



Members:

Tom Chamberlain
Oregon AFL-CIO
Labor

Al Dorgan
*United Steelworkers
Of America*
Labor

Faith Dubin
Serena Software
Public

Sonja Henning
Tonkon Torp LLC
Public

Kathy Nishimoto
Duckwall-Pooley Fruit Co.
Management

Linda Rasmussen
*Communications Workers
of America*
Labor

Tamara Russell
Miller Nash LLP
Management

Patrick Smith
*Lane, Coos, Curry,
Douglas Building Trades*
Labor

Lisa Trussell
*Associated Oregon
Industries*

Management
Vacant

Management
Vacant

Public
Vacant

**Advisory Council Meeting Minutes
December 19, 2006**

Present

Gwyn Harvey (Chair), Diane Boly, Al Dorgan, Faith Dubin,
Kathy Nishimoto, Linda Rasmussen, Tamara Russell,
Patrick Smith and Lisa Trussell

Employment Department Staff

Tom Byerley, Pat Delaval, Tracy Loudon, Rebecca Nance,
and Laurie Warner

Absent

Tom Chamberlain

Meeting Place

Oregon Employment Department, Central Office
875 Union Street NE, Rm 305
Salem, Oregon 97311

Previous Minutes

Minutes from last meeting approved as read

The meeting was called to order at 10am by Chair Gwyn Harvey.

Rebecca Nance introduced Maris Crimmins to the meeting as her new Legislative Assistant.

This was Gwyn's last meeting with the Advisory Council; she expressed her gratitude and appreciation to the members for allowing her to chair the Council for such a long time. Gwyn offered words of encouragement to the members regarding the upcoming Legislative Session and thanked everyone for helping her meet the challenges of the position.

<p style="text-align: center;">Budget Update / Attrition Update Tracy Louden, OED Budget Manager</p>
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Attrition Update - OED Budget Manager Tracy Louden started his presentation by letting the Council know that the attrition process is going very well. Tracy cited the following examples of the unpredictability of the locations of the reductions:

- a. Salem has too many people staff members per the guidelines
- b. Beaverton has positions needing to be filled before the expiration of these positions in six months transfers will be required, which makes some difficult life decisions for employees interested in maintaining their employment with the agency.

Budget Update – Tracy talked about the conflict that arises between the Federal Budget and the State Budget and balancing the two. The Federal Continuing Resolution (CR) is going to be extended to mid-February, which eases some of the pressure, but it is believed that there will probably be cuts. There should be cuts of no more than 5% which has been planned for by OED from the beginning. Tracy indicated that we are fairly confident that the course we have set for 2007-2009 and will accommodate the expected federal reductions. This issue requires a wait-and-see approach, the immediate concern being the State Budget.

Laurie Warner briefly reviewed the Governor's budget and informed the Council that the Governor's full budget is on the web if anyone wishes to read it in its entirety. She highlighted the Governor's "Education Enterprise", upgrading skills of low-wage workers "Skill Up" and talked about the Governor's hopes to invest ten million dollars to this effort. At this point the ten million dollars of the Skill Up fund is to be funded by a corporate minimum tax and will target 3000 Oregonians the general public as directed by the Employment, Economic Development and Community Colleges & Workforce Development Departments.

Laurie also talked about a study of "Cluster Work" as covered in the section for "Continued Economic Growth", she said that Graham Slater will be at our next meeting to give the Committee a clear definition, and input, on what all of this entails. Clusters are organic in nature and can change in shape and size, their structure, and who is in them and who is not, which can effect how the study works. The Governor's budget is now in front of the Legislature this session.

Gwyn paused to recommend that, from this date forward, all members attend all Advisory Council Meetings to stay current on all legislative matters. It is the only way to stay on top of the issues which we are dealing with daily. Also, because we are now in a legislative year, any member may be asked to speak at a legislative hearing on any of our topics covered and this is the only voice the people have on some of these matters.

Drugs & Alcohol Adjudication Policy Update
Tom Byerley, Assistant, UI Division

Tom has been presenting the updated Drug & Alcohol paper that is in your packet to many groups. On October 12, Laurie and Tom met with Mike MacLaren, Director of the Salem Area Chamber of Commerce. Mike seemed quite impressed with the new administrative rules and what we have done on this issue. So far, this carries some weight as Mike is also the Legislative Coordinator for the Oregon Chamber of Commerce. Tom is working closely with the Chambers on this piece of their legislative agenda. He has been invited to speak on drug and alcohol issues in the work place on CCTV January 17th. Chris O'Neal and Mimi Bushman associated with Work Drug Free are pushing for education.

Rebecca and Tom met with Senator Whitsett and his staff on this issue. Tom believes OED can enjoy the Senator's support in the future. On November 8th Tom attended a meeting with the Work Drug Free Legislative Work Group, they are working on a similar legislative agenda. This is a huge concern to employers.

