a plan for centralizing, streamlining, and improving the coordination of job training and placement programs statewide and at the local level; they will be reviewing regional plans and bringing a proposal to you; they will also bring to you recommendations for agency organization and reorganization - particularly for the placement of various programs (specifically JTPA). That information should come to you in the form of at least two plans, and an annual report.

300 SEN. DUFF: Is there a time frame that states this will be done by the next biennium?

302 MILLER: By the first of January.

304 SEN. DUFF: I cannot find a timeframe for OPPS. Is there one that states when that will be activated within the various training groups?

307 MILLER: OPPS is an existing system. This gives the council oversight authority for assuring its development continues. It is not yet completed. There is some funding allocated in HB 3474 to do that. EDD has responsibility for implementation and they will be reporting to you, as well as the Employment Division.

317 SEN. DUFF: Do we need a timeframe?

318 MILLER: During House hearings on OPPS, the Employment Division testified that they thought OPPS would be finalized in one or two more biennia.

324 SEN. DUFF: We won't have a report next year that tracks client success.

328 MILLER: You will get an incomplete report because agencies do not collect data in a way that is consistent across the board. I do not expect a complete report for at least two biennia. It is not yet possible.

352 SEN. DUFF: I would like specific direction for this to be completed. I don't see any point in doing this if we cannot measure results. There is nothing in this that will allow us to measure results within

a reasonable period of time. I am not willing to expend these funds unless I can see it doing something useful.

365 MILLER: The House Committee intended Subsection (4) to be accomplished - to have the agencies standardize their data - by the end of the biennium.

371 CHAIR FAWBUSH: Does it clearly state that?

372 MILLER: It does not. It says: "The Council shall direct the state agencies represented by its members to standardize program definitions and training and placement information according to the needs of OPPS". You could add "by the end of this biennium."

382 CHAIR FAWBUSH: Can we achieve standardization within this biennium? Can the agencies comply?

388 TOM LYNCH: "We currently have an agreement with the sixteen Community Colleges to standardize their data by the end of this biennium. We are also working with JTPA organizations, in terms of standardization of their information, and also the information that is collected through the Employment Division, in terms of our own activities. So we should have, I think by the end of this biennium, we already have some preliminary output from other follow-up information we have provided to JTPA to answer many of the questions that this data system will address. So, yes, I think we will make significant progress in terms of the standardization of data and also be able to provide some information in terms of the follow-up of the clients in these various programs."

407 CHAIR FAWBUSH: Do we want to write it in?

407 SEN. DUFF: Yes.

407 SEN. HAMBY: Yes.

408 CHAIR FAWBUSH: So we want to put into the language that agencies will, by the end of the biennium, have complied with the reporting standards or format or?

414 LYNCH: We would be talking about not just format, but also definitions. That poses the biggest problem.

393 MILLER: Subsection (4) could have a date of June 30, 1993 added to it. This subsection is on Page 5, Lines 29-32. The language would be added to end of Line 32.

439 MOTION: CHAIR FAWBUSH MOVES that the above language be added.

VOTE: There being no objections, the above motion is adopted.

446 SEN. HAMBY: There is a lot of nice language about assuring effectiveness, etc. Assure me that you have a handle that these various programs will not be training workers for jobs that already have a lot of applicants.

461 LYNCH: Another part of the mission is to not only provide information

on follow-up of clients, but also on where jobs are going to be. One amendment adopted today talks about the future projection of labor market conditions. That is the other side of the equation that OPFS is involved with. We not only look at the supply side, we look at the demand side too.

475 SEN. HAMBY: Will there be a report on how effectively we have turned our current job training program around?

484 LYNCH: One of the new major issues - most of the organizations already agree on data standardization - is to look at how the information is analyzed in terms of program outcomes. Each of those programs has different standards. We are also working with those organizations to standardize those performance measures and relate those back to the benchmarks. We will be doing that this biennium - with JTPA, Community Colleges, AFS, the Board of Education, etc. - to put that information in the context that will be standardized as to what happens with those clients after they enter the labor market.

TAPE 131, SIDE B

031 SEN. HAMBY: There is no language in here that tells the Council to ensure that the training programs they are overseeing are training for appropriate job openings.

037 MILLER: There was testimony on that issue in the House Committee and LYNCH testified that that information is transmitted to the Community Colleges and others, but they have no way to assure that it is used.

