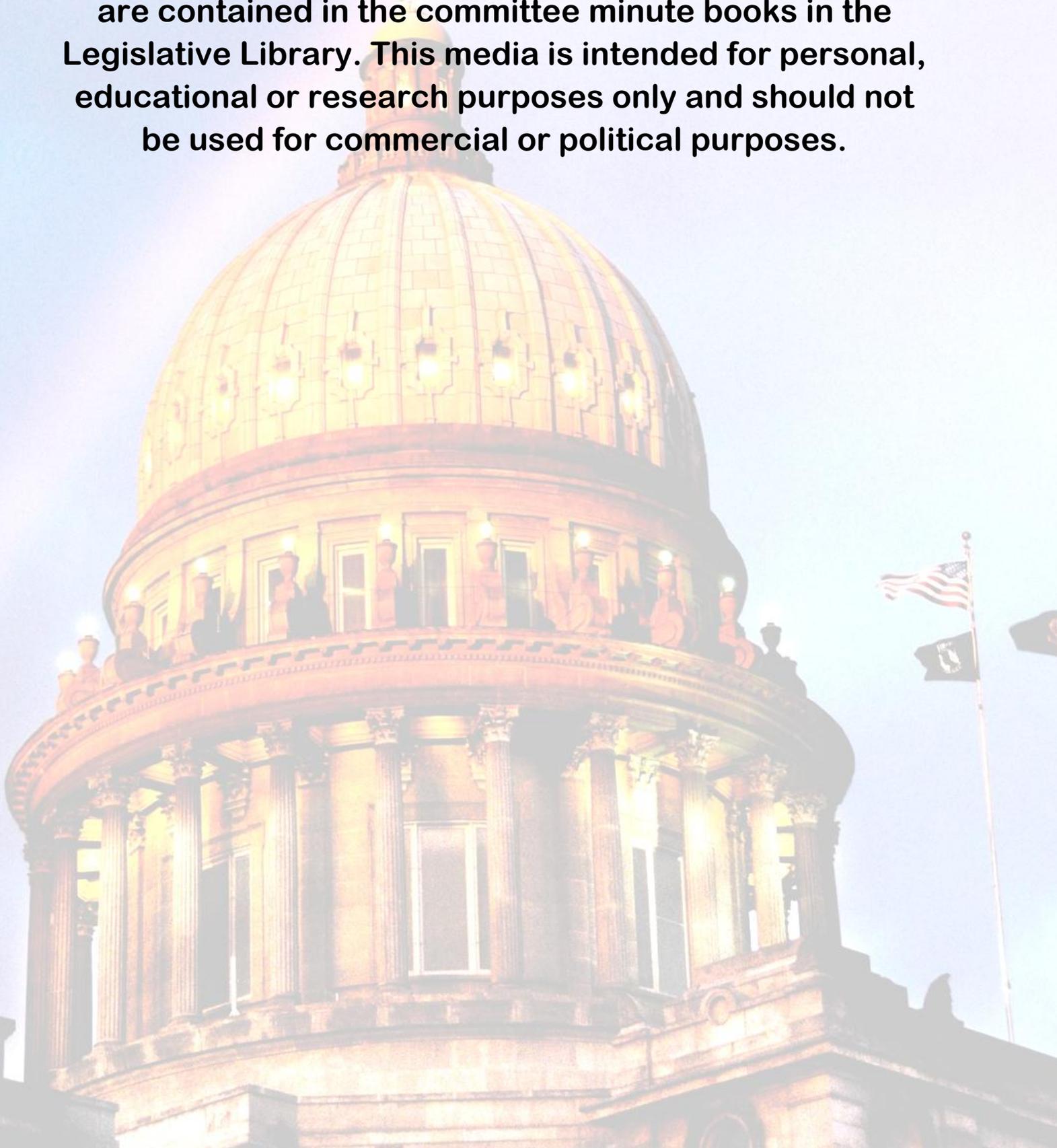


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JFAC COMMITTEE MEETING MINUTES

2/15/13

The hearing was held in Room C310, Statehouse, commencing at 8:00 a.m. and concluding at 9:42 a.m. with Chairman Cameron presiding.

