

WV-Oregon

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JOHN MCCLAUGHRY

The Washington Times

WEDNESDAY, JANUARY 20, 1994

Alternative pathway to welfare reform

During his campaign for the presidency, Bill Clinton frequently pledged to "end welfare as we know it," and impose a two-year time limit on the payment of benefits to recipients. It was a bold promise that struck a responsive chord with voters alarmed at what they viewed as a growing number of able-bodied, nonelderly nonworkers supported in indolence by tax dollars.

Now, a year later, President Clinton's 32-member task force on welfare reform is laboring to bring forth a practical plan based on the campaign rhetoric. Its stickiest wicket is finding gainful employment for all the people whom Mr. Clinton intends to push off of the welfare rolls.

The tried-and-failed solution is to require able-bodied welfare to accept "public service jobs" — jobs with local governments, nonprofit associations and the like, funded by the taxpayers who funded the welfare payments. After the long history and had reputation of "make work" public service employment, typified by the public service jobs component of the Comprehensive Employment and Training Act (CETA, whose public service employment component was axed in the early Reagan years), this is not a popular option. Furthermore, it faces intransigent opposition among government employee unions to create new jobs only for welfare recipients.

The alternative is to assign able-bodied welfare recipients to private

sector employment. That approach is exemplified by a voter initiative approved by Oregon voters in 1990, but only now being implemented. (It was also recently passed in Mississippi, and is moving through several other state legislatures.)

The Oregon Full Employment

OFEP gives people the chance to start out in real, albeit initially low paying, jobs.

Plan (OFEP) is a three-year, six-county demonstration project that will combine the funds for Aid for Needy Families with Children (ANFC) and food stamps, and use those funds to hire welfare recipients to work for private firms. (Unemployment insurance benefits were to have been included as well, but were subsequently excluded by the Oregon legislature.)

Under OFEP, the employer will have the benefit of the worker's labor, but the direct wage costs are paid by the state agency administering the pro-

gram. The employer will have some administrative costs and the responsibility to train the worker to do the work. Employers will not be allowed to replace current workers with OFEP workers. Nor can they use such workers during a labor dispute. Workers will continue to get Medicaid and child care benefits if they remain income-eligible.

Some employers can be expected to resist the idea of putting "welfare people" to work in their plants, just as they have been chary of workers eligible for earned income tax credits. But more enlightened employers realize that, as New Republic columnist Mickey Kaus has so trenchantly put it, "only work works," and the alternative to placing welfare recipients in real jobs is a perpetual, costly and morally dispirited welfare class whose existence constitutes not only a serious social problem, but also a major waste of human resources.

OFEP workers would be paid the minimum wage. For this reason, it is derided by critics. But the critics fail to understand the destructive effects of current welfare policies, which pays nonworkers to remain in a state of taxpayer-financed indolence

and dependency, waiting in vain for the day when they are offered a job at a far higher wage.

OFEP gives people the chance to start out in real, albeit initially low paying, jobs. But it does not consign them to a lifetime of work at low wages. Once the workers have mastered work habits, gained some skills, built a track record, and acquired the self-confidence and sense of dignity of paying their own way, their chances of moving up will expand sharply.

Oregon's Democratic governor, Barbara Roberts, vigorously opposed the OFEP initiative in her campaign for the governorship in 1990. But legislative and popular support has led her to set the process in motion to seek the necessary ANFC and food stamp waivers from the Clinton administration. Perhaps she will be able to point out to the Clinton White House that Oregon's Full Employment Program offers a model that it urgently seeks.



John McClaughry, president of Vermont's Ethan Allen Institute, is author of "A Better Path: From Work to Welfare," recently published by the institute.

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TO <i>Bruce Reed</i>	FROM <i>Kevin Concanon</i>	
Co.	Co.	
Dept.	Phone #	
Fax #	Fax #	

Oregon

DEPARTMENT OF
HUMAN RESOURCES

Human Resources Building

OFFICE OF THE
DIRECTOR

WR - Oregon

May 11, 1994

The Honorable Mike Espy, Secretary
U.S. Department of Agriculture
14th Street and Independence Avenue, SW
Washington, D.C. 20250

Dear Secretary Espy:

I was dismayed to find out late last week that the Agriculture Department appears ready to deny the waivers necessary for the implementation of Oregon's JOBS Plus program. It was my clear impression after your meeting with Governor Roberts and Congressmen Wyden and Kopetski that you were very supportive of the program, now to be informed that despite your support and the fact that the states of Missouri, Wisconsin, and Colorado have been granted similar cash out waivers, the Food and Nutrition Service is recommending a denial of the waiver to Oregon.

While I understand that FNS has indicated that it was a mistake to share that information with us, the direction of the Department remains clear and I must protest this action in the strongest of terms. I find the three arguments used to suggest that the waiver be denied to be seriously wanting.

First, I find it difficult to believe the suggestion that the JOBS Plus proposal is somehow out of sync with the President's Welfare Reform plans. We have met with White House Staff including Bruce Reed, Kathy Way, and Bill Dickens, as well as Mary Jo Bane, and have yet to find anything but support for JOBS Plus.

Second, the client advocacy groups who find inequity between the JOBS Plus participant and other minimum wage workers seem to overlook the basic facts, including the child support pass-through, full child care subsidy, the Individual Education Account, and that most work experience programs to date have not increased the spendable income of participants. JOBS Plus increases that income while providing the avenue to an unsubsidized job. While following the JOBS Plus methodology does provide some motivation for the participant to move on to unsubsidized work, the financial position in most cases will be improved and is guaranteed not to be worse than for non-participants. It seems to me that this is the sort of equity that is to be desired rather than disparaged.

Finally, the issue relating to the taxation of Food Stamps has me very concerned. Since you have granted a similar waiver to several other



Barbara Roberts
Governor

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The Honorable Mike Espy
Page 2

states, one that contemplates using a combination of AFDC and Food Stamp benefits (cashed out) as a wage supplement, I am unclear as to why this would be a concern in the Oregon waiver request. In fact, Colleen O'Brien, an Assistant Attorney General for Oregon, has recently spoken with Ron Hill, FNS counsel, about this matter. Apparently when Mr. Hill opined that Oregon's proposal could not stand a legal challenge, he was unaware that the JOBS Plus statute guaranteed that there would be no net loss in benefits to any participant, and that supplemental payments would be made when necessary, in advance, to prevent any such diminution. Upon learning that, he indicated that a waiver of Section 8 would be supportable. Clearly, since no participant will have their benefits reduced, and most will see a substantial immediate increase (not to mention the enhanced possibility of an unsubsidized job placement), I am hard pressed to view this concern as more than a red herring.

The proposed solution offered in this draft communication to Oregon suggests a non cash out design that diverts the individual education account to a wage supplement rather than providing an educational incentive. This solution violates the most basic design of the program, removes incentives for employers or participants or both, and would ultimately boost State costs to the point of making the program unaffordable.

I write to ask that you direct Staff at FNS to find solutions to the issues that seem to concern them but approve the waiver request as submitted rather than attempt to modify JOBS Plus to the point that it cannot succeed. I am relying on the continued support that you expressed to us during your last meeting with the Oregon delegation and appreciate your genuine interest in helping poor people improve their lives nutritionally and economically.

Sincerely,


Kevin W. Concannon
Director

KWC:JN:dg:emj

BARBARA ROBERTS
GOVERNOR



OFFICE OF THE GOVERNOR
STATE CAPITOL
SALEM, OREGON 97310-0370
TELEPHONE: (503) 378-2111

May 9, 1994

The Honorable Mike Espy, Secretary
U. S. Department of Agriculture
14th Street and Independence Avenue, SW
Washington, D.C. 20250

Dear Secretary Espy:

Earlier this year I attended a meeting in your office with Oregon Department of Human Resources Director Kevin Concannon, Congressman Mike Kopetski, and Congressman Ron Wyden concerning a pending Oregon welfare reform waiver request. You were clearly supportive of the request after receiving the briefing in your office.

Oregon's proposal involves combining the dollar value of AFDC payments along with cashing out Food Stamp benefits for JOBS Plus trainees to receive a wage of \$4.75 an hour, an on-the-job site mentor, full child support pass through payments, the Earned Income Tax Credit, and a \$1 per hour educational fund for each hour worked in the training program after the first 30 days. Enrollees would also receive child care, transportation assistance, case management and help with obtaining a GED should they not be high school graduates. The JOBS Plus proposal will be implemented in six Oregon counties side by side with the continued operation of the JOBS program currently operated in the state for approximately 27% of our heads of AFDC families.

I believe we need your direct assistance and direction for a portion of the waivers that pertain to the Food Stamp program. While Oregon and the White House have been receiving indications that FNS would approve our waiver, to the contrary, last week we received a draft of a letter to be issued by Ellen Haas, Assistant Secretary for Food and Consumer Services, which require Oregon to substantially alter its proposal for the JOBS Plus program, so much so that it would make it clearly unworkable here. We are deeply concerned that the requirements being proposed in this draft re-engineer the framework and the values in Oregon's JOBS Plus proposal.

The Honorable Mike Espy
May 9, 1994
Page 2

The Oregon JOBS Plus proposal received extensive review of the last legislative session, received a majority support in the Democratic State Senate as well as the Republican House, and has my ongoing, active support.

As a state we are concerned that the individuals who tried unsuccessfully in our legislative process to block Oregon's JOBS Plus program are asserting some of those claims in the FNS waiver approval process. Therefore we seek your active and direct involvement in reviewing Oregon's JOBS Plus proposal.

We ask you to directly convey to the Food and Nutrition Service once again your support for Oregon's efforts in this regard. We remain deeply committed to improving the circumstances of poor Oregon families, including thousands of families enrolled in the Food Stamp program for nutritional benefits, and believe sincerely that JOBS Plus represents a needed powerful adjunct to supporting families nutritionally and economically in a better life.

We would appreciate the opportunity to have our representatives meet with you directly at your convenience to update you as well as share directly information on any elements still outstanding in our waiver requests.

Sincerely,

Barbara Roberts
Governor

15/
Scanned + Signed
May 10th, 1994
Hand Copy included

WR - OREGON

Oregon

DEPARTMENT OF
HUMAN RESOURCES

Human Resources Building

OFFICE OF THE
DIRECTOR

→ More DJT
→ Combine FS - AFDC
to increase wage

January 5, 1994

Bruce Reed
Deputy Assistant to the President for Domestic Policy
The White House, OEOP
Washington, D.C. 20500

Dear Bruce:

Re: Oregon JOBS Plus Waiver Request

I am certain you are busy these early days of 1994 in light of the President's proposals for health care reform and the welfare reform and self-sufficiency proposals you are finalizing and bringing forth to the President. I appreciated hearing the elements in your proposals from you, Mary Jo, and David back before Christmas at the White House Conference Center. They are an exciting and promising set of policy proposals about which we share your enthusiasm and strong belief that they can make a significant difference for the better in the lives of poor American families.