042 SEN. HAMBY: There is no language in this bill to assure that.

044 MILLER: The expectation of the House Committee was that this Council use that information and make that assessment through their review of operating plans, and advising the agencies.

103 SEN. HAMBY: I have a concern about education reform and accessing apprenticeship programs earlier than that 25 year old average and what we can do to access apprenticeships.

110 RAHB ERGER: Opportunity for Oregon apprenticeships is totally dependent on the number of employers involved in apprenticeship training. Our role, at BOLI, is to work with industry to define occupational standards for work and related training and then assist them in recruitment to fill those openings an employer will train for. The system and the amount of people it can accommodate is totally dependent on the number of opportunities created by Oregon employers.

118 SEN. HAMBY: Are there competency exams for all apprenticeships?

120 RAHB ERGER: Some programs do have that provision.

131 SEN. DUFF: What will the report look like that you bring to us?

139 LYNCH: An analysis of wages, the kinds of industries they are working in, and the relationship of the industries to their training programs. There will probably be several reports instead of one - individually tailored for organizations.

179 SEN. TIMMS: Can you track the people anywhere they go? To other states?

181 LYNCH: We ran a four-state pilot project - California, Idaho, and Washington. We found there was a very small percentage in other states.

192 SEN. TIMMS: Do we have adequate funding for this?

195 LYNCH: In terms of cost effectiveness, it is very cost effective.

220 SEN. DUFF: What is the biggest impediment to development of this program?

222 LYNCH: The major impediment has been gaining the cooperation of the programs. That has now been achieved. The second biggest problem was the standardization of data and definitions. We are well on the way to achieving that. The third problem will be putting it all together so it makes sense for you.

235 CHAIR FAWBUSH: The House Committee has put together a good piece of legislation and this has required major effort.

243 MILLER: This bill currently had a subsequent referral to the Ways and Means Committee because of a fiscal impact because the bill directs the Office of Educational Policy and Planning to provide staff support to the Council. This creates a fiscal impact of approximately \$100,000. BOLI has indicated that the bill will have a fiscal impact on them of approximately \$135,000.

253 MARILYNNE KEYSER: The Governor's budget already has a \$100,000 limitation in it that has been approved by the Ways and Means subcommittee. There may not be a need for a subsequent referral to Ways and Means.

266 CHAIR FAWBUSH: I still think it needs to go to the Committee on Ways and Means.

HB 3474 (Vocational Educational Training) - Public Hearing

283 REP. STAN BUNN: I want to overview the perceived need for this legislation and how it fits with HB 313 3 and HB 3565. There is a lot of interest in and need for training workers. This approach of workforce training assumes we need a system approach to it. This changes our infrastructure. It starts with the concept that we begin at the middle school level and continue through all education levels and then in the workforce, and that we will only be successful if all of those areas are addressed. One assumption that exists - in Oregon and in the rest of the United States - is that all high school students are going on to four-year colleges, in fact only 25-30 percent of those

students do. We are leaving the rest of our workforce untrained to meet the work challenges they face. This bill recognizes the need to change that. I want to stress that complete coordination with the Workforce Quality Council (HB 3133) is built into this bill. This bill also is coordinated with HB 3565 (America's Choice). The House Committee specifically required that in this bill's development. There has been some criticism that the workforce legislation passed last session had pieces in the community colleges, high schools, etc., as far as administration of the programs. That is, in fact, one of the strengths of the program because it has recognized both the need for centralization and the need for diversity when legitimate. We allowed the individual entities to do the programs and education efforts, yet had the Economic Development Department coordinate the program. This session, by the middle of the biennium, the Workforce Quality Council would be able to review that. This is a very coordinated vision. This bill starts at the middle school level. It states that if we are going to change the way schools train our students, we have to think about the way counselors counsel these students. Now counselors tell students how to go on to a four-year college or deal with drug and alcohol problems. This bill would invest a substantial amount of funds into changing the way counselors counsel. Training them in counseling for workforce education and the recognition that there are other avenues to success besides a four-year college. That is the first very important piece. There is also money built in for model programs for America's Choice model schools. The 2+2 program is continued at \$2.3 million, with the final basic one-third of 2+2 being completed. One of the side benefits of that program is that community college and high school teachers in vocational education are communicating like never before and high school teachers are now telling their students about vocational ability. This bill continues the skill centers. These have been part of the ability to bring works who have lost jobs in for additional training or retraining. There are skill centers in Grants Pass, McMinnville, east Multnomah County, and in the Coos-Curry area. These skill centers are very much part of the type of alternative education program that has been presented in America's Choice. This bill provides for continuation of the Advanced Technology Center in Wilsonville. The concept of the Advanced Technology Center was that if the Community Colleges are truly going to be at the cutting edge of where a business needs the help, they will have the technology they need and this Advanced Technology Center is a consortium of community colleges that have put this program together. We continue to build targeted and key industry training. Also included is measurement of the success of these programs. There are some other specific programs that I can detail as the Committee requests.