Roll Call:

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

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

Ab/Excused: None

Staff present: Holland-Smith, Burns, Houston, Headlee, Bybee, Ellsworth, Lockett, Tatro

GERMANE COMMITTEE REPORTS

Senate Agricultural Affairs

Presenter: Senator Steve Bair, Chairman

- ❖ Department of Agriculture
 - Senate Ag Committee supports the following budget items:
 - Line Item 1: \$900,000 ongoing funding for Eurasian Milfoil control
 - Line Item 2: \$69,700 dedicated funding, for a Weights & Measures position
 - Line Item 4: \$120,000, dedicated funding, spending authority to increase Pesticide Collection
 - Line Item 5: Ongoing dedicated fund transfer, from REDIFIT program housed in Dept. of Ag to ITD for costs associated with updating the State Rail plan
 - Animal Damage Control, recommend \$100,000 in General Funds, one-time
 - 40% shift in funding from predator control to wolf control, so less money is available for control of coyotes and other predators
 - Losing \$125,000 from federal government for wolf control issues which caused six Wildlife Services employees to be laid off
- ❖ Idaho Soil and Water Conservation Commission
 - Senate Ag Committee supports:
 - Governor's recommendation for Line Item 4, Technical Services, spending authority for \$20,000

- Line Item 3: Match Conservation District Contributions for \$209,700 (item not recommended by the Governor)
 - Local conservation districts use state General Fund dollars to leverage additional funds, usually at a 2:1 rate
 - One of most serious problems deals with TMDL (amounts of contaminates) in waterways. This appropriation will provide an opportunity to mitigate TMDL loads, resulting in cleaner water and less regulatory cost so EPA is not as involved.
- ❖ Agricultural Research and Extension Service
 - Committee supports Decision Unit 1 – requesting \$1,000,000 for operational needs for research (Governor recommended and the Senate Ag Committee supports)
- ❖ University of Idaho – Rangeland Research – Senate Ag Committee recommends funding \$191,000 for study of sage-grouse, wildfire and other rangeland issues (specifically to research how livestock grazing influences sage-grouse populations)

House Agricultural Affairs Committee

Presenter: Representative Ken Andrus, Chairman

- ❖ Agriculture is an important business – the largest industry in Idaho
 - Two concerns:
 - Agriculture Research Stations – funding has decreased considerably – please restore the funding
 - Research helps develop new and better varieties of seeds
 - Need to be mindful of world demand for food
 - University of Idaho - Rangeland Research Center
 - U of I is a science-based research center
 - Recommend funding for \$191,000 to research rangeland issues relating to sage-grouse

Senate Health and Welfare Committee

Presenter: Senator Lee Heider, Chairman

- ❖ The Department of Health and Welfare serves every community in Idaho with a budget of \$2.529 billion. Many federal programs have a 70/30 match
 - Examples of those served by various programs:
 - Medicaid serves 243,000 Idahoans
 - Food Stamp program serves 300,000 (one out of every six people is on the program)
 - Child Welfare budget is nearly \$56 million
 - Indirect Support Services has a budget of \$39 million
 - Medicaid Readiness line item for \$1.68 million
 - Requesting 16 new FTP's

- Use MAGI (modified adjusted gross income) formula
- Medical Assistance Program has a budget of \$2.055 billion
 - Traditional Medicaid Title 19
 - CHIP Program – Title 21
- Mental Health Services costs another \$33 million
- Psychiatric Hospitalization costs \$31.5 million
- Public Health Services costs \$103 million
- Substance Abuse Treatment & Prevention costs \$17 million
- Division of Welfare costs \$143.8 million
 - SNAP(Supplemental Nutrition Assistance Program) /Food Stamps
 - Proposing a multi-day issuance, beginning March 1, 2014, which has a fiscal impact estimate of \$182,600, one-time
 - Temporary Assistance to Families
 - Aid to the Aged, Blind and Disabled
- ❖ Affordable Care Act (ACA) – (Medicaid Expansion) establishes a framework to ensure access to quality, affordable health coverage of all Americans beginning in 2014
 - Estimate that up to 35,000 presently qualify but not receiving services
 - Possibly another 35,000 who are newly eligible
 - Federal grant will pay 100% for 3 years and then shift this expense to Idaho
 - New guidelines will redefine how states will:
 - Compute eligibility for a family using the new MAGI methodologies which change household composition, income calculations, expense allowances, and asset tests
 - Evaluate an applicant's situation and determine eligibility
 - Verify information during the eligibility determination process to verify information
 - Send notifications to the clients regarding eligibility decisions and outcomes for all family members and coordinate the information included on the notice with an Exchange
 - Align rules with IRS tax definitions to ensure continuity of coverage determinations among various types of health coverage sources
 - Define participant households and budget units to determine eligibility for all members within a household
 - Idaho Dept. of Health & Welfare is developing the ability to adopt new ACA regulations for Medicaid while ensuring the agency can maintain a high level of quality and accuracy across all programs
 - Workload
 - Currently process about 14 applications and have 10 Medicaid cases
 - Estimating there could be 25 applications for every 10 new Medicaid cases
 - Medicaid enrollment will be one of the major primary doors where a person can enter the insurance exchange

