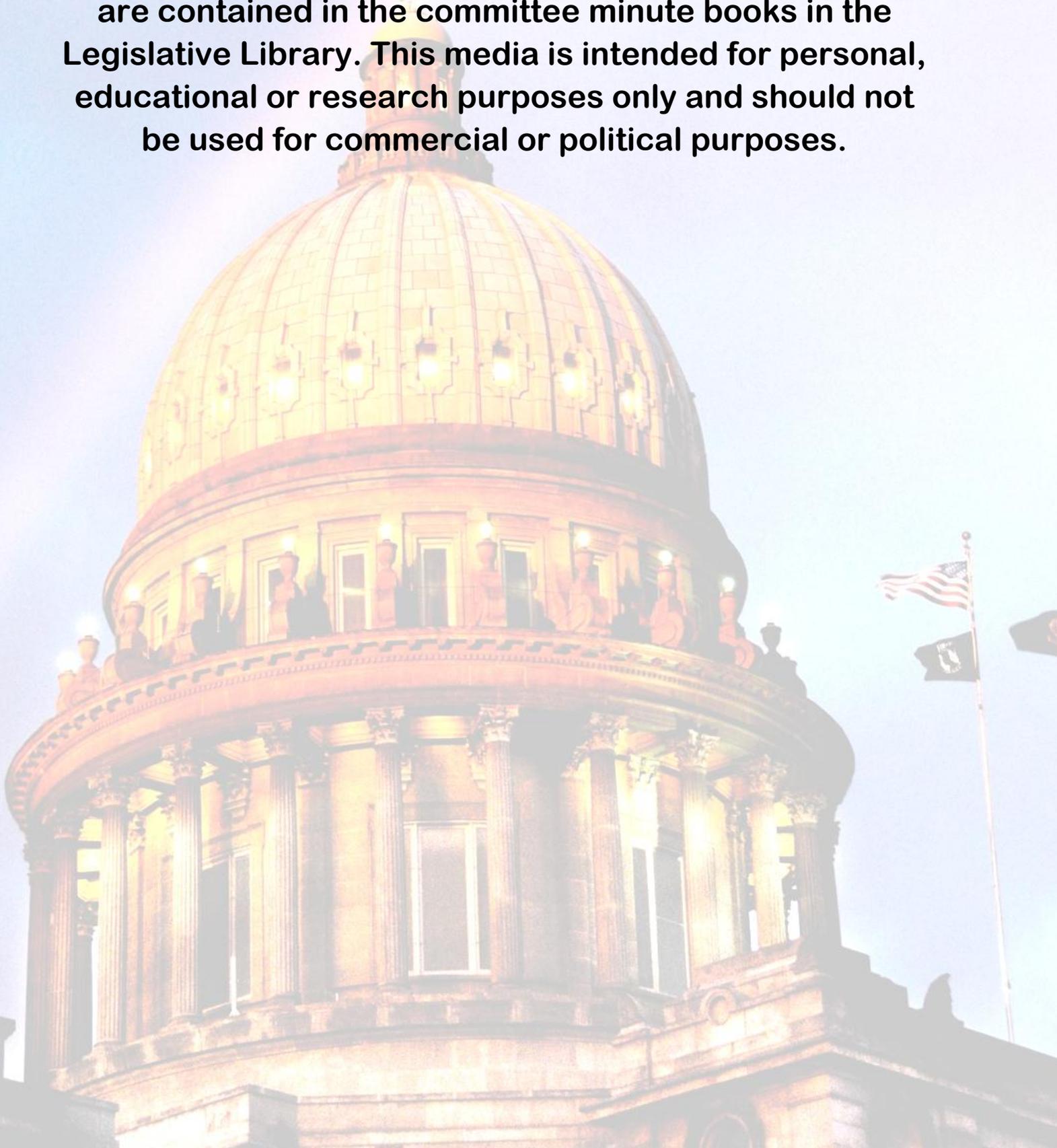


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JFAC COMMITTEE MEETING MINUTES

2/8/13

The hearing was held in Room C310, Statehouse, commencing at 8:00 a.m. and concluding at 10:28 a.m. with Chairman Bell presiding.

Roll Call:

Senators: Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayn, Lacey

Representatives: Bell, Bolz, Eskridge, Thompson, Gibbs, Stevenson, Miller, Youngblood, Ringo, King

Excused: Schmidt

Staff present: Lockett

Unanimous Consent Request

On request by Bolz, granted by unanimous consent, to reopen the FY 2013 budget for the State Appellate Public Defender, which was inadvertently overlooked in the meeting held on February 7, 2013.