460 REP. BUNN: One of the things I believe the House Committee was careful about was to look at the past program and review if earlier fundings were no longer necessary,

whether the programs in the past were successful, and whether the funds as allocated were actually needed. The conclusion was that this is the minimal amount of funds needed in the areas specified to achieve a totally integrated program from middle school to the workforce. The House Chair expressed a strong desire that the Workforce Quality Council be involved. I am in full agreement that, as an ideal for the future, the Workforce Quality Council should have discretion in determining where any future funds would be distributed. However, we currently have successful ongoing programs that would not receive funds if that was the case this biennium because of the time lag in getting the Workforce Quality Council established and running.

TAPE 132, SIDE A

030 REP. BUNN: However, as soon as the council is established, they will be able to review these programs and make recommendations on their continuation next biennium.

040 SEN. TIMMS: How do you see this working in rural areas?

050 REP. BUNN: A pre-apprenticeship program has passed the House Education Committee that smaller schools have indicated would be of assistance. We have designed this bill to require that at least one-third of many of the competitive programs must be done in rural areas. Also, specific allocations to those areas are made in this bill. High school vocational equipment - which can be competitively granted to any school in the state - is also an important component of the bill. There is also a provision in the bill that provides waivers for matching requirements for smaller schools. We have tried to recognize the special needs of rural areas and address those.

107 SEN. TIMMS: Do we have any estimate of the total amount of money we spend on training in Oregon?

112 REP. BUNN: There are estimates and other presenters should be able to give those. The number of dollars involve on where you start measuring - higher education targeted activities, community colleges, JTPA, etc.

121 SEN. TIMMS: What flexibility do we have with the federal funds?

125 REP. BUNN: There is flexibility and I think the Governor's Office will be involved in that. Particularly into coordinating and combining various Commissions.

155 SEN. DUFF: In my area, Community College enrollment is increasing but the increase is in transfer programs. Those are being cut back, while vocational/job training funds are increasing. That is a concern to me. Also, I am concerned about cut-backs in agriculture research, which is the one area that technical education would be of value in my region. It does not seem like we are supporting the industries in the area - forestry and agriculture - in terms of education/training.

172 REP. BUNN: We need to look at what we are doing here in the context of other bills. This morning the Ways and Means Education Subcommittee allocated almost \$10 million (add-back) to Community Colleges to deal with some of those areas. That will help the balance tremendously. Regarding agriculture issues, we did a 61 percent restoration of cuts that the Governor's budget had made in agriculture. That recognizes that need. Regarding balance in transfer studies vs. job training that is being done in our Community Colleges, it is clear that there will be a tremendous growth need in vocational education. This bill is an attempt to recognize that.

200 CHAIR FAWBUSH: BOB BAUGH and DARRYL WARD are going to review what funds were allocated for programs last session and indicate which of those are scheduled for funding through this legislation. Then, staff will present a more detailed overview of what is contained in HB 3474.

208 BOB BAUGH: Presents folder of information (EXHIBIT H).

256 CHAIR FAWBUSH recesses meeting.

CHAIR FAWBUSH reconvenes meeting.

TAPE IS TURNED ON AFTER RECONVENING

257 BAUGH: Continues presentation of materials included in EXHIBIT H.

258 SEN. HAMBY: (Reviewing Workforce Development Presentation) Can you assure that these funds were not used to backfill General Funds?

264 DARRYL WARD: The RFP that was used required that local funds be identified, how federal Carl Perkins funds would be used to complement these funds, and how matching funds would be secured. Federal vocational education funds could not be used for match. We have very good records on that and there was no backfill in any of the programs.

284 SEN. HAMBY: I notice that in skill centers the breakdown per student is \$200,000 and I have heard that there are plans for a skill center to be located at every Community College.

288 BAUGH: That number is mainly a reflection of the length of time it took to establish the skill centers. They did not get up and running for a period of time - latter Spring 1990. There have been more students go through.

