

MINUTES  
**JOINT FINANCE-APPROPRIATIONS COMMITTEE**

**DATE:** Monday, February 13, 2023  
**TIME:** 8:00 A.M.  
**PLACE:** Room C310  
**MEMBERS PRESENT:** Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just  
Representatives Co-Chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Nash  
**ABSENT/ EXCUSED:** Senators Lent, Herndon; Representative Nash

**Co-Chairman Horman** called the meeting to order at 8:00 a.m.

**Mr. Tim Hibbard**, Analyst, LSO Budget & Policy, gave a brief overview of the Office of the State Appellate Public Defender. The agency has two budgeted programs: the Office of the State Public Defender and Capital and Conflict Representation. The agency has no open audit findings to report.

**Mr. Eric Fredericksen**, State Appellate Public Defender, cited the statutory authority for the Office and noted its responsibilities. He gave FY 2022 performance reports for the Appellate Unit and the Capital Litigation Unit.

**Mr. Fredericksen** stated the agency may receive up to three capital punishment cases this year. He explained the Office's FY 2023 supplemental appropriation request for increased data storage capacity with the Office of Information Technology Services; he also explained the request for a one-time operating expenditure, with carryover authority, to fund extraordinary representation costs associated with the Office's death penalty caseload.

**Mr. Fredericksen** explained the agency's FY 2024 line-item budget requests for a new capital litigation attorney and the consolidation with the Department of Human Resources (DHR).

In response to committee questions, **Mr. Fredericksen** explained the Office needs to keep its own work files separate and apart from the electronic envelope program with the court system. Additionally, the Office has an obligation to keep all files related to death penalty cases within the Office until the client passes away.

In response to a committee question, **Mr. Fredericksen** explained the Office expects to use the FY 2023 supplemental appropriation funding within the next sixteen months. The Office is in the middle of discovery litigation for a high-profile case; the carryover authority will allow them to retain experts before the actual evidentiary hearing.

**Mr. Hibbard** gave a brief overview of the Public Defense Commission. He reviewed the FY 2023–2024 process to relieve counties' obligations for funding public defense. Mr. Hibbard then explained the new public defense funding process for FY 2025 onward.

**Ms. Kathleen Elliott**, Executive Director of the Public Defense Commission, cited the statutory authority for the Commission and noted its organization and responsibilities. She explained the agency is the result of a longterm class-action lawsuit alleging Idaho has failed to provide Constitutional representation to indigent defendants. The agency is structured to improve public defense standards and meet federal and state constitutional obligations. The agency has no open audit findings to report.

**Ms. Elliott** explained the agency dispenses the bulk of its monies to counties through a grant process in the first quarter of the fiscal year. She expressed appreciation for the FY 2023 supplemental appropriation for additional attorneys to meet workload standards. Ms. Elliott then explained the agency's FY 2024 line-item budget requests, including funding for 3.5 additional attorneys to meet workload standards and the DHR consolidation.

In response to committee questions, **Ms. Elliott** explained one argument in the original lawsuit alleged Idaho made flat-rate contracts with attorneys for indigent defense cases. Flat-rate contracts create a disincentive for effective defense for clients. She further explained the vertical representation model (one client, one attorney, one case) is the new standard; the Commission works with Idaho counties toward compliance with the new model.

In response to further committee questions, **Ms. Elliott** explained why the lawsuit is in its eighth year. For decades, Idaho delegated public defense to the counties without any monitoring or financial support. Until three years ago, the Commission did not know how many cases in Idaho required indigent defense. The Commission continues to collect data; has implemented caseload standards; and trains attorneys and leaders. The grants issued by the Commission go directly to counties to help them meet their constitutional requirements for indigent defense.

**Mr. Hibbard** gave a brief overview of the Office of Administrative Hearings (OAH). OAH was created by statute by **H 629** in 2022.

**Mr. Bryan Nickels**, Chief Administrative Hearing Officer of OAH, cited the statutory authority for the agency and noted its responsibility to provide independent, efficient, and unbiased hearings of contested administrative cases and to facilitate the opportunity for parties to resolve their disputes through alternative dispute resolution. Mr. Nickels explained the agency's organizational structure and stated the agency has been in operation for about six weeks. He expressed support for the Governor's recommendations for the OAH FY 2024 budget.

In response to committee questions, **Mr. Nickels** stated some agencies need to retain hearing jurisdiction over their own agencies, e.g. the Department of Health and Welfare, due to specialized knowledge of the federal regulations and process. He explained why the Department of Water Resources was specifically exempted in the legislation. This exemption may change as OAH gains more experience.

**Ms. Frances Lippitt**, Analyst, LSO Budget & Policy, gave a brief overview of the Office of the State Treasurer and its budget. The Treasurer serves as the banker for all Idaho agencies and acts as custodian of the public school endowment funds.

