

MINUTES  
**SENATE COMMERCE & HUMAN RESOURCES COMMITTEE**

**DATE:** Tuesday, February 14, 2017

**TIME:** 1:30 P.M.

**PLACE:** Room WW54

**MEMBERS PRESENT:** Chairman Patrick, Vice Chairman Guthrie, Senators Martin, Lakey, Thayn, Souza, Anthon, Ward-Engelking, and Burgoyne

**ABSENT/ EXCUSED:** None

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chairman Patrick** called the Commerce and Human Resources Committee (Committee) to order at 1:31 p.m.

**MINUTES APPROVAL:** **Senator Souza** moved to approve the Minutes of January 31, 2017. **Senator Martin** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL APPOINTMENT AND HEARING:** The appointment of Dr. John Rusche, Lewiston, Idaho, to the Idaho Health Insurance Exchange Board, term commencing April 10, 2017 and expiring April 10, 2020. The hearing was held via teleconference. **Dr. Rusche** summarized his experience from 2004 through 2016 as a Representative in the House. He remarked he held positions on several committees. From 1995 to 2005, **Dr. Rusche** was Senior Vice President and Chief Medical Officer for Regence Blue Shield of Idaho in Lewiston, Idaho. During the years of 1980 through 1995, Dr. Rusche was a general pediatrician.

**DISCUSSION:** **Dr. Rusche** stated that going forward, he was not sure what the federal government was going to do with the Affordable Care Act (ACA). There is a need for a market for individual insurance that people know how to use. He stated that Your Health Idaho (YHI) will be operational for a while and he would like to continue to help the operation run smoothly.

**Senator Souza** asked if the federal government changed the individual mandate, did Dr. Rusche see the YHI Exchange as an open market across state lines. **Dr. Rusche** said that insurance options could open up across state lines as people will want to buy insurance and have the ability to compare benefits and costs for pharmaceutical formularies, network, co-pays, and deductibles. The ability to present that information will be there whether there is a mandate for insurance or not. **Dr. Rusche** said health insurance is not simple as there are many variations. If there is no mandate to have insurance, stress will be put on the public system with catastrophic programs and the burden will be more than the healthcare system can bear. Idaho will have to do the best as possible when the federal mandate is handed down. Each state has different minimum requirements and Idaho has one of the lowest in the country. If California and Idaho insurance options were pooled, costs may go down, but with minimum consequences.

**Senator Lakey** asked Dr. Rusche what position he was filling on the YHI Board. **Dr. Rusche** said he was filling the consumer position.

**GUBERNATORIAL  
APPOINTMENT:**

**Senator Burgoyne** moved to send the gubernatorial appointment of Dr. John Rusche to the Idaho Health Insurance Exchange Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**Chairman Patrick** stated the Gubernatorial Appointment and Hearing for Representative Terry Gestrin would be heard upon his arrival.

**S 1008**

**Relating to Surveys.** **Keith Simila**, Executive Director, Board of Licensure of Professional Engineers and Professional Land Surveyors (IPELS), said the purpose of the bill is to clarify that the basis of bearing must have two existing monuments (angle relative to true north). Surveyors need to occupy two monumented corners in order to properly align the coordinates of different surveys. The basis of bearing enables succeeding land surveyors to set up on the same line to start their new survey. This creates maps that can be compared equally to each other, reducing the likelihood of misinterpreting the location of property boundaries. It is important that succeeding land surveyors be able to physically occupy the same two points in order for succeeding surveys to be comparable. The amendment clarifies that the two locations must physically be located on the ground and not calculated points or missing monuments. There is no fiscal impact to the IPELS Board or the General Fund.

**DISCUSSION:**

**Senator Burgoyne** asked when there were two monumented corners, did that mean there was a physical monument present. **Mr. Simila** said that monuments can be more than just corners and can also be a non-corner. As long as two monuments that are on the ground are chosen and are physical objects, those are monuments.

