

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 29, 2014
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Chairman Cameron, Vice Chairman Keough, Senators Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayne, Schmidt, Lacey
Chairman Bell, Vice Chairman Bolz, Representatives Eskridge, Thompson, Gibbs, Miller, Stevenson, Youngblood, Ringo, King
ABSENT/ EXCUSED: None
STAFF PRESENT: Houston
CONVENED: Chairman Cameron convened the meeting at 8:00 a.m.

AGENCY

PRESENTATION: **DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ)**
Curt Fransen, Director

To view the presentation, please click on the following link. [Department of Environmental Quality](#)

Mr. Fransen introduced some of his staff and thanked all of his staff for their dedication to the citizens of Idaho. DEQ has six regional offices located in Coeur d'Alene, Lewiston, Boise, Twin Falls, Pocatello and Idaho Falls. As a regulatory agency, DEQ implements state environmental programs pursuant to state laws and rules. Idaho's environmental programs meet the requirements of the major federal environmental protection laws including the Clean Air Act, Safe Drinking Water Act, Resource Conservation and Recovery Act and a portion of the Clean Water Act. DEQ is authorized to administer Idaho's programs instead of EPA administering the federal acts. DEQ does not administer the National Pollutant Discharge Elimination System portion of the Clean Water Act, (NPDES) which permits the discharge of wastewater to Idaho streams, rivers and lakes. There is legislation currently before the Legislature which would direct DEQ to begin the process of obtaining authorization to administer the NPDES program in Idaho.

DEQ manages a broad range of activities including: assessing environmental problems, overseeing facilities that generate air, water, and hazardous waste pollution, monitoring Idaho's air and water quality, overseeing the cleanup of contaminated sites, responding to hazardous materials and emergency response calls, issuing permits and authorizations for new and expanded businesses and manufacturing facilities, and administering grant and low-interest loan programs to fund new and upgraded wastewater and drinking water systems for communities and municipalities. DEQ's core activities include numerous responses to citizen complaints and public information record requests. The scope of DEQ's routine and ongoing work includes such things as issuing air quality permits and conducting inspections, issuing burn permits, inspecting public drinking water systems, providing funds in drinking water and wastewater

planning grants, responding to hazardous materials and emergency response calls, and closing leaking underground storage tank remediation projects.

Regarding workforce information, **Mr. Fransen** said the Department is currently authorized to have 360 full-time positions (FTPs) but only have funding for approximately 354 positions. The FTP count peaked in FY 2010 at 382, then during the recession, the General Fund base was reduced by over \$4 million. It was then necessary to manage the funding reductions through layoffs and attrition. In FY 2015 the Department will have a total cap of 355 FTPs. The Department's workforce management plan involves continual evaluation of workload, workforce and management policies in order to maintain critical programs and provide core services. As part of this plan, whenever a position becomes vacant, an evaluation is done to determine whether the position should be refilled, reclassified or redirected toward higher priorities. DEQ's compensation plan provides a structure for utilizing salary savings. In FY 2013 ongoing increases were given to about 20% of the full-time staff and similar one-time bonuses were given. Through the first half of FY 2014, 9 ongoing merit/equity increases and 22 bonuses were given.

Mr. Fransen gave an update on the progress of the Fish Consumption Study. Last year DEQ was appropriated \$300,000 in one-time general funds to hire a contractor to develop fish consumption data needed to revise Idaho's surface water quality standards. Specifically, the data is needed to update Idaho's human health toxics criteria that were disapproved by EPA in May, 2012. This past year nine rulemaking sessions were held and, as a result, a fish consumption survey was designed with assistance from the Public Policy Center at Boise State University. Recently, DEQ entered into a contract with the Northwest Research Group to conduct the actual Idaho fish consumption survey which will provide Idaho-specific fish consumption data to DEQ. Idaho's general population and resident Idaho anglers (individuals with fishing licenses who are likely to consume greater amounts of fish than the general population) will be surveyed. The survey will extend over an entire year in order to address the seasonality of fish consumption. While the survey is underway, DEQ staff will continue to meet with negotiated rulemaking stakeholders to discuss policy issues regarding human health toxics criteria and how DEQ should utilize the fish consumption information to revise criteria in water quality standards. The toxics criteria rule should be finalized by the summer of 2015 through negotiated and formal rulemaking, be adopted by DEQ in the fall of 2015 and be before the Legislature for approval in 2016.

