

Oregon Economic Trends

Available online at <http://oregoneconomicstrends.org/reports>

Legislative Activity in 2011 Will Shape Oregon's Economic Future

by Clay Lord, Writer and Economic Researcher

In 2011, legislative activity in the U.S. Congress and the Oregon Legislative Assembly promises to have a powerful and lasting impact on the economic and employment trends that will shape Oregon's future. In particular, two Oregon-based organizations—The Oregon Workforce Partnership and Oregon Business Plan—have drafted legislative agendas and goals for this year that they feel would help get the state's economy back on track.

The Oregon Workforce Partnership (OWP)

The Oregon Workforce Partnership was founded by the seven Oregon Local Workforce Investment Boards. OWP's 2011 legislative agenda is focused on two critical goals, one state and one federal.¹

- **Federal Goal: Reauthorize and amend the Workforce Investment Act of 1998.**

Although the Workforce Investment Act (WIA) expired in 2003, its programs have continued to receive funding through the federal budget. In addition to reauthorization of the Act, OWP recommends significant amendments to WIA; current WIA programs do not optimally serve changing local employment needs. OWP advocates several updates to WIA, which include expanding training programs for workers who are currently employed, and expanding the planning and operational roles of Local Workforce Investment Boards to decrease duplication of services and adjust allocation of resources based on the specific needs of the local community.

WIA funding has declined 21% over the past decade, while in the last year alone, Worksource Oregon Centers reported an increase of 376% in the number of jobseekers requesting their employment services. This funding is under attack in the current session of Congress, and elimination of WIA funding from the

federal budget would reduce or eliminate many employment programs and services offered through Worksource Oregon Centers.

- **State Goal: Enact Senate Bill 175.**

As introduced on January 10, 2011, SB 175 would create three new programs in the Department of Community Colleges and Workforce Development: the Oregon On-the-Job Training Program, Oregon Employer Workforce Training Program, and Oregon Youth Employment Program. The measure would also establish three corresponding funds in the State Treasury: the Oregon On-the-Job Training Fund, Oregon Employer Workforce Training Fund, and Oregon Youth Employment Fund.²

Oregon Business Plan (OBP)

Oregon Business Plan, a strategic vision for expanding the number of quality jobs in Oregon, was created by the Oregon Business Council. The OBP agenda is less focused and specific than that of the Oregon Workforce Partnership; however, among other business-oriented objectives, OBP has identified the following legislative priorities:³

- Revamp Oregon's tax policies and budgeting system to decrease reliance on the state income tax, enhance service delivery, and maximum value from public dollars.
- Support high-wage job creation through land-use legislation, particularly laws affecting industrial land.
- Move forward on transportation and infrastructure projects.
- Streamline regulation of businesses.
- Introduce new business tax credits, capital gains reductions, and payroll-based tax incentives for companies that offer high-wage jobs.

CONTINUED ON NEXT PAGE



Legislative Activity in 2011 Will Shape Oregon's Economic Future

CONTINUED FROM PREVIOUS PAGE

Federal Legislative Update

The House of Representatives has introduced a series of continuing budget resolutions to extend funding for federal programs and avoid a shutdown of the federal government. Majority House Republicans are in control of this process.

The most recent federal budget measure, which the House passed on February 19, contains steep budget cuts, including funding for the Workforce Investment Act. On March 2, 2011, testifying before the House Financial Services Committee, Federal Reserve Chairman Ben Bernanke estimated that provisions of the February 19 House budget could “translate into [the loss of] a couple of hundred thousand jobs.” On the higher end, Moody’s economist and congressional adviser Mark Zandi predicted that the Republican budget would cost the U.S. economy 700,000 jobs by the end of 2012.⁴

The House budget would eliminate approximately \$3.6 billion in funding for critical WIA programs, such as occupational training services, talent development services, and federal funding for WorkSource Oregon Centers. Floor debate and voting on this continuing budget resolution are still pending in the Senate.

Oregon Legislative Update

The wheels of state lawmaking appear to be turning slowly, at least as far as the legislative agendas of OBP and OWP are concerned. Bills requested by the Senate Interim Committee on Commerce and Workforce Development were pre-session filed, and introduced the week of January 10, 2011. Thus far, not one of the key measures related to workforce development has made it out of committee, and all remain in the chamber of origin. The most recent action on SB 175, the bill on expansion of training programs described above, was a public hearing held on March 22.

While progress on workforce development has been sluggish so far this session, the Senate has taken an important step on the education front. If enacted, **SB 253** would establish statutory momentum for achieving, by 2025, the “40-40-20” educational goals

championed by former Governor Ted Kulongoski (40 percent of Oregonians earning college diplomas; 40 percent earning associate’s degrees or postsecondary credentials; 20 percent earning high school diplomas).

If this goal could be attained, raising Oregonians’ levels of education and training would have many positive effects on the state’s economy long term, not only increasing wages and boosting per capita personal income, but also increasing revenues from state personal income taxes as a result.

SB 253 passed the Senate on February 10, 2011, by a vote of 28-2. The bill has since moved on to the House Committee on Education.

Only time will tell if the Legislature will be able to mount and organize enough support for passage of the many economic-related measures pending before the memberships of both chambers. For more information on legislative activities, or to track the progress of any bills that interest you, check the [Senate Measure History](#) and [House Measure History](#) web pages, which are updated daily. ■

Notes

¹ Oregon Workforce Partnership: Workforce Agenda. See http://oregonwfpartnership.org/?page_id=3.

² Text of Senate Bill 175, posted online at: <http://www.leg.state.or.us/11reg/measpdf/sb0100.dir/sb0175.intro.pdf>.

³ Oregon Business Plan: Current Initiatives. See <http://www.oregonbusinessplan.org/Initiatives.aspx>.

⁴ Felsenthal, Mark, *Bernanke Sees 200,000 Hit to Jobs from Budget Cuts*, Reuters News, March 2, 2011: <http://us.mobile.reuters.com/article/topNews/idUSTRE7200ZW20110303>.