**Chairman Patrick** asked if a fire hydrant would serve as a monument. **Glenn Bennett**, IPELS Board member, explained that a fire hydrant could be a reference to a corner, but could not be used as a definition for a corner.

**Senator Thayn** stated that surveying has been going on for a long time, so why should there be clarification now. **Mr. Bennett** said that there have been ongoing questions by surveyors in defining that the basis of bearing must have two existing monuments physically located on the ground and not calculated points or missing monuments. He remarked the IPELS Board is trying to clarify to the public that two physical monuments must be tied together.

**Senator Burgoyne** asked what if there was a monument that was removed or never placed. **Mr. Bennett** explained it was incumbent on the surveyor to replace the monument and put it in the correct place without having to do a full survey.

**Senator Thayn** asked if there had been problems in the past with the placing of monuments. **Mr. Bennett** said that surveyors have asked questions of the IPELS Board about monument placement and the IPELS Board was trying to clear up the confusion and clarify that the basis of bearing must have two existing monuments.

**Vice Chairman Guthrie** asked if there was an increase in cost for the survey. **Mr. Bennett** said that there was not an increase and that monuments have to be replaced if they are missing. **Vice Chairman Guthrie** commented that this legislation is requiring the physical evidence of a monument being placed in the correct location.

**MOTION:** **Senator Martin** moved that **S 1008** be sent to the floor of the Senate with a **do pass** recommendation. **Vice Chairman Guthrie** seconded the motion. The motion carried by **voice vote**.

**S 1047** **Relating to Submersible Pumps.** **Senator Nonini** said the purpose of the proposed change to Idaho Code § 54-1001A is to clarify § 682.10 of the National Electrical Code (NEC). The fiscal impact is a projection of the direct, current and public costs and associated revenues. He said this legislation was a cleanup from last year's legislation. **Senator Nonini** remarked listed submersible well pumps are approved for use in lakes, rivers, ponds and streams in Idaho. However, Articles 110.3(A), 110.3(B), and 682.10 of the NEC relating to specific use of the pumps will not apply, nor will this section affect any electric supplier. The Division of Building Safety (DBS) has been directed to promulgate rules governing the use, inspection, and safety of submersible well pumps in Idaho's lakes, rivers, ponds, and streams.

**DISCUSSION:** **Senator Burgoyne** asked for a summary of what is in Articles 110.3(A), 110.3(B), and 682.10 of the NEC that are being exempted. **Warren Wing**, Electrical Program Manager, DBS, explained that the DBS was exempted last year from statute. Manufacturer's instructions and the use of specific equipment are exempted.

**Senator Nonini** said this will sunset in 2018 and it is important to districts to get this change resolved within the next year.

**MOTION:** **Senator Lakey** moved that **S 1047** be sent to the floor of the Senate with a **do pass** recommendation. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL APPOINTMENT AND HEARING:** The appointment of Representative Terry Gestrin, Donnelly, Idaho, to the State Insurance Fund Board, term commencing December 1, 2016 and expiring December 1, 2018. **Representative Gestrin** stated he has served on the YHI Board for a number of years. He now represents the House of Representatives on the YHI Board and this is a reappointment. He explained he has extensive experience of serving on boards and has an insurance background.

**Senator Lakey** disclosed a potential conflict according to Senate Rule 39 (H) for the record but intended to vote, that he currently serves on the State Insurance Board.

**GUBERNATORIAL APPOINTMENT:** **Senator Lakey** moved to send the gubernatorial appointment of Representative Terry Gestrin to the State Insurance Fund Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

**PRESENTATION:** **Idaho Workforce Development Training Fund and Unemployment Insurance.** **Ken Edmunds**, Director, Idaho Department of Labor (IDOL), presented a PowerPoint presentation. **Mr. Edmunds** explained Idaho's workforce challenges consisted of: a shortage of a skilled workforce; college and career readiness; industry expectations for training; and technology. There is a shortage of approximately 50,000 people just to fill jobs.

