

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, January 17, 2023

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Cook, Vice Chairman Lenney, Senators Lakey, Guthrie, Ricks, Foreman, Hartgen, Ward-Engelking, and Ruchti

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 Cook** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:30 p.m.

Chairman Cook announced the Gubernatorial Reappointment of Patti Perkins would be moved to the second item on the agenda.

GUBERNATORIAL REAPPOINTMENT: **Committee Consideration of the Gubernatorial Reappointment of Rodney Higgins of Boise, Idaho, to the Idaho State Insurance Fund Board (Board), term commencing April 3, 2022 and expiring April 3, 2026. Mr. Higgins** gave a brief overview of his background. He stated a strong state fund for businesses in Idaho was needed. Computer systems have been updated, but were still not competitive with business. He noted his biggest concern was cyber crime.

DISCUSSION: **Chairman Cook** asked Mr. Higgins what was being done about cyber security. **Mr. Higgins** reported employees were hired to work on this problem. He cautioned all needed to be careful.

Senator Lakey disclosed he had served with Mr. Higgins on the Board and queried why Mr. Higgins wanted to remain on the Board. In response, **Mr. Higgins** stated there was much work to do moving forward.

Senator Ricks and **Mr. Higgins** discussed the direction the State Insurance Fund (Fund) was headed regarding premium reduction for employers, the legislation that dropped premium rates, and rates that were set by the Worker's Compensation Bureau. **Senator Ricks** remarked Idaho had a higher rate than surrounding neighbors. **Mr. Higgins** explained the rates were regulated by State law but rates could be increased or lowered, minus the current published rate up to 25 percent. **Mr. Higgins** acknowledged every state had a rating from the National Association of Insurance Commissioners (NAIC). Some states took care of the worker's compensation rates without charging the employer.

Chairman Cook and **Mr. Higgins** discussed wanting to do the same thing as industry relating to computers. **Mr. Higgins** noted the Board was financially stable.

Chairman Cook announced the votes for the gubernatorial appointments would take place at the next meeting.

GUBERNATORIAL REAPPOINTMENT:

Committee Consideration of the Gubernatorial Reappointment of Patti Perkins of Boise, Idaho, Director, Department of Finance (IDOF), term commencing January 2, 2003, and serving at the pleasure of the Governor. Ms. Perkins gave a brief overview of her background. She noted she enjoyed her job.

DISCUSSION:

Senator Lakey and **Ms. Perkins** discussed the challenges in the financial field, which included all things cyber as it related to the financial service market. **Ms. Perkins** said the challenge was to seize the opportunity for the IDOF to grow with the population and provide financial services. She stated the IDOF had worked hard to develop more specific strategic plans for operating in the future. **Senator Lakey** asked Ms. Perkins what was her approach for oversight of the IDOF. She noted the approach was to focus and prioritize customer service and to consult with one another. She said the term was used consistently in terms of regulation with emphasis on a partnership with business. **Ms. Perkins** indicated the IDOF wanted to be the type of government entity that helped businesses be successful as opposed to being too harsh.

Vice Chair Lenney queried what was meant by working on the culture at the IDOF. **Ms. Perkins** remarked the IDOF realized how the workforce expectation had changed and the IDOF wanted to be flexible in order to understand how younger employees functioned. A set of values was established to create an open and trusting environment. **Vice Chair Lenney** and **Ms. Perkins** discussed the idea that values, such as accountability, empowerment, and mutual respect were new to the IDOF.

Chairman Cook asked what was the most frustrating thing by leaving the private sector compared to going to the public sector at the State. **Ms. Perkins** answered it was more difficult to get things accomplished and she had learned to have patience.

Senator Ruchti and **Ms. Perkins** discussed organizational theory and how those theories were easily implemented. She noted there were different constraints but the practices that worked in a business environment were basically the same.

GUBERNATORIAL APPOINTMENT:

Committee Consideration of the Gubernatorial Appointment of Terry Gestrin of Donnelly, Idaho, to the Idaho State Insurance Fund Board (Board), term commencing September 20, 2022 and expiring April 30, 2026. Mr. Gestrin gave a brief overview of his background. He explained he had served on the Board for the last ten years while being a Representative. Prior to coming to the House, he was a business owner and that business was still in operation. He looked forward to continuing his service to the State, to businesses, and the people of Idaho.

DISCUSSION:

Senator Ricks asked about the possibility of a reduction in premiums for employers. **Mr. Gestrin** stated expenses and premiums were constantly examined. He noted the Fund was regulated by the Idaho Department of Insurance. An "in house" actuary conducted audits to determine actual rates. Annual audits were also conducted on a yearly basis. The Fund had to be stable in order to pay claims. Currently, the Board was trying to move technology in the right direction to make it more user-friendly.

