

Senate T&E Committee
June 07, 1991
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SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

June 07, 1991Hearing Room 343
3:00 P.M.State Capitol
Salem, OR

Tapes 141 - 142
Benchmarks for Human Investment
Timber Response Package
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:REP. BEV STEIN, HOUSE DISTRICT 14
 DUNCAN WYSE, EXECUTIVE DIRECTOR, OREGON
 PROGRESS BOARD
 TOM RUEDY
 LYNN YOUNGBAR, ECONOMIC DEVELOPMENT DEPARTMENT

 REP. STAN BUNN, HOUSE DISTRICT 29
 SEN. JOYCE COHEN, SENATE DISTRICT 13

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 141, SIDE A

014 CHAIR FAWBUSH convenes the meeting at 3:25 p.m.

HB 3310A (Benchmarks for Human Investment) - Public Hearing and Work Session

016 TAMI MILLER: Presents Staff Measure Summary on HB 3310A (EXHIBIT A).

032 CHAIR FAWBUSH: What is the impact of this bill on the overall matrix of the benchmarks?

038 MILLER: The Progress Board has chosen five key and seven lead benchmarks in human investment. HB 3310A would give priority to benchmarks that have a high return on human investment in choosing lead ones from that area and it would require that the Governor's budget in human investment areas reflect those priorities. It does not place human investment benchmarks above other benchmarks, but within human service programs budgeting reflects the human investment benchmark priorities.

049 REP. BEVERLY STEIN: Submits brochure "Pay Now ... or Pay Later" (EXHIBIT B) and "The 1991 Human Investment Legislative Package State Report, May 30, 1991" and newspaper article (EXHIBIT C). This leads to the need to develop a model for determining the return on human investment. The lead benchmarks chosen were chosen with that in mind - leading toward preventative programs. This bill is one of six bills that are involved in human investment. These bills emphasize investment - with accountability for results, strong public-private partnerships, and cutting through government bureaucracy with client-centered service systems. What would be necessary to implement this would be to develop a model for benchmarks to see what the return on investment is. Oregon has been designated as one of three national demonstration states for a human investment strategy by the Corporation for Enterprise Development. They will be working with people around the country to develop this model. We will be able to use our benchmarks process, etc., and just "plug in" to this other activity. The natural reaction in the legislative process is on a two-year timeframe. We need a mechanism that we can use to advocate for a longer timeframe to figure out what makes the best sense of where we should spend our money.

086 DUNCAN WYSE: This bill is consistent with the approach we took when we tried to assign lead benchmarks for people. The Board struggled with choosing the lead human investment benchmarks - those with the highest pay-offs in the long-term - out of the 70 available to choose from. One criteria we looked at was if they were benchmarks that, if rapid progress was shown in the next five years, would there be reduced costs of social service, remedial programs, etc. This bill requests us to continue to do that and be more sophisticated in analysis, and then reflect those priorities in the budgeting process (which the Governor did try to do this biennium).

107 SEN. DUFF: Could we add something about entrepreneurship? Why was that

not included as a
priority?

116 WYSE: That wasn't identified this time; it could be included next time.

133 REP. STEIN: In developing this model we have to decide what the
outcomes are that we want.

166 MOTION: SEN. HILL MOVES HB 3310A to the Senate Floor with a Do Pass
recommendation.

168 VOTE: Passes, 4-0. Voting AYE: SENATORS DUFF, J. HILL, TIMMS, and
FAWBUSH.

EXCUSED: SENATORS HAMBY AND JOLIN

HB 2251A (Timber Response Package) - Public Hearing and Work Session

180 JOE CORTRIGHT: Presents Staff Measure Summary on HB 2251A (EXHIBIT D).

227 CORTRIGHT: Presents HB 2251 Amendments, dated June 7, 1991 (EXHIBIT
E). The trigger for
automatic designation would be changed to 50 percent. Using 20 percent
designated over half the state
as a severely affected community (all but Portland, Salem, and Eugene
areas). The second suggestion
to extend the life of the loans has been recommended by EDD and I believe
this was the intent of the
House Trade Committee. This would allow the baby loan program to make
loans up to five years. The
third change deals with extending eligibility to handicapped workers. The
amendment would provide
that businesses owned by severely disabled persons would not have to be
located in a severely-affected
community.

