

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, January 25, 2016
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Keough, Bair, Mortimer, Brackett, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: **Chairman Bell** convened the meeting at 8:00 AM

PRESENTER: **Jani Revier, Administrator, Division of Financial Management**
Revision of the Governor's Recommendation:

At the request of the Gentleman on the second floor, **Administrator Jani Revier** presented the following revision:
Active management, data-driven administration and immediate action are required to sustain Idaho's precious water resources, including reversing the decline in aquifer levels. We must exercise responsible stewardship of the resource to ensure the opportunity for future growth, development, and prosperity. The objective must be to maintain the long-term health of water resources throughout Idaho. The revised recommendation is as follows:

Transferring \$6.5 million in one-time funding to the Secondary Aquifer Planning, Management, and Implementation fund—increasing the total transfer to that fund to \$16.5 million.

Increasing ongoing funds for water sustainability projects by \$3 million—increasing the total for those projects to \$5 million.

As groundwater reductions meet the benchmarks and goals of the water settlement agreement, the State's sustainability projects coupled with this funding will advance the needs of the water users and sustain Idaho's water resources. **Administrator Revier** then stood for questions.

SUPPLEMENTAL APPROPRIATIONS

SECRETARY OF STATE

PRESENTER: **Jared Hoskins, Senior Analyst, Division of Budget and Policy Analysis**
Secretary of State: Voting System Grants to Counties

Jared Hoskins reported in 2004, the Secretary of State received approximately \$13 million in federal grant funds pursuant to the Help America Vote Act (HAVA) so the office could develop a statewide voter registration system (VRS), provide accessible voting devices in each precinct, and upgrade county voting systems. To receive these funds, however, the Secretary of State was required to demonstrate that 5% in matching state funds were available. To raise these matching state funds, the Secretary of State initiated a voting system grant program with the counties, in which the counties ultimately provided a total of \$1.2 million up front with the expectation that they would receive a total of \$5.9 million in return to upgrade their voting systems. Between 2004 and 2014, the Secretary of State used HAVA funds to develop a statewide VRS, provide accessible voting devices, and pay approximately \$4.6 million to the counties for their voting system upgrades.

Mr. Hoskins further reported that the Secretary of State also used HAVA funds to pay for the maintenance costs of the statewide VRS, with the expectation that the office would eventually request additional funding to pay for the maintenance. Though VRS maintenance is an allowable expense under HAVA, the Secretary of State has not requested or received any additional funding to pay for it, leaving the office without sufficient HAVA funds to meet its outstanding \$1.3 million obligation to the counties.

UNANIMOUS CONSENT: On Request by **Youngblood**, granted by unanimous consent, the Fiscal Year 2016 budget for the Secretary of State, Secretary of State, was reopened.

CARRIED: **Original Motion**

Secretary of State

Administration: Voting System Grants for Counties

Supplemental

Moved by **Youngblood**, seconded by **Keough**, to approve for introduction \$1,300,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$1,300,000 with FTP of 0.00

Ayes: 20

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

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 Bell**.

DEPARTMENT OF JUVENILE CORRECTIONS

PRESENTER: **Jared Hoskins, Senior Analyst, Division of Budget and Policy Analysis**
Department of Juvenile Corrections: Contract Funds

Jared Hoskins stated reported along with other state agencies, the department utilizes a managed service contract to coordinate the provision of substance use disorder services (SUDS) in the community. Prior to October of 2013, the SUDS managed services contractor provided network management and monitoring, quality assurance, and fiscal management as well as direct client services such as intake, service coordination, and customer service. The department paid for this service through the Department of Health and Welfare (DHW) via interagency billing. All these charges were paid to DHW from trustee & benefit payments, as they were client-specific claim items.

Mr. Hoskins further reported that now, the contractor only provides network management and monitoring. Other services previously provided by the contractor are now performed by department staff. All partnering agencies providing SUDS utilize the Web Infrastructure Treatment System (WITS) as its electronic health record and claims processing system. In its implementation phase, DHW paid for maintenance costs and the department was only responsible for an allocated portion of system enhancement costs. Now, the department is responsible for an allocated portion of maintenance and enhancement costs. The department now enters all authorizations for treatment and recovery support services in WITS. Prior to WITS implementation, the managed services contractor was responsible for this. Also, the department now pays and processes all SUDS claims internally, rather than paying the managed services contractor to do so.

