

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, February 12, 2014
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators: Co-chairman Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayn, Schmidt, Lacey
Representatives: Co-chairman Bell, Bolz, Eskridge, Thompson, Gibbs, Stevenson, Miller, Youngblood, Ringo, King
ABSENT/EXCUSED: None
STAFF PRESENT: Holland-Smith, Burns, Houston, Headlee, Bybee, Lockett, Tatro, Hoskins
CONVENED: Senator Cameron convened the meeting at 8:00 a.m.

FY 2014 GENERAL FUND REVENUE FOR BUDGET SETTING: **LEGISLATIVE SERVICES OFFICE**
Budget Policy and Analysis
Cathy Holland-Smith, Manager
Keith Bybee, Budget and Policy Analyst

Governor's Recommendation and EORAC Increase of 2.1%

MOTION: **Original Motion**
Moved by Bell, seconded by Keough, that the Joint Finance-Appropriations Committee adopt and use the Governor's and Economic Outlook and Revenue Assessment Committee's (EORAC) recommended General Fund revenue projection of \$2,808,220,000, a 2.1% increase, for the purpose of setting and modifying state agency budgets.

CARRIED: **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.

Adjust FY 2014 EORAC Revenue by Year-to-Date Shortfall

MOTION:

Original Motion

Moved by Bolz, seconded by Youngblood, that the Joint Finance-Appropriations Committee adopt and display the monthly year-to-date revenue shortfall of a negative \$23,891,000 against the Governor's and the Economic Outlook and Revenue Assessment Committee's General Fund revenue protection for the purpose of setting and modifying state agency budgets. This number will be adjusted on a month-to-month basis until Sine Die.

CARRIED

Ayes: 20

Cameron, Keough, Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayne, 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.

**FY 2015 GENERAL
FUND REVENUE
FOR BUDGET
SETTING:**

Governor's Recommendation and EORAC Increase of 6.4%

MOTIONS:

Original Motion

Moved by Bell, seconded by Keough, that the Joint Finance-Appropriations Committee adopt and use the Governor's and Economic Outlook & Revenue Assessment Committee's recommended General Fund revenue projection of \$2,987,767,000, an increase of 6.4%, for the purpose of setting state agency budgets.

Substitute Motion

Moved by Mortensen, seconded by Bayer, that the Joint Finance-Appropriations Committee use \$2,937,700,000, an increase of 4.6%, for the purpose of setting state agency budgets.

Amended Substitute Motion

Moved by Johnson, seconded by Stevenson, that the Joint Finance-Appropriations Committee use \$2,898,083,000, an increase of 3.2%, for the purpose of setting state agency budgets.

FAILED:

Vote on amended substitute motion

Ayes: 5

Vick, Nuxoll, Johnson, Bayer, Stevenson

Nays: 15

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

Ab/Ex: 0

FAILED:

Vote on substitute motion

Ayes: 7

Mortimer, Vick, Nuxoll, Johnson, Bayer, Thayn, Stevenson

Nays: 13

Cameron, Keough, Schmidt, Lacey, Bell, Bolz, Eskridge, Thompson, Gibbs, Miller, Youngblood, Ringo, King

Ab/Ex: 0

CARRIED:

Vote on original motion

Ayes: 14

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

Nays: 6

Mortimer, Vick, Nuxoll, Bayer, Thayn, 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.

**PROPOSED JFAC
ADJUSTED FOR
FY 2015**

Benefit Changes — JFAC Adjusted

MOTION: Moved by Keough, seconded by Bell, all budgets should include \$1,450 per eligible full-time FTP and Worker’s Comp adjustments by agency as recommended by the Governor with the exception of the correction for the Commission for Pardons and Parole. Totals for this motion include \$12,700,600 General Funds, \$9,741,600 Dedicated Funds, \$3,878,500 Federal Funds for a total of \$26,320,700 with FTP of 0.00.

CARRIED: **Ayes: 17**

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

Nays: 2

Vick, Nuxoll

Ab/Ex: 1

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.

