

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, February 15, 2017
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Keough, Bair, Mortimer, Martin, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye

Representatives Co-chairman Bell, Youngblood, Miller, Burtenshaw, Horman, Malek, Anderson, Dixon, King, Wintrow

**ABSENT/
EXCUSED:** None

LSO STAFF PRESENT: Cathy Holland-Smith, Paul Headlee, Ray Houston, Robyn Lockett

CONVENED: **Chairman Bell** called the meeting to order at 7:59 am.

Legislative Services Office (LSO)

PRESENTER: **Eric Milstead, Director**

Mr. Milstead began by introducing staff members present in the meeting, **Terri Kondeff**, Chief Operations Officer; **April Renfro**, Legislative Audits Division Manager; **Mike Nugent**, Research and Legislation Division Manger; **Glen Harris**, Information Technology Division Manager; and **Cathy Holland-Smith**, Budget and Policy Analysis Division Manager. Mr. Milstead reviewed the statutory purpose of LSO which is to provide non-partisan support to Idaho legislators. He discussed the organizational structure of the agency detailing the different divisions describing their functions. He highlighted challenges LSO faces notably hiring and maintaining great staff.

Ms. Holland-Smith reviewed the agency's FY 2016 budget and actual expenditures. The agency has reappropriation authority and conducted some object class transfers. She reviewed the agency's analysis of fund balances, or free fund balances for the agency's Miscellaneous Revenue Fund, the Legislative Capitol Facilities Fund, and the Professional Services Fund. Ms. Holland-Smith introduced the agency's FY 2017 budget where there was one approved line item. **Mr. Milstead** provided an update on the status of that line item. Ms. Holland-Smith reviewed the agency's FY 2018 budget request highlighting the request for replacement items. There is one line item request for an additional budget and policy analyst position, and Mr. Milstead provided an explanation for the request.

Rep. Anderson expressed his gratitude for LSO's work.

Mr. Milstead gave his closing remarks commending **Ray Houston** and **Cathy Holland-Smith**, both of whom are retiring this year, for their dedicated work as budget and policy analysts for LSO.

To listen to this presentation please [click here](#)

Department of Water Resources

PRESENTER: **Gary Spackman, Director**

Mr. Spackman began by introducing staff members of the Department and members of the Idaho Water Resource Board, **Roger Chase**, Chairman of the Idaho Water Resource Board; **Bert Stevenson**, Member of the Idaho Water Resources and Consummate Statesman; **Mat Weaver**, Deputy Director of the Department; **Brian Patton**, Executive Officer for the Idaho Water Resources Board; **Sascha Marston**, Financial Officer of the Department. He also commended **Ray Houston** and **Cathy Holland-Smith** for their work on agency budgets and in LSO. Mr. Spackman discussed the importance of fresh water to Idaho's economy, ecosystems, and resulting quality of life. He outlined the specific duties and oversight of the Department to ensure water is sustainable for the enjoyment and use of Idahoans. He talked about some ongoing work by the Board for sustainability of water resources, and he outlined the organizational structure of the Department. He closed his introductory remarks thanking the committee for the chance to allow him to talk about the Department's budget today.

Mr. Houston reviewed the Department's FY 2016 budget and actual expenditures. He mentioned how many and what type of funds support the Department as well as highlighted object class transfers and reverted appropriations. **Mr. Spackman** spoke further to the reversions in FY 2016 providing an explanation behind those reversions for the Aquifer Planning and Management Fund and the Federal Grant Fund. Mr. Houston reviewed a summary of the appropriation and expenditures for each fund that supports the Department. Mr. Spackman discussed further the implementation of projects in the Secondary Aquifer Planning and Management Fund. Next, Mr. Houston reviewed the agency's FY 2017 budget which had approved line items and three sections of legislative intent language. Mr. Spackman provided an update on the status of a few of those FY 2017 line items. Mr. Houston reviewed the Department's FY 2018 budget request highlighting inflationary adjustments and a request for replacement items. Mr. Houston introduced each FY 2018 line item request whereupon Mr. Spackman provided explanations for some of those while **Amber Christofferson**, from the Division of Financial Management (DFM), provided the Governor's reasoning for not recommending the other line items.