The Governor's FY 2015 recommended budget for the Department of Environmental Quality totals \$65,550,100 which represents a maintenance budget with some minor adjustments and enhancements. In the base budget DEQ has recommended removal of 5 FTPs from the cap and also the removal of \$1,550,000 in dedicated and federal spending authority. Included in the budget is an increase in benefit costs of \$525,900 and a \$61,100 fund shift from federal funds to the General Fund because federal grants are not able to support the 15.9% increase in health insurance premiums. The Governor's budget recommendation includes replacement items totaling \$595,900. **Mr. Fransen** also discussed the following two decision units included in the budget: 1) \$84,100 in ongoing General Fund support to cover salary, benefits, and operating expenses for one Water Quality Standards position, and 2) a transfer of \$1.5 million from the Water Pollution Control Fund to the Environmental Remediation Basin Fund.

AGENCY

PRESENTATION: DEPARTMENT OF AGRICULTURE

**PRESENTER: Idaho Soil and Water Conservation Commission (ISWCC)
Teri Murrison, Administrator**

To view a copy of the presentation, please click on the following link. [Soil and Water Conservation Commission](#)

Ms. Murrison introduced some staff members as well as Commissioners Norman Wright, Chairman and Leon Slichter; she also introduced Idaho Association of Soil Conservation Districts President Kit Tillotson, Vice President Billie Brown, and Treasurer Steve Becker. Also present at the meeting was Benjamin Kelly, Executive Director.

The Governor's recommended FY 2015 budget totals \$2,808,400 which is a 4.1% increase from last year with a cap of 16 FTPs. Idaho was a leader in establishing one of the oldest official conservation movements. The Conservation Commission was established in 1939 for the purpose of forming local conservation districts to make voluntary improvements to address dust storms and severe erosion. However, over the past 75 years the statute has expanded the Commission's responsibilities to include the planning and implementation of programs and projects benefitting soil, water, air, plants, and animals. "Conservation the Idaho way" means Idahoans take care of and improve natural resources for future generations while maximizing benefits to Idaho and its people. That concept is both voluntary and non-regulatory and focuses on cooperative and collaborative efforts with local people who know and work the land.

Five commissioners appointed by the Governor serve staggered five-year terms to oversee policies to assist Idaho's soil and water conservation districts and to perform various program duties. Due to constrained resources the Commission has had to rank services and programs. The Governor has recommended \$28,000 in funding for one of the Commission's priorities which is to update the Idaho Agriculture Pollution Abatement Plan. The Commission focuses on three core functions: 1) technical and other support services which include conservation planning, engineering and watershed assessments, as well as services which strengthen districts, 2) administration, and 3) conservation programs. There are now 50 conservation districts in Idaho. Last year all districts completed statutorily-required five-year antidegradation plan updates. The Commission manages the Conservation Reserve Enhancement Program (CREP) to conserve water usage on marginal farm ground in the Eastern Snake River Plain Aquifer. Participating landowners receive modest federal payments from the Farm Service Agency in exchange for not farming these lands. The flagship incentive program, the Resource Conservation and Rangeland Development Program (RCRDP) provides low-interest loans to purchase equipment and install projects that provide conservation benefits. The maximum loan limit is \$200,000 per loan or \$300,000 per borrower. By December 31, 2013, the Commission had 108 outstanding loans totaling \$4,098,507. The loans make conservation measures possible on 36,000 acres of land. Last year the Ground Water Program treated 35,685 acres reducing nitrates, phosphorus, and sediments.

