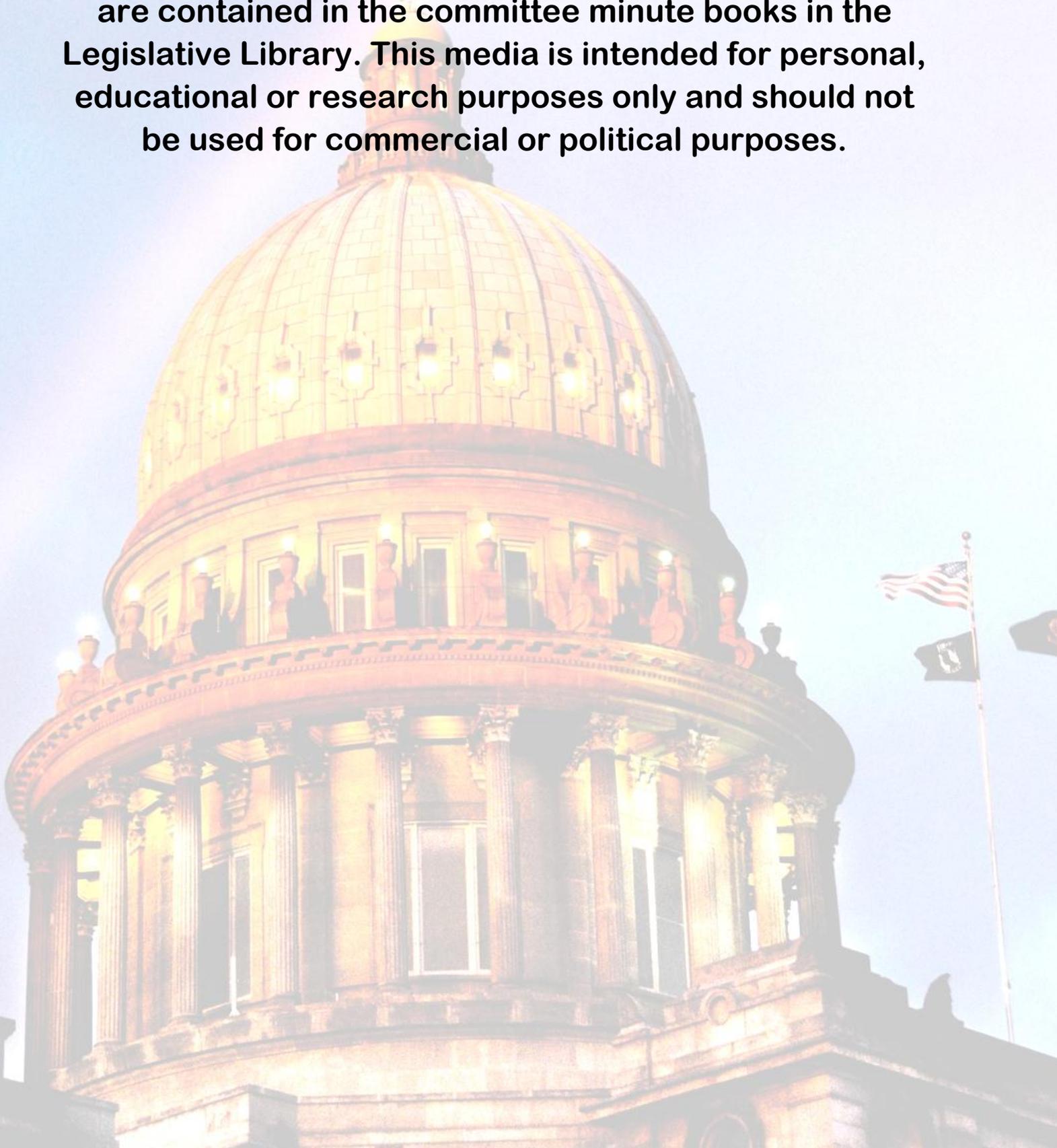


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JFAC COMMITTEE MEETING MINUTES

1/11/13

The hearing was held in Room C310, Statehouse, commencing at 8:00 a.m. and concluding at 8:58 a.m. with Chairman Bell presiding.