296 TOM RUEDY: Testifies in support of HB 2251A. Presents Amendments to
Section 9 of HB 2251-A

(EXHIBIT F). (Note: Written testimony also submitted as EXHIBIT K that
was addressed to HB

234 0, the original provisions of which were incorporated into HB 2251A).

Two of my three concerns

would be addressed by adoption of the amendments previously presented by
CORTRIGHT (EXHIBIT

E). The third concern I have would be alleviated by adoption of (4) in
EXHIBIT F.

322 CHAIR FAWBUSH: Is there currently any provision for hardship in this
bill?

328 CORTRIGHT: The provision that is proposed to be amended here is the
hardship provision. The
question is if you would be labeled in default or a hardship case. Payment
liability and interest accrual
remains the same.

348 RUEDY: This amendment may also be moot if the amendments in EXHIBIT E
are adopted. I am
satisfied with those amendments in EXHIBIT E.

367 SEN. DUFF: I have a concern that \$15,000 is too small an amount.

369 RUEDY: It started out at \$5,000, so this is an improvement. A \$15,000 loan could get a person started. There is a provision in this bill for an applicant to apply for an additional \$10,000. I think that would be acceptable.

399 MOTION: SEN. HILL MOVES the adoption of the amendments contained in EXHIBIT E.

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

430 LYNN YOUNGBAR: We agree with the amendments. On page 2, lines 23 and 24, it says that the new funds dedicated to the OBDF for severely affected communities are not spent by December 31, 1992, the unexpended balance would go to SPWF. We would like you to consider rolling that over into the regular OBDF. We do not expect to have a balance remaining.

440 CHAIR FAWBUSH: Then that is a moot request. The committee would not support that amendment.

445 SEN. DUFF: Why are we creating a new Entrepreneurial Development Loan Fund Advisory Committee?

451 CORTRIGHT: Part of the legislative history is to give this authority to EDD with the idea that it will contract through regional and community-based groups for the actual lending functions. The purpose of the group is to have a variety of people familiar with those concerns and Small Business Development Centers since in order to receive a loan a business has to have received advice or had their business plan reviewed by a Small Business Development Center or a similar certified entity. The purpose of this advisory committee is to serve a different function than other similar finance committees. The intent of this advisory committee is not so much to review individual loans as it is to advise the Economic Development Department on the administration of the program that will actually work through these local groups.

TAPE 142, SIDE A

032 CHAIR FAWBUSH: This is a good example of a well-worked piece of legislation from the House Committee that has been very well thought through.

057 MOTION: SEN. HILL MOVES HB 2251A, as amended above, to the Senate Floor with a Do Pass recommendation, with a request that the subsequent referral to the Committee on Ways and Means be rescinded.

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

HB 3474A (Vocational Technical Education) - Public Hearing

076 MILLER: At your last meeting you heard from the Economic Development Department and the Vocational Education Division. At the conclusion of that meeting you had five questions (EXHIBIT G).

090 REPRESENTATIVE STAN BUNN: Submits responses to questions (EXHIBIT H). Regarding the process of development during the interim and during hearings in the House Committee. "The Economic Development Department recommended the funding in the 1991-93 budget. Governor-elect Roberts formed a special workforce development transition team and the team recommended benchmarks and America's Choice to be adopted as funding priorities. Marilynne Keyser was appointed as Chief Policy Advisor for Workforce and Education and the Governor's representatives worked with the T&E Committee to develop legislation. The Department testified before T&E on workforce, met with the Co-Chairs to review program directions, met with REP. CARTER, myself, and SEN. COHEN. Then REP. CARTER, SEN. COHEN, and myself met individually with different agency representatives and we met with the T&E staff to draft legislative provisions. On January 31, the initial working papers were drafted by SEN. COHEN, REP. CARTER, and myself. Then LC 2192, detailing the preliminary allocations, was developed. On February 1 through March 15 a series of meetings were held with myself, the Chair of this Committee, REP. BAUM, Marilynne Keyser, Bob Baugh, and Tami Miller. From February through April ongoing meetings between Marilynne Keyser, from the Governor's Office, REP. CARTER, myself, SEN. COHEN, REP. BAUM, and REP. KATZ, and state agencies parties regarding this bill and working together to try to come to consensus on the bill. From March 21 through 25 the bill was introduced and referred to T&E. REP. CARTER, myself, and SEN. COHEN testified before the committee on April 8. Marilynne Keyser, from the Governor's Office, testified in favor. From March 29 to May 13, there were six public hearings and five work Sessions held in the House T&E Committee on the bill. The House T&E Committee passed the bill out unanimously. The bill went to the floor of the House and was passed unanimously on the floor of the House of Representatives. The narrative shows that there has been extensive work on this bill by a number of people and the House T&E Committee has been heavily involved in work on the bill."