**Ms. Julie Ellsworth**, State Treasurer, cited the statutory authority for the Office and noted its responsibilities. She explained the Treasurer serves as accounts receivable for Idaho; the State Controller serves as accounts payable for Idaho. Ms. Ellsworth presented the Treasurer's 2022 Transparency Report and noted Idaho's credit rating (Fitch: AAA; Moody's: AAA; S&P: AA+).

**Ms. Ellsworth** gave a summary of the Treasurer's FY 2022 expenditures and the status of FY 2023 enhancements. She explained the agency's FY 2024 line-item budget requests, including one FTP for an investment program specialist; one FTP for a banking specialist; continuous appropriation to return unclaimed property to the rightful owners or heirs; and budget law exemption language.

In response to committee questions, **Ms. Ellsworth** explained the line-item request to move 10.90 FTP plus personnel costs and operating expenditures for administration of the Unclaimed Property Program to continuous appropriation. The personnel would remain in the Office of the State Treasurer. Program costs would continue to be funded by the interest on the \$200M in unclaimed property in Idaho, but program costs would no longer be reflected in the Treasurer's appropriation bill. In response to further questions, Ms. Ellsworth explained the Millennium Fund. She further explained the Idaho Workforce Housing Fund source is ARPA funds; the State Treasurer is the custodian of the funds, and the Idaho Housing and Finance Association distributes the funds.

**Ms. Lippitt** gave a brief overview of the Office of the State Controller and its budget. The State Controller oversees the fiscal concerns of the state and is responsible for maintaining all accounting and financial records for the state. Additionally, the Controller is responsible for implementing Luma, the statewide enterprise resource management system combining budget, financial procurement, Human Resources, and benefits modules for state agencies. The Controller's Office has two FY 2022 audit findings.

**Mr. Brandon Wolff**, State Controller, cited the statutory authority for the Office and noted its responsibilities. He explained the audit findings were caused by errors submitted to the audit staff; all errors were corrected before the final report was issued. Mr. Wolff explained the newly organized Enterprise Business Operations Division, authorized by last year's legislature. He reviewed the State Controller's FY 2023 projects and accomplishments, highlighting the Townhall Idaho portal, the local government registry, the local transparency website, the Insight system, and processing over \$2M in tax rebates. Mr. Wolff gave further information about the Luna system integration and highlighted the benefits of the centralized system.

**Mr. Wolff** explained the State Controller's FY 2024 line-item budget requests, including one FTP for a senior financial specialist, the Governor's recommendation for \$60K for Townhall Idaho, and budget law exemptions for Insight carryover authority, CEC carryover authority, and program transfer authority.

**Ms. Lippitt** gave a brief overview of the Office of the Secretary of State and its budget.

**Mr. Phil McGrane**, Secretary of State, cited the statutory authority for the Office and noted its responsibilities. He reviewed the organizational structure of the Office and noted the marked increase in registered voters, processed business division filings, and revenues to the Office. He noted the Secretary of State Office FY 2024 budget has increased expenditures but pointed out the corresponding increased revenues of the Office.

**Mr. McGrane** reviewed the FY 2023 original appropriation and gave a report on the projects funded.

**Mr. McGrane** explained the FY 2023 supplemental appropriation requests, including \$10M for a one-time elections system upgrade and funding for three new staff positions. He explained the urgency of the elections system upgrade to explain why this request was submitted as a FY 2023 supplemental appropriation request rather than included in the FY 2024 original budget.

**Mr. McGrane** explained the FY 2024 budget line-item requests, including ongoing funding for the voter guide; ongoing cybersecurity software; FTPs for a customer service representative, voting system specialist, campaign finance specialist, lobbyist specialist, land board liaison, and receptionist; publishing costs for the Idaho Blue Book; county presidential primary costs; and travel costs. The agency also requests re-appropriation authority for five years for the elections system upgrade and reappropriation authority for \$200K for presidential primary election integrity audits previously received as a FY 2023 line item.

In conclusion, **Mr. McGrane** explained full funding of the agency's FY 2024 budget requests would still not exceed the agency's projected revenues.

In response to committee questions, **Mr. McGrane** described the procurement process for the election systems upgrade. The agency is evaluating multiple systems and vendors in order to receive competitive bids for the smaller components. The agency needs to have the funding already in place to sign the contracts; the agency will make payments to vendors as they meet target milestones.

In response to further committee questions, **Mr. McGrane** explained all elections in the state go through the Secretary of State's system. The Office works elections year-round, and election cycles often overlap.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 10:35 a.m.

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Representative Horman  
Chair

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Alyson Jackson  
Secretary