**Senator Souza** asked if the gaps that were just outlined took into account the number of people who were unemployed for so long and fell off the statistical rolls and are still not being trained for another set of skills. **Mr. Edmunds** said that IDOL is trying to place people into different skill sets by training. People across-the-board are not ready for jobs because they are not qualified.

**Mr. Edmunds** outlined the IDOL role. He noted that the IDOL is primarily federally-funded with a \$100 million appropriation. The IDOL has a broad range of responsibilities. Embodied in those responsibilities are unemployment insurance, including taxes and benefits; wages and hourly rates; the Human Rights Commission, Disability Determination Services (Social Security Administration or SSA); serving Idaho; and veteran's services. There is a current emphasis on workforce development.

**Mr. Edmunds** reported the workforce development labor connection included the Workforce Development Training Fund. Within the labor connection there are 25 offices connecting industry and education, and the career information system. Current initiatives are Apprenticeship Idaho, the Hispanic Initiative, Corrections, and other opportunities.

**Mr. Edmunds** described the initiatives and grants being used by IDOL. The grant for Apprenticeship Idaho is \$1.4 million; the Disabilities Employment Initiative is \$2.5 million; the Re-Employment Service Portal grant is \$1.09 million. Initiatives include Volunteers in Service to America (VISTA) and the Inspiring Futures Program. He remarked that AmeriCorps Future in Action will provide up to 20 staff placed in rural schools.

**Mr. Edmunds** explained the purpose of the unemployment insurance tax relief bill was to reduce the unemployment insurance taxes paid by businesses. There has been \$115 million in savings over three years. There has been a formula change for the risk multiplier in order to determine what the reserves should be. During the Great Recession, the IDOL had to borrow over \$200 million to stay afloat. However, by 2020, the IDOL should have over \$2 million in reserves. **Mr. Edmunds** outlined the necessary "fund size multiplier" for combined trust fund solvency during various levels of economic contraction. He noted that when there is a small contraction in the economy, a 1.0 fund size multiplier would keep the combined trust fund solvent. When there is an average recession, a 1.15 fund size multiplier would work, and when there is a Great Recession, a 1.30 fund size multiplier would be needed. **Mr. Edmunds** said the IDOL proposes a 1.3 fund size multiplier cap.

**Mr. Edmunds** said there is a tax savings projection in 2018 of \$46 million, \$44 million in 2019, and \$25 million in 2020 for a total of \$115 million. He remarked that the Unemployment Insurance (UI) tax bill was now at 1.34 percent. **Mr. Edmunds** said the fund balances under existing and proposed law was projected from 2000 to 2016 with a 1.5 risk multiplier and through 2020 with a 1.3 risk multiplier cap.

**Senator Burgoyne** asked what the multiplier was prior to the Legislature being presented with the change that occurred before the Great Recession, and what would the multiplier be today. **Mr. Edmunds** stated there were several different methods of calculations used prior to the Great Recession. He stated the risk multiplier was in the 1.2 range, which would have been safer. Prior to the Great Recession the formula went from a fixed rate with no calculation to various formulas. The current formula works very well and has gone up to 1.5, but the IDOL is asking for a 1.3 risk multiplier.

**Senator Burgoyne** asked if the IDOL had used 1.3 as the risk multiplier in 2008 to 2009, would the IDOL have been able to get through the Great Recession without being \$200 million in the red. **Mr. Edmunds** said yes. **Senator Burgoyne** asked if the IDOL had some money in the fund, would Mr. Edmunds know where the IDOL would be in terms of the Great Recession using 1.3 as a risk multiplier, what the balance would have looked like. **Mr.**

**Edmunds** replied the number would have been slightly positive. The IDOL would not have had to use the State reserve at that time, which would have been \$150 million. The State is the backup to the IDOL reserve. The federal reserve would have been minimal, but there would have been a State reserve.

**Vice Chairman Guthrie** stated this is a tax relief bill, so when rates are raised, is it characterized as a tax hike. **Mr. Edmunds** said yes, it would be considered a tax hike, but the IDOL is trying to create a tax decrease.