Mr. Hoskins said that with this increased workload, the department has used a local staffing agency to assist with these administrative duties. However, the department states that it has been difficult to maintain a non-experienced temporary staff to meet its needs and desires stable and consistent administrative support.

Department of Juvenile Corrections: Broadband Costs:

Mr. Hoskins shared that prior to discontinuance of the Idaho Education Network (IEN), the Department of Juvenile Corrections paid \$120,000 annually to the Department of Administration for its administrative WAN and broadband costs. Because a portion of those costs (\$54,600) supported the Juniper Hills School District, they were considered E-ratable and the department received reimbursement in the amount of \$49,200 (90%). Now, the department no longer receives reimbursement for the administrative portion of its broadband costs, which still amount to approximately \$120,000 per year, because the department has separately contracted with a private vendor for its educational broadband services. Thus, the department requests \$49,200 to offset the loss of revenue to bring its total obligation back down to \$70,800.

Department of Juvenile Corrections: County Incentive Program Transfer:

Mr. Hoskins further reported on the goal of the Community Incentive Program (CIP) is to fill gaps in the community by providing services, such as counseling, behavioral therapy, family preservation services, and mentoring in order to divert juveniles away from commitment to the custody of the department.

According to the agency, the average cost of providing CIP services to a juvenile is \$3,200, whereas commitment can cost up to \$135,000 per juvenile. The department states that CIP programming diverts 97% of its participants from commitment. Thus, the department requests a program transfer of \$100,000 in ongoing trustee & benefits payments during FY 2016 from the Institutions Program to the Community, Operations, and Program Services Program to be used for its Community Incentive Program.

UNANIMOUS CONSENT: On Request by **Youngblood**, granted by unanimous consent, the Fiscal Year 2016 budget for the Department of Juvenile Corrections, was reopened.

CARRIED: **Original Motion**

Department of Juvenile Corrections
Community-Based Substance Abuse Treatment Services
Move Contract Funds to PC and OE
Supplemental

Moved by **Youngblood**, seconded by **Schmidt**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$0 with FTP of 0.00
147,000 net zero object transfer

Ayes: 20

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

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 Bell**.

CARRIED: **Original Motion**

Department of Juvenile Corrections
Institutions
WAN and Broadband Costs
Supplemental

Moved by **Youngblood**, seconded by **King**, to approve for introduction \$49,200 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$49,200 with FTP of 0.00

Ayes: 19

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

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 Bell**.

CARRIED: **Original Motion**

Department of Juvenile Corrections
Institutions
to COPS: Community Incentive Program
Supplemental

Moved by **Youngblood**, seconded by **Schmidt**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$0 with FTP of 0.00
reduce \$100,000 in TB from GF in Institutions program increase \$100,000 in TB from GF for COPS program

Ayes: 19

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

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 Bell**.

DEPARTMENT OF AGRICULTURE

PRESENTER: **Ray Houston, Senior Analyst, Division of Budget and Policy Analysis**
Department of Agriculture: Methyl Bromide Investigation:

Ray Houston reported on the Methyl Bromide investigation. Methyl Bromide Investigation Plant Industries has revealed that the potato pest, pale cyst nematode, was detected in Eastern Idaho in 2006. In response, the ISDA and USDA established a collaborative eradication program that has involved the regulation of about 52,500 acres.

Mr. Houston further reported that the program has included a suite of treatments including fumigation with methyl bromide (MeBr) on 2,200 acres. MeBr is an allowed use to treat the quarantine level pest and all applications were made within the EPA-approved label restrictions. However, starting in 2014, a family noticed health problems in their cattle. After extensive veterinary care and investigation, laboratory tests confirmed very high levels of bromide in alfalfa hay grown on the treated fields. Subsequently, a second family's hay, grown on treated fields, also showed high levels of bromide residue. The ISDA and USDA worked quickly to secure test samples on wheat, barley, potatoes, alfalfa, litchi tomato, corn, and straw grown on treated fields. All samples showed some level of inorganic bromide.