DEPARTMENT OF ADMINISTRATION

Presenter: Teresa Luna, Director

- ❖ Notable Achievements
 - Idaho Education Network
 - Idaho Cyber Exercise
- ❖ Legislative audit
 - FY 2012 Management Report: Comprehensive Annual Financial Report
- ❖ Performance Evaluation
 - OPE Report: 13-02: "Strengthening Contract Management in Idaho"
- ❖ Structural changes
 - Wellness Program – Office of Group Insurance
- ❖ Changes in workforce
 - Authorized FTP's, 148.75
 - Vacant positions, 11.0
 - Non-benefitted, temporary employees, 6.0
- ❖ FY 13 Supplemental
 - E-procurement charges: \$49,000, dedicated spending authority
- ❖ Bond payment program - Current bonds, annual payments
 - Capitol restoration \$20,115,055
 - Department of Correction 4,148,292
 - Health & Welfare 649,625
 - Parks & Recreation 430,061

- Administration 234,874
- State Board of Education (8 bond issues) 5,820,633
- Idaho State Police 179,430
- Total \$31,577,970
- ❖ FY 2014 budget recommendation: original base \$21,351,700
 - Employee benefit costs, \$121,800
 - Replacement items, \$148,000
 - Statewide cost allocation, (\$1,400)
 - Line item recommendations: \$4,480,300
 - Idaho Education Network:
 - \$1,028,400 general funds
 - \$874,000 dedicated funds
- ❖ Office of the Chief Information Officer (OCIO): \$1.2 million
 - State Network
 - Intrusion protection
 - Malware protection
 - Email threats
 - Spam filtering
 - Firewalls
 - Cyber security
 - Fiber optic
 - Internet
- ❖ On-line transaction examples (2012)
 - 8,534,779 Idaho Transportation Department transaction: \$26.4 million
 - 177,043 vehicle registration renewals: \$11.3 million
 - 51,411 tax payments: \$66.7 million
 - 25,507 child support payments: \$12.3 million
- ❖ Out of maintenance/at capacity network
 - \$939,500 general funds
 - \$26,400 dedicated funds
- ❖ Out of maintenance/at capacity security
 - \$679,100 general funds
 - \$12,500 dedicated funds
- ❖ Enterprise infrastructure
 - \$349,300
 - \$22,600 dedicated funds
- ❖ Enterprise security-infrastructure: \$315,600 General Fund
- ❖ Division of Purchasing – dedicated funds
 - Purchasing officer position: \$93,600
 - Postal coordinator: \$59,500
 - Federal surplus freight: \$79,800
- ❖ Mission: to provide responsive, cost effective, and timely support to Idaho's policy makers, public agencies and state employees as they serve Idaho citizens

Division of Public Works

Presenter: Tim Mason, Administrator

- ❖ Authority – IC 57-1108- Permanent Building Fund Created
 - Dedicated to the purpose of building needed structures, renovations, repairs to and remodeling of existing structures at the several state institutions and for the several agencies of state government
- ❖ Permanent Building Fund Advisory Council Organizational Chart
- ❖ Funding sources for Permanent Building Fund – statutory allocations
 - Income tax (corporate and individual)
 - Cigarette tax
 - Alcohol tax
 - Sales tax
 - Lottery proceeds
 - Interest income
- ❖ Agency funding
 - Fees, grants, bonds, donations, foundations
- ❖ Current snapshot
 - 327 projects: \$273 million total
- ❖ Projects by region
- ❖ Recent history
- ❖ Project review –
 - University of Idaho – Memorial Gymnasium
 - Lava Hot Springs Foundation
 - Idaho Department of lands – Lake Pend Oreille
 - Military – Readiness Center, Preston
 - Juvenile Correctional Center - Nampa
 - Idaho State Historical Society – History Center
 - Boise State University – Student Housing
 - Public Safety Communications – Schweitzer Peak
 - Military Division - Readiness Center, Pocatello
 - Lewis Clark State College – Fine Arts Building
 - Boise State University – Athletic Facilities, Dona Larsen Park
 - Idaho Veterans Cemetery expansion
 - Idaho State University – Meridian Health Science Center
- ❖ Permanent Building Fund FY 2014 recommendation
 - Alteration & Repair Permanent Building Fund Advisory Council (PBFAC)