In response to committee questions, **Jani Revier**, Administrator of DFM, stated, regarding to the line item for water data collection that the Governor did not recommend, that while water is important to the State of Idaho there are existing ongoing water data collection efforts at the Department and this line item would enhance those efforts. The Governor chose, however, to focus efforts on improving education in Idaho therefore this line item was not recommended.

In response to committee questions, **Mr. Spackman** stated stock water claims are trickling in, and they are called deferrable claims so they can be filed after the Snake River Basin adjudication even though the adjudication is finalized. The line item in the FY 2018 budget relating to this subject was requested in anticipation of future legislation that would increase the number of stock water claims.

Mr. Spackman gave his closing remarks expressing his gratitude for the committee's and legislature's work on state agencies' budgets and the opportunity to present before the committee.

Chairman Bell recessed the committee at 9:05 am.

Chairman Bell called the committee to order at 9:16 am.

Idaho State Department of Agriculture (ISDA)

PRESENTER: Celia Gould, Director

Ms. Gould began by providing an overview of the Department's formation and the mission as a state agency. Next, she introduced staff present at the meeting, **Brian Oakey**, Deputy Director; **Pamm Juker**, Chief of Staff; and **Chanel Tewalt**, Chief of Operations and Communications. Ms. Gould then reviewed the organizational structure of the Department detailing each division and describing their functions. She ended her introductory remarks by reviewing the Department's budget over the last several years.

Mr. Houston reviewed a summary of the Department's expenditures because they have eight budget programs, 24 budget funds, eight budget details, and they have four continuously appropriated funds. He reviewed the expenditures for FY 2016. He also presented a summary of the free fund balance for all the funds as well. Next, Mr. Houston reviewed the Department's FY 2017 budget where there were five approved line items. **Ms. Gould** discussed the status of those line items.

Co-Chairman Keough wanted to express her gratitude toward the Director and her staff on working with members of the Legislature on the Quagga mussels invasive species issue notably the boat inspection stations.

In response to committee questions, **Ms. Gould** clarified in the FY 2017 line item titled Invasive Species Boat Inspections, that the program has received enough revenues from boat inspection sticker fees to support a \$1.1 to \$1.2 million dollar program.

Mr. Houston reviewed the Department's current FY 2017 budget including two supplemental appropriation requests titled the Methyl Bromide Project and Animal Tracking Software. **Ms. Gould** stated her comments about them. Mr. Houston then reviewed the Department's FY 2018 budget request highlighting the request for replacement items.

In response to committee questions, **Ms. Gould** explained in detail the reason for requesting the FY 2017 supplemental appropriations versus waiting and putting those requests in the FY 2018 budget.

Mr. Houston reviewed the Department's FY 2018 line item requests. There were 11 requests and the Governor recommended eight of them. **Ms. Gould** provided an explanation for each line item while answering committee questions along the way.

In response to committee questions, **Ms. Gould** commented on the struggle of state agencies finding IT staff since the private sector offers better salaries than state government. Next, Ms. Gould updated the committee on the budget shortfall relating to the boat inspection stations that help prevent the Quagga mussels invasive species from coming into Idaho. She provided background and an explanation as why that budget shortfall occurred. She also provided more background information behind the line item request for spending authority of a \$1 million dollar federal grant that she hopes the Department will be granted in order to support the invasive species program through the federal Water Resources Development Act (WRDA). The Department has the funds to run the invasive species program and this federal grant would run the program at a higher and more secure level where law enforcement can be present at the boat inspection stations during the night.

In response to committee questions, **Kelly Nielsen**, Financial Officer for ISDA, stated the Department is short approximately \$300,000 between now and the end of June 30th, 2017 to run the boat inspection stations in the invasive species program.

Ms. Gould gave her closing remarks expressing her gratitude toward the Department's employees and their hard work. She also commended **Amber Christofferson** from the Division of Financial Management and **Ray Houston** for their work in analyzing the Department's budget. She then commended **Cathy Holland-Smith** for her work and will miss both Cathy and Ray as they leave for retirement. Ms. Gould concluded her remarks by expressing her gratitude in serving as Director for ISDA, and thankful toward the legislators for what they do for ISDA and all of agriculture.