Roll Call:

Senators: Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayn, Schmidt,
Representatives: Bell, Bolz, Eskridge, Thompson, Gibbs, Stevenson, Miller,
Youngblood, Ringo, King

Absent/Excused: Senator Lacey

Staff present: Lockett, Tatro

ECONOMIC OUTLOOK AND REVENUE ASSESSMENT COMMITTEE REPORT

Presenter: Senator Shawn Keough and Representative Mark Gibbs: Co-chairs

Governor Otter's General Fund revenue projections for FY 2013, FY 2014 and FY 2015 compared to the Committee's median projections as follows in million dollars:

	FY 2013	FY 2014	FY 2015
Governor Otter's projections	\$2,658.0	\$2,799.1	\$2,973.1
Committee's median projection	\$2,657.7	\$2,741.0	\$2,843.7
Amount and percent over/ (under)	(\$0.3)	(\$58.1)	(\$140.4)
Governor's projection	(0.0%)	(2.1%)	(4.7%)

The Economic Outlook and Revenue Assessment Committee recommend to the Senate and House Leadership and to the Co-chairs of the Joint Finance-Appropriations Committee the following: In their opinion, the Governor's General Fund revenue projection of \$2,658.0 million is a reasonable forecast for revenues generated to the General Fund in FY 2013. Further, in their opinion, although the committee median is lower than the Governor's FY 2014 projection, on this date they find the Governor's projection of \$2,799.1 million is reasonable to begin the FY 2014 General Fund budgeting process.

Original Motion

Moved by Cameron, seconded by Mortimer, for the Committee to accept the Economic Outlook and Revenue Assessment Committee Report.

Ayes: 19

Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayn Schmidt, Bell, Bolz, Eskridge, Thompson, Gibbs, Stevenson, Miller, Youngblood, Ringo, King

Nays: 0

Ab/Ex: Lacey

OFFICE OF THE STATE CONTROLLER

Presenter: Brandon D. Woolf, State Controller

- ❖ On May 25, 2012, former State Controller Donna M. Jones was injured in a serious auto accident. She requested Governor Otter to invoke Idaho Code, Chapter 59-917
- ❖ Governor Otter appointed Brandon D. Woolf as Idaho's 21st State Controller pursuant to Idaho Code, Chapter 59-904
- ❖ Duties of the State Controller
 - Constitutional officer, member of the Idaho Executive Branch of Government
 - Idaho Code, title 67, Chapter 10 enumerates the various duties of the State Controller
 - Idaho Code Chapter 59-1101A established the State Controller as Idaho's State Social Security Administrator
 - Oversees the fiscal concerns of the state with accounting, payroll, and value-added data processing services
- ❖ Introduced staff members
- ❖ Return on investment – Administration Division
 - Continual planning enabled the division to seamlessly transition agency operations without interruption during the historic period following former Controller Jones's accident
 - Coordinated the creation of Idaho's new government financial transparency website: transparent.idaho.gov
 - Conducted 27 Social Security Section 218 referendums in 2012
 - Managed the Idaho Business Intelligence System (IBIS), a data warehousing and reporting tool that many state agencies rely upon
 - Provided internal business services, such as budgeting, human resources and accounting needed to operate as a state agency
 - Supported the State Controller in the discharge of his duties, such as serving the Land Board, Board of Examiners, Board of Canvassers, and as Idaho's State Social Security Administration