While I did not get a chance to talk to you about it at your meeting or subsequently at the American Enterprise Institute session, I did share with the AEI participants the overview and rationale for Oregon's JOBS Plus waiver proposal. It builds on many of the concepts in the Family Support Act, and on our experience in moving families from welfare to work in Oregon. It is, we think, a creative application of the concept of work supplementation, utilizing AFDC and limited Food Stamp cash out. The waiver proposals were submitted to HHS and to Food and Nutrition Service in October, and we received both in-person, informal reaction to the request from HHS and FNS in separate meetings in late November.

In December we received the formal written review by HHS of the proposal. Both HHS and USDA were supportive of what we are proposing. HHS officials I think know our history of implementation of various social and health program waivers over the years, and have some direct familiarity with the vigor with which we are implementing the Family Support Act. FNS officials were supportive of the five or six individual waiver requests necessary to implement the JOBS Plus program except for one. FNS officials want Oregon to find a way other than cashing out the Food Stamp benefit for heads of welfare families enrolled in the JOBS Plus program. From our perspective, the program won't work without the necessary monetary benefit that comes from the Food Stamp grant being merged with AFDC amounts. Without being able to convert the Food Stamp benefit, the program is unfeasible.

I write to you today to ask if you could intervene on our behalf with the Department of Agriculture. We have strong support in our congressional



Harvey Roberts
Governor

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Page 2

delegation. We met as well with Kathy Way of the Domestic Policy Council and with William Dickens of the Council of Economic Advisers. I believe it represents a proposal very compatible with the values and strategies inherent and expressed in the Clinton Administration's approach to ending welfare as we know it, and accordingly, I am writing to enlist your aid directly in the hope that this will move an affirmative decision along promptly.

Governor Roberts has appointed a panel of major business representatives who are meeting and raring to go in their assigned role of helping obtain private sector involvement and provision of job sites.

I have enclosed a summary of the proposal as well as a copy of the analysis from HHS that is self-explanatory. The major barrier for us to move into implementation appears to be the single objection of the Department of Agriculture to the limited cash out necessary. Your direct assistance would be greatly appreciated, and I stand ready on behalf of the State and Governor Roberts to do whatever additional we can do from here to allow us to move forward in the implementation of these pilot projects over the next three years.

I would appreciate your advice as to what additional steps we can take from here to move the process along rapidly to a positive outcome.

With best wishes,



Kevin W. Concannon
Director

cc: Governor Barbara Roberts

Mr. Bill Early, Chair
Governor's JOBS Plus Advisory Council

Mr. Stephen Minnich, Administrator
Adult and Family Services Division
Oregon Department of Human Resources



FACSIMILE TRANSMISSION COVER SHEET
Administration for Children and Families
Office of Policy & Evaluation
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Fax (202) 205-3598

Date 12/16/93

To: Jim Neely
Phone _____
Fax (503) 378-3782

From: L:Wa/P for Howard Robinson
Phone: 202 401 5084
Cover + 8 pages

Message: _____

OREGON - JOBS PLUS WAIVER DEMONSTRATION PROPOSAL
INITIAL ISSUES/QUESTIONS

Principal Issues:

- 1) The Food and Nutrition Service (FNS) informs us that they do not anticipate approving waivers to permit cash out demonstrations at this time. They would appreciate it if the State would explore alternatives to its cash out proposals.
- 2) Appendix I of your application justifies the request to "cash-out" Food Stamps as facilitating the transition to a system of Electronic Benefits Transfer (EBT) of the dollar value of Food Stamp entitlement. FNS believes that, if anything, cash-out will impede implementation of EBT, and requests more evidence to support your position.
- 3) Under section 1115(c)(3) of the Social Security Act (the Act), waivers that assist in promoting the objectives of part D of title IV of the Act "must not result in an increased cost to the Federal government..." under the AFDC program. Where we have previously approved direct distribution of child support collections to families, the waiver provisions were not effected by section 1115(c)(3) because the payments resulted in a dollar-for-dollar adjustment to the AFDC grant, essentially making this provision of the demonstration cost neutral on its face. Such direct adjustments cannot be made when an AFDC grant is diverted as a wage subsidy. Consequently, any collections distributed directly to a family instead of being used to reimburse the Federal share of AFDC payments must be counted as "excess costs" for the purpose of determining cost neutrality.

Further, unlike typical cost neutrality requirements, which essentially allow savings in any of the applicable Federal programs to offset excess costs in the other program(s), section 1115(c)(3) specifies that the demonstration be cost neutral to the AFDC program, without regard to overall savings. We would like to explore with you how to meet the requirements of this statutory section.

- 4) Waiver 7 of your application requests a change in the JOBS match rate to allow the State to receive Federal financial participation (FFP) for all JOBS Plus expenditures and avoid having to deal with this section's "cumbersome requirements." Section 403 of the Act cannot be waived. It would, however, be possible, under section 1115(a)(2) of the Act, to provide FFP for employment and training services in excess of the State's JOBS funding

training services in excess of the State's JOBS funding cap at a 50 percent matching rate, to the extent there are savings (as determined under cost neutrality provisions) from the demonstration to compensate for these additional costs.

- 5) The application requests a waiver to permit continued Food Stamp eligibility for JOBS Plus participants when wages and/or net income exceed eligibility standards. FNS requests that the State set a maximum limit above the eligibility standard as a threshold beyond which the participant would be ineligible for Food Stamps.
- 6) The six pilot counties are effectively self-selected for participation based on the percentage of their favorable vote for Measure 7 in the 1990 election. Further, the non-demonstration counties comprise both the control and treatment counties for JWP, as well as the experimental sites for the JOBS evaluation. Therefore, counties outside the demonstration do not appear to provide an unbiased basis of comparison for interpreting the demonstration outcomes. The preferred evaluation approach is random assignment of individual cases in the pilot counties to either an experimental or a control group.
- 7) Washington county is also a site for the JOBS evaluation program. Consequently, it was excluded from the JOBS Waiver Project (JWP) Demonstration. How do you propose conducting two demonstrations at the same site without compromising the integrity of the evaluations of both? The other five pilot counties are also treatment counties for the JWP demonstration. Do you propose dropping them from JWP entirely, or continuing the JWP treatment in conjunction with JOBS plus (possibly assigning experimental cases to JOBS Plus and control cases to JWP), but excluding their use for analysis purposes? The latter option poses the problem of being able to evaluate the proposed policies of JOBS Plus compared to current Federal law. It also would create a difference among JOBS Plus sites in that Washington County is not a JWP site.
- 8) The proposed evaluation examines only the impacts related to AFDC costs and recipients. An evaluation of the impacts related to non-public assistance Food Stamp and Unemployment Insurance (UI) recipients will also be required. However, we are concerned that the number of these cases involved may not be large enough to measure related impacts.

Other Issues:

- 9) What is your objective in including non-AFDC Food Stamp cases in the project? What Food Stamp waivers will you need to implement the demonstration?
- 10) What is your objective in including non-AFDC, non-Food Stamps UI clients in this project? Are you seeking authority and Federal funding to include these individuals in JOBS? We can provide FFP under section 1115(a)(2) of the Act at a 50 percent matching rate, once the JOBS cap is exceeded, to the extent there are savings from the demonstration to cover these additional costs, if it is determined that such a waiver promotes the objectives of the Act. We must also be certain that the counterfactual we use for the purposes of evaluation and cost neutrality accounts for this subpopulation of UI cases.
- 11) Your application states that UI-only participants will only be placed in OJT positions to the extent that they are qualified based on training and/or experience. Given the level of training/experience of these participants, what is the justification for placing them in OJT positions rather than permanent jobs. Wouldn't employers tend to select UI-only candidates, with higher qualifications based on their training and/or experience, from any larger pool of candidates, and in preference to higher priority AFDC clients? Consequently, wouldn't this work against the priority order of selection specified in State law? Finally, from what source will the wages for non-AFDC UI recipients be provided?
- 12) On what basis will case managers select JOBS Plus participants? What are the criteria for determining that a client is not appropriate for JOBS? Are mechanisms in place or projected to assure that selection is made on a uniform, comparable basis across all six pilot counties?
- 13) Your application indicates employers are entitled to recoup one-half of the amount they contributed to the Individual Education Account (IEA) when they hire a JOBS Plus participant as a non-subsidized employee for at least a 30 day period. What would prevent employers from hiring JOBS Plus participants for a single 30 day period just to recoup their one-half contribution to the IEA, which could approximate a month's salary for minimum wage employees? Your program includes a provision that excludes employers who show "...a pattern of terminating participants prior to completion of training or of not offering unsubsidized employment to participants who have successfully completed training" from participating in JOBS Plus. Could that provision be extended to cover the above scenario?

- 14) Both State and Federal statute require the Department of Human Resources (DHS) to insure, among other things, that program participants not be 1) used to displace regular employees or fill unfilled positions previously established or 2) paid a wage substantially less than the wage paid for similar jobs in the local economy (with appropriate adjustments for experience and training). How will DHS assure these requirements are met? Will any penalties, other than exclusion from participation in JOBS Plus, be applied to employers who violate the law?
- 15) Would a family that accumulated assets under the new asset provisions and left the AFDC rolls have to dispose of the assets to become eligible again? Also, would the resource limit revert to the standard \$1,000, if a participant is sanctioned for failure to cooperate with program requirements? Under these circumstances, how would families be notified that their resource limit is reverting to \$1,000, and what amount of time would be provided for "spend down"?
- It is advisable that you notify participants up front about how the new asset provisions apply in regards to the above circumstances. It is also advisable that they be notified that the provisions only apply until the end of the demonstration, so that when the waivers expire they will have had ample opportunity to use their savings for their planned purposes and avoid the risk of losing eligibility because of excess resources.
- 16) Employers are not required to provide medical insurance coverage for JOBS Plus workers, however, only AFDC families are categorically eligible for Medicaid coverage. How will Food Stamp only, and UI clients be covered for medical insurance?