- Office will have to screen in four ways: phone, portal, walk-in, and/or mail
- Burden of proof will be upon the Department whose responsibility it will be to source-verify
- Currently have 22 eligibility workers and 6 IT workers – will have to employ a significant number; a temporary staff initially
- Chairman Heider is confident the Idaho Department of Health and Welfare will be ready to supply the needs of Idaho citizens who qualify for assistance

SENATE TRANSPORTATION COMMITTEE

Presenter: Senator Bert Brackett, Chairman

- ❖ Idaho Transportation Department receives no General Fund appropriation
 - ITD has made substantial strides in become more efficient, effective and accountable
 - Accomplishments include
 - Realignment of Department – generated \$12.5 million in personnel and insurance savings
 - Through improvements in cash forecasting and project management practices, ITD should have an additional \$100 million in highway maintenance and construction projects over next five years
 - By changing how the state repays the last two GARVEE bonds it issues, an estimated \$40 million in interest will be saved
- ❖ Issues that affect transportation and transportation funding in Idaho
 - Map-21 (“Moving Ahead for Progress in the 21st Century”) is the new federal highway bill which expires in the fall of 2014.
 - There is a \$12 billion shortfall nationwide to the Highway Trust Fund being supplemented from the federal general fund.
 - Idaho is a “donee” state, versus a “donor” state, meaning that Idaho gets more money back than the state sends to the federal government
 - There could be an effort to raise the gas tax at the federal level
 - If additional revenue is not raised, Idaho could see its share of federal revenue cut by as much as \$100 million
 - State Transportation funding issue
 - Idaho Transportation Task Force concluded there was a \$262 million annual shortfall in maintenance of bridges and highways
 - Need to protect the state’s investment in the transportation system
 - A funding option that is being considered is the TEDZ (Transportation and Economic Development Zone)
 - Legislation would require ITD and the Department of Commerce to jointly collaborate on highway projects that will result in job creation and overall state revenue growth. TEDZ would allow a portion of sales to finance construction if the following three tests are satisfied:

- Showing that new sales tax generated as a result of construction would be equal to, or exceed, the amount necessary to service the financing of construction, and
- Showing a return on investment – that job creation will result in at least \$2 for new revenue for every \$1 of construction, and
- A majority of local governments (cities, counties and highway districts) within the proposed zone approve the creation of the zone
 - A similar program started several years ago known as STARS allowed a portion of sales tax to finance Idaho's infrastructure – it has been used successfully to build some transportation projects
- ❖ Another transportation issue:
 - 129,000 pound pilot route project that will sunset in June 2013. If the routes are to be made permanent, the Legislature must act this session