300 SEN. HAMBY: How long will the skill centers be supported by lottery funds?

303 WARD: I think it is unrealistic to expect them to be fully self-supporting, with local and federal funding, in this first biennium. It may not be unreasonable to expect them to come close to that level by the end of this next biennium. It will depend a lot on what happens in response to Measure 5. That

has changed our expectations for self-sufficiency of the skill centers and the advanced technology center. The contributions of communities to these have been tremendous and the RFP does request that communities respond to the question of how their local school district plans will address these centers. Presents EXHIBIT I.

346 SEN. HAMBY: What about the long term commitment of the T and E committees?

355 CHAIR FAWBUSH: At what point do we get to evaluate these or are we just going to fund them?

370 SEN. TIMMS: We also need to look at different regions; the flexibility of programs between areas is important.

380 SEN. HAMBY: My question is how long are we going to support skill centers with lottery funds. Is our goal to have, for instance, 16 skill centers - statewide? If so, we have to agree that is a goal and then decided the appropriateness of funding - lottery or general fund.

390 SEN. TIMMS: I hope that will be a function of the Workforce Quality Council.

398 MILLER: In discussion of the skill centers by the House T&E Committee, REP. KATZ wanted to see the skill centers become the youth training centers. Eventually I would expect that if the Legislature adopts America's Choice, skill centers will eventually become a general funded and part of Education's budget.

420 SEN. DUFF: I have a problem with that - blending two different types of functions.

443 MILLER: There are two types of centers that were created by the Workforce 2000 Act - an advanced technology center and the skill centers. As an example, the NE Portland Skill Center was established to give disadvantaged youth an opportunity to obtain GED's and specific training to lead to employment. The Center is linking these kids to jobs in the area. Alternative learning centers are very similar to this. Places where youth who are not able assimilate into a typical high school can go and receive what they need to achieve their goals. There is discussion about how to use the skill centers in the General Fund budget. That is what REP. KATZ suggested - that these become models representations of these alternative learning centers.

TAPE 133, SIDE A

025 SEN. DUFF: What about small school districts who will have to provide these services in their small schools? How do we deal with them?

033 MILLER: Skill centers and alternative youth centers can take a number of different forms; they don't necessarily require a new building. These services could be provided in a home, a church, a YMCA,

etc. The expectation is that they will be developed with general fund dollars as a part of the new school system as it is being reformed.

043 BAUGH: One of this things this Committee did last session to drive decision-making in a new direction. This is a way to change direction and force people at the local level to make choices about change. The Workforce Quality Council and the School Reform will only continue to compliment this.

078 SEN. HAMBY: Are we paying for 75 staff in business internships?

080 WARD: The number 75 refers to participants in this program, not staff hired.

094 SEN. HAMBY: Under the category of work experiance, did we add word experience coordinators to four different regions?

098 WARD: These were regions that did not have any work experience going on. Permanent staff was not added. There are three essential components to make 2+2 work: basic technology; applied academics; basic work experience. What we began to do was fund proposals that required all of those things to be an integral part of the 2+2 program. This year every 2+2 program will be required to include those three components.

124 SEN. HAMBY: The lack of a strong math and science component is a problem. These skills are required.

133 WARD: You are right. We are really looking for a program that is a true four or five year technical degree program, begins to build that strong science and math base in middle schools and continues through the program in an applied fashion.

165 CHAIR FAWBUSH adjourns the meeting at 6:05 p.m.

Submitted by,

Jeri Chase
Office Manager

EXHIBIT SUMMARY

EXHIBIT A -Staff Measure Summary on HB 2069A, submitted by Joe Cortright, 2 pages

EXHIBIT B - Proposed A2 Amendments to HB 2069A, submitted by Joe Cortright, 2 pages

EXHIBIT C - Proposed Amendment to A-Engrossed House Bill 2069, submitted by Joe Cortright, 2 pages

EXHIBIT D - Staff Measure Summary on HB 2339A, submitted by Joe Cortright, 1 page

EXHIBIT E -Letter of Support, submitted by Rollie WiSB rock, 1 page

EXHIBIT F - Folder of information from Rollie WiSB rock, submitted by Rollie
WiSB rock

EXHIBIT G -Proposed A6 Amendments to A-Engrossed House Bill 3133A,
submitted by Tami Miller, 2
pages

EXHIBIT H -Folder of Information on Workforce 2000, submitted by Bob Baugh,

EXHIBIT I -Workforce 2000 Legislative Report, submitted by Darryl Ward, 24
pages