Clarifications/Questions:

- 17) One of your waiver requests is for permission not to recover overpayments from JOBS Plus wages. You note that you may still recover overpayments from other sources, but only cite State income tax refunds as an example. What other sources would be utilized? Would supplemental payments be reduced?
- 18) Section 16(3)(d) of the State statute provides for participation of non-caretaker parents in JOBS Plus, but this is not clearly addressed in the application. Do you intend to include this population in JOBS Plus?
- 19) The application shows a proposed project start of July 1, 1993. When do you actually propose to implement this demonstration?

- 20) The explanation of Waiver 1 states that "One time and periodic income will not be considered" in determining continued eligibility for AFDC. Does "will not be considered" mean such income will be disregarded? Does this refer to all forms of one time and periodic unearned income (e.g. child support payments received, lottery winnings), or would some types of unearned income still be considered? The waiver also indicates that "[m]onthly income...not excluded...cannot exceed 200 percent of the Federal Poverty Level (FPL). What monthly income would not be excluded? For example, if a member of the family unit who was not a JOBS Plus participant received earned income (i.e., wages), would that income be considered?
- 21) Why do you propose to raise the income threshold for continuing eligibility to 200 percent of FPL if all income, earned and unearned, is disregarded for JOBS Plus participants?
- 22) Would the supplemental payment be adjusted based on changes in circumstances, such as, changes in family composition, during the period of JOBS Plus participation?
- 23) Current Federal regulations at 45 CFR 232.20(b)(1), implementing section 454(11) of the Act, require that the family be determined ineligible for assistance once the child support collection amount equals or exceeds the grant amount. Your application is silent on this issue. How do you intend treating an assistance unit on whose behalf support payments are made that exceed the grant amount? If these cases are to retain eligibility, you must request a waiver from section 454(11).
- 24) You indicate that child support arrearages collected would first go to reimburse past assistance with the balance paid to the family. However, parenthetical language suggests this would apply only to assistance paid prior to JOBS Plus placement. Please note that arrearages assignable to the State can be accumulated while a family member is participating in JOBS plus because AFDC benefits are being provided in the form of wages and supplemental payments. Any such arrearages distributed directly to the family would be deemed "excess costs" for the purpose of determining cost neutrality in accordance with section 1115(c)(3) as discussed above. Therefore, do you want to distribute to the family arrearages accumulated subsequent to JOBS Plus participation or only current support and those arrearages not assigned to the State?
- 25) Why do propose to exclude JOBS Plus recipients in determining your JOBS participation rates? JOBS Plus is effectively a Work Supplementation Program (WSP).

Consequently, by considering WSP as a JOBS component activity, including JOBS Plus participants would improve your participation rates.

- 26) The application does not specify any maximum number of placements. Is there a maximum number of JOBS Plus placements a participant may receive? If so, what happens when the participant reaches the maximum?
- 27) JOBS sanctions do not apply to UI-only participants. What penalties would be applied for non-participation on the part of mandatory UI-only recipients?
- 28) The application enumerates those AFDC clients who are exempt from JOBS Plus and includes categories of recipients who do not receive AFDC. Rather than "AFDC" clients, did you mean to say "JOBS Plus" clients? We also have the following questions about the exemptions:
 - a) Are 16 and 17 year olds who are not in school non-exempt? What about 18 and 19 year old custodial parents?
 - b) Please define "skilled worker" as a criterion for JOBS Plus exemption.
 - c) Why are clients without child care or transportation exempted, since JOBS Plus will assure that these services are provided?
- 29) Please describe what "employment-related expenses" are provided as support services.
- 30) Does the "Individual Education Account" (IEA) count toward the \$10,000 resource limitation? Is it disregarded as a trust which is not readily available to the participant because it is controlled by the State Scholarship Commission, or is a separate exemption contemplated for it?
- 31) We have several questions about the disposition of IEA funds:
 - a) Why are participants not eligible for "their" IEA funds until they have worked in an unsubsidized job for 30 days?
 - b) What happens to these funds if the participant never meets this qualification?
 - c) Is there a period (e.g., the duration of the demonstration) within which a participant must use the funds in his/her IEA, or will this provision last in perpetuity?

- d) If entitlement lapses, what happens to the funds?
- 32) Your proposal states that "[t]here will be no requirement for employers to provide medical coverage for JOBS Plus workers during the three-year demonstration." This seems to contradict the State statute which says that "[g]roup health insurance benefits shall be provided by the employer to program participants if, and to the extent that, state or Federal law requires the employer to provide such benefits." The statute also says participants will be considered temporary employees. If the employer offers health insurance to other temporary employees, then JOBS Plus participants are probably entitled to it. Does the State wish to have the employer relieved of this obligation during subsidized employment? How about during unsubsidized employment, if this occurs during the demonstration?
- 33) If JOBS Plus participants are offered health insurance during subsidized employment, and there are choices among employer Group Health Plans (EGHPs), would the participant or the State choose the plan? If the choice is between an employee-only plan and a family plan, must the family plan be chosen?
- 34) If the EGHP chosen is contributory, will the State or the participant be responsible for paying the participant's share of the premium during the period of subsidized employment? Would there be sharing of costs between the State and the participant if the premiums exceed a certain level?
- 35) Under Federal law, if a Medicaid-eligible person is also covered by EGHP, the latter is the primary payer, with Medicaid being the supplementary payer. Is the State seeking a waiver to allow Medicaid to remain the primary payer during the placement period?
- 36) The application states that "[w]hen...the family becomes ineligible for AFDC because of...employment, the family's eligibility for transitional medical and child care benefits will be considered" (Emphasis added). What is meant by "will be considered?" What triggers the Medicaid transition benefit period; is it the beginning of unsubsidized employment, or does the unsubsidized employment trigger a reversion to normal budgeting of earned income, which in turn may render the unit ineligible for AFDC?
- 37) Given the expected lag of impacts from this demonstration, a report at the end of the twelfth month is likely to be fairly uncertain in its estimate of the likelihood of this project achieving cost neutrality by the end of the third year. Will State decision-makers

be inclined to continue the demonstration if neither hard evidence of projected savings nor of excessive costs are available when the report is due?

OREGON - JOBS Plus Program**Description**

- o Provide selected individuals, in six designated counties, with short-term (6 to 9 month) public or private On-the-Job-Training experience paying the State minimum wage. Wages would be subsidized by diverting the AFDC grant and the "cashed-out" Food Stamp allotment.
- o Provide supplemental payments to offset any loss of benefits.
- o Provide other support services.
- o Distribute payments of current child support directly to the family.
- o Employers would provide workplace mentoring, contribute \$1 per hour to "individual education accounts", and allow participants, after 6 months of work, 8 hours of paid time per week to engage in job search.
- o Apply the following alternative criteria in determining continuing eligibility of JOBS Plus participants:
 - 1) Non-excluded income may not exceed 200 percent of the Federal Poverty Level;
 - 2) Disregard, as income, JOBS Plus wages and supplemental payments; and
 - 3) Allow resource limitation of \$10,000.

Status

Application received October 28, 1993

Proposed implementation date: to be determined



A Summary of *JOBS Plus*

(House Bill 2459)

***JOBS Plus* will provide people on public assistance with a pay check, not a welfare check.**

- It sets up a public-private partnership offering on-the-job training positions as part of the current, highly successful *JOBS* program. It will provide meaningful workplace experience and the possibility of moving into unsubsidized work.
- The full *JOBS* program will remain in operation in the six *JOBS Plus* pilot counties (Washington, Clackamas, Lincoln, Malheur, Baker, Gilliam.) People who enter *JOBS Plus* will be able to take advantage of all the current offerings of *JOBS* and in some cases receive better benefits and services.
- *JOBS Plus* repeals Ballot Measure 7, passed by voters in 1990, which would have required welfare, food stamp and unemployment insurance recipients to work at 90 percent of the minimum wage. (The six pilot counties were chosen based on their support of that ballot measure.)

***JOBS Plus* participants will be placed in limited duration on-the-job training positions, for which they will be paid the full state minimum wage.**

- The placements will be "real work in real work situations" with private and public employers. Clients will have a workplace mentor to teach them job skills and work habits.
- No participant will see any loss of benefits in *JOBS Plus*. For most families, *JOBS Plus* will bring an increase in financial benefits, not to mention the improved self-esteem and family environment that often come with having meaningful work.
- Wages for participants will be financed by funds that would have gone into their public assistance benefits. Paychecks will be issued by employers, who will be reimbursed by the state.
- The training placements are limited to six months, with an additional three months possible during which the participants spend 8 hours a week in paid job search. Either a worker or employer can voluntarily end a *JOBS Plus* placement.
- People who volunteer for the program will have the first priority for placements. Non-

working ADC families will be next in line for positions, followed by non-working food stamp clients.

Only a very narrow segment of those on unemployment compensation are eligible for *JOBS Plus* and they are lowest on the priority list. Unemployment Insurance claimants will only participate if the *JOBS Plus* position is one for which the person is qualified, based on training, experience and past earnings.

