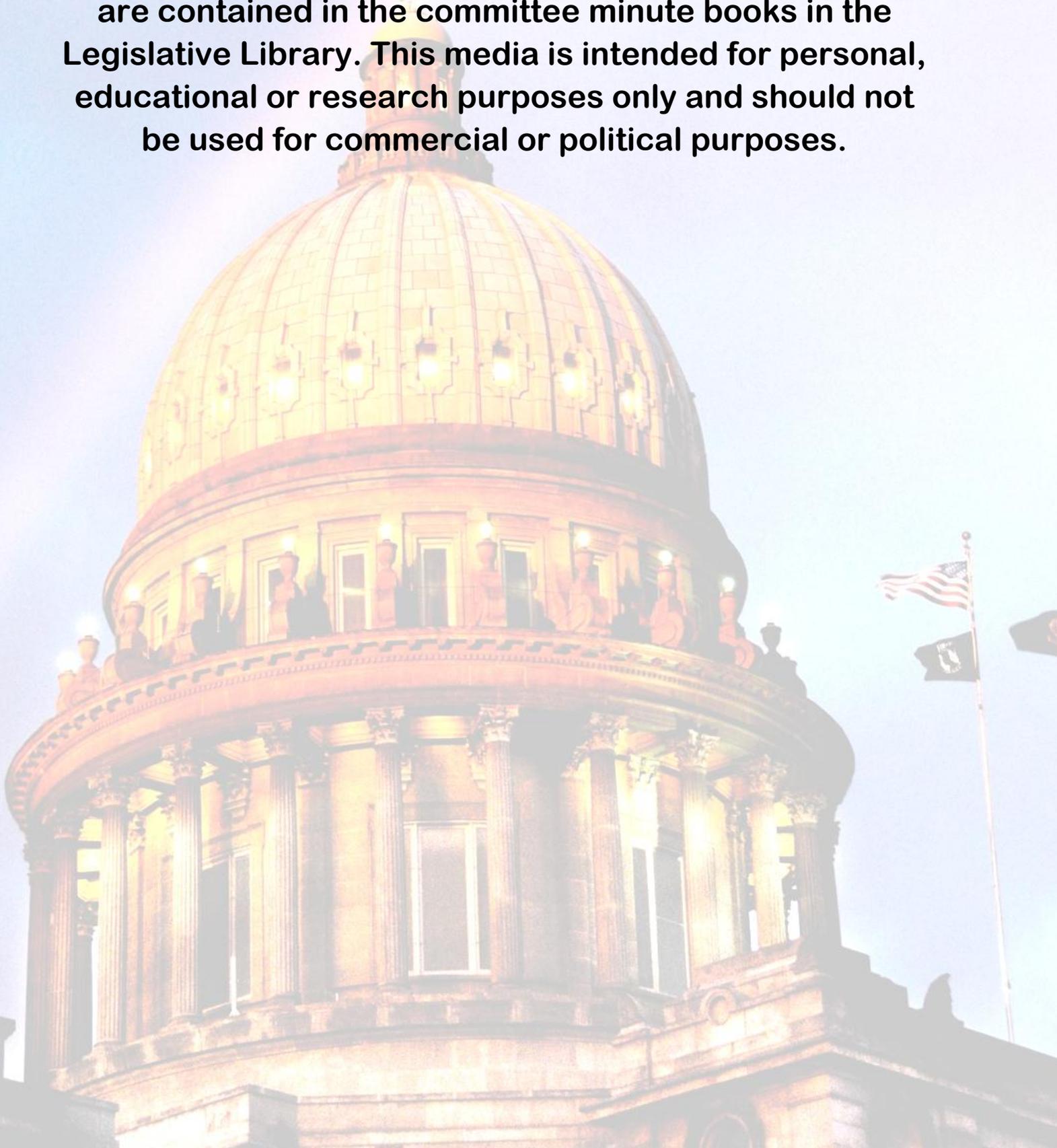


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JFAC COMMITTEE MEETING MINUTES

