

**MINUTES OF THE  
WORKFORCE SERVICES AND COMMUNITY  
AND ECONOMIC DEVELOPMENT INTERIM COMMITTEE**  
Wednesday, November 16, 2011 – 2:00 p.m. – Room 20 House Building

**Members Present:**

Sen. Stuart C. Reid, Senate Chair  
Rep. Jim Bird, House Chair  
Sen. Patricia W. Jones  
Sen. Jerry W. Stevenson  
Rep. Johnny Anderson  
Rep. David Litvack  
Rep. Jeremy A. Peterson  
Rep. Dixon M. Pitcher  
Rep. Marie H. Poulson  
Rep. Brad R. Wilson

**Members Absent:**

Sen. Karen W. Morgan  
Sen. Aaron Osmond  
Rep. Keith Grover  
Rep. Gregory H. Hughes

**Staff Present:**

Mr. Benjamin N. Christensen, Policy Analyst  
Mr. Peter Asplund, Associate General Counsel  
Mr. Robert H. Rees, Associate General Counsel  
Ms. Debra Hale, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Committee Business**

Chair Bird called the meeting to order at 2:42 p.m.

**MOTION:** Sen. Reid moved to approve the minutes of the September 21, 2011 and October 19, 2011 meetings. The motion passed unanimously with Rep. Anderson absent for the vote.

**2. Unemployment Insurance**

• **Special Administrative Expense Account Amendments (draft legislation)**

Mr. Bill Starks, Unemployment Insurance Director, Department of Workforce Services (DWS), described the Special Administrative Expense Account Fund as, essentially, penalty and interest that comes into the unemployment insurance fund from overpayments and delinquent taxes. He explained that, under federal guidelines, this fund cannot be used for any purpose other than unemployment insurance without developing a cost model that would charge back to the fund the costs for assessing and collecting penalties and interest. He explained that this guidance is clarified by 2012 General Session draft legislation, "Special Administrative Expense Account Amendments" (2012FL-0251/007).

**MOTION:** Sen. Jones moved to approve 2012 General Session draft legislation, "Special Administrative Expense Account Amendments" (2012FL-0251/007) as a committee bill. The motion passed unanimously with Rep. Anderson absent for the vote.

• **Centralized New Hire Registry Act Amendments (draft legislation)**

Mr. Starks explained that there were two federal laws passed in the last 12 months that would make the recording of the date of hire of an individual a mandatory data element that needs to be reported to the State Directory of New Hires. Mr. Starks stated that 2012 General Session draft legislation, "Centralized

New Hire Registry Act Amendments" (2012FL-0250/010), defines the date of hire and the date of rehire for employees and requires employers to report this information to the Department of Workforce Services.

**MOTION:** Rep. Litvak moved to approve 2012 General Session draft legislation, "Centralized New Hire Registry Act Amendments" (2012FL-0250/010) as a committee bill. The motion passed unanimously with Rep. Anderson absent for the vote.

- **Unemployment Insurance Amendments (draft legislation)**

Mr. Starks distributed and discussed "UI Tax Rate Calculations and Explanations," describing the formula that DWS uses, which includes looking at benefit costs that are charged back to an employer's account over the previous four years. He explained that a social or pooled rate is added that is not attributable to any single employer. He stated that an amendment in 2012 General Session draft legislation, "Unemployment Insurance Amendments" (2012FL-0176/016), proposes to lower the maximum tax rate from 9 percent plus social costs to 7 percent plus social costs, and that this legislation would reduce the minimum tax rate (which is also the social rate) from .5 percent to .4 percent for 2012. He explained that this tax reduction would not endanger the trust fund at the economy's current pace.

Mr. Rich Thorne, President and CEO, Associated General Contractors, stated that his association is working hard to keep contractors working. He asserted that the reduction in the employment tax rate may not seem much, but it would create a huge boost for the construction industry.

**MOTION:** Rep. Litvak moved to approve 2012 General Session draft legislation, "Unemployment Insurance Amendments" (2012FL-0176-016), as a committee bill, with the amendment dated November 15, 2011, 12:58 p.m. The motion passed unanimously with Rep. Pitcher absent for the vote.