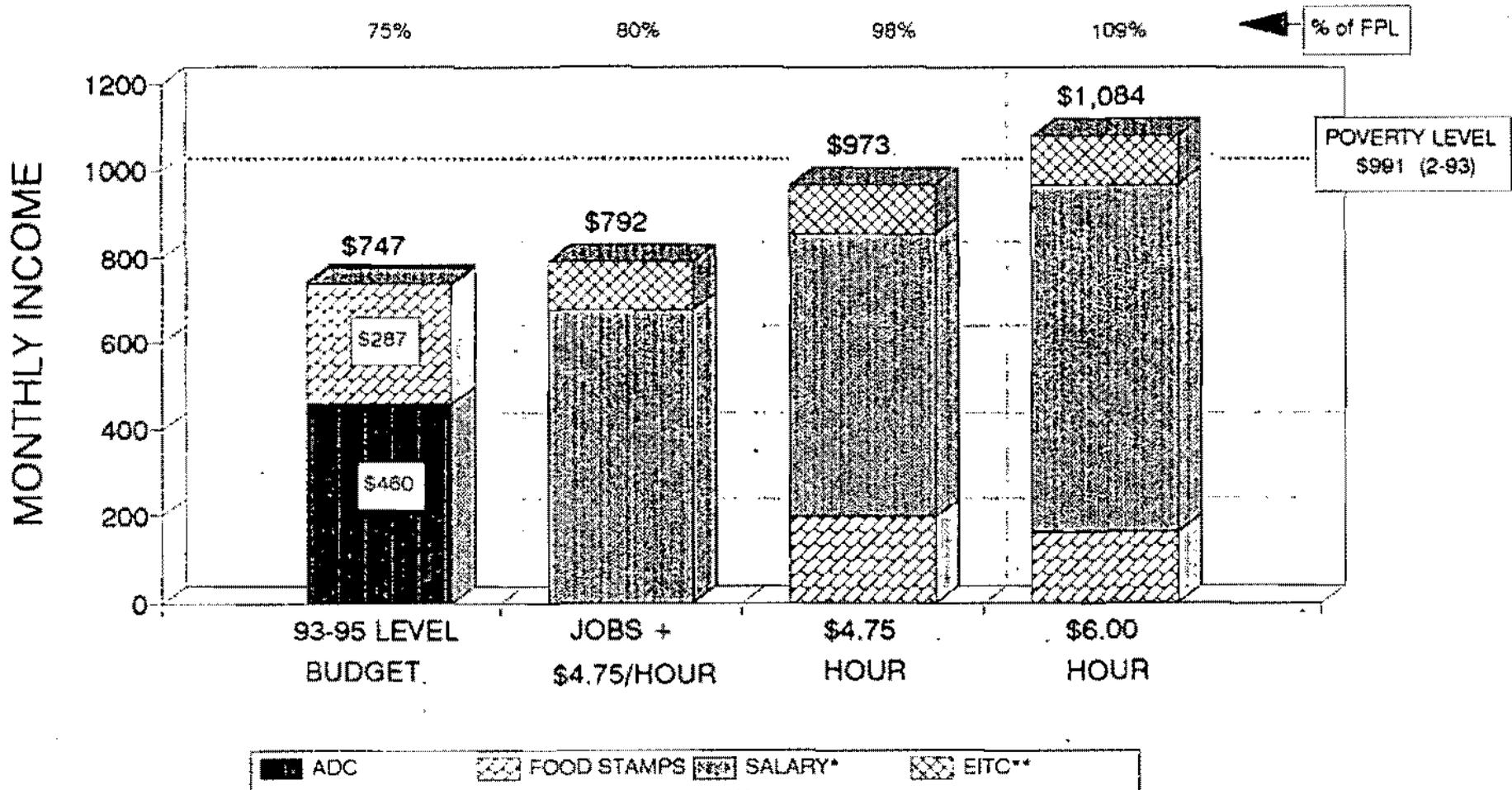
- People who are exempt from *JOBS Plus* include:
 - Teen parents who are in school.
 - People needing substance abuse treatment.
 - Disabled persons or those caring for incapacitated family members.
 - Food stamp recipients who are employed full-time.
 - People for whom transportation or child care aren't available.
 - People whose commute time to the worksite is more than an hour.
 - Most food-stamp-eligible college students.
 - Skilled workers and Unemployment Insurance recipients earning over \$10,000 a year.
- *JOBS Plus* participants face the same penalties for non-compliance as in the regular *JOBS* program. Children in the family will not lose benefits.

Participants in JOBS Plus receive the full range of support services as well as other benefits.

- Support services include employment-related expenses, drug and alcohol treatment, child care, medical and workers' compensation coverage and an individualized case manager.
- Each participant will have an "individual education account" to use to continue their education after they have found unsubsidized employment. The employer contributes \$1 an hour to this account, which has no cap.
- Participants will receive the entire amount of their child support payments, rather than the \$50 most ADC clients are given.
- If needed, participants will take life skills and education classes before a *JOBS Plus* placement, to ensure they are ready to reap the most benefit from the work experience.

Note: Certain provisions of JOBS Plus will require federal waivers before their implementation.

WELFARE / WORK / JOBS PLUS SPENDABLE INCOME FOR 1 ADULT & TWO CHILDREN



*SALARY = GROSS WAGES MINUS TAXES, FICA, CHILD CARE COSTS AND \$75 MISCELLANEOUS EXPENSES

**EITC = EARNED INCOME TAX CREDIT. CHART ASSUMES CHILD CARE COSTS OF \$626 PER MONTH

	95-95 LEVEL	JOBS +	\$4.75	\$6.00	\$8.00	\$10.00	\$12.00	\$14.00
GROSS EARNINGS	\$0.00	\$822.70	\$822.70	\$1,039.20	\$1,385.60	\$1,732.00	\$2,078.40	\$2,424.80
FED TAX	\$0.00	\$0.00	\$0.00	\$0.00	\$15.79	\$25.36	\$80.42	\$140.33
ST. TAX	\$0.00	\$4.53	\$4.53	\$3.20	\$27.47	\$28.72	\$78.42	\$112.67
FICA	\$0.00	\$62.94	\$62.94	\$79.50	\$106.00	\$132.50	\$159.00	\$185.50
WRK COMP	\$0.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
CH. CARE NET	\$0.00	\$0.00	\$16.00	\$71.00	\$188.00	\$378.00	\$592.00	\$626.00
MISC	\$0.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
NET EARNINGS	\$0.00	\$677.23	\$661.23	\$807.50	\$970.34	\$1,089.42	\$1,090.56	\$1,282.30
CHILD SUPT.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EITC	\$0.00	\$115.00	\$115.00	\$114.00	\$47.58	\$4.83	\$0.00	\$0.00
ADC	\$468.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FS	\$287.00	\$0.00	\$197.00	\$162.00	\$0.00	\$0.00	\$0.00	\$0.00
NET INCOME	\$747	\$792	\$973	\$1,084	\$1,018	\$1,094	\$1,091	\$1,282

ASSUMPTIONS:

Family of 3: 1 adult, 2 kids, no child supt, \$375 rent, \$626 child care cost, family does not itemize deductions.
 Family claims only the basic earned income credit. They do not claim the health insurance credit or young child credit.
 Figures based on 1991 tax year. All figures subject to individual differences in expenses, and child care costs.

% of FPL:	75%	80%	98%	109%	103%	110%	110%	129%
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C-Engrossed
House Bill 2459

Ordered by the Senate August 1
Including House Amendments dated June 9 and July 5 and Senate
Amendments dated August 1

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Joint Legislative Committee on Trade and Economic Development)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Creates JOBS Plus Program for three-year pilot project to provide jobs rather than unemployment insurance, food stamps or aid to dependent children benefits to participants in certain counties. Establishes JOBS Plus Advisory Board and JOBS Plus Implementation councils. Prescribes funding and pay rates. Establishes guidelines concerning job placement and termination. Establishes Individual Education Account to receive funds from employer to pay education costs of participant and participant's family.

Directs Department of Human Resources to report to Legislative Assembly 12 months after beginning of program on cost neutrality projections for program.

A BILL FOR AN ACT

1
2 Relating to economic development; creating new provisions; amending ORS 411.855, 411.875, 652.210,
3 653.010 and 656.005; repealing sections 1, 2, 3, 4, 5, 6, 7 and 8, chapter 1, Oregon Laws 1991; and
4 appropriating money.

5 Be It Enacted by the People of the State of Oregon:

6 SECTION 1. Sections 2 and 19 of this Act are added to and made a part of chapter 1,
7 Oregon Laws 1991.

8 SECTION 2. As used in chapter 1, Oregon Laws 1991:

9 (1) "Board" means the JOBS Plus Advisory Board established in section 10 of this 1993
10 Act.

11 (2) "Department" means the Department of Human Resources.

12 (3) "JOBS Plus" or "program" means the JOBS Plus Program established in section 4 of
13 this 1993 Act.

14 SECTION 3. Section 1, chapter 1, Oregon Laws 1991, is repealed and section 4 of this Act
15 is enacted in lieu thereof.

16 SECTION 4. (1) In establishing and implementing a pilot program to be known as the
17 JOBS Plus Program, it is the intent of the Legislative Assembly to promote greater economic
18 self-sufficiency among Oregon families and workers by:

19 (a) Increasing the employability of unemployed and underemployed Oregonians through
20 on-the-job training;

21 (b) Invigorating the public-private work force partnership through development of jobs
22 with both private for-profit and public employers; and

23 (c) Insuring that program participants through their employment development plans
24 have opportunities to improve work skills, education and employability and establish recent

work histories with work site training, mentoring, individual education accounts and provision of necessary support service benefits that include child care, workers' compensation, job placement and a guarantee that participation in the JOBS Plus Program does not result in reductions of net income to participants.

(2) The JOBS Plus Program is created as a three-year pilot program in which residents of six selected counties in the State of Oregon shall, in lieu of receiving coupons under the food stamp program and payments from the aid to dependent children program, be provided jobs and paid in a way that promotes self-sufficiency and encourages unemployed Oregonians to improve their position in the work force. Recipients of unemployment insurance in the pilot counties also shall be offered employment under the program.

SECTION 5. Section 2, chapter 1, Oregon Laws 1991, is repealed and section 6 of this Act is enacted in lieu thereof.

SECTION 6. The Governor and the Department of Human Resources shall work diligently to obtain all exemptions and waivers from and amendments to federal statutes, rules and regulations necessary to implement the program at the earliest possible date.

SECTION 7. Section 3, chapter 1, Oregon Laws 1991, is repealed and section 8 of this Act is enacted in lieu thereof.

SECTION 8. (1) Upon obtaining all such exemptions, waivers and amendments referred to in section 6 of this 1993 Act, the Department of Human Resources, with the advice of the JOBS Plus Advisory Board, shall adopt such changes to current rules as may be required to implement the program.

(2) The department, with the advice of the board, shall amend the state plans for the aid to dependent children program, the job opportunities and basic skills program and the food stamp program to incorporate the programs into the JOBS Plus Program for the pilot counties, and shall obtain federal approval of plan amendments.

(3) The department, with the advice of the board, shall obtain any exemptions and waivers from federal statutes and regulations necessary to qualify the program as a federally approved demonstration project under section 1115 (42 U.S.C. 1315) of the Social Security Act and section 17 (7 U.S.C. 2026) of the Food Stamp Act.

(4) The purpose of this section is to facilitate implementation of the program at the earliest possible date and with maximum federal financial participation. Therefore, the department is directed to expedite the acquisition of federal waiver and amendment approvals, and the adoption of necessary statute amendments in close and continuous coordination with appropriate federal officials, and to prepare and submit completely and in a timely manner all forms and data required by those officials. The department, with the advice of the board, is authorized to make such changes to the program as are necessary to achieve federal waiver approval. Any such changes should be, in the judgment of the Director of the Department of Human Resources, the fewest necessary to achieve federal approval for the program. Such changes must maintain the general purpose and effect of the program described in section 4 of this 1993 Act. If changes to the program required to gain waiver approval would be too extensive to maintain the general purpose and effect of the program, the department, with the advice of the board, shall seek the amendments to federal statutes that are required for implementation of the program.