2/19/13

The hearing was held in Room C310, Statehouse, commencing at 8:00 a.m. and concluding at 9:37 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, Houston, Bybee, Ellsworth, Tatro

FY 2013 SUPPLEMENTAL RESCISSION

CATASTROPHIC HEALTH CARE PROGRAM (CAT FUND)

Presenter: Matt Ellsworth, Senior Budget and Policy Analyst

The CAT Board recently revised its projections for FY 2013 and found that available resources exceed needs for the year by \$6,000,000. The main reason is that the Board, working with Idaho counties, has diverted a large number of high-cost cases to the federal Pre-Existing Condition Insurance Plan (PCIP), which was new starting in FY 2012.

Unanimous Consent Request

Moved by Schmidt, granted by unanimous consent, the FY 2013 budget for the Catastrophic Health Care Program was reopened.

Carried Original Motion

Moved by Schmidt, seconded by Mortimer, to approve for introduction (\$6,000,000) General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of (\$6,000,000) with FTP of 0.00. One time equals \$2,367,200 and \$3,632,800 is ongoing.

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.

SETTING FY 2014 APPROPRIATIONS

DEPARTMENT OF FINANCE

Presenter: Keith Bybee, Principal Budget and Policy Analyst

The budget includes the JFAC adjusted budget for inflationary increases as well as all replacement items recommended by the Governor with the exception of an automobile and a storage area network. It removes the additional appropriation for risk management and includes all three line items. With the three line items, the budget is a 6.5% increase above the FY 2013 original appropriation.

Disclosure of Possible Conflict of Interest

Pursuant to Senate Rule 39(H), Senator Mortimer disclosed he has a possible conflict of interest under applicable law; he does plan to vote on the issue currently before the Committee.

Pursuant to House Rule 38, Representative Youngblood disclosed he has a possible conflict of interest under applicable law; he does plan to vote on the issue currently before the Committee.

Carried

Original Motion

Moved by Youngblood, seconded by Mortimer, to approve for introduction \$0 General Funds, \$6,812,800 Dedicated Funds, \$0 Federal Funds for a total of \$6,812,800 with FTP of 64.00.

Ayes: 15

Cameron, Keough, Mortimer, Johnson, Thayn, Schmidt, Lacey, Bell, Bolz, Eskridge, Gibbs, Miller, Youngblood, Ringo, King

Nays: 5

Vick, Nuxoll, Bayer, Thompson, Stevenson

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.

SELF-GOVERNING AGENCIES:

Division of Building Safety

Presenter: Keith Bybee, Principal Budget and Policy Analyst

The budget includes contract inflation for rent, and the recommendation for replacement items. It also reduces excess full-time equivalent positions and personnel budget. This reduction still leaves the agency with some flexibility should the construction industry come back this summer. It also recognizes the need to get the appropriation more in-line with what is actually being spent at the agency. The budget is a 2.5% decrease below the FY 2013 original appropriation.

Carried **Original Motion**

Moved by Mortimer, seconded by Thompson, to approve for introduction \$0 General Funds, \$10,905,900 Dedicated Funds, \$43,100 Federal Funds for a total of \$10,949,000 with FTP of 121.00.

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.

State Lottery

Presenter: Keith Bybee, Principal Budget and Policy Analyst

This budget includes the recommendation for inflationary adjustments for costs associated with background and credit checks of each retailer contracted to sell Lottery products new certification for draw games. The budget also replaces two servers and two desktop computers. It is a maintenance of current operations budget and is a 2.8% increase above the FY 2013 original appropriation.

Carried **Original Motion**

Moved by Ringo, seconded by Gibbs, to approve for introduction \$0 General Funds, \$5,423,700 Dedicated Funds, \$0 Federal Funds for a total of \$5,423,700 with FTP of 47.00.

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.