ISDA approached BSU and the UI about conducting a collaborative research project to answer questions about bromide uptake. The research project request in the amount of \$350,000 was submitted to the USDA on September 14, 2015. Meanwhile, in the fall, ISDA moved forward with an investigation and is requesting funding as follows: \$120,000 for disposal of nearly 2,000 tons of infested hay; \$25,000 for water sampling and testing; \$45,000 for testing for infected cattle; \$10,000 for field test plot preparation.

Department of Agriculture: Fresh Fruit and Vegetable Program:

Mr. Houston stated that this supplemental will allow the department to catch the Fresh Fruit and Vegetable (FF&V) Fund appropriation up with current expenditures, and allow the program to expand as the demand for services grows. Agricultural production has increased the need for additional hours worked by the staff of the FF&V Program. Food safety audit requests have also increased which requires additional training and hours worked by staff. Furthermore, potato processing facilities are asking the Fresh Fruit and Vegetable Program to staff and perform specialized tests at the raw lab stations.

Mr. Houston further shared that experience has shown that fully trained staff is needed. The current fund balance and forecast revenue will support this ongoing request of \$735,200 in personnel costs and \$964,000 in operating expenditures from the dedicated Fresh Fruit and Vegetable Inspection Fund. Pursuant to Section 76-5303, Idaho Code, all inspectors of the fresh fruit and vegetable inspection service of the Idaho Department of Agriculture, except those positions involved in the management of the program, are non-classified employees. Although the

Legislature appropriates the moneys, these positions have traditionally been exempted from the FTP count.

UNANIMOUS CONSENT: On Request by **Bair**, granted by unanimous consent, the Fiscal Year 2016 budget for the Department of Agriculture, was reopened.

CARRIED: **Original Motion**

Department of Agriculture
Plant Industries
Methyl Bromide Investigation
Supplemental

Moved by **Bair**, seconded by **Burtenshaw**, to approve for introduction \$250,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$250,000 with FTP of 0.00

Ayes: 20

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

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 Bell**.

CARRIED: **Original Motion**

Department of Agriculture
Agricultural Inspections
Fresh Fruit & Vegetable Program
Supplemental

Moved by **Burtenshaw**, seconded by **Bair**, to approve for introduction \$0 General Funds, \$1,699,200 Dedicated Funds, \$0 Federal Funds for a total of \$1,699,200 with FTP of 0.00

Ayes: 20

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

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 Bell**.

EDUCATION WEEK

STATE BOARD OF EDUCATION

PRESENTER: Dolt Soltman, President, State Board of Education
Office of the State Board of Education

President Dolt Soltman brought before the committee a presentation on the Office of the State Board of Education. Idaho's 60% Goal is a plan for growing talent to fuel innovation and economic growth in the gem state. The State Board has set an ambitious goal that 60% of Idahoans ages 25-34 will have a degree or certificate by 2020. Idaho must grow talent within the state to fuel innovation and economic competitiveness. Increased education attainment improves the quality of life for Idahoans and drives a vibrant, diverse economy.

Idaho's increased education attainment must be responsive to businesses that will employ the workforce of the future. It is imperative Idaho leaders commit to efficiently and effectively increase postsecondary degrees and certificates. Key strategies to strengthen the pipeline include; secondary students ensure college and career readiness (Common Core State Standards), develop intentional advising along the K-20 continuum that links education with careers, and support accelerated high school to postsecondary and career pathways.

Also the idea of Transform Remediation – Secondary/Postsecondary Students. There needs to be better clarification and implementation to college and career readiness education and assessments (Assessment & Placement). The State Board of Education wants to develop a statewide model for transformation of remedial placement and support. Finally, Idaho aims to provide three options to it's college hopefuls: co-requisite model, emporium model, or accelerated model (Delivery).