140 REP. BUNN: Presents "Vision - Best Trained Workforce Nationally by Year 200 ; Best Internationally by 2010" EXHIBIT I. The two measuring standards used to determine the goals and the standards for

this legislation were America's Choice and the Oregon Benchmarks. Each portion of the legislation is based on standards from these documents - as listed in EXHIBIT I.

170 REP. BUNN: Regarding OPSS follow-up, there has been a great deal of concern - by Legislative Fiscal Office in their audit of job training programs and by this Committee - about follow-up. The \$400,000 requested should continue the OPSS system and enable that measurement to happen.

196 REP. BUNN: Regarding questions that have risen about merely requesting additional funding for programs that were started last biennium, without any follow-up information about those programs, that is not what we have done. "The 2+2 money, for 2.3 million that is in this bill, completes the last third of the curriculum development between the high schools and the community colleges, and it means that we are done with that program and we don't come back next session and ask for another \$2 million. There was \$2 million in the program the first session. The exciting thing is it means that we have a completed program of the tie-in between high schools and the community colleges and we are expecting the school districts to do the updating and the maintenance of those programs."

206 SEN. HAMBY: Your comment indicates that everything is fine in terms of articulation - across the board - between high schools and community colleges.

212 REP. BUNN: We can always do better in articulation. "In terms of the program being a complete integrated program, by the time we are through the next interim, those course programs will have been written. The nearly 200+ curricula that each one needed to be developed will be complete. They will be re-written. They will be coordinated between the community colleges and the high schools. So it is a very positive, extensive program."

223 CHAIR FAWBUSH: "Once you have that done, and one of your major standards is America's Choice, how is the 2+2 going to look like and fit into what we are trying to develop in America's Choice. You're going to have it done. Will it be obsolete? Are you going to have to re-do it?"

228 REP. BUNN: Absolutely not. America's Choice said that we need to recognize that 60 to 70 percent of the students in high school aren't getting the training they need. What this does is for the first time give them the full component of training between high school and community college. There are standards being maintained and, presumably if it passes, REP. KATZ's America's Choice bill has \$2 million in it that specifically aids this program in maintaining standards and renewal. It says to the high schools: You have standards that you must meet. When you get basic school

support from the State of Oregon, we expect you to maintain and update and improve these programs in the curricula. There is an ongoing curricula improvement in the Department of Education that is phenomenally different in terms of cost than building those programs from the ground up. The modifications come through an interaction between the school systems and the Department of Education in a much less costly way than building the program, which is what we are doing here."

247 SEN. DUFF: How does this fit in with a school that has 200 students in K-12?

250 REP. BUNN: That will somewhat depend on how close they are to a community college. Rural small schools are served effectively in the major areas of the state that do have a community college within a usable area.

268 SEN. DUFF: Which areas of the state are not served by a community college?

270 REP. BUNN: There is an area in the southern section of Oregon, plus Union and Wallowa counties. There are other components that are in partnership with this bill such as apprenticeships for those who are not near a community college to have the opportunity for participation in apprenticeship programs.

289 REP. BUNN: Continues presentation of EXHIBIT I. The Business-Education partnership last biennium did not work successfully and was dropped out. However, there is still recognition that there is a significant need for business-labor-education partnership efforts and part of the funding will work towards bringing business and labor into the process as full participants. Targeted and Key Industry Training are continued.

317 REP. BUNN: Continues presentation of EXHIBIT I (Page 2). There are four skill centers throughout the state that have been extremely successful. They are a central key portion of the America's Choice legislation (as alternative learning centers).

358 REP. BUNN: Continues presentation of EXHIBIT I (Page 2) - on the literacy hot line and self-sufficiency grants. Concludes overview of EXHIBIT I. Every one of these pieces proposed in this bill directly fit with America's Choice and the Oregon Benchmarks.