Legislative Intent Language

It is legislative intent that amounts necessary to pay prizes, retailer commissions, advertising and promotional costs, *and gaming supplier vendor fees based on sales* shall be continuously appropriated to the State Lottery under the provisions of Section 67-7428, Idaho Code.

Unanimous Consent Request

On request by Ringo, granted by unanimous consent, the legislative intent language shown above was accepted.

BOARD OF LAND COMMISSIONERS: Endowment Fund Investment Board

Presenter: Ray Houston, Principal Budget and Policy Analyst

The motion is a 2.8% increase over Fiscal Year 2013 due to employee transition funding which is partially offset by a drop in Attorney General fees. Funding for the Endowment Fund Investment Board is from fees charged for their investment services. There are no General Funds in this budget.

Carried **Original Motion**

Moved by Lacey, seconded by Thompson, to approve for introduction \$0 General Funds, \$624,800 Dedicated Funds, \$0 Federal Funds for a total of \$624,800 with FTP of 4.00.

OT= 19,200

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

Legislative Intent Language

SECTION __. The Endowment Fund Investment Board is hereby granted continuous appropriation authority for consulting fees, bank custodial fees, and portfolio-related external costs for the period July 1, 2013, through June 30, 2014.

SECTION __. LEGISLATIVE INTENT. It is legislative intent that for fiscal year 2014, the Endowment Fund Investment Board transfer \$48,844,800 as follows: \$31,292,400 from the Public School Earnings Reserve Fund to the Public School Income Fund; \$967,200 from the Agricultural College Earnings Reserve Fund to the Agricultural College Income Fund; \$3,348,000 from the Charitable Institutions Earnings Reserve Fund to the Charitable Institutions Income Fund; \$2,670,000 from the Normal School Earnings Reserve Fund to the Normal School Income Fund; \$1,422,000 from the Penitentiary Earnings Reserve Fund to the Penitentiary Income Fund; \$3,338,400 from the Scientific School Earnings Reserve Fund to the Scientific School Income Fund; \$2,946,000 from the Mental Hospital Earnings Reserve Fund to the Mental Hospital Income Fund; and \$2,860,800 from the University Earnings Reserve Fund to the University Income Fund.

OFFICE OF THE GOVERNOR; Office of Energy Resources

Presenter: Ray Houston, Principal Budget and Policy Analyst

The motion is for the ongoing operations of the Office of Energy Resources from dedicated and federal funds. There is no General Fund money in the budget. The agency removes four full-time equivalent positions and \$1.2 million from the base to more closely align the budget with available revenues. The lack of a stable ongoing source of revenue is an issue that needs to be addressed as soon as possible.

Carried

Original Motion

Moved by Eskridge, seconded by Thompson, to approve for introduction \$0 General Funds, \$1,198,700 Dedicated Funds, \$219,300 Federal Funds for a total of \$1,418,000 with FTP of 10.00.

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.

Legislative Intent Language

Include carryover spending authority for American Recovery and Reinvestment Act (ARRA) moneys into Fiscal Year 2014.

Unanimous Consent Request - Objection

There was an objection to the unanimous consent request motion from Eskridge, to approve legislative intent language.

Carried

Original Motion

(To approve legislative intent language)

Ayes: 18

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

Nays: 2

Vick, Nuxoll

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.

Public Utilities Commission (PUC)

Presenter: Ray Houston, Principal Budget and Policy Analyst

Carried

Original Motion

Moved by Eskridge, seconded by Keough, to approve for introduction \$0 General Funds, \$5,283,000 Dedicated Funds, \$199,200 Federal Funds for a total of \$5,482,200 with FTP of 50.00.

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.

Failed

Substitute Motion

Moved by King, seconded by Ringo, to approve for introduction \$0 General Funds, \$5,290,900 Dedicated Funds, \$199,200 Federal Funds for a total of \$5,490,100 with FTP of 50.00.