STATEWIDE BUDGET DECISIONS: JFAC Adjusted

Presenter: Cathy Holland-Smith, Manager, Budget and Policy Analysis

Accept Governor's FY 2014 Revised Recommended Spending Target

	<u>Agency Request</u>	<u>Governor's Rec</u>	<u>Gov's Revised Rec & Passed Legislation</u>
REVENUES			
Beginning Balance	\$ 58,387,600	\$ 58,387,600	\$ 57,738,000
DFM Orig Rev Est (5.3% increase from FY13 forecast)	2,799,105,000	2,799,105,000	2,799,105,000
H88 Hire One More Employee			(10,364,600)
Personal Property Tax Relief		(20,000,000)	(20,000,000)
H1 Income Tax Conformity			(3,000,000)
H2 Adjustments to Taxable Income			(250,000)
Total Revenues & Available Cash	<u>\$ 2,857,492,600</u>	<u>\$ 2,837,492,600</u>	<u>\$ 2,823,228,400</u>
TRANSFERS			
To Business and Jobs Development Fund - Dept of Commerce		(3,000,000)	(3,000,000)
To Budget Stabilization Fund		(35,000,000)	(35,000,000)
Net Transfers	<u>\$ 0</u>	<u>\$ (38,000,000)</u>	<u>\$ (38,000,000)</u>
NET REVENUES AND TRANSFERS	<u>\$ 2,857,492,600</u>	<u>\$ 2,799,492,600</u>	<u>\$ 2,785,228,400</u>
EXPENDITURES			
FY 2014 Base Budget	2,668,604,200	2,662,034,600	2,662,465,600
Maintenance Costs:			
Benefit Changes	13,531,100	13,460,200	13,460,200
Inflationary Adjustments	1,752,300	400,500	400,500
Replacement Items	17,718,700	6,597,100	6,597,100
Statewide Cost Allocation	836,200	836,200	836,200
Annualizations	1,941,100	1,538,800	2,132,200
Change in Employee Compensation	5,201,800	7,000	7,000
Public School Salary Increase	8,826,700		
Military Compensation	60,100	28,200	28,200
Nondiscretionary Adjustments	(967,200)	(2,242,500)	(2,242,500)
FY 2014 Program Maintenance	<u>\$ 2,717,505,000</u>	<u>\$ 2,682,660,100</u>	<u>\$ 2,683,684,500</u>
Other Budget Requests:			
Education:	40,479,800	72,111,900	72,111,900
Health and Human Services:	13,687,200	13,660,200	9,525,000
Public Safety:	23,452,900	6,681,200	6,681,200
Natural Resources:	1,024,400	1,269,800	1,269,800
Economic Development:	1,806,000	3,851,100	3,851,100
General Government:	10,611,900	8,866,800	8,886,700
Cash Transfer to Other Funds		(3,000,000)	(3,000,000)
FY 2014 Total	<u>\$ 2,808,567,200</u>	<u>\$ 2,786,101,100</u>	<u>\$ 2,783,010,200</u>
Percentage growth in appropriations FY13/FY14		3.1%	3.0%
FY 2014 ESTIMATED ENDING BALANCE	<u>\$ 48,925,400</u>	<u>\$ 13,391,500</u>	<u>\$ 2,218,200</u>

Moved by Bell, seconded by Keough, that the Joint Finance-Appropriations Committee adopt and use for FY 2014 the Governor's recommended General Fund revised spending target of \$2,783,010,200 (3.0% growth) for the purpose of setting and modifying state agency budgets.

AYES: 20

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

Nays: 0

Ab/Ex. 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Benefit Changes:

Include the Governor's recommendation to fund \$550 per eligible full-time FTP and to fund increase in the employer contribution for PERSI for eligible employees. The current employer PERSI contribution rate is 10.39% and will increase to 11.32%.

Unanimous Consent Request

On request by Bolz, granted by unanimous consent, the above language was accepted.

Inflationary Adjustments:

Do not include the agency's request or the Governor's recommendation for money from the General Fund, dedicated funds, or federal funds for inflationary adjustment in the JFAC Adjusted. Committee members may, at their discretion, add back funding in their motions on a case-by-case basis.

Unanimous Consent Request

On request by Keough, granted by unanimous consent, the above language was accepted.

Replacement Items:

Do not include the agency's request or the Governor's recommendation for one-time funding for replacement operating expenditures and capital outlay from the General Fund, dedicated, or federal funds. Committee members may, at their discretion, add funding in their motions on a case-by-case basis.

Unanimous Consent Request

On request by Bell, granted by unanimous consent, the above language was accepted.

Statewide Cost Allocation (SWCAP):

Include the Governor's recommendation for adjustments for State Controller fees, State Treasurer fees, Attorney General fees. Provide no adjustment in risk management fees to the Department of Administration.

Unanimous Consent Request

On request by Keough, granted by unanimous consent, the above language was accepted.

Annualizations:

Include the Governor's revised recommendation for costs that were partially funded in FY 2013 that require full funding in FY 2014.

Unanimous Consent Request

On request by Bolz, granted by unanimous consent, the above language was accepted.

Change in Employee Compensation (CEC):

Include the Governor's recommendation for a variable pay increase for statewide elected officials in accordance with Idaho Code, and funding for the Military Division to provide step increases that match the federal pay schedule for certain employees.

Unanimous Consent Request

On request by Keough, granted by unanimous consent, the above language was accepted.

Nondiscretionary Adjustments:

Include the Governor's recommendation for statutorily driven changes in Public Schools, increases for enrollment workload growth in Higher Education and Professional-Technical Education, and caseload, utilization, and federal match rate adjustments in Health and Welfare (including Medical Assistance Services).

Unanimous Consent Request

On request by Bolz, granted by unanimous consent, the above language was accepted.

ADJOURNED

Senator Dean L. Cameron, Chairman

Peggy Moyer, Secretary