



Legislative Services Office

Idaho State Legislature

Eric Milstead
Director

Serving Idaho's Citizen Legislature

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TO: Agency Directors and Fiscal Officers

FROM: Cathy Holland-Smith, Division Manager
Legislative Services Office
Budget & Policy Analysis Division

SUBJ: Changes to the 2017 Legislative Session JFAC Budget Hearing Process

Some of you may have heard that the JFAC Co-Chairs, JFAC members, and LSO Budget & Policy Analysis staff have been working to revise the current budget hearing process. Please be advised that the budget hearing process will be changing for the upcoming legislative session. Going forward, the budget hearing process will incorporate the statutorily required budget information that agencies submit, with an emphasis on previous year actual expenditures, the current appropriation and any requested adjustments, and the budget request and Governor's recommendation by decision unit.

In the past, of the total amount of time that was allocated to an agency, the expectation was that 50% was for the agency presentation and 50% was for the Committee for questions and answers. That will no longer be the case. The time will continue to be shared, but as part of a more interactive process.

This coming session agencies will **NOT** be asked to prepare PowerPoint slides to present during the hearing. Rather, at the beginning of their hearing the Director will make introductory comments (between 5 to 10 minutes based upon the agency size) about the "state of their agency" and provide any explanatory information they feel is important for JFAC to know about their agency operations. Presenters for agencies with multiple budgeted divisions will have the opportunity to make introductory comments at the beginning of each presentation.

Following these introductory comments, the hearing will continue in the following sequence:

- 1) LSO Analyst facilitating an explanation of FY 2016 Actual Expenditures with agency and DFM input;
- 2) Agency Director or representative will explain any staffing and organizational changes in FY 2017, and proposed changes for FY 2018. Agency organizational charts prepared by LSO will be shared with legislators.
- 3) Agency Director or representative will update JFAC on the implementation status of FY 2017 approved line items. The FY 2017 Appropriation Bill SOP and Fiscal Note will be shown on the screen.

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- 4) LSO Analyst will review:
 - a. Agency dedicated and federal fund analyses using the agency submitted B-11 Revenue Form, or B-12 Analysis of Fund Balances Form;
 - b. Requested and/or DFM approved budgetary Program and Object Transfers and Base Adjustments included for FY 2017;
 - c. Requested and/or recommended Replacement Items using B-7 form;
 - d. Nondiscretionary Adjustments for Public Schools, Higher Education, and Health & Welfare; and
 - e. Other Maintenance Items such as Annualizations and Inflation.
- 5) Each agency will be notified in advance (mid-December) in writing of any observations concerning their budget prior to the Budget & Policy Analyst introducing the subject to JFAC during the hearing process. The details of that format are still being developed. The Director or representative and the DFM Analyst will have an opportunity to explain and/or justify any portion of the budget by decision unit as the items are discussed.
- 6) The LSO Analyst will introduce each line item decision unit requested or recommended. From that point on the Agency Director or representative will take the lead and be given sufficient time to speak to the necessity of the request and recommendation and justify the line item to JFAC. The agency and DFM may decline to provide comments during the discussion on a line item. The Chairman will request the agency and the DFM analyst to answer Committee members' questions on the request and the recommendation as each line item is reviewed.
- 7) Finally, the Agency Director or agency representative will have an opportunity to make closing remarks and follow up with information they feel is pertinent to address either questions or comments made during the hearing. The Chairman may notify the agency that a follow up hearing will be scheduled to address any items not finalized during the initial hearing.

Agencies will be notified of the date and time of their budget hearing during the last week of November. In addition, Education Week will be January 23 through January 27, 2017; and Health & Human Services Week will be January 30 through February 3, 2017.

Please contact your assigned LSO analyst if you cannot be available on a certain date or need special accommodations for the hearing. The Budget & Policy Analysis Division invites agencies to visit the JFAC Room in the Statehouse on either November 15, between 9:00-10:00 a.m. or November 22, between 1:30-2:30 p.m. for an orientation on the planned changes and an opportunity to ask questions about how to best prepare for your budget hearing.

Cc: JFAC Members