

**MINUTES OF THE
ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES
INTERIM COMMITTEE**

Wednesday, August 15, 2012 – 9:00 a.m. – Room 20 House Building

Members Present:

Sen. Stuart C. Reid, Senate Chair
Rep. Jim Bird, House Chair
Sen. Patricia W. Jones
Sen. Aaron Osmond
Sen. Jerry W. Stevenson
Rep. Johnny Anderson
Rep. Rebecca Chavez-Houck
Rep. Brian Doughty
Rep. Keith Grover
Rep. Ronda Rudd Menlove
Rep. Jeremy A. Peterson
Rep. Dixon M. Pitcher

Rep. Marie H. Poulson
Rep. Dean T. Sanpei
Rep. Brad R. Wilson

Members Absent:

Sen. Karen W. Morgan

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.

1. Committee Business

Chair Bird called the meeting to order at 9:04 a.m.

MOTION: Sen. Osmond moved to approve the minutes of the June 20, 2012 meeting. The motion passed unanimously, with Sen. Reid, Sen. Jones, Rep. Anderson, Rep. Grover, Rep. Menlove, and Rep. Poulson absent for the vote.

2. Child Poverty and Public Assistance Data

Ms. Kristen Cox, Executive Director, Department of Workforce Services (DWS), gave a report on the implementation of a new requirement that the department establish and maintain a system to track intergenerational poverty-related data to identify at-risk children, identify trends, and assist in the development of plans to help individuals and families break the cycle of poverty. She remarked that the requirement passed during the 2012 General Session under S.B. 37, "Intergenerational Poverty Provisions."

Ms. Cox also stated that more information will be available at an upcoming symposium. Ms. Karen Crompton, President and CEO, Voices for Utah Children, said that the symposium is scheduled for October 9, 2012, at Little America in Salt Lake City, and all committee members are invited to attend. She added that several panels at the symposium will focus on matters concerning children.

3. Unemployment Insurance Trust Fund -- Update

Mr. Bill Starks, Director, Unemployment Insurance (UI) Division, DWS, distributed two handouts: 1) "Unemployment Insurance Trust Fund Update - August 15, 2012" and 2) "Employment Security Act

Amendments Legislative Brief - August 15, 2012." He stated that money from the UI trust fund is being used to provide a financial unemployment benefit for up to 26 weeks for employees who are terminated from employment through no fault of their own. He continued that the trust fund is financed by contributions collected from employers and is imposed by formula on the payroll of each employer's workers.

Mr. Starks informed the committee that the UI trust fund balance has increased by \$120 million from last year, is the 10th healthiest trust fund in the nation, and that the trends look positive for the next four fiscal years. He said that the state has not had to borrow for the trust fund, because the UI division monitors it carefully and works with the Legislature to make adjustments, as necessary. He added that, during positive economic times, the division tries to increase the trust fund to prepare for recessionary times and avoid insolvency of the fund and an increase in taxes. Mr. Starks then pointed out that the state is currently below the national average with the 38th lowest UI tax rates.

Mr. Starks entertained questions from the committee regarding the trust fund balance, keeping tax rates low, and ensuring trust fund solvency. Rep. Bird questioned whether the state should favor struggling employers with lower tax rates or favor increasing the amount of the trust fund.

Mr. David M. Davis, President, Utah Retailer Merchants Association and Utah Food Industry Association, recommended draft legislation to hold the social cost rate at .004 percent rather than let it increase to .005 percent in 2013. He stated that no further UI tax decreases to employers are recommended because of the potential insolvency of the UI trust fund and the enormous tax increases to employers that would result.

Mr. Starks referred to his second handout regarding compliance-type amendments associated with UI fraud and penalties by reporting that the state has the nation's 49th lowest rate of citizens on unemployment. He stated that this low rate is a result of job program implementation and an aggressive fraud detection system. He added that he would like to bring these draft legislation amendments back to the November interim.

MOTION: Rep. Peterson moved that the committee direct the committee staff to open a bill file on unemployment insurance fraud and penalties. The motion passed unanimously.

4. Department of Workforce Services Organizational Changes -- Update

Ms. Cox updated the committee on the move of the Division of Housing and Community Development into DWS, effective July 1, 2012. She noted that this change was a result of H.B. 139, "Department of Community and Culture Amendments," which passed during the 2012 General Session. She explained that the bill also created an advisory council to advise DWS during the transition. Ms. Cox stressed that the advisory council has met, and DWS continues to work with affected parties to ensure a smooth transition.

5. Status of Child Care Report

Ms. Cox reported on the status of the Child Care Assistance Program. She explained that the program has a significant impact on the community and the economy. Ms. Cox said that, in order to meet the expectations of the Child Care Development Fund Grant (federal and state), DWS goals are to: 1) provide

child care to low-income families to enable parents to be employed outside the home; 2) improve the quality and quantity of child care across the state; 3) better coordinate with child care providers; and 4) strengthen families.

Ms. Cox provided these facts regarding the state: 1) 61percent of women are employed; 2) it has the highest birth rate in the nation; 3) 19 percent of families with young children are single mothers who need to be employed; and 4) an above-average number of parents work outside the home.

Ms. Cox stated that 6,400 children from low-income families who cannot afford child care are being assisted. She reflected that the rate structure for child care used to be that, as parents made more money, they would become ineligible for child care; child care is now provided on a sliding scale. Ms. Cox also noted that, now that the economy is improving, more parents are working, and caseloads for child care are increasing.

Ms. Cox stressed that the crucial time for after-school programs for children with no supervision is from 3:00 p.m. to 6:00 p.m. She referenced programs and activities that have been implemented to address this concern. She added that the ASPIRE program assists rural areas in providing necessary child care.

As a final note, Ms. Cox referred to DWS's online program to comply with the federal mandate to provide parents with options and information regarding child care information.

6. Olene Walker Housing Loan Fund Report

Mr. Gordon Walker, Director, Division of Housing and Community Development, was scheduled to present for this agenda item but was not in attendance. The chairs requested that this item be scheduled for a future meeting.

7. Other Items /Adjourn

MOTION: Sen. Reid moved to adjourn the meeting. The motion passed unanimously.

Chair Bird adjourned the meeting at 10:25 a.m.