

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 13, 2016
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS: Senators Co-chairman Keough, Bair, Mortimer, Brackett, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon
**ABSENT/
EXCUSED:** None
CONVENED: **Chairman Bell** convened the meeting at 8:00 AM
PRESENTER: **Bryon Welch, Principal Evaluator, Office of Performance Evaluations**

The General Fund Distribution Formula for Public Health Districts

Mr. Welch delivered a presentation centered around the findings of the Distribution of State Fund Dollars to Public Health Districts. The formula, which distributes State General Fund dollars to public health districts, is not clearly or consistently linked to the program needs within districts. \$8.5 million of the districts' FY 2015 \$50.4 million budget comes from the State General Fund, 67% required match of State General Fund dollars to county contributions. Payment for contract services does not fully cover the cost of some programs so the difference is made up with state and county funds. Programs with regulatory fees are subsidized with state and county funds. These programs are subsidized unequally. Insufficient funding of regulatory programs reduces funding available for other public health services. After 2014, changes to the formula, State General Fund dollars decreased in districts 3 and 4 from 2013 levels despite increases in county contributions.

Mr. Welch concluded his presentation with recommendations to the Trustees of the Boards of Health, urging to phase in future changes to the formula over the next several years, eliminate the part of the formula that gives weight to county contributions, and review the indirect cost rate calculation method. He urged the legislative body to consider funding regulatory, fee-based programs differently so they are more self-sustaining and further the studies available on how to link funding with program needs. [The General Fund Distribution for the Public Health Districts](#)

PRESENTER: Richard Burns, Principal Analyst and Ray Houston, Principal Analyst, Division of Budget and Policy Analysis

Follow-up on Funding Allocation for Public Communications Sites

Richard Burns began the presentation with a brief overview of the public communication site issues from the previous year and what is being proposed for FY 2017. First, The military division of public safety communication manages communication sites on six endowment trust properties. These communication sites provide critical communication services to a variety of public safety agencies. The sites were authorized for use until August of 2015 through a land use permit. When the land use permit was to expire, a new fee schedule adopted by the Land Board in 2010 with an annual rent increase of 3% per annum, would take effect. The annual fees for the sites were scheduled to increase from \$5,473 to \$81,632 in the first year. Rather than have public safety agencies absorb this increase, the Governor recommended that the Department of Lands issue a 20-year lease for these six sites and prepay the full cost with a one-time General Fund appropriation of \$1,300,800. The fee was based on the current approved communications site fee schedule according to net present value and length of lease, calculated with a 6% discount rate.

After much discussion, the Legislature opted to go for a 10-year lease with costs allocated out to the various users of the system and provided for an annual 3% increase. A one-time appropriation of \$102,400 was provided for FY 2016 that included \$18,100 to cover back rent due. The appropriation did not include \$22,700 for interest and penalties that the Department of Lands had been seeking as part of the negotiated agreement. The appropriation was made one-time so that the Legislature could review it again for FY 2017. Mr. Burns then reviewed the proposed figures that had been proposed by the Military Division, Division of Financial Management, and the Legislative Services Office.

State agencies using the communication sites include the Idaho Department of Transportation, the Idaho State Police, Idaho Department of Fish and Game, Idaho Department of Lands, Department of Corrections, The Idaho Bureau of Homeland Security, and the Idaho Medical Emergency Services. **Mr. Burns** then stood for questions regarding the Budget Recommendation. [Public Communication Sites](#)

PRESENTER: Paul Headlee, Deputy Division Manager, Budget and Policy Analysis

Mechanics of H 312 in the General Fund Budget Process

Deputy Director Paul Headlee presented to the body the implications of H 312 on the General Fund fiscal year-end closing process. This legislation references the transfer of surplus General Fund monies for a certain purpose at the end of FY 2015 and FY 2016 under certain circumstances. This requires a final General Fund revenue forecast that is included as a part of the Governor's budget and/or EORAC projection. Usually, this is approved when the Legislature wants to fund something only if revenue turns out to be more than the forecast. Policymakers may or may not already be seeing a potential surplus during the legislative session, but may not be comfortable enough to recognize it in the budget process.

The fiscal year-end is June 30th however, year-end close out is actually finalized closer to mid-July, but all transactions are dated as of June 30th. The State Controller works with State agencies, the Department of Financial Management, and the Legislative Services Offices to ensure all provisions of law-impacting, year-end transactions are processed as intended. In addition to the publicized year-end balance, sufficient cash is set aside for encumbrances and re-appropriation authority. Any excess cash will follow in accordance with Idaho code section 57-814(3) and will be split in half and shared between the Budget Stabilization Fund and Strategic Initiatives Program Fund. [Mechanics of H 312](#)

PRESENTER: Jared Hoskins, Senior Analyst, Division of Budget and Policy Analysis
Review of Deficiency Warrants and Supplemental Appropriations

Mr. Hoskins brought before the committee a review of the Deficiency Warrants, Supplemental Appropriations, and Rescissions scheduled to be heard and receive action this legislative session. Budget Setting Order includes Comparison and Detail to Deficiency Warrants and Comparison and Detail to Supplemental Appropriations. Deficiency Warrants are expenditures that are essentially pre-authorized under Idaho Code and function much like a expense account or a line of credit. Mr. Hoskins then delivered an illustration referencing the Governor’s Budget Recommendations and how the Deficiency Warrants differ from previous sessions.

Mr. Hoskins reviewed a chart explaining the purpose of each Deficiency Warrant and the Agency, Authorization, Maximum Amount, and Statutory Authority within. Mr. Hoskins continued his presentation with the Supplemental Appropriation changes explaining the current year appropriations and reductions, and comparing them to previous legislative sessions. Clarification was made regarding the JFAC Rule number 13: “Unanimous Consent” or 2/3 vote required to re-open current year budget. Once reopened, a simple majority vote is required for approval of deficiency warrants or Supplemental Appropriations. Mr. Hoskins stood for question regarding the Budget Recommendations. [Review of Deficiency Warrants](#)

ADJOURN: There being no further business to come before the Committee, **Chairman Bell** adjourned the Committee at 9:52 AM

Representative Bell
Chair

Christi Cox
Secretary