In 2005, roughly 350,000 new UI claims were filed. Of those, 132,000 had some sort of eligibility issue that we had to adjudicate. That is 34% of total claims. Of those 132,000, 73,000 were disqualified and did not receive benefits. Of those only 1/2 of 1 %, or 2,122 claimants were identified as having drug and/or alcohol issues. This is very upsetting to employers who believed they had done everything right in their attempt to dismiss an employee. The total number of drug and alcohol denials was 1,508 or 1/3 of 1% of all claims filed in 2005, 42 of these were overturned at the Employment Appeals Board level. TOC Management Services meeting where he heard Senator Burdick and Janet Wolfgang. OED needs to focus on education of employers as to the ways to handle these situations in a productive and practical manner. There is also the need to do some myth-busting in regard to the dos and don'ts of what can and cannot be done legally. Tom stated that he would be happy to speak anywhere and anytime on these issues.

Laurie discussed that one of the things that upsets employers so much is when they engaged in time-consuming interview panels and an average of eight out of ten applicants cannot pass a drug screening.

A second concern to employers is that when they have terminated an employee because of this cause, it is not unusual to have the employee appeal the judgment initially in favor of the termination and have that decision overturned. The Employment Department's goals are not to go over and testify on every issue, but

we will try and head off any conflict with the federal requirements. OED is focusing on high school and college graduates to help place them in the work place, and employers who need help finding capable workers. Lisa Trussell said that one of the confusing problems in this are inconsistent rulings by the ALJs (Administrative Law Judges) who need some kind of guideline to go by for similar cases presented. As it stands now, an employer can get two different judgments for the same kind of case, Laurie believes OED can be of assistance here.

Rebecca has been working with Doug McKean, Legislative Counsel, proactively as he drafts legislation for the coming session. There is an Oversight Committee for the Office of Administrative Hearings that being reconstituted. This may prove to be a good place to bring up concerns about drug and alcohol inconsistencies.

Independent Contractor Hearings Update

Pat Delaval, Tax Section/ UI Division

Pat Delaval talked about a last minute request impacting the Independent Contractor Rule to help determine who has authority over work sites. This has become a serious issue regarding authority, hours, and safety responsibility. At the November 15th meeting, SAIF submitted a letter that raised some issues we are now addressing. On November 28th a rule came out as to an employer's authority to designate certain types of work which OED is watching very carefully. These are incidental types of work that often leave the employer blind-sided when that person files for UI or a Workers Comp claim. UI Tax is trying to find ways to be specific as to who is or is not an employee so it is clear and easily understandable for all concerned.

Regarding the Wage Threshold (HB 2207), since 1972 a one time or part time worker who was employed for under 18 weeks or up to \$225.00 were not required to claim them as an employee, but the employer was required to cover the taxes incurred. Now, with the hourly wage having increased several times that only allows the employer/employee 28 hours of work. We are now asking for a threshold of \$1,000.00 which will match us to thirty five other states. This will help the public manage wages and the taxes issues better.

Legislative Update and Jobs PLUS Proposal

Laurie Warner, Director and Rebecca Nance, Legislative Coordinator

Legislative Concepts are now actual Legislative Bills. They have not been prioritized yet. House Bill #2207, the Wage Threshold Bill, it was included in the Governor's Streamlining Priorities. You will also find a summary of Governor Kulongoski's Legislative Priorities and the Committee Assignments for both the House and Senate for 2007. These will be positive committees for OED. Our office will be putting binders together for each individual Legislator with their district

information such as; employment density, worker density, and additional information that may help them work better with the Department.

Please let Rebecca know if there are any questions or concerns on any of these issues from this point forward. She will be e-mailing the members any electronic information regarding the Committee's direct interests which will be time-dated so you have access to the most current information. Then Rebecca will print the last updates to be put in the meeting packets for discussion. Please date any of your responses, information or inquires that she might know if you have the most up to date data as well, this should help everyone communicate better.

OED will be tracking the labor market and development programs and policy changes on an on-going basis. Also the Employment Department will be supporting Governor Kulongoski's budget, including Skill Up. OED has met with the Jobs PLUS advocates. We have common goals but differ on how to get there. OED has been made aware that Head Start and Pre-Kindergarten are having discussions on a corporate minimum to pay for them. We are also looking at tax policies overall as well as work force policy.

Adjournment

Laurie presented Gwyn Harvey with a Certificate of Appreciation and flowers for her years of work with the Advisory Council. She also presented flowers to departing member Diane Boly.

Once again, Gwyn thanked all of the Committee Members for their support through stressful times and expressed how much she truly enjoyed her time on the Council.

The meeting adjourned at 11:32am