Idaho Code requires the Commission to assist DEQ in preparing Total Maximum Daily Load (TMDL) implementation plans to strategically reduce agriculturally-generated pollutant loads on Idaho's impaired surface waters. The Commission currently has 17 plans in progress and 18 plans pending.

Ms. Murrison responded to questions from the Committee hearing guidelines as follows: 1) there were no major changes to ISWCC's workforce in FY 2014, 2) Commission has no alternative funding sources, 3) has not initiated any major program structure changes, 4) proposed no legislation, 5) has no appropriation flexibility, 6) has not received LSO Audit written report for FY 2011-12 but Ms. Murrison was told there were no findings, and 7) there are no performance evaluations of the Commission to date. Regarding employee compensation, in FY 2013 all employees received a 2% CEC; five regular FTPs and one temporary employee received permanent merit increases averaging 3%. Due to salary savings, 15 regular FTPs and 2 temporary employees received one-time bonuses averaging \$1,871 according to performance ratings. The turnover rate last year was 7.1% .

AGENCY

PRESENTATION: OFFICE OF THE GOVERNOR

**PRESENTER: Office of Energy Resources (OER)
John Chatburn, Interim Administrator**

To view the presentation, please click on the following link. [Office of Energy Resources](#)

The Office of Energy Resources was originally created through Executive Order in 1975 and has continued to be reestablished by Executive Order, the last time being October 18, 2012. Responsibilities of OER include: 1) coordinating energy planning and policy development in Idaho, 2) coordinating the State's comments on all federal energy policy issues and documents, 3) serving as Idaho's clearinghouse for energy information, representing Idaho in regional and national energy policy forums and processes, administering loan and financial assistance programs, and coordinating the Idaho Strategic Energy Alliance (ISEA). OER also participates in regional energy policy forums and is responsible for closing out ARRA Stimulus projects. The Governor's FY 2015 budget recommendation totals \$990,200 with 8 FTPs.

AGENCY

PRESENTATION: IDAHO DEPARTMENT OF AGRICULTURE (ISDA)

PRESENTER: Pamela Juker, Chief of Staff and Communications Director

To view the presentation, please click on the following link. [Department of Agriculture](#)

Ms. Juker introduced members of the ISDA staff as well as some industry partners who were present. The ISDA budget is allocated between the following six divisions: Administration, Agricultural Inspections, Agricultural Resources, Animal Industries, Market Development, and Plant Industries. The Department currently has a staff of 190 FTPs; however, staffing can reach up to 500 employees at the peak of harvest season. ISDA is responsible for over 60 statutes in Idaho Code and corresponding programs range in size from \$3,000 to \$7 million. The Department manages over 25 funds between the six divisions and also provides administrative services for the Sheep and Goat Health Board, Animal Damage Control Board, Board of Veterinary Medicine and the Aquaculture Board. ISDA also manages two loan programs which include REDIFiT and rural rehab.

The Governor's FY 2015 budget recommendation totals \$35,727,000 with 190.05 FTPs. Annually the ISDA requests a deficiency warrant supplemental that covers actual spending for the fiscal year that ended in June; it is used for pest surveys and control measures to track and eradicate pests that are or could be a threat to Idaho. The request for FY 2014 is \$1,456,700. The voluntary reduction in spending authority for the FY 2015 budget is \$750,000 (\$275,000 in dedicated and \$475,000 in federal funds). There is one general fund request and three dedicated fund requests in the recommended budget. The general fund request is for an ongoing funding source to expand ISDA's international marketing services. The three dedicated fund requests are: 1) an FTP and ongoing dedicated spending authority for an IT programmer in the Animal Division, 2) ongoing spending authority in the dairy program for milk component and raw milk testing, and 3) spending authority to shift a portion of federal funding allocation from federal to state programs; the shift would be covered by the pesticide fund.

ADJOURN:

Chairman Cameron adjourned the meeting at 10:30 a.m.

Senator Cameron
Chair

Peggy Moyer
Secretary