387 SEN. HAMBY: How will the \$1.6 million be divided among the four skill centers?

394 REP. BUNN: It is anticipated that the current centers in Yamhill, Multnomah, and Coos-Curry Counties, and the Grants Pass region would also continue. The people who work with those skill centers are committed to not continuing to request funding from the State.

These programs take two biennia to become fully operational. At the end of that time, these will be models for other communities to use in replication. There is a final skill center built into this bill for a competitive bid process throughout the state. There is currently no skill center east of the Cascades, but all districts need to have the opportunity to bid.

434 SEN. HAMBY: There is a sense that the \$1.6 million should be on a pure competitive basis with a panel to judge.

422 REP. BUNN: We have looked carefully at whether any of these could survive without funding. It truly takes two biennia. If we withdraw the funds at this point, they will only be something that got half-done and then phased out. I am confident that the budgets of the individual skill centers each would reflect that. Regarding the Advanced Technology Center, one of the concepts is to have a consortium of community colleges to come together and do a first-rate center to prove to business that we are at the leading edge of the technology you need and are available to assist you. The vision was to build on what was there and allow expansion. If the funds were removed, we could not reach that model.

TAPE 141, SIDE B

030 REP. BUNN: If the funds this biennium were removed, we could not build that model that was envisioned. The amount of funds requested was carefully considered.

054 SENATOR JOYCE COHEN: I didn't believe we could ever get one Advanced Technology Center off the ground in two years. What we did is remarkable in terms of the industry participation and equipment donated. The requested funds in this bill is to finish up that project. I believe this is the last funding request for this center. Next session, the question will be whether or not the Workforce Quality Council decides that this is a valuable model to replicate somewhere else in the state with a different industry. This is a continuation of funding. There is also a continuation of funding for the Skill Centers.

090 CHAIR FAWBUSH: How is the \$1.6 million divided to support existing skill centers vs. start-up funding for new ones?

093 REP. BUNN: About \$300,000 - \$400,000 is for the new one.

096 SEN. COHEN: This bill and the funds included within it is an effort to replicate the worthwhile programs from last time. The competitive side of this is still in place. For 2+2, we are talking about new program sites, not backfill of old ones already started; the same with high school equipment.

131 CHAIR FAWBUSH: What level are the skill centers aimed at?

135 REP. BUNN: They have multiple levels. Each center has different standards and different criteria; they are each unique. At some degree, they begin at some remedial level, moving up.

152 MILLER: Some of the skills center target different people than the alternative youth centers. The youth centers target youth. A number of the skill centers serve a number of disadvantaged adults as well. Therefore, they are much broader than the design of America's Choice.

173 CHAIR FAWBUSH: What do you envision for next session?

174 SEN. COHEN: I would hope that by the next session the Workforce Quality Council would be in a position to make recommendations on configuration. I see it as a fund that the Council would manage and make recommendations on these kinds of activities.

189 CHAIR FAWBUSH: I am just trying to figure out what do we do with something that we like and works (like the Skill Centers), but then a higher priority comes along. What do we do with these programs? Does this become their permanent funding source?

187 REP. BUNN: I agree with SEN. COHEN that the Council should be responsible for this next session. I think at some point we need to say that the directives that America's Choice sets have to be driven by the dollars that we are sending to the school districts and community colleges and they will have to change their priorities to reflect those priorities.

210 SEN. DUFF: I hope you don't expect other parts of the state to fit into the plan without start-up funding.

215 SEN. COHEN: I agree. That is why we need the funds.

231 SEN. DUFF: As an example, in my district, a "site" may not be the best way to go.

240 SEN. COHEN: That may be reflected in future requests - a design that we cannot even envision yet. That is why I like this process; it allows for flexibility.

256 SEN. HILL: The needs of the workforce are changing so quickly; what in this process is looking ahead and trying to predict what the workforce will need?

263 SEN. COHEN: The Key Industry Training and Targeted Training sections should be able to work in that. If America's Choice can be implemented, that will also be valuable in this.

292 SEN. HILL: Is there input from businesses/industry in the areas as to

what their needs are?

294 REP. BUNN: Yes. Businesses are becoming much more involved in actually writing and updating the curriculum in high school and community college programs. All of these pieces are designed with a more significant role and involvement from business and industry.

304 SEN. HAMBY: I am concerned about the lack of oversight over a consortium of different entities. What assurance do you have that there is outside oversight?