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Wolf Depredation Control Board

PRESENTER: Carl Rey, Member-at-Large

Mr. Rey began his opening remarks by introducing members of the Wolf Depredation Control Board present in the meeting, **Richard Savage**, representing Agriculture, and Director **Celia Gould** and Director **Virgil Moore**, the two Co-Chairs. He also introduced the agency support staff: **Brian Oakey** and **Kelly Nielson** with the Idaho State Department of Agriculture; **Brad Compton** from the Idaho Department of Fish and Game; and **Kirk Gustad** with USDA Wildlife Services. Mr. Rey outlined the creation of the Board in 2014 stating the Governor's purpose for it, how Idaho Code mandates it in directing and managing of funds, and how and what sort of funds the Board collects for its funding. He discussed how the Board resulted from a recommendation from the Idaho Fish and Game Advisory Committee which is comprised of Idaho sportsmen and livestock and agricultural producers. Mr. Rey detailed the four elements the Committee identified that the law creating the Board should encompass, and he described how statute limits the Board on who it contracts with. Mr. Rey closed his introductory remarks by stating the Board is scheduled to sunset, as mandated described in law, in 2019.

Mr. Houston reviewed the Board's FY 2016 budget and actual expenditures. He outlined the different funding sources for the Board. In FY 2016, the Board spent a total \$412,300. Next, Mr. Houston presented a summary of the cash flows for each of the funding sources. **Mr. Rey** stated his comments on the cash flow balances highlighting the Board has not spent all the money it has been allocated, which is good news because that means the Board's work is targeted and carefully monitored to ensure dollars are not wasted.

Chairman Bell welcomed a group of Caldwell High School students who entered into the audience.

Mr. Houston reviewed the Board's FY 2018 budget request, which asked for a total \$400,000 from the General Fund to be transferred to the Wolf Control Fund.

Mr. Rey provided an explanation for that \$400,000 transfer and what the Board will do with it.

In response to committee questions, **Mr. Rey** clarified the carry-over of \$1.1 million from FY 2017, stating that money has not been spent even though the authority to spend it is there. The money is an accumulation of three years of continuous appropriation that is carried over into the next fiscal year. The Board thinks it is a good thing that the money is being accrued because they predict big problems in the future with wolves. Mr. Rey then provided comments on how and what the Board is doing, in contraction with USDA Wildlife Services, to control the wolf population.

In response to committee questions, **Brad Compton**, Assistant Chief of Wildlife for Idaho Fish and Game, stated the recovery goal of the wolf population and described the minimum amount of the wolf population for de-listing. He mentioned Idaho Fish and Game is currently in the process of revising the wolf management plan.

In response to committee questions, **Mr. Rey** stated the Board's statutory function is purely control of the wolf population, thus prevention is not in the scope of the Board's functions. USDA Wildlife Services, though, does prevention services through non-profit organizations and education for livestock and agricultural producers.

Mr. Rey gave his closing remarks appreciating the opportunity to speak before the committee and reiterating the Board's focus to use funds wisely.

Chairman Bell spoke commending **Ray Houston** for his work as an analyst and wishes him a happy retirement.

To listen to presentation please [click here](#)

Update on the Governor's Budget

PRESENTER: Jani Revier, Administrator, Division of Financial Management

Ms. Revier provided an overview of the changes in the Governor's budget as a result of changes to bills and fiscal notes. She outlined some changes in state agencies due to executive legislation failing to pass. She stated the Governor's proposal in how funds should be transferred to address the effects of heavy snow and flooding around Southern Idaho. Lastly, she highlighted some budget updates on specific state agencies particularly the Idaho State Police, Department of Health and Welfare, Commission for the Blind and Visually Impaired, the Department of Correction, and public school funding. Lastly, she stated the Governor recommends covering increased General Fund costs out of the unobligated balance on the bottom line rather than reducing other recommended items.

In response to committee questions, **Ms. Revier** stated DFM has checked with the Military Division, and they say the \$2 million for the disaster clean up from the winter weather is still sufficient to address the needs. As a result of updated population forecasts for the Department of Correction, Ms. Revier stated the Governor recommended an approximate \$4 million rescission in IDOC's FY 2018 budget, however, because of those population forecasts that rescission will be eliminated in the Governor's recommendation. The \$4 million came from IDOC's County and Out-of-State Placement and will now stay in that program for FY 2018.

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ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:50 am.

Representative Bell
Chair

Cody Jessup
Secretary