

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Tuesday, February 14, 2023

TIME: 1:30 P.M.

PLACE: Room WW54

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

ABSENT/ EXCUSED: Ricks

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 1:31 p.m.

PRESENTATION: **Honoring of Pages Clayton Moore and Kamille Mirkin. Chairman Cook** asked each to tell the Committee what they learned by being a Page. **Ms. Mirkin** stated she learned a lot from being involved in the proceedings of the Committee. She stated she never would have learned in a high school government class what she learned here. She also made some great connections with all of the people at the Capitol. Overall, being a Page was a great learning experience which gave her a better understanding of how the government functioned. She noted Senators were human and she appreciated what they did for the State of Idaho. She understood what made a government function. She thanked the Committee for the experience of being a Page.

DISCUSSION: **Senator Guthrie** thanked Ms. Mirkin for her service. **Senator Ward-Engelking** thanked her for being a Page and asked her what were her next steps. **Ms. Mirkin** noted she would graduate from Jerome High School and attend the University of Idaho where she wanted to major in communications, science, and leadership. Her long-range plans were to attend law school.

PRESENTATION: **Mr. Moore** noted he was from Weiser. He thanked the Committee and noted it was so cool to play a small and helping hand in the Committee. The experience was eye-opening. He said when he first heard about the Page program, he was a little intimidated. He realized Senators were people and it was a pleasure getting to know the Committee members. This was the best learning experience and was life changing.

DISCUSSION: **Senator Ward-Engelking** asked about his future plans. **Mr. Moore** reported his plans were similar to those of Ms. Mirkin. He planned on attending the University of Idaho majoring in agricultural communications, science, and leadership. He wanted to practice agricultural law.

S 1054

PERSI - Amends existing law to provide for the reemployment of certain retired members under certain circumstances. **Senator Lakey** stated the purpose of this legislation was to ensure first responders under Idaho Code § 59-1356 could be considered for employment in Idaho after retirement. In 2022, the Public Employee Retirement System of Idaho (PERSI) brought forward reemployment legislation stating first responders may be rehired after retirement with a clear separation in employment from their department. However, the legislation required first responders to retire prior to January 1, 2022, and did not require a PERSI contribution from the employer or employee. This legislation amended Idaho Code § 59-1356, First Responder Reemployment Legislation, to change the sunset clause to 2027, defined the bonafide separation of employment as 30 days, removed the retired by date, and required public safety officers to contribute into PERSI. The employee rate was set by PERSI at 9.8 percent and the employer rate was 13.26 percent.

Senator Lakey noted there was no fiscal impact to the State General Fund nor to any local units of government. PERSI would continue to receive contributions from the employee and employer, but the retirement would not increase.

DISCUSSION:

Senator Foreman asked Senator Lakey to explain the options for retired officers who were collecting PERSI benefits. **Senator Lakey** explained when a retired officer came back to work under this legislation, they would still receive retirement pay, but there would be no more extra PERSI.

A discussion ensued with **Senators Guthrie, Cook, and Lakey** about the Rule of 80 and retirement eligibility at the age of 50 and whether this legislation put the Rule of 80 in question. **Senator Lakey** noted this bill allowed the police or firefighting departments to benefit from hiring those with experience.

TESTIMONY:

Richard Allen, Chief of Police of Garden City, and representing Idaho Chiefs of Police, testified in support of the bill. He reported the various associations worked with Don Drum, Executive Director, PERSI, in crafting this legislation. He noted current legislation allowed for police officers to return to work, but those who left prior to 2022 did not know the options. This bill altered the previous bill from last year. Instead of 90 days of separation, this bill called for 30 days of separation from a job before a retired officer could return to work and still collect PERSI. With this bill, the returning officer would still collect PERSI, but would have to pay into the PERSI fund in order to keep PERSI whole. This bill would sunset in five years so data could be reevaluated. The change in this legislation benefitted states, cities, counties, and employees. **Mr. Allen** remarked reemployment was not for all retired police officers or firefighters. Retirees from other states were hired to work for the State of Idaho. This bill helped to keep police and firefighters here. He noted it was very difficult to hire officers, with not too many applying for jobs within the last two years.