Ayes: 5

Johnson, Schmidt, Lacey, Ringo, King

Nays: 15

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

Ab/Ex: 0

DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ)

Presenter: Ray Houston, Principal Budget and Policy Analyst

The motion is for a 3.9% increase in the General Fund, a 2.1% reduction in dedicated funds and an 11.5% increase in federal funds for a total increase of 7.2%. The motion adjusts benefit costs down to reflect a 5% unfunded position rate. All replacement items are as recommended by the Governor including funding for computer equipment, and for five vehicles over 10 years old with over 112,000 miles.

Carried

Original Motion

Moved by Miller, seconded by Eskridge, to approve for introduction \$14,839,100 General Funds, \$11,385,200 Dedicated Funds, \$40,206,200 Federal Funds for a total of \$66,430,500 with FTP of 360.00.

Ayes: 16

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

Nays: 2

Vick, Nuxoll

Ab/Ex: 2

Thayn, Gibbs

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.

Failed

Substitute Motion

Moved by Ringo, seconded by King, to approve for introduction \$15,046,100 General Funds, \$11,385,200 Dedicated Funds, \$40,206,200 Federal Funds for a total of \$66,637,500 with FTP of 360.00.

Ayes: 4

Schmidt, Lacey, Ringo, King

Nays: 14

Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Bell, Bolz, Eskridge, Thompson, Stevenson, Miller, Youngblood

Ab/Ex: 2

Thayn, Gibbs

Legislative Intent Language

Section __. LEGISLATIVE INTENT. It is legislative intent that moneys deposited into the Environmental Remediation Basin Fund are to be used for remediation of the Coeur d'Alene Basin in accordance with the superfund contract with the Environmental Protection Agency. The Department of Environmental Quality shall file an annual report each year with the Governor, the Legislature, and the Coeur d'Alene Basin Environmental Improvement Project Commission on the remediation progress and the expenditures involved.

Section __. LEGISLATIVE INTENT. It is legislative intent that the appropriation of moneys from the Water Pollution Control Fund in this act specifically supersedes the provisions of Section 39-3630, Idaho Code.

Note: Costs listed in 39-3630 include Water Pollution Control Bonds, the match for wastewater loans, the match for drinking water loans, and contracts pursuant to Chapter 36, water quality law. This intent removes any doubt that moneys may be used to pay for the state's match of the CDA remediation, they may be used for costs of administering grants to municipalities for planning waste water projects, and they may be used within DEQ's operating budget for the Lake Management Plan, the Beneficial Use Reconnaissance Monitoring Program, and other water quality programs.

Unanimous Consent Request

Moved by Miller, granted by unanimous consent, the legislative intent language shown above was accepted.

EMPLOYEE COMPENSATION AND BENEFITS

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

The following language to be included in each agency budget, excluding public schools:

“The Legislature finds that investing in state employee compensation should remain a high priority even in tough economic times, and therefore strongly encourages agency directors, institution executives and the Division of Financial Management to approve the use of salary savings to provide either one-time or ongoing merit increases for deserving employees, and also target employees who are below policy compensation. Such salary savings could result from turnover and attrition, or be the result of innovation and reorganization efforts that create savings. Such savings should be reinvested in employees. Agencies are cautioned to use one-time funding for one-time payments and ongoing funding for permanent pay increases.”

Unanimous Consent Request

Moved by Bell, granted by unanimous consent, the legislative intent language shown above was accepted.

Request to Reconsider the CEC JFAC Adjusted (heard on 2/15/13)

Failed

Original Motion

Moved by Ringo, seconded by King, to reconsider the CEC JFAC adjusted level.

Ayes: 4

Schmidt, Lacey, Ringo, King

Nays: 14

Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Bell, Bolz, Eskridge, Thompson, Stevenson, Miller, Youngblood

Ab/Ex: 2

Thayn, Gibbs

Senator Dean L. Cameron, Chairman

Peggy Moyer, Secretary