### **3. Purchasing from Community Rehabilitation Programs Amendments (draft legislation)**

Mr. Steven Mascaro, Executive Director, Utah Works, distributed and discussed "A New Self Funding Collaboration Saving Taxpayer Dollars and Putting People with Disabilities to Work," as well as a video presentation, "Dignity Through Work," which discussed individuals with disabilities gaining employment as a result of a bill previously passed by the Legislature. Mr. Mascaro said that, when persons with disabilities gain employment, their government disability financial assistance is reduced or eliminated.

Mr. Mascaro continued with a discussion of these three areas in 2012 General Session draft legislation, "Purchasing from Community Rehabilitation Programs Amendments" (2012FL-0413/004): (a) lines 54-61 provide an improved and clarified definition of what 'reasonably competitive' means; (b) lines 64-78 increase the size of the People with Disabilities Advisory Board; and (c) lines 79-90 provide an improved manner of identifying goods and services that can be provided by community rehabilitation programs in this state-use program. Mr. Mascaro emphasized that all these changes can be handled within the current budget. This legislation will result in: (a) employment of more individuals with disabilities; (b) reduction of public assistance costs to employed individuals with disabilities; and (c) creation of new tax revenue from employed individuals with disabilities.

Mr. Gary Knatt, Director, Business Operations, Columbus Community Center, stated that, when drafting this legislation, they looked at many states, as well as the federal model. Those examples only allow non-profit agencies to participate. Because this provides special advantages in procuring state contracts, he said they wanted to ensure that companies had, within their mission and articles of incorporation, the altruistic principle of providing jobs for individuals with disabilities.

**MOTION:** Rep. Litvak moved to approve 2012 General Session draft legislation, "Purchasing from Community Rehabilitation Programs Amendments" (2012FL-0413/004) as a committee bill. The motion passed unanimously with Rep. Pitcher absent for the vote.

Chair Bird turned the chair over to Sen. Reid.

#### **4. Health Insurance for School Districts (draft legislation)**

Mr. Wayne Kidd, Audit Supervisor, Office of the Legislative Auditor General, and Mr. Tim Osterstock, Audit Manager, Office of the Legislative Auditor General, reported on "A Survey of School Districts' Health Insurance," a copy of which was included in the committee mailing packet. Mr. Kidd said the audit recommends that the Legislature look at options to help school districts maintain cost-effective and adequate health insurance plans, including creating a statewide pool for school districts and allowing small school districts to join the state's risk pool.

Rep. Bird commented on 2012 General Session draft legislation, "Health Insurance for School Districts" (2012FL-0252/005), drafted to address these issues.

**MOTION:** Rep. Bird moved to approve 2012 General Session draft legislation, "Health Insurance for School Districts" (2012FL-0252/005) as a committee bill. The motion passed unanimously with Rep. Pitcher absent for the vote.

#### **5. Economic Development Regulatory Environment Task Force (draft legislation)**

Chair Reid returned the chair to Rep. Bird.

Rep. Wilson commented on 2012 General Session draft legislation, "Economic Development Task Force" (2012FL-0513/003), and stated that the intent of the bill is to create a group that will, in the next year or two, study issues and opportunities to improve the environment for state companies to retain employees and grow their businesses.

**MOTION:** Sen. Reid moved to approve 2012 General Session draft legislation, "Economic Development Task Force" (2012FL-0513/003) as a committee bill. The motion passed unanimously with Rep. Pitcher absent for the vote.

#### **6. Legislative Hearing for the Community Services Block Grant (CSBG) Program**

Mr. Jonathan Hardy, Director, Utah State Community Services Office, Utah Division of Housing and Community Development, Department of Community and Culture, distributed and discussed the booklet

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"2011 Annual Report on Poverty in Utah" and related issues of "Cost of Living - Asset Poverty - Education - Food & Nutrition - Health Care - Housing - Work Supports - County Profiles."

Mr. Paul Leggett, Executive Director, Community Action Partnership of Utah, described the services his network provides for the state.

Ms. Myla Dutton, Community Action Services and Food Bank - Provo, described the services her program provides and the importance of the Community Services Block Grant.

Ms. Cathy Caputo Hoskins, Executive Director, Salt Lake Community Action Program, spoke of the importance to all community action programs of Utah of tripartite boards, the Department of Community and Culture, and their partnership with the state.

## **7. Other Items /Adjourn**

Chair Bird expressed his appreciation to the Committee for their hard work through the summer.

**MOTION:** Rep. Anderson moved to adjourn the meeting. The motion passed unanimously with Rep. Pitcher absent for the vote.

Chair Bird adjourned the meeting at 4:10 p.m.