• A & R projects	\$14,000,000
• ADA compliance	800,000
• Asbestos abatement	114,140
• Capitol Mall maintenance	<u>120,000</u>
• Total projects	\$15,034,140

- ❖ FY 14 A & R projects, agency requests: \$84,648,866

- PBFAC recommendation: \$15,034,140
- Governor's recommendation: \$15,034,100
- ❖ Governor's recommendations
 - Dept. of Administration – renovate Capitol Annex
 - Idaho State University – Treasure Valley Anatomy Lab
 - University of Idaho – Integrated Research and Innovation Center
 - Idaho State Historical Society – Idaho State Historical Museum
 - Military – remodel Readiness Center, Rexburg
- ❖ Capitol Annex Renovation – continuation of multi-year project
 - FY 11 Geo/chilled water to building – funding \$500,000
 - FY 12 Demolition/protection – funding \$1,500,000
 - FY 13 Mechanical/plumbing – funding \$1,500,000
 - FY 14 Plumbing/electrical, elevator – request for \$1,500,000
- ❖ Idaho State University – Treasure Valley Anatomy Lab
 - Total project cost: \$3,915,000
 - FY 14 recommendation: \$1,957,300
- ❖ University of Idaho- Integrated Research and Innovation Center
 - Total project cost: \$47,800,000
 - FY 14 recommendation: \$2,500,000
- ❖ Idaho State Historical Society – Historical Museum
 - Total project cost: \$8,900,000
 - FY 14 recommendation: \$2,400,000
- ❖ Military Division – remodel Readiness Center, Rexburg
 - PBAC recommendation: \$722,500
 - Federal match: \$722,500
 - Total project cost: \$1,445,000

Office of Group Insurance

Presenter: Teresa Luna, Director

- ❖ Six employees
- ❖ Annual operating budget \$896,500
- ❖ Administers over nine different plans including
 - Active employees medical and dental
 - Retiree medical
 - Life Insurance, short-term and long-term disability
 - Flexible spending account
- ❖ Over 44 plan participants
- ❖ Notable achievements
 - Wellness Benefits Initiative
 - Remarketing life and disability insurance
 - Higher Education Collaboration
 - Premium tier changes for part-time employees
 - Expanded open enrollment period
 - Flexible spending account enrollment waiting period removed

- Enhanced the vision benefit
- Expanded voluntary term life policy
- ❖ Fiscal 2012 Enrollment by plan type
- ❖ Cost sharing history – premium split
- ❖ Funding
 - Costs are projected 18 months in advance and refined prior to each budget setting
 - Unique funding mechanism
 - Reserves
- ❖ Projected cash balance and medical plan cost
- ❖ Projected medical reserve cash balance
- ❖ Appropriation per employee – FY 2014
 - Active medical appropriation: \$8,931
 - Active dental appropriation: \$169
 - Final FY 2014 appropriation: \$9,100
- ❖ The Group Insurance Advisory Committee meets quarterly
- ❖ Wellness benefits initiative
 - What is worksite wellness
 - “Organized, employer-sponsored programs that are designed to support employees as they adopt and sustain behaviors that reduce health risks, increase quality of life, enhance personal effectiveness and benefit the organization’s bottom line.”
 - Conducted focus groups
 - Presenting wellness plan to the germane committees in February
 - Year 1: baseline data gathering
 - Year 2-5: incentives-based plan

Risk Management Program

- ❖ Manages the state’s property and casualty insurance manager
 - Six employees
 - Annual operating budget of \$595,600
- ❖ Major coverage provided – types of coverage include, but are not limited to
 - Comprehensive Public Liability
 - Major Property
 - Boiler and Machinery
 - Employee Bond and Crime
 - Optional
 - Inland Marine
 - Auto Physical Damage
 - Aircraft Liability
 - Foreign Liability
 - Out-of-State Workers’ Compensation, etc...