**Senator Burgoyne** commented he was an appeals examiner at the Department of Employment a few years ago. The tax rate is in code and the tax rate floats based on the health of the fund and the tax rate also floats based on the particular experience of the employer. When the taxes go up that is considered a tax increase. **Senator Burgoyne** said he agreed with Mr. Edmunds.

**Mr. Edmunds** outlined the Workforce Development Training Fund (WDTF), which was established in 1996 under the Workforce Development Council. Funding was 3 percent of unemployment tax collections. **Mr. Edmunds** said driving the rate down, the IDOL is being penalized as a department because there is no money for training. The IDOL has substantially expanded their search for potential candidates. By requesting another 30 percent reduction in the tax rate, the IDOL will reduce the WDTF by another 30 percent. The IDOL peaked out at \$10 million a year in training funds, which were used extensively for cities and new companies coming to the State. Now the IDOL is focused on work force training. Moving forward, the IDOL will have slightly in excess of \$3 million for total training over a three-year period, which has created a real challenge. The WDTF provides short-term training programs for immediate employer needs. The WDTF helps with start-up programs and builds talent pipelines. The primary programs are direct employer training, industry sector grants, and rural micro grants.

**Mr. Edmunds** stated the Governor wanted the WDTF to help the IDOL meet a crisis when there was no money. The 17-member WDTF was formed and charged with studying ways to improve Idaho's funding and delivery of training programs to meet growing employer demand for skilled workers. Recommendations must be delivered to the Governor by July 1. There was a one-time \$5 million transfer of funds to the WDTF to help bridge the gap for the future. The first priority will be to implement the WDTF recommendations. **Mr. Edmunds** outlined the proposed uses of the \$5 million. Some of the proposals are to expand and continue Apprenticeship Idaho, and use the money for the Industry Sector Grant and Rural Micro Grant. Targeted programs include: Choose Idaho, which is for the recruitment and retention of Idaho graduates; Workplace Excellence for soft skills training support; computer science work-based learning opportunities; and Workforce Training Centers to build capacity. Another goal is to address waiting lists for career and technical education.

**Senator Souza** asked what would be the difference if an individual who wanted to increase their certification, went through an apprenticeship program rather than a career and technical program. Which is better for that individual and which is better for the State in general. **Mr. Edmunds** explained the primary difference is that the career and technical programs, which are typically a one-or two-year program, require an individual to be a full-time student and work. The apprenticeship program provides a burst of education, such as a 12-week program, then the student is allowed to enter into the

workforce rapidly, earn an income, and also have a parallel education path. The apprenticeship program deals with immediate employer needs and removes a financial barrier by working. Students learn as they go.

**Senator Souza** asked if students in an apprenticeship program would have some sort of certification at the end of the apprenticeship. **Mr. Edmunds** said that career and technical education involvement is different than a full-time position, but career and technical education is trying to help make the apprenticeship program work. The IDOL will follow federally-registered apprenticeships. These result in transferrable skills. All of the requirements are identified by industry. The programs are set up so the person will have completed an apprenticeship program that gives them a certificate that can be taken to any business around the State. The individual works with the actual employer, but that does not restrict their ability to move to other employers when the program is completed. Hopefully, an employer will convince the individual to stay.

**Senator Burgoyne** remarked that people have had a very hard time making transitions from the field to the classroom and the career and technical program was a failure. Those programs had many people who could not finish and could not receive any benefit from the program. The apprenticeship approach makes more sense. It is critical in an apprenticeship program that it be very clear that the apprenticeship side meets the standards and certification requirements for apprenticeship programs. **Mr. Edmunds** commented there is no doubt that the apprenticeship program has to be industry-driven.

**Mr. Edmunds** said the current program has 200 apprentices under a \$1.4 million grant. The projection is to have 500 apprentices in the program. He said the apprenticeship program is a collaborative approach with education and industry and he is excited about the future.

**ADJOURNED:**

There being no further business at this time, **Chairman Patrick** adjourned the meeting at 2:31 p.m.

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Senator Patrick  
Chair

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Linda Kambeitz  
Secretary