(5) The counties for the pilot program are Baker, Clackamas, Gilliam, Lincoln, Malheur and Washington.

1 SECTION 9. Section 4, chapter 1, Oregon Laws 1991, is repealed and section 10 of this
2 Act is enacted in lieu thereof.

3 SECTION 10. (1) The JOBS Plus Advisory Board is established to advise the department
4 in the direction and administration of the program. The board shall have seven members,
5 consisting of six representatives of the business community and one employed former recip-
6 icent of the aid to dependent children program, the food stamp program or the unemployment
7 insurance program. Members shall serve three-year terms. The Governor shall appoint the
8 members and the chair. These appointments shall include two from a list of six suggested
9 by the President of the Senate, one from a list of three suggested by the Senate Minority
10 Leader, two from a list of six suggested by the Speaker of the House of Representatives, one
11 from a list of three suggested by the House Minority Leader, and one employed former re-
12 cipient of aid to dependent children who is recommended by the Assistant Director for Adult
13 and Family Services. The Governor may reject any suggested nominee and request additional
14 nominees from any nominating source listed in this section.

15 (2) It is the intent of the Legislative Assembly that the board shall meet monthly with
16 the Assistant Director for Adult and Family Services and the Assistant Director for Em-
17 ployment.

18 (3) The board shall report at least annually to the Governor and the Legislative Assembly
19 on the status and progress of the program. The chairperson of the board shall have the ad-
20 ditional duty to work with and coordinate the local councils created in section 12 of this 1993
21 Act.

22 SECTION 11. Section 5, chapter 1, Oregon Laws 1991, is repealed and section 12 of this
23 Act is enacted in lieu thereof.

24 SECTION 12. A JOBS Plus Implementation Council shall be established in each pilot
25 county listed in section 8 (5) of this 1993 Act to assist the JOBS Plus Advisory Board and the
26 Department of Human Resources in the administration of the JOBS Plus Program and to
27 allow local flexibility in dealing with the particular needs of each pilot county. Each council
28 shall be primarily responsible for recruiting and encouraging participation of employment
29 providers in the county. Each council shall be composed of seven members who shall be ap-
30 pointed by the county commissioners in each pilot county. Council members shall be resi-
31 dents of the pilot county in which they are appointed and shall serve three-year terms. At
32 least two members shall be current or former recipients of the aid to dependent children
33 program, the food stamp program or the unemployment insurance program.

34 SECTION 13. Section 6, chapter 1, Oregon Laws 1991, is repealed and section 14 of this
35 Act is enacted in lieu thereof.

36 SECTION 14. (1)(a) There is created a JOBS Plus Program Special Fund, separate and
37 distinct from the General Fund. All moneys in the fund are continuously appropriated for
38 and shall be used exclusively to meet the necessary expenditures of the program, including
39 program wage reimbursements to participating employers, aid to dependent children cash
40 grants, food stamp allotments, JOBS Program payments and employment-related day care
41 payments to eligible residents of the pilot counties and administrative costs directly associ-
42 ated with the operation of the program. At the end of the three-year pilot program, ex-
43 penditures from the fund shall not exceed accruals to the fund. No less than quarterly, the
44 Department of Human Resources shall meet with the board to review the cost effectiveness
45 of the program and shall take any necessary action to modify or suspend the program to

1 maintain cost neutrality.

2 (b) The Individual Education Account is established in the JOBS Plus Program Special
3 Fund in order to improve the position of JOBS Plus participants in the workforce by in-
4 creasing their access to continuing education. Employer contributions to the account under
5 section 16 (9) of this 1993 Act shall be used to pay for the further education under section
6 16 (9) of this 1993 Act as provided in section 16 (9)(d) of this 1993 Act.

7 (2) All funds appropriated for expenditure by or apportioned to the department for oper-
8 ation of the aid to dependent children program, the job opportunities and basic skills pro-
9 gram, the food stamp program and employment-related day care in the pilot counties shall
10 accrue to the fund.

11 (3) The fund shall be held and administered by the State Treasurer as provided in ORS
12 293.701 to 293.776. All income earned on moneys in the fund shall be credited to and deposited
13 in the fund to the extent permitted by state and federal law.

14 (4)(a) There is hereby created the JOBS Plus Unemployment Wage Fund. Such fund shall
15 consist of moneys collected or received by the Employment Division of the Department of
16 Human Resources pursuant to subsection (5) of this section.

17 (b) The JOBS Plus Unemployment Wage Fund shall be held and administered by the State
18 Treasurer as provided in ORS 657.830.

19 (c) All income earned on moneys in the JOBS Plus Unemployment Wage Fund invested
20 by the State Treasurer shall accrue to the fund. Any balance in the fund shall not lapse at
21 any time. All moneys in the fund are appropriated continuously to the Employment Division
22 of the Department of Human Resources for the payment of wages and wage-related expenses
23 of participants in the JOBS Plus Program who were otherwise eligible to receive unemploy-
24 ment insurance benefits. Such payments shall be made in the form of a reimbursement to
25 the department, which shall be the central disbursement point for all employer-related fi-
26 nancial transactions under the provisions of this 1993 Act.

27 (5)(a) Notwithstanding the tax schedules in Table A of ORS 657.462 and section 3, chapter
28 685, Oregon Laws 1991, for wages paid during calendar year 1994, the tax rate assigned each
29 employer subject to ORS 657.459 and 657.462 shall be determined in accordance with schedule
30 VIII-D, VII-D, VI-D, V-D, IV-D, III-D, II-D or I-D, whichever schedule is determined pursu-
31 ant to provisions of law in effect for calendar year 1994.

32 (b) Notwithstanding the tax schedules in Table A of ORS 657.462 and section 3, chapter
33 685, Oregon Laws 1991, for wages paid during the calendar quarter ending March 31, 1995, the
34 tax rate assigned each employer subject to ORS 657.459 and 657.462 shall be determined as
35 follows:

36 (A) If, on September 1, 1994, the funds in the JOBS Plus Unemployment Wage Fund ex-
37 pended or obligated for reimbursement to the Department of Human Resources exceed \$5
38 million, then the tax rate shall be determined in accordance with schedule VIII-E, VII-E,
39 VI-E, V-E, IV-E, III-E, II-E or I-E, whichever schedule is determined pursuant to ORS
40 657.459 and 657.462 to be in effect for calendar year 1995.

41 (B) If, on September 1, 1994, the funds in the JOBS Plus Unemployment Wage Fund ex-
42 pended or obligated for reimbursement to the Department of Human Resources exceed \$7
43 million, then the tax rate shall be determined in accordance with schedule VIII-F, VII-F,
44 VI-F, V-F, IV-F, III-F, II-F or I-F, whichever schedule is determined pursuant to ORS 657.459
45 and 657.462 to be in effect for calendar year 1995.

(C) If, on September 1, 1994, the funds in the JOBS Plus Unemployment Wage Fund expended or obligated for reimbursement to the Department of Human Resources exceed \$9 million, then the tax rate shall be determined in accordance with schedule VIII-G, VII-G, VI-G, V-G, IV-G, III-G, II-G or I-G, whichever schedule is determined pursuant to ORS 657.459 and 657.462 to be in effect for calendar year 1995.

(D) If, on September 1, 1994, the funds in the JOBS Plus Unemployment Wage Fund expended or obligated for reimbursement to the Department of Human Resources is less than \$5 million, then the tax rate schedule shall be determined in accordance with the schedules provided in section 3, chapter 685, Oregon Laws 1991, whichever schedule is determined pursuant to ORS 657.459 and 657.462 to be in effect for calendar year 1995. The schedules are adopted as follows:

Fund Adequacy Percentage Ratio I D	
200% and Over	
Tax Rate	Cumulative Taxable Payroll Limits (Percentage of Total Taxable Payroll)
0.00%	0.00% but less than 15.00%
0.06%	15.00% but less than 20.00%
0.16%	20.00% but less than 25.00%
0.26%	25.00% but less than 30.00%
0.36%	30.00% but less than 35.00%
0.46%	35.00% but less than 40.00%
0.56%	40.00% but less than 45.00%
0.66%	45.00% but less than 50.00%
0.76%	50.00% but less than 55.00%
0.86%	55.00% but less than 60.00%
0.96%	60.00% but less than 65.00%
1.06%	65.00% but less than 69.00%
1.16%	69.00% but less than 73.00%
1.26%	73.00% but less than 77.00%
1.36%	77.00% but less than 80.00%
1.46%	80.00% but less than 83.00%
1.56%	83.00% but less than 86.00%
1.66%	86.00% but less than 89.00%
1.76%	89.00% but less than 91.00%
1.86%	91.00% but less than 93.00%
1.96%	93.00% but less than 95.00%
2.06%	95.00% but less than 96.00%
2.16%	96.00% but less than 96.90%
2.26%	96.90% but less than 97.70%
2.36%	97.70% but less than 98.40%
2.46%	98.40% but less than 98.90%
2.56%	98.90% but less than 99.30%
2.76%	99.30% but less than 99.54%
2.96%	99.54% but less than 99.63%

Pages #6 through 30 are tax tables

1 4.39% 99.80% but less than 99.92%

2 5.40% 99.92% to 100.00%

3

4 (c) Notwithstanding any other provision of law, each taxpaying employer subject to ORS
5 chapter 657, other than employers whose assigned tax rate is 5.4 percent, shall pay to the
6 Employment Division of the Department of Human Resources for each calendar quarter
7 during 1994, an amount equal to eight one-hundredths of one percent of wages subject to
8 taxation under ORS chapter 657. Such amount shall be in addition to and not in lieu of the
9 amount levied under section 3, chapter 685, Oregon Laws 1991.

10 (d) Notwithstanding any other provision of law, each taxpaying employer subject to ORS
11 chapter 657, other than employers whose assigned tax rate is 5.4 percent, shall pay to the
12 Employment Division of the Department of Human Resources for the calendar quarter end-
13 ing March 31, 1995, the following amount:

14 (A) If a tax rate is assigned under paragraph (b)(A) of this subsection, the employer shall
15 pay an amount equal to eight one-hundredths of one percent of wages subject to taxation
16 under ORS chapter 657.

17 (B) If a tax rate is assigned under paragraph (b)(B) of this subsection, the employer shall
18 pay an amount equal to fifteen one-hundredths of one percent of wages subject to taxation
19 under ORS chapter 657.

20 (C) If a tax rate is assigned under paragraph (b)(C) of this subsection, the employer shall
21 pay an amount equal to twenty-five one-hundredths of one percent of wages subject to tax-
22 ation under ORS chapter 657.