- ❖ Billing
 - Agencies are billed for the cost of coverage and an administrative fee for personnel and office operations
 - All agencies receive these statewide coverages
 - Property
 - Boiler/machinery
 - Liability
 - Employee bond/crime
 - Only agencies using optional coverages are billed for them
- ❖ Risk Management Reserves
 - Reserves are kept in the Retained Risk Account and used for
 - Payment of premiums
 - Investigative costs
 - Payment of claims
 - Defense of litigation
 - Settlements or judgments
 - Reserves amount going down: FY11 = \$22,020,674; FY 12 = \$18,342,624; FY 13 = \$14,888,915
- ❖ Claims processing
 - Governed by the provisions of the Idaho Tort Claim Act and Risk Management statutes
 - Average of 400 open claims at any given point in time
 - Claims are tracked by date of loss, and the actual claim count increases over time as new reports are received or suits filed
- ❖ Defense of claims
 - Defense is directed and paid for by Risk Management with the oversight of the Office of Attorney General (AG)
 - Cases are assigned to the Civil Litigation Division of the AG's Office or to outside counsel
 - For outside counsel, there is a list of attorneys/firms that responded to the RFP process and were approved by the Board of Examiners at the rate of \$125/hour
 - Cases may require deviation from the list of approved outside counsel in the event of conflicts or needed specialties/expertise
- ❖ Billing for outside counsel goes through a multi-level review process
- ❖ Risk Management Advisory Committee plans to meet twice per year

Idaho Capitol Commission

Presenter: Andy Erstad, Chairman

- ❖ Funding Sources
 - Statehood Land Endowment
 - Current Land Endowment – 7,222 acres
 - Managed by the Department of Lands
 - Capitol Permanent Endowment Fund

- Managed by the Endowment Fund Investment Board
- Capitol Income Fund
- ❖ Brief funding history
- ❖ Administrative Budget: \$317,000
 - Semi-annual commission meetings
 - Capitol Endowment Fund and Income Fund Oversight
 - Proposals involving art, memorials, statutes, exhibits
 - Capitol Maintenance and Construction Oversight
 - Management and investment fees for the Department of Lands and the Endowment Fund Investment Board

SELF GOVERNING AGENCIES – Idaho State Historical Society

Presenter: Janet Gallimore, Executive Director

- ❖ Founded in 1881 – State Agency 1907
- ❖ Agency departments
 - Idaho State Archives and State Records Center
 - Idaho State Historical Museum and Old Penitentiary
 - Idaho State Historic Preservation Office and Historic Sites
 - Administration, including State Historian
- ❖ Preserve and promote Idaho's history
- ❖ Deploy cultural resources to inform the future
- ❖ Idaho State Archives use FY 2012: 22,547
 - Daily visitors: 3,396
 - County government: 1,536
 - City government: 199
 - State government: 759
 - Offsite request: 2,965
 - Research Center Collection: 13,692
- ❖ State Records Center requests – by source in FY 2012: 4,762
- ❖ Destination Facilities, Title 67-41
 - Idaho Historical Museum
 - Old Idaho Penitentiary
 - Franklin Historic Properties
 - Stricker Ranch and Rock Creek Station
 - Pierce Courthouse
- ❖ Collections
- ❖ Signature programs
- ❖ Visitor attendance
 - Destination facility program: 100,842
- ❖ National Historic Preservation Act 1966
- ❖ State Historic Preservation Office
 - Federal Projects reviewed in FY 2012
- ❖ Work force changes

- FY 2013 merger of Idaho State Archives and State Records Center increased FTP count from 47 to 49
- ❖ Program structure change
 - 2012 merger of State Records Center and the Idaho State Archive under the direction of Idaho State Historical Society
 - Merged both entities
 - Created efficiencies-alignment in best practices
 - Hired consultant for records study
 - Report June 2013
- ❖ Alternative funding sources
- ❖ Earned income
 - Compelling programming
 - Increased marketing, key to increased program participation
 - Track marketing results through web diagnostics
- ❖ Enterprise revenue
- ❖ Federal grants & contracts
 - State Historic Preservation Office - \$750,000
 - 60% federal
 - 40% state
 - Other grants per Strategic Plan
- ❖ Foundation for Idaho History
- ❖ Lincoln legacy
- ❖ History advances economic development
- ❖ Essential services
 - Two-thirds of services are mandated without discretion
 - Essential records management
 - National Historical Preservation Act
- ❖ Governor's budget recommendations – line items
 - Shift fund source for Archeologist: \$89,300 to the General Fund and off of federal funds
 - Miscellaneous revenue for group positions: \$50,000 dedicated funds
 - Enhance Capitol Curation Program: \$5,000 dedicated funds
 - Idaho Digital Newspaper Project: \$188,700 federal funds
 - Use federal reimbursement in dedicated funds: \$155,000 federal funds
- ❖ Idaho State Historical Society leads Territorial Sesquicentennial
- ❖ Abraham Lincoln's appointment of Wallace in 1863

ADJOURNED

Maxine Bell, Chairman

Kathryn Yost, Secretary