Inflationary Adjustments and Replacement Items — JFAC Adjusted

MOTION: **Original Motion**

Moved by Bolz, seconded by Keough, that the JFAC adjusted budgets 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 adjustments in the JFAC Adjusted. For replacement items JFAC adjusted budgets 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.

CARRIED: **Ayes: 19**

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

Nays: 0

Ab/Ex: 1

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.

Statewide Cost Allocation (SWCAP) — JFAC Adjusted

MOTION:

Original Motion

Moved by Bell, seconded by Keough, that the JFAC adjusted budgets for statewide cost allocation include the Governor's recommendation for adjustments for State Controller fees, State Treasurer fees, and Attorney General fees; add in requested adjustments for dedicated and federal funds for LSO Audit Division. Totals for this motion include \$130,800 General Funds, \$335,100 Dedicated Funds, \$199,900 Federal Funds for a total of \$665,800 with FTP of 0.00.

CARRIED:

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.

Annualizations — JFAC Adjusted

MOTION:

Original Motion

Moved by Bolz, seconded by Thompson, that the JFAC adjusted budgets for annualizations include the Governor's recommendation for elected officials salary increases of \$7,100, and \$231,600 for new judge positions partially funded in FY 2014 that require full funding in FY 2015. Totals for this motion include \$238,700, General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$238,700 with FTP of 0.00.

CARRIED:

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.

Change in Employee Compensation (CEC) and Employee Compensation
— JFAC Adjusted

MOTION:

Moved by Keough, seconded by Bell, that the JFAC adjusted budgets for Change in Employee Compensation include a 2% pay increase for state agencies and institutions, funding for a 1% payline adjustment for certain agencies as recommended by the CEC Committee, and an adjustment for the Military Division to provide step increases that match the federal pay schedule for certain employees. The CEC for state agencies and institutions will be 1% ongoing, and 1% one-time. Totals for this motion include \$10,747,000 General Funds, \$8,470,500 Dedicated Funds, \$3,278,000 Federal Funds for a total of \$22,495,600 with FTP of 0.00.

It is the intent of the Legislature, while working cooperatively with the Governor's Office, the Division of Human Resources, and the Division of Financial Management to make progress toward the goal of funding a competitive salary and benefit package that will attract qualified applicants, retain employees committed to public service excellence, motivate employees to maintain high standards of productivity, and reward employees for outstanding performance to: 1) adjust the compensation schedule upwards by 1% to move the salary structure towards market, and 2) continue the job classifications that are currently on payline exception to address specific recruitment or retention issues, and 3) provide funding for an ongoing 1% salary increase for state employees, and funding for the equivalent of a one-time 1% bonus for state employees, based upon employee merit with flexibility in distribution as determined by the agency directors. The Legislature also 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.

CARRIED:

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.

Nondiscretionary Adjustments — JFAC Adjusted

MOTION:

Original Motion

Moved by Bolz, seconded Thompson, that the JFAC adjusted budgets include the Governor’s recommendation for statutorily driven changes in Public Schools, actual adjustments for enrollment workload growth in Higher Education and Professional-Technical Education, and caseload, utilization, and federal match rate adjustments as recommended by the Governor in Health & Welfare (including Medicaid). Totals for this motion include \$17,038,700 General Funds, (\$10,272,000) Dedicated Funds, \$45,475,500 Federal Funds for a total of \$52,242,200 with FTP of 0.00.

CARRIED:

Ayes: 17

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

Nays: 1

Ringo

Ab/Ex: 2

Thayn, Youngblood

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.

Endowment Adjustments — JFAC Adjusted

MOTION:

Original Motion

Moved by Bell, seconded by Keough, that the JFAC adjusted budgets for endowment adjustments include the Governor’s recommendation for changes in spending in the Endowment Funds in Public Schools, Colleges and Universities, and the Department of Health and Welfare. Totals for this motion include (\$68,500) General Funds, \$1,572,000 Dedicated Funds, \$0 Federal Funds for a total of \$1,503,500 with FTP of 0.00.