DISCUSSION:

Senator Ruchti asked for clarification on the Internal Revenue Requirement (IRS) of a 30-day hiatus or gap. He stated the bill required someone taking advantage of this program to become reemployed within 30 days after retiring, and would suggest on day two a retiree could be reemployed. He asked if that was the intent or should the language be modified. **Mr. Allen** stated the IRS did not place a time on the separation. The IRS required a bonafide separation in employment with no guarantee of being rehired. This bill required there had to be a minimum of 30 days of separation just to guarantee there was a bonafide separation. **Senator Lakey** pointed out on page 2, lines 32 and 33, a retiree could not return to work in two or three days and continue to collect PERSI as they would then not be considered retired or separated. Thirty days must have expired.

Senator Guthrie remarked this bill had confusing language and asked for an explanation. **Senator Lakey** explained in order for a person to retire, they had to be over 50 years old and then wait 30 days. If a person returned to work prior to the 30 days, they lost retirement status. He referred to Idaho Code. He noted only those that fit the criteria could retire and that he was not talking about those who retired and changed their mind within 30 days and returned to work. **Senator Guthrie** stated if an individual retired and started to receive benefits, but decided to return to work, would the money have to be repaid because then they would be considered as never having been retired. **Senator Lakey** stated a retired member was defined in Idaho Code. This meant a former member received a retirement benefit and was no longer an employee.

A lengthy discussion occurred among the Committee members about what was considered "retired" in this bill.

TESTIMONY:

John Evans, Mayor of Garden City, and Chairman of the Association of Idaho Cities (Association), stated the Association Board supported this legislation. He stated hiring and keeping police officers was a challenge. This legislation allowed police departments latitude to fill gaps with experienced officers.

Knute Sandahl, Idaho State Fire Marshal, testified in support of the bill. He noted this bill put talented Idaho firefighters back into good use.

DISCUSSION:

Senator Guthrie asked Don Drum to come to the podium to answer a few questions. **Mr. Drum** confirmed this legislation was not a cost drain to PERSI. **Mr. Drum** explained the reason for continued contributions for those individuals who chose to work after retirement was to offset the costs. He said the actuarial took four to five years to obtain data based on actual costs. An individual who came back to work after retirement could not draw more benefits. **Senator Guthrie** queried if it would make sense to open up this type of advantage for all PERSI retirees. **Mr. Drum** cited the bill in 2007 where the Legislature allowed retired educators to return to work. He stated this changed the retirement pattern when members were not required to pay into PERSI. He remarked if all retired PERSI members were allowed to return to work, in all likelihood the retirement pattern would change and cost PERSI. Contribution rates would have to be built in with increasing rates moving forward.

Senator Ruchti referred to retired teachers and why the retirement pattern shifted or added an additional two years to the average retirement date that was not applicable to emergency responders, law enforcement, and firefighters. **Mr. Drum** explained if the financial impact of this bill was understood, it would be advantageous to retire today and return to work because financially there was a gain. Teachers returned to work once they figured out the financial advantage after officially retiring.

Senator Ward-Engelking stated she thought returning to work was not for everyone, but would work for some. This was advantageous for the State and she liked the idea of looking at the data in five years.

Written testimony in support of the bill was received from Bryan Lovell, President, Idaho Fraternal Order of Police (Attachment 1) and from Jeff Lavey, Idaho Sheriffs' Association (Attachment 2).

MOTION:

Senator Ward-Engelking moved to send **S 1054** to the floor with a **do pass** recommendation. **Senator Foreman** seconded the motion.

DISCUSSION: **Senator Guthrie** commented he was not settled with the language and wanted more explanation. He noted there was not a clear answer given if an individual had to pay PERSI retirement money back. He noted the Rule of 80 was implemented because of the stress and danger for police officers and firefighters. He stated this bill allowed these individuals to collect a benefit. He was not in support of the motion.

In response to an example given by Chairman Cook, **Mr. Drum** reported PERSI retirees were paid the first of the month. If an individual qualified for retirement from PERSI and checks were received and, at any point in time it was determined the individual did not meet the requirements, the money would have to be returned. The key was a break in service. He said the IRS required a clear and distinct break of service. If there was no break, the money had to be repaid. A new retirement application would have to be completed once an individual decided to retire again.

Vice Chair Lenney stated he was in support of the motion. He noted this solved a big problem for law enforcement.

Senator Ward-Engelking gave a personal example of when she retired from teaching. Her benefit did not increase even though she was working a State job. She noted why not use police and firefighter skills that benefitted the State. She was in support of the bill.

