

MINUTES
HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE
HARRIS SUBCOMMITTEE
Administrative Rules

DATE: Wednesday, January 21, 2015
TIME: 1:30 P.M.
PLACE: Room EW05
MEMBERS: Chairman Harris, Representatives Hartgen, Holtzclaw, Horman, Redman, King, Rudolph
**ABSENT/
EXCUSED:** Representative King
GUESTS: Lisa Steele, PERST; Josh McKenna, Larry Ingram, Department of Labor; Don Drum, PERSI, and Robyn Lockett, LSO.

Chairman Harris called the meeting to order at 1:30 p.m.

MOTION: **Rep. Rudolph** made a motion to approve the minutes of January 15, 2015. **Motion carried by voice vote.**

DOCKET NO. 09-0104-1401: **Larry Ingram**, State of Idaho Department of Labor, presented **Docket No. 09-0104-1401** to the committee. The rule change will reflect the legal standard used by the Idaho Supreme Court in unemployment insurance benefit fraud cases by explaining that to "willfully" make a false statement or to "willfully" fail to report a material fact in order to obtain unemployment insurance benefits only requires a purpose or willingness to commit the act or make the omission. There will be no fiscal impact with the rule change.

In response to questions, **Mr. Ingram** stated this is an administrative standard but the department felt the change should be approved so that it could be defined. If an individual is pursued for criminal fraud it is separate from the rule. He gave an example of willful unemployment fraud, stating that if an individual was filing for unemployment each week and stated that he or she worked, but did not or misstate the amount earned, the individual would receive more benefits than they are owed.

MOTION: **Rep. Horman** made a motion to recommend the full committee approve **Docket No. 09-0104-1401**. **Motion carried by voice vote.**

DOCKET NO. 09-0106-1401: **Larry Ingram**, State of Idaho Department of Labor, presented **Docket No. 09-0106-1401** to the committee. The current rule allows appeals to be filed in any of the 25 Job Service Offices in the State. Appeals are then collected and sent to Boise, Idaho. The rule change will prevent appeals from being delayed or misdirected by requiring them to be filed by mail or electronically transmitted directly to the Department of Appeals Bureau. There is no fiscal impact to the General Fund, however, there is a positive fiscal impact to the Department due to a streamlined appeals process saving the Department mailing and document handling costs.

In response to questions, **Mr. Ingram**, stated that rule does not eliminate local filing, it just ensures that the local staff will not have to file for the individual.

MOTION: **Rep. Horman** made a motion to recommend the full committee approve **Docket No. 09-0106-1401**. **Motion carried by voice vote.**

DOCKET NO. 09-0130-1401: **Josh McKenna**, State of Idaho Department of Labor, presented the rule change which reflects how the Department currently processes unemployment insurance claims. The change will delete references to mailed and in person claims which are no longer used. Claims are instead filed via the internet or in special circumstances by telephone.

In response to questions, **Mr. McKenna** stated that individuals have not had issues with this filing method. Internet claims filing has been in effect since 2002 and in the last several years they have started allowing individuals to file via telephone. If an individual is having difficulty filing online, they may file via telephone, a service which will not be refused.

MOTION: **Rep. Redman** made a motion to recommend the full committee approve **Docket No. 09-0130-1401. Motion carried by voice vote.**

DOCKET NO. 59-0201-1401: **Don Drum**, PERSI, presented **Docket No. 59-0201-1401**, in regards to rules for the Judges' Retirement Fund (JRF), to the committee. This new chapter of rules was effective as of July 1, 2014 and includes guidelines on the administration of the Judges' Retirement Fund. Approximately \$2 million is anticipated to be offset by civil filing fees which will be redirected from the Judges' Retirement Fund to the General Fund. The new rule has been administrated before JSF moved under PERSI management. The rule deals with assumptions and contribution rates to include that the Fund will incorporated the same as in the PERSI plan. The rules outline the process and comply with the IRS and the court staff.

In response to questions **Mr. Drum** stated that the as contribution rate went up, the employers rate was set at 55.28% to reduce the amortization to 25 years. The amortization rate is dependent on market returns but aims for net 7%. If there is a 7% return the amortization rate the contribution rates for employers may drop. Funds from the court fees is approximately \$2.0 million and the total employer rate is \$2.8 million.

Rep. Hartgen stated that this effects less than 200 employees and that contributions and rates have been incorrect in the past and changes in rates of return, amortization and the mix of contributions needed to be adjusted. PERSI is required to make a report annually to the legislature in regards to the status of the fund.

In response to questions, **Mr. Drum** stated that this docket does not change the benefits to Judges. PERSI rules protect their benefits. It was determined that the dollars needed were in excess of dollars coming in and it was the goal of JRF and JFAC to have the court fees cover the employer cost, which is currently not the case. The Judges' Retirement Fund is a separate fund from PERSI, although PERSI handles four funds to include the Judges' Retirement Fund. All of the funds are reported and tracked separately.

Rep. Hartgen stated that because of the relatively small amount in the fund, not everyone was looking at every part of the fund. As court cases increased, so were the costs coming from JFAC and because the fund was not handled by PERSI, it was not highly scrutinized. The rates and contributions were reanalyzed and new figures were determined.

MOTION: **Rep. Redman** made a motion to recommend the full committee approve **Docket No. 59-0201-1401. Motion carried by voice vote.**

ADJOURN: There being no further business to come before the subcommittee, the meeting was adjourned at 2:03 p.m.

Representative Harris
Chair

Erin Hutto
Secretary