CARRIED:

Ayes: 18

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

Nays: 0

Ab/Ex: 2

Thayn, Youngblood

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.

Statewide IT Billings/Omnibus Decision-JFAC Adjusted

MOTION:

Original Motion

Moved by Keough, seconded by Bell, that the JFAC adjusted budgets for statewide IT billings/omnibus decisions include an amount for each agency listed for the increased cost of maintenance IT security and web access based upon the number of authorized FTP in each agency, not excluding statewide elected officials, the Judicial Branch, or the Legislature. Totals for this motion include \$106,400 General Funds, \$74,800 Dedicated Funds, \$40,900 Federal Funds for a total of \$222,100 with FTP of 0.00.

CARRIED:

Ayes: 18

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

Nays: 0

Ab/Ex: 2

Thayn, Youngblood

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.

**GERMANE
COMMITTEE
REPORTS:**

**House Health and Welfare Committee
Representative Fred Wood, Chairman**

Chairman Wood said his committee agreed with the budget priorities presented to JFAC by Richard Armstrong, Director of the Department of Health and Welfare. Of particular importance were the following decision units: 1) Division of Medicaid — Medicaid Eligible — unenrolled caseload, 2) Division of Welfare — Integrate Eligibility System/State Exchange, 3) Mental Health Services — Behavioral Health Crisis Centers, 4) Survey Related Staff — pay increases, 5) FY 2014 supplemental for immunizations for children, and 6) Division of Medicaid — restore adult dental services. Legislation is being introduced this week to change the statutes for community-supported employment to not only allow for protection of health and safety, but also to obtain or maintain employment. Time sensitive emergency legislation is also being presented this legislative session; Idaho is one of only a few states that does not have a trauma or stroke system. The legislation has a fiscal impact of about \$225,000 on General Fund money.

Senate Health and Welfare Committee
Senator Lee Heider, Chairman

Chairman Heider said the Senate Health and Welfare Committee supports the Department of Health and Welfare. The Health and Welfare budget for FY 2015 is \$2.54 billion; 64.7% or \$1.64 billion is federal funding, 24.9% or \$692 million is from the General Fund, and 4.6% or \$65 million is from dedicated funds. The Department has 2,848 FTPs which is 270 fewer than in 1970. Medicaid is the largest health insurance program in the country covering about 62 million low-income Americans each year, including one of every four children. The population Medicaid serves is very diverse. He briefly discussed the Medicaid “Woodwork Group” who are people who have been eligible for Medicaid but have never applied for benefits. It is estimated that 35,000 Idaho people are in this category. He discussed Your Health Idaho which is the State Insurance Exchange; the latest data he has showed nearly 50,000 Idahoans have applied for coverage and about 26,000 have completed the application process.

The Chairman also discussed mental health services and the \$5.2 million requested for three community crisis centers. The centers would provide a more appropriate and humane response to stabilize and assess people in crisis and connect them to more long-term community treatment resources in order to reduce future crisis events. Child welfare requests \$976,000 for social workers to maintain children safely in their homes to avert foster care placements; the funds would also provide some flexibility to strategically increase salaries to recruit and retain quality workers in a field with high turnover. The number of Food stamp recipients has risen from 86,343 in 2007 to a high of 238,777 in January of 2012 and has now declined 9.8% to 217,485.

Mental health counselors have depended on OPTUM for prior authorization of treatment; the OPTUM system’s performance was less than standard until recently. Since the company is now required to report daily, there has been a tremendous improvement in their services. The House and Senate Health and Welfare Chairs were involved last summer in a statewide healthcare innovation plan to discuss healthcare delivery. The patient medical home is the direction in which health care providers are moving which deals with the total wellness of a patient rather than a fee-for-service.

ADJOURN:

Chairman Cameron adjourned the meeting at 10:15 a.m.

Senator Cameron
Chair

Peggy Moyer
Secretary