

MINUTES
HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE

- DATE:** Tuesday, February 25, 2014
- TIME:** 1:30 pm or Upon Adjournment of the House
- PLACE:** Room EW05
- MEMBERS:** Chairman Hartgen, Vice Chairman Anderson(31), Representative(s) Loertscher, Anderst, Hancey, Harris, Holtzclaw, Mendive, Romrell, VanOrden, King, Woodings
- ABSENT/
EXCUSED:** Representatives Anderson(31) and Woodings
- GUESTS:** Audrey Musgrave, State Controller's Office; Suzanne Budge, IPM and CSI; Michelle Peugh and Jess Simonds, DHR
- Chairman Hartgen** called the meeting to order at 1:36 p.m.
- MOTION:** **Rep. Anderst** made a motion to approve the minutes of February 19, 2014.
Motion carried by voice vote.
- H 516:** **Chairman Hartgen** announced that the committee will not hear **H 516** today, as the sponsor has requested the bill be held in committee.
- S 1203:** **David Fulkerson**, Division of Human Resources, presented **S 1203**. He said a legislative audit found inconsistent applications of holiday paid leave for state employees working a flexible schedule versus those working a traditional schedule. Idaho Code provisions pertaining to holiday paid leave were written with a traditional work schedule in mind. He said the State Controller's Office, Division of Financial Management, and Division of Human Resources have worked together to develop a policy that is consistent and equitable for flexible work schedules, and a change to Idaho Code 67-5302 has been recommended. **S 1203** clarifies the definition and implementation of holiday paid leave for employees on flexible schedules. It also adds language specifically paying nonbenefitted exempt employees for hours worked on a holiday. Currently the Public Employee Retirement System of Idaho (PERSI) only covers employees who work more than 20 hours per week. Any employee working less than a 20 hour per week schedule is not eligible for PERSI benefits or holiday leave. Some classifications of employees receive time-and-a-half pay for holidays worked, and others receive comp time as their benefit.
- Mr. Fulkerson** explained the associated costs to the committee. The Division of Human Resources is expected to incur a one-time cost during FY2015 of approximately \$12,000 for programming changes to the state's payroll system. Also, the state may see an annual funds increase of \$427,000 based on information gathered from agencies that currently have employer mandated flexible schedules but are only providing a maximum of eight (8) hours of holiday leave per holiday, rather than holiday leave based on actual schedules. Agencies are expected to manage and pay holiday leave and holiday hours worked within their existing budgets.

In response to questions, **Mr. Fulkerson** said the standard that employees must be PERSI-eligible in order to qualify for holiday leave pay is not new. The Senate Commerce and Human Resources Committee Chairman is aware of the projected annual \$427,000 increase to agencies. Several agency directors participated in a work group and agreed that they can provide this benefit adequately with their current budget allotments. Retroactive payments to employees are not planned. A distinction in language allows employers in various agencies to consider their employees' actual schedules; for example, Idaho State Patrol's troopers work ten-hour days, so an eight-hour holiday pay allotment would not work for that agency. This change has been being discussed for a number of years. This change will treat employees fairly and will also allow agencies to examine flexible schedules to see if those provide the best use of taxpayer funds.

MOTION: **Rep. King** made a motion to send **S 1203** to the floor with a **DO PASS** recommendation.

Rep. Harris spoke in opposition to the motion. He said this bill exchanges one unfair approach for an equally unfair approach.

VOTE ON MOTION: **Chairman Hartgen** called for a vote on the motion to send **S 1203** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Reps. Harris, Mendive** and **Romrell** requested to be recorded as voting **NAY**. **Rep. King** will sponsor the bill on the floor.

Ken Edmunds, Department of Labor, provided an annual update to the committee. The percentage of job changes in Idaho exceeded the national average in FY2013. He stated this was healthy. In December of 2013, unemployment rates in Idaho were both above and below the national average, depending on the region within the state. Unemployment rates in FY2013 were at 6.5%. It is projected that the rates will drop to 6.0% in FY2014, and to 5.5% in FY2015. Idaho has a minimum wage rate of 7.7%, while the United States has an overall rate of 4.7%. Idaho has had the unfortunate distinction of having the highest rate of minimum wage jobs in the nation, however another state, which Mr. Edmunds did not name, has now surpassed Idaho. Lower unemployment tax rates are expected to put \$70 million back into Idaho's economy. Declining federal grants have necessitated better decision making which will include updating a strategic plan, and revamping unemployment insurance processes. Workforce development receives 3% of our unemployment tax funds. The current balance of the Workforce Development Training Fund is \$14.3 million.

Responding to questions, **Mr. Edmunds** said the Workforce Development Training Fund is a state fund. Mr. Edmunds said he served on the Board of Education, during which time the Board became focused on higher education, particularly bachelors degrees and above. There is a link that needs to be built between industry and education, and the Department of Labor is in a position to facilitate that link. Idaho needs to bring workforce skills up to the level required by the economy. The Department of Labor has the methodology and people to make necessary changes, they simply need to focus. Middle skills, that is skills required for certain positions that do not require higher level degrees but do require some training post high school through associates degrees, have been supported through the Workforce Development Training Fund. This Fund currently focuses on one company at a time. A system that is set up to produce people in anticipation of needs rather than focusing on one existing need at a time would be more helpful. Idaho's goal is that 25% of the total workforce should have middle skills training.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:19 p.m.

Representative Hartgen
Chair

Mary Tipps
Secretary