**GUBERNATORIAL
REAPPOINTMENT:**

Committee Consideration of the Gubernatorial Reappointment of Jani Revier of Meridian, Idaho, Director, Department of Labor (IDOL), to serve a term commencing January 2, 2023 and serving at the pleasure of the Governor. Ms. Revier gave a brief overview of her background. She stated she was a native fifth generation Idahoan. She grew up in a family that recognized the importance of public service and she had devoted her career to serving in the State and federal government. Because she worked in Washington, D.C. for ten years for members of the Idaho Congressional delegation, that experience taught her how to formulate and advance public policy in an atmosphere where it was sometimes difficult to find consensus. She said one of the biggest challenges she faced as Director was the spike in unemployment caused by the pandemic.

Ms. Revier remarked the IDOL administered the unemployment insurance program that provided benefits to workers who lost their jobs through no fault of their own and who met eligibility requirements. She reported prior to the pandemic, Idaho had historic low unemployment with fewer than 10,000 people receiving unemployment benefits. Within one month over 70,000 people applied for benefits and that number continued to grow. The IDOL was unprepared for the increase in claims. Grappling with the significant increase in claims volume, Congress created three new programs to assist out-of-work individuals for the IDOL to administer. In response to the crisis, IDOL resources were redirected and over 100 staff were hired to help answer phones and process claims. Policies and procedures were reviewed and streamlined to help speed up the review process. Through the pandemic, Idaho paid over \$1 billion in benefits to out-of-work Idahoans. Only about one quarter of that was regular unemployment benefits from the Trust Fund, while the remainder was federal funding from the pandemic unemployment programs.

Ms. Revier indicated as the IDOL worked through the backlog of claims, there was a new challenge of fraudulent claims being filed on victims of identity theft and often by organized crime. At the peak, there were 70 to 90 percent of claims filed each week being flagged as potentially fraudulent. This changed the application process, requiring proof of identity before any unemployment insurance claim could be processed. The IDOL invested over \$10 million in system upgrades to ensure the unemployment insurance system continued to meet the IDOL and customer needs. The focus on rural Idahoans, claimants with disabilities, older workers, and claimants with language barriers, was identified by the IDOL to enhance access to the unemployment program.

There was an outside review by an outside contractor. The IDOL applied for a \$1.7 million grant from the U.S. Department of Labor to implement the recommendations of the contractor. These recommendations further enhanced the accessibility of the system and streamlined operations.

Ms. Revier stated to adjust to the declining funding and continue to have a presence in rural Idaho, many of the IDOL local offices were transitioned into mobile offices. Services were standardized throughout all offices. Assistance in writing resumes, training workshops, and information on job opportunities were the focus with assistance for out-of-work veterans, connecting youth to the workforce, and linking workers to necessary training. Many more programs provided by the IDOL help the unemployed. **Ms. Revier** referred to a publication, "Year in Review 2022," published by the IDOL, relating to the programs in the IDOL.

Ms. Revier explained she looked forward to the challenges and opportunities

ahead and she intended to keep working to make Idaho an even better place to live and work.

DISCUSSION:

In response to a question from **Senator Ricks** relating to an overview of unemployment funds, **Ms. Revier** reported the Trust Fund was in good condition with \$1,000,000,000. Last year unemployment insurance rates were frozen at the 2001 level for 2022 - 2023 rates with the formula in statute over the next 20 years, which would flatten rates.

Senator Lakey noted there was a real spike in the amount of people hired during COVID-19. **Ms. Revier** indicated there was a spike in staff that was entirely funded by federal funds. The IDOL also had dedicated funds to use. Those funds may be tapped within the next year. The demand for services had shifted for those applying for unemployment insurance. The IDOL was in the process of recovering funds from those who were not eligible. The IDOL was able to shift some staff and those who left were not replaced. She reported those who applied for unemployment insurance were those who had been laid off or there was a seasonal nature to their job. Some industries used unemployment insurance for seasonality and paid more for the insurance. The statute stipulated the maximum amount of time laid off employees can collect. There was no spike in unemployment.

Chairman Cook reminded all Committee members to bring their Red Line rules books for the meeting of Thursday, January 19, 2023. **Vice Chair Lenney** noted there were only four total rewrites of the rules. **Chairman Cook** outlined how the meeting for the rules would work and asked all Committee members to become familiar with the rules assigned to them.

ADJOURNED:

There being no further business at this time, **Chairman Cook** adjourned the meeting at 2:18 p.m.

Senator Cook
Chair

Linda Kambeitz
Secretary