President Soltman stressed the importance of structure built by the Department of Education for success is defined as postsecondary students communicating strong, clear, and guaranteed statewide articulation and transfer options (Gen. Ed). President Soltman spoke in high favor of rewarding progress and completion. It is intended that institutions establish metrics and accountability tied to institutional missions, or Performance Based Funding Initiative (PBF). It is imperative that institutions recognize and reward performance of college students. President Soltman aims to redesign the state's current offerings of financial support for postsecondary students by leveraging partnerships that strengthen collaborations between education and business/industry partners such as; The College Access Network, and STEM Education. [State Board of Education](#)

PRESENTER: Bob Kustra, President, Boise State University

Boise State University

President Bob Kustra brought before the committee a high-level overview of the achievements and challenges of Boise State University, and spoke on the Governor's Budget Recommendation. President Kustra pointed out the achievements of the College of Public Service and the College of Innovation and Design. New Dean of the College of Innovation and Design, Professor Gordon Jones PhD, from Stanford University has successfully implemented Virtual Simulation courses, and created a new area of study called Professional Ethnography where graduates assimilate companies into the new economic environment through a variety of factors including consumer base and corporate culture.

The Honors Project is the first ever public-private partnership at Boise State University funding rehabilitation projects outside our nation. Private industries and work of other philanthropists front the costs of students traveling to participate in rebuilding and rehabilitating communities for graduate students in Mozambique and surrounding countries. Furthermore, the Carnegie Foundation, who ranks and rates colleges throughout the nation has ranked BSU as a Masters large university. BSU as finally broken through the threshold of an undergraduate-strong, four-year university to a doctoral research university. One that will make a great deal of difference for National Science and National Student Research and Health.

President Kustra proudly recognized the above average excellence of BSU students in relation to Idaho's 60% goal. Students at Boise State University are ahead of the game, with a graduate rate 10% higher than the Department of Labor's predictions of Boise State students. Approximately, five years after graduation, 65% of BSU graduates are working in the State of Idaho, employed full time. Proving Boise State University is a major contributor to economic development in the State of Idaho. An impressive statistic considering the gap between state funding and amount of graduate students. Despite the merit-funding for the Universities, BSU has continued to fall last in terms state-funding. **President Kustra** then enthusiastically spoke in favor of the 3% CEC state employee increase.

A new direction for Boise State University are the Cyber Security and Computer Science programs. IGEN Funding has increased a need for a higher educational software security language. In scholarship offerings, BSU is offering a new scholarship, out of the zero-based budgeting practice. The Opportunity Scholarship is a combination Pell Grant and is in association with the Tuition Lock.

President Kustra argued that BSU has twice as many students as the other state-funded Universities and is therefore in need of greater growing capacity and encouraged the budget committee to invest money where the students are. President Kustra then stood for questions regarding the Tuition Lock and addressed concerns regarding the decision made to discontinue the Community and Regionally Planning degree program, the increase in tuition, and the Doctoral Research distinction.

[Boise State University](#)

PRESENTER: Arthur Vailas, President, Idaho State University

Idaho State University

President Arthur Vailas brought before the committee a presentation on the Budget Recommendation for Idaho State University. President Vailas proudly discussed the retention rates of the Complete College Idaho (CCI) program and discussed the increase from 62% to 71.3% since 2012. The Bengal Bridge Program offers seven courses including: STEM Track, Arts and Composition Track, and a Foundational Track in for the high risk students. Outreach efforts have included up to 3,835 in-person phone-calls and voice mails to reach out to potential students. Enrollment in the honors program has increased by 87% since 2013. Workforce Development programs have seen significant increases in student enrollment in the areas of Cybersecurity, Health Care and Health Care Clinics, Anatomy and Physiology Labs, Family Medicine and Dental Residencies, and Energy Programs. Significant research expenditures have occurred in the academic pursuit of Innovation Programs such as; the Global Entrepreneurship, the GIS Project (using state-of-the-art cloud-based data management technologies), the Intellectual Property Foundation, and Bengal Pharmacy. President Vailas stood for questions regarding construction and renovation concerns and the FY 2017 Budget Recommendation. [Idaho State University](http://www.idaho.edu)

ADJOURN: There being no further business to come before the committee, **Chairman Bell** adjourned the committee at 11:09 AM

Representative Bell
Chair

Christi Cox
Secretary