- ❖ Return on Investment – Statewide Accounting
 - Prepared Idaho's financial statements and earned the prestigious Certificate for Excellence in Financial Reporting from Government Finance Officers Association for the 15th consecutive year for the FY 11 Comprehensive Annual Financial Report (CAFR)
 - Conducted Internal Control Training for state agencies to educate them about the segregation of duties and other procedures to help prevent fraud
 - Assisted numerous state agencies with implementing efficient statewide accounting web applications
 - Completed major programming modifications required by the Division of Purchasing for their P-Card application to accommodate their decision to change financial institutions as well as card type
- ❖ Return on Investment – Statewide Payroll
 - Implemented a total of 72 programming projects that assisted with streamlining operations, gaining efficiencies and complying with state and federal requirements
 - The majority of these projects (52), pertained directly to the division of Statewide Payroll operations, such as disaster recovery preparation, developing tracking and reporting tools for last year's 2% CEC, and enhancing application security
 - The other projects (20) pertained to state agency and vendor enhancements, such as eliminating the 90-day waiting period for insurance coverage for new employees, and implementing the new voluntary term life program for group insurance
 - Assisted additional state agencies with utilizing state payroll applications like I-Time, a time entry system and IPOPS, The Idaho Paperless Online Personnel System
- ❖ Return on Investment – Computer Services
 - Upgraded networking and server infrastructure to enhance network and application reliability and performance, and improve the ability to provide open systems services to other agencies
 - Installed needed electrical and air conditioning upgrades to their data center with minimal disruption of services, allowing them to meet current and future data center environmental needs
 - Completed programming of Phase 1 of the I-Perform application, the Division of Human Resources' online performance evaluation tool that state agencies may use
 - Initiated an automatic software security update process to further reduce software security vulnerabilities
 - Upgraded wireless network to provide stronger security and more functionality, and secure wireless network capabilities at the off-site disaster recovery/business continuity facility
- ❖ Key challenge: not shifting expenses to the General Fund

- Last January, dedicated and General Fund mainframe customers met and jointly set a target date of December 2014 to remove their applications from the mainframe
- We concur that re-platforming mainframe applications to open systems will be more technically appropriate, yielding operational efficiencies
- As the other mainframe applications are moved, Idaho's accounting and payroll applications also must be moved to prevent shifting the expensive mainframe operating costs from many agencies with dedicated funds to a single agency with General Funds
- The mainframe can only be retired and cost savings and cost avoidance realized, after all applications on it are removed
- ❖ Project highlight: Social Security Section 218 compliance
 - The Controller's Office is responsible for ensuring compliance with the federal Social Security Act for all government employees
 - Ensuring compliance is an ongoing process that involves continuous research and staying abreast of when public employer entities in Idaho are created, dissolved, consolidated or acquired
 - Currently, much of the Social Security Section 218 compliance work has focused on correcting coverage issues and conducting referendums for public safety positions such as firefighters
- ❖ Transparent.Idaho.Gov
 - Negotiated other software contracts, with the goal of leveraging existing resources to make a transparency site possible
 - The website includes thousands of reports and features data that is updated nightly
 - The site was built within existing IT infrastructure and resources, and required no additional funding
- ❖ FY 2014 capital outlay request
 - Request includes a new folder sealer machine, and replacement desktop and laptop computers and monitors for the Administration, Accounting, Payroll and Computer Services Divisions -\$90,400 General Fund
- ❖ FY 2014 requested budget
 - General Fund, \$7,388,400 – 18.46%
 - dedicated fund, \$7,267,600 – 1.36%
 - Overall budget change – 9.31%
 - The General Fund increase is driven by the requirement to retire the mainframe
- ❖ Future Initiatives
 - Items not included in the FY 2014 request, but are items that may require attention and possibly funding in the future:
 - Commission system and application studies and upgrades
 - Continue development of a fraud reporting hotline
 - Continually evaluate and address Idaho's responsibility for managing the state's Social Security 218 agreement
 - Comply with other expensive and unfunded federal mandates

- Enhance Transparent Idaho.gov with an online checkbook and advanced query functions.
- ❖ Opportunities for State IT Consolidation
 - Idaho's data center houses servers, storage and IT security equipment for the Department of Administration, Department of Lands, Department of Commerce and over a dozen other state agencies
 - Engaged in discussion with several agencies to either manage IT equipment belonging to the agency or provide direct IT services using their equipment and software
 - The data center has capacity for, and is ready to house additional IT equipment or host additional applications and IT services for more state agencies
 - Potential cost savings and efficiencies

LIEUTENANT GOVERNOR

Presenter: Brad Little, Lieutenant Governor

- ❖ FY 2014 Budget Request
 - Governor's Recommendation: \$147,700
- ❖ Oversees Project 60 for economic development for the Governor
- ❖ Presides over the Senate

ADJOURNED

Maxine Bell, Chairman

Kathryn Yost, Secretary