

MINUTES
SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, January 11, 2024

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Cook, Senators Lakey, Guthrie, Ricks, Foreman, Hartgen, Lenney, 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.

WELCOME **Chairman Cook** welcomed all to the Committee meeting.

INTRODUCTION OF NEW PAGE: **Chairman Cook** introduced the new Committee Page, Abigail Spiers, and asked her to tell the Committee about herself. **Ms. Spiers** stated she was from Twin Falls. She noted she coached soccer and swimming, and worked at a stable. She stated she liked to cook and act. **Ms. Spiers** indicated she was excited to be a Page and learn about government. In the future she noted, she wanted to study biology.

DISCUSSION: **Senator Guthrie** asked Ms. Spiers what her dream career was. **Ms. Spiers** said she was interested in the study of whales. She had not decided on a college. **Chairman Cook** thanked Ms. Spiers for being a Page.

GUBERNATORIAL REAPPOINTMENT: **Committee Consideration of the Gubernatorial Reappointment of Aaron White of Meridian, Idaho, Commissioner, Idaho Industrial Commission, to serve a term commencing January 13, 2023 and expiring January 13, 2029.** **Mr. White** gave a brief overview of his background. He noted when he became a journeyman electrician he became interested in representing workers. He mentioned he had served on the Workforce Development Council Advisory Committee. This led him to the Idaho Industrial Commission (IIC). He lauded the accomplishments of the IIC moving from paper to advanced technology. He reported that currently, the IIC was working with vendors to improve customer service.

DISCUSSION: **Senator Ruchti** remarked one of the challenges in workers' compensation was creating an efficient system. He queried if the IIC had any current plans or thoughts on how make the system run more efficiently. **Mr. White** indicated the IIC had taken steps to improve systems internally by implementing electronic communication with constituents and how the IIC corresponded with claimants and attorneys who represented clients. The processes for approving lump sum settlements had been simplified, thus expediting payments.

Senator Ruchti and **Mr. White** discussed the tracking of cases, the possibility of prioritizing the addition of more hearing officers, and the decline in cases.

Senator Lakey asked Mr. White how the Advisory Committee provided input.

Mr. White remarked the purpose of the Advisory Committee was to bring industry to the table for a discussion of ideas on ways the IIC could improve the process and how to implement those ideas. The Advisory Committee was intended to avert any sort of crisis and to strive to improve operations.

Senator Guthrie asked what judicial writing was and if it was applicable to his position. **Mr. White** stated he played a quasi-judicial role conducting hearings and he said it was an important tool for him to learn new skills. He attended a course to learn how to draft decisions. He indicated he had the ability to read decisions and to understand them better after taking the training.

Senator Ruchti clarified if someone was not happy with a decision, they could go directly to the Idaho Supreme Court. The decisions that came from the IIC were written similar to a case from a district judge. **Mr. White** noted all three IIC Commissioners knew how to write an opinion and draft decisions.

Chairman Cook stated that in the past, Mr. White had represented many workers, and asked him to explain the process. **Mr. White** remarked his background was in representing workers and that was part of the reason why he was chosen for this position. Having three Commissioners provided a balance on how decisions were made. Commissioners tried to be impartial and strived for a fair outcome for everyone involved. He said it was important to voice concerns.

Chairman Cook asked what was the biggest challenge for the IIC. **Mr. White** answered the modernization project was a big undertaking and the primary focus was for the near and mid-term future.

RULES REVIEW:

Assignment of the Rules. **Chairman Cook** asked for volunteers among the Senators to take on the assignment of the rules. **Senators Ward-Engelking** and **Lenney** volunteered to address the Idaho Department of Finance. **Senator Hartgen** stated she would handle the Office of the Governor/Division of Human Resources and Personnel Commission, and the Idaho Industrial Commission. **Senators Lakey** and **Foreman** stated they would volunteer for the Department of Insurance rules. **Senators Guthrie** and **Ricks** asked for the Division of Occupational and Professional Licenses rules. **Senator Ruchti** volunteered for the Public Employees Retirement System of Idaho rules.

AGENCY UPDATE

Public Employees Retirement System of Idaho (PERSI). **Don Drum**, Executive Director, PERSI, gave an update on the PERSI Fund. He discussed contribution rate history, factors impacting the PERSI fund, the PERSI Board's reasoning and approach, and market volatility. He also talked about FY 2023 valuation and contribution rates, the stability and sustainability and cost-of-living adjustments, and decisions that needed to be made. He did a PowerPoint presentation (Attachment 1).

DISCUSSION:

Chairman Cook asked what it meant to be fully funded. **Mr. Drum** explained in the pension world, actuaries looked at assets and projected the liabilities associated with all participants in the plan. They projected 30 to 40 years in the future and what the liability expense was at that point in time. The actuaries brought the expense back to a present value and compared the present value of those anticipated future liabilities to the current value of the assets. If the current value of assets equaled the present value of all the anticipated future liabilities, that was 100 percent funded. **Mr. Drum** indicated any pension plan fully funded over 80 percent was well funded. He noted PERSI was approximately 85 percent funded.

Senator Guthrie remarked there was nearly a 4 percent increase in contribution rates and asked if that was attributed to return-to-work. **Mr. Drum** noted the increase was associated with funding, with an adjustment rates of .8 to .1 percent associated with return-to-work.

Senator Lakey stated the actuary overestimated the costs. **Mr. Drum** answered that could easily be fixed. He noted PERSI needed to wait until spring and then adjust the rates. He said the actuary was not realistic, but it was better to overestimate costs rather than underestimate.

Senator Ruchti asked if any states changed rates as to when benefits were paid. **Mr. Drum** said some states were reacting to extended life expectancy. There were changes PERSI could make.

Chairman Cook and the Committee members, thanked Mr. Drum for his service and wished him well on his retirement.

ADJOURNED:

There being no further business at this time, **Chairman Cook** adjourned the meeting at 2:36 p.m.

Senator Cook
Chair

Linda Kambeitz
Secretary