335 REP. BUNN: EDD has done some evaluative work. You have ideas for more effective evaluation. I am open to a different and more effective evaluation.

355 SEN. COHEN: "I can assure you, Mr. Chair, that Clackamas County Board is very much involved. They have matched a lot of their commitment and a lot of their money in there as well and they are watching it."

363 SEN. HAMBY: I still have a concern with the notion of upgrading teachers, counselors, etc. When we have questioned the Department of Education on this issue, the response has been that it is needed because current finances have been cut. I see this a backfill.

379 REP. BUNN: I wouldn't characterize that as backfill. The pieces that are included for counselor/teacher inservice and training was developed and proposed before we ever knew about Ballot Measure 5. This piece came about during one-on-one group visits in the field when we were told that if this was truly going to be done, the counselors' attitudes had to change. Their attitudes are structured that successful people go to four-year colleges and nothing else.

396 SEN. HILL: We obviously need more of this type of training. Did you address the possibility of tracking people of color into these types of programs and away from others? Was that discussed?

410 REP. BUNN: When I testified in support of HB 3565 (Education Reform), I stated that we needed to keep the flexibility to allow people to move back and forth between tracks. This is not designed to create tracks that lock people in.

433 MILLER: Clearly in southern German the students are tracked into programs via aptitude testing throughout their primary education and they are channeled into training programs that fit those aptitudes. There is a difference between that program and the reform in HB 356 5. There isn't that type of testing. In this country what really tracks students is the fact that college education is expensive. Those who cannot afford it are tracked into other alternatives - which really do not exist. By creating professional technical alternatives that begin at the high school level,

these students would have a meaningful alternative.

486 SEN. HAMBY: Presents amendments (EXHIBIT J).

TAPE 142, SIDE B

028 SEN. HAMBY: Overviews EXHIBIT J.

040 REP. BUNN: The accountability provisions that are included in EXHIBIT J are acceptable to us. One amendment that is included in EXHIBIT J removes \$100,000. If it was accepted, we recommend \$50,000 from America's Choice Program (reducing it to \$650,000); \$25,000 from high school equipment, and \$25,000 from key industry and targeted training.

075 CHAIR FAWBUSH: We appreciate your work on this legislation and we need to feel comfortable that it all fits together. We are finally beginning to try and tie things together. What we have is a number of very interesting ideas that we are building expectations to in the second level of funding. And people have to understand clearly that it is expectations only. That everything is up for grabs as we begin to come to grips with how we are going to train and educate.

086 SEN. COHEN: "Except for the two, except for the Advanced Technology Center, I would urge, that is why everything is going to be competitive and a one-shot thing."

088 REP. BUNN: "Except for the Advanced Technology Center and the Skill Centers."

089 SEN. COHEN: "Yes. Right."

090 SEN. HAMBY: "And this was done by the proponents of (unintelligible)?"

091 REP. BUNN: This was done by us in conjunction with the Department of Education, Economic Development Department, and the Governor's Office."

102 CHAIR FAWBUSH adjourns the meeting at 4:57 p.m.

Submitted by,

Jeri Chase
Office Manager

EXHIBIT SUMMARY

EXHIBIT A - Staff Measure Summary on HB 3310, submitted by Tami Miller, 2 pages

EXHIBIT B -Pamphlet: Pay Now . . . Or Pay Later, submitted by Rep. Bev Stein, 1 page

EXHIBIT C -The 1991 Human Investment Legislative Package Status Report, May 30, 1991, submitted by Rep. Bev Stein, 2 pages

EXHIBIT D - Staff Measure Summary on HB 2251, submitted by Joe Cortright, 2 pages

EXHIBIT E - HB 2251 Amendments dated June 7, 1991, submitted by Joe Cortright, 1 page

EXHIBIT F - A-Engrossed House Bill 2251, Amendments to Section 9, submitted by Joe Cortright, 1 page

EXHIBIT G - HB 3474A Questions and Issues, submitted by Tami Miller, 1 page

EXHIBIT H - Questions to be addressed regarding HB 3474, submitted by Rep. Stan Bunn, 3 pages

EXHIBIT I - HB 3474 - Workforce 2000 Spreadsheet, submitted by Rep. Stan Bunn, 2 pages

EXHIBIT J Draft LC Request for Amendments to HB 3474A, submitted by Tami Miller, 2 pages