

MINUTES
SENATE FINANCE COMMITTEE

DATE: Wednesday, March 11, 2015
TIME: Upon JFAC Adjournment - Meeting convened at 9:28 A.M.
PLACE: Room C310
MEMBERS PRESENT: Chairman Cameron, Vice Chairman Keough, Senators Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
ABSENT/ EXCUSED: None

CONVENED: **Senator Cameron** called the meeting to order at 9:28 A.M.

S 1122: **Wayne Hoffman**, President of the Idaho Freedom Foundation, introduced **S 1122** and explained the bill would codify the Governor's 2014 Executive Order 2014-03 establishing annual reporting requirements for state agencies receiving federal funds. The bill would require state agencies, through the budget process, to identify not only available federal funds but the potential impact of having those funds reduced; and further, to submit an agency's operating plan if there would be a 10% or greater reduction in federal funding. Apart from concerns raised from higher education, he has heard of no other objections.

Matt Freeman, Chief Financial Officer for the State Board of Education, said he had worked with the Division of Financial Management (DFM) regarding implementation of the Governor's Executive Order 2014-03 as it applied to higher education in being able to reference reports the Board already published for post-secondary institutions. The State Board of Education felt they have met the spirit of the executive order and likewise would meet the spirit of S 1122. One concern SBE does have is in line 36 on page one of the bill where it states, "delineate the federal funds to be utilized by the state agency for the current and upcoming fiscal year." Recognizing that post-secondary institutions are large, complex enterprises that secure significant amounts of federal funding, it would be difficult to delineate federal funds for the current year and almost impossible for the upcoming fiscal year. Professors constantly apply for various grants; the same is true for those applying for Pell grants and other student financial aid. The agreement with DFM was SBE would provide prior year data. Also SBE has an Audit Committee that meets quarterly and requires institutions to submit quarterly financial statements on an accrual basis including year-to-date grant activity—both grant applications submitted and awards received. In summary, the State Board of Education already complies with current law, publicly posts the information, and therefore is meeting the intent of the executive order.

Cathy Holland-Smith, Manager of Budget and Policy Analysis Division, Legislative Services Office (LSO), indicated that two different handouts with additional language were given to each Committee member for review.

David Taylor, Deputy Director for the Department of Health and Welfare (DHW), spoke in favor of the concept of S 1122 and felt his department was in compliance with the Governor's executive order from last year. Over 60% of DHW's funding comes from federal funds in addition to over 100 federal grants. The Department spends a substantial amount of time preparing for budget submission by the September 1st deadline. Last year DHW received a waiver from DFM to submit the federal report at a later date. He asked the Committee to consider the option of a waiver to be established by an agreement with DFM and LSO . When questioned, **Taylor** indicated DHW had submitted the information by October 1st.

Cathy Holland-Smith said when it comes to budget submission, DFM and LSO already have the authority to provide an extension to any agency that requests it because that authority is already in the statute regulating budget submission.

Joe Stegner, representing the University of Idaho, voiced concern about this legislation because his institution is already in compliance with the executive order. Having a statute that reduces the amount of flexibility that DFM and LSO have is not in the best interest of post-secondary institutions. This proposed legislation would be a duplication of effort. He would like to have the legislation modified for higher education. His institution supports the concept but would like some alternative language that would allow universities to continue submitting information to SBE.

Kent Kunz, Director of Government Relations for Idaho State University (ISU), said his university supports the concept of S 1122 in order to provide transparency but believes ISU is currently complying with the executive order. He provided the following two documents showing federal fund information that is available to the public: 1) ISU's 75-page financial statement, and 2) a 25-page report currently being reviewed by SBE's Audit Committee.

Wayne Hoffman said his goal is to advance public policy and provide more transparency. If adjustments are needed, that would be okay with him.

Senator Cameron explained that S 1122 cannot be sent to the amending order because it was a Joint Finance-Appropriations Committee bill. It can be held in Committee or sent to the full Senate. The alternative would be to draft another bill with language acceptable to all concerned.

MOTION: **Senator Bair** moved to hold **S 1122** in Committee and have LSO draft a new bill that would include additional language. **Senator Mortimer** seconded the motion. The motion passed by **voice vote**.

ADJOURNED: There being no further business to come before the Committee, Senator Cameron adjourned the meeting at 9:54 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary