



SB 1547: Subsidizing a first job experience for young people

Testimony for Senate Business and Transportation – David R. Roth

February 11, 2014

Linn County deserves praise for devising a carefully crafted youth employment subsidy program and carrying it on for 8 years using its share of the Lottery funds. Senator Close deserves praise for proposing the Linn program as the model for a state-wide program.

Here are some points of praise and caution for the Committee to consider.

- 1) By using the Linn County model, this bill uses a direct subsidy to employers instead of a tax credit or deduction, so the costs of this program will be reviewed each biennium as part of the budget. That's great.
- 2) The bill retains the monetary restrictions of the Linn County subsidies: no more than \$1000 per first time employee and no more than \$3000 per employer per year. That's great too. But the current bill does not include a cap on the total budget. We think it should have a cap added, so that the State doesn't find itself obligated to reimburse more expenditures than it anticipated.
- 3) The Linn program doesn't appear to prioritize its recruitment of students. It relies on high schools to get the word out, along with word of mouth. There is no targetting principle in the Bill either. That means some kids who really need the employer subsidy to find summer jobs could lose out to kids for whom it is less important. We think the bill currently gives the OBDD discretion to compose rules that do prioritize disadvantaged kids. If the Legislature wished to prioritize the recruitment of disadvantaged kids, we think that should be expressed clearly in the bill.
- 4) The Linn model has some limits that make it unlikely employers would use the subsidy to avoid hiring adults, but we think this bill should include language that requires OBDD to address that issue in its rules and through regular review of the county programs.
- 5) The Linn model doesn't have a sunset date. We recommend a period of 6 years.
- 6) We understand that the Linn program ran into a problem in 2011 that has hindered it somewhat. Up till then the Employment Division had supplied a list of employers in the county with 35 or fewer employees. That allowed the county to target their recruitment of employers very closely. In 2011 the Employment Division determined that such lists amounted to a violation of confidentiality restrictions, so the County lost that resource. That event coincided with a downturn in employer participation. If that would hinder OBDD too, then this bill should address it.
- 7) It's one thing to set up and carry on a single county program. It's much more difficult state-wide. The Legislature could avoid the danger of a state-wide roll out and maximize the benefits from county initiative, commitment and local knowledge if it required OBDD to start with a few counties, chosen in open competition for the quality of their proposals.
- 8) While we appreciate the design of this program and its purpose, we believe that funding our school system should take priority, at least until class-sizes are reduced. Instead of adding the burden of such a program to the state-budget, we think it should be left to the counties themselves to learn from Linn County's success and use some their Lottery funds the same.

We read the bills and follow the money

**LINN COUNTY YOUTH WAGE GRANT PROGRAM
EMPLOYER PARTICIPATION LIST**

Meyer/Excel/Commissioners/Youth Wage Grant/Employer Participation List
1/14/2014; 3:42 PM

	EMPLOYER	NO. OF YOUTH PARTICIPATED									
		2006	2007	2008	2009	2010	2011	2012	2013		
75	Malpass Farms		1	2	1			3			2
76	David C. Malpass Warehouse		1					2	1		
77	Mattco Trucking							1			
78	Mechanical Design, Inc.						1	1			
79	Merrill Group, Inc.		2								
80	Mr. Lucky's Deli			1							
81	Nathan A. Tolman, DMD		1								
82	OK Country Feed & Supply, Inc.		1						1		
83	Oregon Powder Coating							1			
84	Patrick V. Hagerty DMD				1						
85	Pill Box Health Center		1								
86	Pleasant Valley Electric			1							
87	Pop's Branding Iron	1									
88	Positive Electric, Inc.			1							
89	Pregnancy Alternative Center			4							
90	Quiznos Sub No. 11100 - Lebanon		3								
91	Ram Trucking, Inc.				1						
92	Ridgeway Logging, Inc.				1						
93	Riverside Landscape Maintenance				1						
94	Safehaven Humane Society		1	1							
95	Keith Sandberg Insurance				1	1					
96	Sayer & Son, LLC	1	1								
97	Scio Youth Club			1							
98	Short Subjects		2								
99	Smith Glass										1
100	South Albany Community Church		2								
101	South Valley Real Estate				1						
102	Springbank Farm, LLC									3	
103	Stalford Seed Farms, Inc.			4	3						
104	Steamers Espresso				2						
105	Sun-Coast Juices	3									
106	Sunshine Espresso		2								
107	Swanson & Sons Co, Inc.					1					
108	Sweet Creations NW	3									
109	Sweet Home Chamber Commerce									1	
110	Sweet Home Dairy Queen (Pacific Bellwether LLC)	1	3	4	3	3			3		3
111	Sweet Home Gas & Deli					2					
112	Sybaris, Inc.	2									
113	TNT Builders, Inc.								1		3