23 (e) The amount described in paragraph (d) of this subsection shall be in addition to and
24 not in lieu of the amount levied under section 3, chapter 685, Oregon Laws 1991.

25 (f) All such moneys shall be paid and collected in the same manner and at the same time
26 as unemployment compensation taxes under this chapter, unless the assistant director pre-
27 scribes otherwise. After deduction of the actual shared costs of the Employment Division in
28 collecting the amounts under this subsection, all such moneys shall be paid into the JOBS
29 Plus Unemployment Wage Fund, which shall be separate and distinct from the General Fund.
30 Moneys due pursuant to this section but not received by the Employment Division for pay-
31 ment into the JOBS Plus Unemployment Wage Fund by June 30, 1995, shall be paid into the
32 Unemployment Compensation Trust Fund.

33 (6) The Employment Division is authorized to continue to make reimbursements as neces-
34 sary from the JOBS Plus Unemployment Wage Fund for a period not to exceed six months
35 following the end of the three-year pilot program authorized under this 1993 Act. Any unex-
36 pended and unobligated moneys remaining in the JOBS Plus Unemployment Wage Fund six
37 months following the end of the three-year pilot program are appropriated and transferred
38 to the Unemployment Compensation Trust Fund on that date.

39 (7) All payments by participating employers to the Department of Human Resources for
40 specially skilled program participants as described in section 16 of this 1993 Act shall accrue
41 to the fund.

42 (8) In administering the fund, and consistent with other provisions of the program and
43 to the extent permitted by federal law, the department shall maximize the use of federal
44 grants and apportionments of the aid to dependent children program, the job opportunities
45 and basic skills program, the food stamp program and employment-related day care.

(9) To the extent that additional moneys may be obtained for the program from sources other than state tax revenues, the additional moneys shall be appropriated to the fund.

SECTION 14a. If House Bill 2414 becomes law:

(1) The tax rate paid by each employer subject to the provisions of section 14 (5)(b) of this Act, other than employers whose assigned rate is 5.4 percent, shall be reduced by three one-hundredths of a percentage point.

(2) In addition to and not in lieu of the amounts authorized to be collected under section 14 (5)(d) of this Act, each employer subject to the provisions of section 14 (5)(d) of this Act shall pay to the Employment Division an amount equal to three one-hundredths of a percent of wages subject to taxation under ORS chapter 657.

SECTION 15. Section 7, chapter 1, Oregon Laws 1991, is repealed and section 16 of this Act is enacted in lieu thereof.

SECTION 16. (1)(a) The Department of Human Resources shall adopt by rule a method to determine which employers, including public and private sector employers, within the State of Oregon shall have the opportunity to utilize program participants. The department shall give priority in assigning program participants to those employers located in the six pilot counties identified in section 8 (5) of this 1993 Act. No employer is required to participate in the JOBS Plus Program. In the event that there are unassigned participants whom no employer desires to utilize, they may be assigned to work for a public agency.

(b) The maximum number of program participants that any employer is authorized to receive at any one time shall not exceed 10 percent of the total number of the employer's employees. However, each employer may receive one participant. The Assistant Director for Adult and Family Services may waive the limit in special circumstances.

(c) The department by rule may:

(A) Establish criteria for excluding employers from participation for failure to abide by program requirements or other demonstrated unwillingness to comply with the stated intent of the program.

(B) Provide that employers that have shown a pattern of terminating participants prior to the completion of training or of not offering unsubsidized employment to participants who have successfully completed training with that employer shall be ineligible to receive additional participants.

(2) The department shall insure that jobs made available to program participants shall:

(a) Not require work in excess of 40 hours per week;

(b) Be in conformity with section 3304(a)(5) of the Federal Unemployment Tax Act;

(c) Not be used to displace regular employees nor to fill unfilled positions previously established; and

(d) Not pay a wage that is substantially less than the wage paid for similar jobs in the local economy with appropriate adjustments for experience and training.

(3) Individuals eligible for the program shall be limited to pilot county residents who are:

(a) Adults and caretaker relatives who are receiving aid to dependent children benefits;

(b) Adult food stamp program recipients except as described in subsection (5)(b)(D) and (G) of this section;

(c) Unemployment compensation recipients; and

(d) Unemployed noncaretaker parents of children who are receiving aid to dependent children benefits.

1 (4)(a) Individuals desiring work through the program shall contact the nearest Adult and
2 Family Services Division office serving the pilot county in which they reside if they are aid
3 to dependent children program or food stamp program applicants or recipients. Unemploy-
4 ment insurance applicants or recipients may gain access to the program through their local
5 Employment Department office.

6 (b) With input from the participant, case workers shall prepare an employment develop-
7 ment plan designed to assist the participant in removing barriers to employment, acquiring
8 work skills and obtaining unsubsidized employment. The case worker shall periodically re-
9 view the employment development plan and assess participant progress in accordance with
10 rules for the JOBS program.

11 (c) With the assistance of the local council and the JOBS Plus Advisory Board, the de-
12 partment shall develop a job inventory of sufficient size to accommodate all of the partic-
13 ipants who desire to work in the program. In consultation with the participant, the
14 department shall try to match the profile of a participant with the needs of an employer
15 when assigning a participant to work with the employer.

16 (d) Either the employer or the participant may terminate the assignment by contacting
17 the appropriate department office. In such event, the department shall reassess the needs
18 of the participant and assign the participant to another JOBS Plus placement or another
19 JOBS Plus Program component and, at the employer's request, provide the employer with
20 another participant.

21 (e) The department shall pay placement and barrier removal payments from the JOBS
22 Plus Program Special Fund as necessary to enable participation in JOBS Plus.

23 (f)(A) If after six months in a placement, a participant has not been hired for an unsub-
24 sidized position, the employer shall allow the worker to undertake eight hours of job search
25 per week. Participating employers shall consider such time as hours worked for the pur-
26 poses of paying wages.

27 (B) If after nine months in a placement, a participant has not been hired for an unsub-
28 sidized position, the placement shall be terminated, and the case worker shall reassess the
29 participant's employment development plan.

30 (g) The department shall accept eligible volunteers into the program prior to mandating
31 program participation by eligible persons.

32 (5)(a) Assignment of participants to available jobs shall be made on the basis of a pref-
33 erence schedule developed by the department, with priority given to employing nonworking
34 parents of children receiving aid to dependent children, food stamp recipients or unemploy-
35 ment compensation recipients, in that order.

36 (b) Program jobs shall not be offered to the following groups of persons, irrespective of
37 the priority referred to in paragraph (a) of this subsection:

38 (A) Teenage custodial parents working to receive their General Education Development
39 certificate or high school diploma;

40 (B) Persons determined by Adult and Family Services Division rule to require substance
41 abuse treatment prior to job placement;

42 (C) Persons determined by Adult and Family Services Division rule to be permanently or
43 temporarily incapacitated and persons who are primary caregivers to such persons;

44 (D) Food stamp applicants or recipients who are employed full-time or are food stamp
45 eligible college students enrolled full-time in an institution of higher education or enrolled

1 half-time in an institution of higher education and working at least 20 hours per week;

2 (E) Aid to dependent children recipients who have not completed both a life skills class
3 and requirements for a General Education Development certificate or high school diploma,
4 except when approved programs to provide life skills and a General Education Development
5 certificate are provided to the participant at the worksite;

6 (F) Teenage persons who have not received a General Education Development certificate
7 or high school diploma;

8 (G) Food stamp recipients in the pilot counties who are eligible for Supplemental Security
9 Income benefits or other ongoing state or federal maintenance benefits based on age or dis-
10 ability;

11 (H) Persons for whom suitable child care arrangements are necessary but not available;
12 and

13 (I) Persons for whom transportation is not available, persons who live in remote areas
14 or persons who would be required to commute for more than one hour each way, in accord-
15 ance with JOBS Plus Program rules.

16 (c) Unemployment compensation recipients may be referred to available work through
17 the JOBS Plus Program if the qualifying base year wages used to establish the claim do not
18 exceed \$10,000. If referred, unemployment compensation recipients shall be referred to the
19 JOBS Plus Program in accordance with the job referral process used to refer applicants to
20 available work. When a program job is offered to an unemployment insurance recipient and
21 the job is refused, the Employment Division shall investigate the refusal and identify and
22 decide all issues arising therefrom, including suspension of benefits, in accordance with the
23 provisions of ORS chapter 657.

24 (d) Aid to dependent children and food stamp benefits shall be suspended at the end of
25 the calendar month in which an employer makes the first wage payment to a participant who
26 is a custodial parent in a family that receives aid to dependent children or to any adult
27 member of a household receiving food stamps. Failure of the participant to cooperate with
28 the requirements of the JOBS Plus Program shall result in the participant's removal from
29 the JOBS Plus Program and the removal of the needs of the adult or adults from the grant
30 in accordance with JOBS Program rules. Rules governing sanctions, hearings or conciliations
31 for participants in the JOBS Plus Program shall be the same as those for the JOBS and food
32 stamp programs.

33 (6)(a) Employers shall pay all participating individuals at least the hourly rate of the
34 Oregon minimum wage.

35 (b) Sick leave, holiday and vacation absences shall conform to the individual employer's
36 rules for new employees.

37 (c) Group health insurance benefits shall be provided by the employer to program par-
38 ticipants if, and to the extent that, state or federal law requires the employer to provide such
39 benefits.

40 (d) All persons participating in the JOBS Plus Program shall be considered to be tempo-
41 rary employees of the individual employer providing the work and shall be entitled only to
42 benefits required by state or federal law.

43 (e) Employers shall provide workers' compensation coverage for each JOBS Plus partic-
44 ipant.

45 (7) In the event that the net monthly full-time wage paid to a participant would be less

1 than the level of income from the aid to dependent children program and the food stamp
 2 benefit amount equivalent that the participant would otherwise receive, the department shall
 3 determine and pay a supplemental payment as necessary to provide the participant with that
 4 level of net income. The department by rule shall adopt an equivalency scale to be adjusted
 5 for household size and other factors. The purpose of this equivalency scale is to insure that
 6 participants are not economically disadvantaged, in terms of net income, by accepting a job
 7 under the program. The department shall determine and pay in advance supplemental pay-
 8 ments to participants on a monthly basis as necessary to insure equivalent net program
 9 wages. Participants shall be compensated only for time worked.

10 (8) In addition to, and not in lieu of the payments provided for under subsections (6) and
 11 (7) of this section, participants shall be entitled to retain the full child support payments
 12 collected by the department.