Senator Foreman remarked he was in support of the bill and understood the concerns. He said after he retired, he returned to work for free since this type of opportunity was not available at that time. He stated there was a shortage of personnel and this was a good tool to bring talent back. This bill came with good intentions.

Senator Ruchti commented he was in support of the bill. He was appreciative of Senator Guthrie's comments, which gave him something to think about. He stated he liked the five-year sunset clause as the Committee would see if the return-to-work was clogging upward mobility. He stated this bill was telling the Committee what was considered "not" retired.

Senator Guthrie commented this legislation set up a test whether law enforcement or firefighters were supported. His track record was supportive and it was not his intention to not support these groups.

VOICE VOTE: The motion to send **S 1054** to the floor with a **do pass** recommendation carried by **voice vote**. **Senator Guthrie** requested to be recorded as voting nay.

PRESENTATION: **Idaho Workforce Development Council (IWDC)**. **Wendi Secrist**, Executive Director, IWDC, gave a PowerPoint presentation about the IWDC (Attachment 3). She outlined the mission and vision of the IWDC. She pointed out that through the Workforce Innovation and Opportunity Act (WIOA), a federally-funded program that established the Workforce Development System, work was done with all of the partners and more to coordinate the activities of the workforce system. She said education was the other key player in the system, as people were helped to move from consumers to taxpayers.

Ms. Secrist reported on the Idaho Launch Program (Attachment 4). The focus was on high school students. She indicated \$15 million in American Rescue Plan Act (ARPA) funds were used to expand child care capacity. There were over 70 applications requesting \$40 million. Over \$11.6 million had been awarded with the remainder obligated by March 15. Currently, there were 180 youth

apprentices to date in the areas of auto techs, maintenance mechanics, welders, traditional electricians, plumbing, and Heating, Ventilation and Air Conditioning (HVAC), dental assistants, early childhood educators, paraprofessionals, and Information Technology (IT) specialists.

Ms. Secrist explained the Talent Pipeline Management (TPM) was the framework used to ensure alignment between employers and the investments made by the IWDC. Two broad surveys of employers were conducted to understand the skills needed in the workforce, with the most recent in May 2022. Nearly 1,900 employers responded and 74 percent of the employers had less than 20 employees. She noted 78 percent of the respondents indicated they planned to hire within the next year. **Ms. Secrist** stated true alignment could only happen at the local level with ongoing dialogue. Utilizing some of the ARPA funds, seven host organizations hired project managers. They worked across economic development, education, and other workforce system partners to make sure that everyone was working towards the same goals of connecting Idahoans to careers.

Ms. Secrist outlined the Next Steps for Idaho. She stated connecting Idahoans to careers required there be a platform where information on careers, along with the training options to access the careers, was available. The IWDC and the State Board of Education partnered on Next Steps Idaho, which provided a number of career exploration tools, information on education, and training of all types; connections to funding opportunities, cost of education, and cost-of-living calculators, and more. The IWDC invested in the expansion of this site for over four years because there was not enough to develop education and training programs. Opportunities must be communicated to those who wanted to connect. The site included information on certificates, apprenticeships, and other non-traditional workforce training options. There was an increase in usage of over 20 percent per year and the average amount of time users spent on the site was five minutes.

Ms. Secrist referred to Launch Funding, how much was invested since the beginning of the program, and how much was invested this fiscal year since using ARPA funding. She pointed out the Launch wage increased and the employment rate by quarter increased for all of the participants that enrolled in a particular quarter. She noted people who enrolled in Launch in November and December of 2020 had an average of \$22,481 in annual wages. By the third quarter of 2022, wages were \$38,370, or an increase of \$15,889. **Ms. Secrist** reported employment data was being looked into more deeply by evaluating the program. The expectation was that once an individual started training, they may not be employed for a few quarters based on what they were studying in school. There could be a drop a year or more later. One possible reason was that the biggest share of training was the Commercial Driver's License (CDL) and people could be independent contractors or self-employed, which was something the IWDC was monitoring.

Ms. Secrist noted over 95 percent of enrollees completed the program. She stated the increase in economic mobility of Idahoans through education and training led to wage gains and retention.

ADJOURNED:

There being no further business at this time, **Chairman Cook** adjourned the meeting at 2:51 p.m.

Senator Cook
Chair

Linda Kambeitz
Secretary