13 (9)(a) After the participant has participated in the JOBS Plus Program for 30 days, in
 14 addition to the participant wage, the employer shall pay one dollar for each participant hour
 15 worked into the participant's Individual Education Account. Contributions to such an ac-
 16 count shall be tax deferred or tax exempt to the extent permitted by federal and state law.
 17 This contribution shall not be reimbursed by the JOBS Plus Program Special Fund except
 18 as provided in paragraph (b) of this subsection.

19 (b) If the employer hires a participant in a unsubsidized position for at least 30 days, the
 20 JOBS Plus Program Special Fund shall reimburse one-half of the employer's contribution to
 21 the Individual Education Account to the employer.

22 (c) Any participant for whom an Individual Education Account contribution is made shall
 23 be eligible for access to education benefits from that participant's Individual Education Ac-
 24 count at any time after the participant has left the JOBS Plus Program and has held a full-
 25 time, unsubsidized job for at least 30 days.

26 (d) When any participant has qualified for use of that participant's Individual Education
 27 Account, an amount equal to that participant's Individual Education Account balance shall
 28 be transferred to the State Scholarship Commission for that participant's use. Only one In-
 29 dividual Education Account shall be created for any participant. Each account shall be ad-
 30 ministered by the State Scholarship Commission and shall be used for continuing education
 31 and training in any of the state's community colleges or institutions of higher education for
 32 the participant and the participant's immediate family.

33 (10) Program participants who are eligible for federally and state funded medical assist-
 34 ance at the time they enter the program shall remain eligible as long as they continue to
 35 participate in the program. In conformity with existing state employment-related day care
 36 program regulations, child day care shall be provided for all program participants who re-
 37 quire it.

38 (11) JOBS Plus Program employers shall:

39 (a) Endeavor to make JOBS Plus Program placements positive learning and training ex-
 40 periences;

41 (b) Maintain health, safety and working conditions at or above levels generally acceptable
 42 in the industry and no less than that of comparable jobs of the employer;

43 (c) Provide on-the-job training to the degree necessary for the participants to perform
 44 their duties;

45 (d) Recruit volunteer mentors from among their regular employees to assist the partic-

1 ipants in becoming oriented to work and the workplace; and

2 (c) Sign an agreement for each placement outlining the specific job offered to the par-
3 ticipant and agreeing to abide by all requirements of the program, including the requirement
4 that the program not supplant existing jobs. All agreements shall include provisions noting
5 the employer's responsibility to repay reimbursements in the event the employer violates
6 program rules.

7 (12) Program participant wages shall be subject to federal and state income taxes, social
8 security taxes and unemployment insurance tax or reimbursement as applicable under ORS
9 chapter 657, which shall be withheld and paid in accordance with state and federal law. Sup-
10 plemental payments made pursuant to subsection (7) of this section shall not be subject to
11 state income taxes and, to the extent allowed by federal law, shall not be subject to federal
12 income taxes and social security taxes.

13 (13)(a) The department shall reimburse employers for the employer share of social secu-
14 rity, unemployment insurance and workers' compensation premiums paid on behalf of pro-
15 gram participants, as well as the minimum wage earnings paid to program participants by
16 the employer from the JOBS Plus Program Special Fund.

17 (b) If the department finds that an employer has violated any of the rules of the JOBS
18 Plus Program, the department:

19 (A) Shall withhold any amounts due to employers under paragraph (a) of this subsection.

20 (B) May seek repayment of any amounts paid to employers under paragraph (a) of this
21 subsection.

22 (14) The existing JOBS program shall continue in the pilot counties and serve those
23 currently eligible for JOBS program services who have not been placed in a JOBS Plus Pro-
24 gram job.

25 SECTION 16a. If approval is obtained from the Federal Government during the three-
26 year pilot program established in this Act, the Department of Human Resources may dis-
27 tribute food stamp program benefits to any eligible person in the six pilot counties in the
28 form of cash rather than coupons.

29 SECTION 17. Section 8, chapter 1, Oregon Laws 1991, is repealed and section 18 of this
30 Act is enacted in lieu thereof.

31 SECTION 18. (1) Six months prior to the completion date of the three-year test period
32 of the pilot program, the Department of Human Resources shall submit a written report to
33 the Legislative Assembly and the Governor containing a full and complete analysis of the
34 program. The report shall include recommendations from the department and the JOBS Plus
35 Advisory Board regarding appropriate revisions to the program and the potential for its
36 permanent implementation for the entire state.

37 (2) The evaluation of the program shall be conducted by an independent evaluator using
38 a combination of group comparison, survey and individualized event and attitude recording
39 techniques. Performance in attaining program goals in each pilot county shall be matched
40 against performance using the traditional welfare and employment characteristics. In addi-
41 tion, the composite performance of the six pilot counties shall be compared to the rest of the
42 state. The evaluation shall include measurements of whether program participation has im-
43 proved the quality of life of program participants. In addition, as a part of the evaluation of
44 the JOBS Plus Program, the Employment Department shall determine whether the program
45 has displaced unsubsidized employment opportunities that would otherwise have been avail-

1 able and whether the program has had any discernible impact on the economies or wage
2 levels in individual pilot counties.

3 (3) The target goals for the program are to reduce the JOBS Plus Program eligible aid
4 to dependent children, food stamp and unemployment compensation caseloads in the pilot
5 counties by 50 percent by the end of the third year of the pilot program, and to reduce the
6 costs associated with these caseloads by 25 percent over the three-year pilot period.

7 (4) Twelve months after the beginning of the JOBS Plus Program, the department shall
8 present to the Legislative Assembly a report on the cost neutrality projections of the pro-
9 gram. If it appears that the program is not likely to achieve cost neutrality over the course
10 of the three-year pilot period, the department shall also present a plan for the early termi-
11 nation of the program.

12 SECTION 19. In the event that the Department of Human Resources is not able to obtain
13 the necessary exemptions, waivers or amendments referred to in section 6 of this 1993 Act
14 prior to January 1, 1997, this 1993 Act is repealed on that date and shall have no further force
15 or effect. Any unexpended and unobligated moneys remaining in the JOBS Plus Unemploy-
16 ment Wage Fund on that date are appropriated and transferred to the Unemployment Com-
17 pensation Trust Fund on that date.

18 SECTION 20. The appointment of the members of the JOBS Plus Advisory Board and the
19 establishment of the council shall occur within 60 days after the effective date of this Act.

20 SECTION 21. ORS 411.855 is amended to read:

21 411.855. For the purposes of ORS 411.855 to 411.870:

22 (1) "Community work and training program" means a program of a constructive nature designed
23 to conserve work skills and to develop new skills of applicants and recipients of public assistance,
24 pursuant to a plan jointly entered into by the division and a public entity, [or] private nonprofit
25 organization or private business under which such public entity, [or] private nonprofit organization
26 or private business undertakes to provide work or training to applicants or recipients of public
27 assistance, who are required to participate without compensation in such program, and to provide
28 supervision and control over such work or training.

29 (2) "Private business" means any business in which a profit may be made by the owner
30 of the business.

31 [(2)] (3) "Private nonprofit organization" means any organization which provides a service
32 available to the general public where funding is based wholly or in part by donations from the
33 general public and in which no part of the income of which is distributable to its members, directors
34 or officers.

35 [(3)] (4) "Public entity" means any agency of the federal or state government, county, city, town,
36 public corporation or political subdivision in this state, including the Adult and Family Services
37 Division with respect to work or training in the division.

38 SECTION 22. ORS 411.875 is amended to read:

39 411.875. Persons who are applicants, recipients, beneficiaries or trainees in community work and
40 training programs as defined by ORS 411.855, and persons who are volunteers during their partici-
41 ipation in such programs:

42 (1) Are not serving in positions in the services of a public entity as defined by ORS 411.855 for
43 the purposes of any civil service law or of any retirement system of such public entity.

44 (2) Are not employees as defined in ORS 657.015.

45 (3) [Are workers covered under the state system of workers' compensation] Shall be provided

1 workers' compensation coverage under the state workers' compensation system through
2 election under ORS 656.039 by the employer or the employer's agent or may be provided an-
3 other program of insurance if the applicant, recipient, beneficiary or trainee is not otherwise
4 covered by a program of insurance offering similar coverage. Coverage need not include time loss
5 benefits.

6 SECTION 23. ORS 656.005 is amended to read:

7 656.005. (1) "Average weekly wage" means the Oregon average weekly wage in covered em-
8 ployment, as determined by the Employment Division of the Department of Human Resources, for
9 the last quarter of the calendar year preceding the fiscal year in which the injury occurred.

10 (2) "Beneficiary" means an injured worker, and the husband, wife, child or dependent of a
11 worker, who is entitled to receive payments under this chapter. However, a spouse of an injured
12 worker living in a state of abandonment for more than one year at the time of the injury or subse-
13 quently is not a beneficiary. A spouse who has lived separate and apart from the worker for a period
14 of two years and who has not during that time, received or attempted by process of law to collect
15 funds for support or maintenance, is considered living in a state of abandonment.

16 (3) "Board" means the Workers' Compensation Board.

17 (4) "Carrier-insured employer" means an employer who provides workers' compensation cover-
18 age with a guaranty contract insurer.

19 (5) "Child" includes a posthumous child, a child legally adopted prior to the injury, a child to-
20 ward whom the worker stands in loco parentis, an illegitimate child and a stepchild, if such
21 stepchild was, at the time of the injury, a member of the worker's family and substantially dependent
22 upon the worker for support. An invalid dependent child is a child, for purposes of benefits, re-
23 gardless of age, so long as the child was an invalid at the time of the accident and thereafter re-
24 mains an invalid substantially dependent on the worker for support. For purposes of this chapter,
25 an invalid dependent child is considered to be a child under 18 years of age.

26 (6) "Claim" means a written request for compensation from a subject worker or someone on the
27 worker's behalf, or any compensable injury of which a subject employer has notice or knowledge.

28 (7)(a) A "compensable injury" is an accidental injury, or accidental injury to prosthetic appli-
29 ances, arising out of and in the course of employment requiring medical services or resulting in
30 disability or death; an injury is accidental if the result is an accident, whether or not due to acci-
31 dental means, if it is established by medical evidence supported by objective findings, subject to the
32 following limitations:

33 (A) No injury or disease is compensable as a consequence of a compensable injury unless the
34 compensable injury is the major contributing cause of the consequential condition.

35 (B) If a compensable injury combines with a preexisting disease or condition to cause or prolong
36 disability or a need for treatment, the resultant condition is compensable only to the extent the
37 compensable injury is and remains the major contributing cause of the disability or need for treat-
38 ment.

39 (b) "Compensable injury" does not include:

40 (A) Injury to any active participant in assaults or combats which are not connected to the job
41 assignment and which amount to a deviation from customary duties;

42 (B) Injury incurred while engaging in or performing, or as the result of engaging in or per-
43 forming, any recreational or social activities primarily for the worker's personal pleasure; or

44 (C) Injury the major contributing cause of which is demonstrated to be by clear and convincing
45 evidence the injured worker's consumption of alcoholic beverages or the unlawful consumption of

1 any controlled substance, unless the employer permitted, encouraged or had actual knowledge of
2 such consumption.

3 (c) A "disabling compensable injury" is an injury which entitles the worker to compensation for
4 disability or death.

5 (d) A "non disabling compensable injury" is any injury which requires medical services only.

6 (8) "Compensation" includes all benefits, including medical services, provided for a compensable
7 injury to a subject worker or the worker's beneficiaries by an insurer or self-insured employer pur-
8 suant to this chapter.

9 (9) "Department" means the Department of Insurance and Finance.

10 (10) "Dependent" means any of the following-named relatives of a worker whose death results
11 from any injury and who leaves surviving no widow, widower or child under the age of 18 years:
12 Father, mother, grandfather, grandmother, stepfather, stepmother, grandson, granddaughter, brother,
13 sister, half sister, half brother, niece or nephew, who at the time of the accident, are dependent in
14 whole or in part for their support upon the earnings of the worker. Unless otherwise provided by
15 treaty, aliens not residing within the United States at the time of the accident other than father,
16 mother, husband, wife or children are not included within the term "dependent."

17 (11) "Director" means the Director of the Department of Insurance and Finance.

18 (12)(a) "Doctor" or "physician" means a person duly licensed to practice one or more of the
19 healing arts in this state within the limits of the license of the licentiate.

20 (b) "Attending physician" means a doctor or physician who is primarily responsible for the
21 treatment of a worker's compensable injury and who is:

22 (A) A medical doctor or doctor of osteopathy licensed under ORS 677.100 to 677.228 by the
23 Board of Medical Examiners for the State of Oregon or a board certified oral surgeon licensed by
24 the Oregon Board of Dentistry; or

25 (B) For a period of 30 days from the date of first visit on the claim or for 12 visits, whichever
26 first occurs, a doctor or physician licensed by the State Board of Chiropractic Examiners for the
27 State of Oregon.

28 (c) "Consulting physician" means a doctor or physician who examines a worker or the worker's
29 medical record to advise the attending physician regarding treatment of a worker's compensable
30 injury.

31 (13) "Employer" means any person, including receiver, administrator, executor or trustee, and
32 the state, state agencies, counties, municipal corporations, school districts and other public corpo-
33 rations or political subdivisions, who contracts to pay a remuneration for and secures the right to
34 direct and control the services of any person.

35 (14) "Guaranty contract insurer" and "insurer" mean the State Accident Insurance Fund Cor-
36 poration or an insurer authorized under ORS chapter 731 to transact workers' compensation insur-
37 ance in this state.

38 (15) "Insurance and Finance Fund" means the fund created by ORS 705.145.

39 (16) "Invalid" means one who is physically or mentally incapacitated from earning a livelihood.

40 (17) "Medically stationary" means that no further material improvement would reasonably be
41 expected from medical treatment, or the passage of time.

42 (18) "Noncomplying employer" means a subject employer who has failed to comply with ORS
43 656.017.

44 (19) "Objective findings" in support of medical evidence include, but are not limited to, range
45 of motion, atrophy, muscle strength, muscle spasm and diagnostic evidence substantiated by clinical

1 Findings.

2 (20) "Party" means a claimant for compensation, the employer of the injured worker at the time
3 of injury and the insurer, if any, of such employer.

4 (21) "Payroll" means a record of wages payable to workers for their services and includes
5 commissions, value of exchange labor and the reasonable value of board, rent, housing, lodging or
6 similar advantage received from the employer. However, "payroll" does not include overtime pay,
7 vacation pay, bonus pay, tips, amounts payable under profit-sharing agreements or bonus payments
8 to reward workers for safe working practices. Bonus pay is limited to payments which are not an-
9 ticipated under the contract of employment and which are paid at the sole discretion of the em-
10 ployer. The exclusion from payroll of bonus payments to reward workers for safe working practices
11 is only for the purpose of calculations based on payroll to determine premium for workers' com-
12 pensation insurance, and does not affect any other calculation or determination based on payroll for
13 the purposes of this chapter.

14 (22) "Person" includes partnership, joint venture, association and corporation.

15 (23) "Self-insured employer" means an employer or group of employers certified under ORS
16 656.430 as meeting the qualifications set out by ORS 656.407.

17 (24) "State Accident Insurance Fund Corporation" and "corporation" mean the State Accident
18 Insurance Fund Corporation created under ORS 656.752.

19 (25) "Subject employer" means an employer who is subject to this chapter as provided by ORS
20 656.023.

21 (26) "Subject worker" means a worker who is subject to this chapter as provided by ORS
22 656.027.

23 (27) "Wages" means the money rate at which the service rendered is recompensed under the
24 contract of hiring in force at the time of the accident, including reasonable value of board, rent,
25 housing, lodging or similar advantage received from the employer, and includes the amount of tips
26 required to be reported by the employer pursuant to section 6053 of the Internal Revenue Code of
27 1954, as amended, and the regulations promulgated pursuant thereto, or the amount of actual tips
28 reported, whichever amount is greater. The State Accident Insurance Fund Corporation may estab-
29 lish assumed minimum and maximum wages, in conformity with recognized insurance principles, at
30 which any worker shall be carried upon the payroll of the employer for the purpose of determining
31 the premium of the employer.

32 (28) "Worker" means any person, including a minor whether lawfully or unlawfully employed,
33 who engages to furnish services for a remuneration, subject to the direction and control of an em-
34 ployer and includes salaried, elected and appointed officials of the state, state agencies, counties,
35 cities, school districts and other public corporations, but does not include any person whose services
36 are performed as an inmate or ward of a state institution or as part of the eligibility require-
37 ments for a general or public assistance grant.

38 (29) "Independent contractor" has the meaning for that term provided in ORS 670.600.

39 SECTION 24. ORS 653.010 is amended to read:

40 653.010. As used in ORS 653.010 to 653.261, unless the context requires otherwise:

41 (1) "Average weekly wage" means the average weekly wage of workers in covered employment
42 in Oregon, as determined by the Employment Division of the Department of Human Resources for
43 the preceding fiscal year.

44 (2) "Commissioner" means the Commissioner of the Bureau of Labor and Industries.

45 (3) "Employ" includes to suffer or permit to work; however, "employ" does not include voluntary

1 or donated services performed for no compensation or without expectation or contemplation of
 2 compensation as the adequate consideration for the services performed for a public employer re-
 3 ferred to in subsection (4) of this section, or a religious, charitable, educational, public service or
 4 similar nonprofit corporation, organization or institution for community service, religious or
 5 humanitarian reasons or for services performed by general or public assistance recipients as
 6 part of any work training program administered under the state or federal assistance laws.

7 (4) "Employer" means any person who employs another person including the State of Oregon
 8 or a political subdivision thereof or any county, city, district, authority, public corporation or entity
 9 and any of their instrumentalities organized and existing under law or charter.

10 (5) "Minor" means any person under 18 years of age.

11 (6) "Occupation" means any occupation, service, trade, business, industry, or branch or group
 12 of industries or employment or class of employment in which employees are gainfully employed.

13 (7) "Organized camp" means a day or resident camp, whether or not operated for profit, estab-
 14 lished to give campers recreational, creative, religious or educational experience in cooperative
 15 group living wherein the activities are conducted on a closely supervised basis, whether or not the
 16 camp is used primarily by an organized group or by members of the public and whether or not the
 17 activities or facilities are furnished free of charge or for the payment of a fee.

18 (8) "Outside salesperson" means any employee who is employed for the purpose of and who is
 19 customarily and regularly engaged away from the employer's place or places of business in making
 20 sales, or obtaining orders, or obtaining contracts for services and whose hours of work of any other
 21 nature for the employer do not exceed 30 percent of the hours worked in the workweek by the
 22 nonexempt employees of the employer.

23 (9) "Piece-rate" means a rate of pay calculated on the basis of the quantity of the crop har-
 24 vested.

25 (10) "Salary" means no less than the wage set pursuant to ORS 653.025, multiplied by 2,080
 26 hours per year, then divided by 12 months.

27 (11) "Wages" means compensation due to an employee by reason of employment, payable in legal
 28 tender of the United States or check on banks convertible into cash on demand at full face value,
 29 subject to such deductions, charges or allowances as are permitted in ORS 653.035.

30 (12) "Work time" includes both time worked and time of authorized attendance.

31 **SECTION 25.** ORS 652.210 is amended to read:

32 652.210. As used in ORS 652.210 to 652.230, unless the context requires otherwise:

33 (1) "Employer" means any person employing one or more employees, including the State of
 34 Oregon or any political subdivision thereof or any county, city, district, authority, public corpo-
 35 ration or entity and any of their instrumentalities organized and existing under law or charter but
 36 does not include the Federal Government.

37 (2) "Employee" means any individual who, otherwise than as a copartner of the employer, [or]
 38 as an independent contractor or as a participant in a work training program administered un-
 39 der the state or federal assistance laws, renders personal services wholly or partly in this state
 40 to an employer who pays or agrees to pay such individual at a fixed rate. However, where services
 41 are rendered only partly in this state, an individual is not an employee unless the contract of em-
 42 ployment of the employee has been entered into, or payments thereunder are ordinarily made or to
 43 be made, within this state.

44 (3) "Wages" means all compensation for performance of service by an employee for an employer
 45 whether paid by the employer or another person, including cash value of all compensation paid in

1 any medium other than cash.

2 (4) "Rate" with reference to wages means the basis of compensation for services by an employee
3 for an employer and includes compensation based on the time spent in the performance of such
4 services, or on the number of operations accomplished, or on the quantity produced or handled.

5 (5) "Unpaid wages" means the difference between the wages actually paid to an employee and
6 the wages required under ORS 652.220, to be paid to such employee.

7 SECTION 26. If Senate Bill 181 becomes law, all duties or powers vested by this Act in
8 the Department of Human Resources, to be exercised through the Employment Division,
9 shall be exercised through the Department of Employment which is bound by the provisions
10 of this Act.
11
