

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 01, 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 Keough convened the meeting at 8:00 A.M.
STAFF PRESENT: Houston, Headlee, Tatro

FY 2016 SUPPLEMENTALS

SUPPLEMENTAL: **DEPARTMENT OF AGRICULTURE**
Agricultural Inspections
Organic Food Program

PRESENTER: **Ray Houston, Principal Analyst, Budget & Policy, Legislative Services Office**

This request is for the Idaho Organic Food Program in the amount of \$65,300 from the dedicated Organic Food Products Fund. The request is for one full-time inspector funded for eight months at a cost of \$24,000; operating expenditures of \$17,400 for Twin Falls office space, travel and training; \$15,000 for audit costs; and \$8,900 onetime for a rugged laptop and vehicle costs. In 2015, two large manufacturers, Army's Kitchen and Clif Bar, moved into Idaho and significantly increased demand for organic products from Idaho certified organic producers. Also, Idaho's largest milk processors contracted with ISDA to certify their facilities. Furthermore, ISDA has seen interest from many processing sectors including oilseed, feed products, breweries, distilleries, vegetable processors, and cosmetic companies. The current staff of three is strained to meet certification and inspection needs and has declined services to Nevada and Utah producers. Fees from registration, inspection, and gross sales (Section 22-1106, Idaho Code) are adequate to cover the increased ongoing expenses, including the four-month, \$21,500 annualization which brings the two-year costs to \$128,200.

UNANIMOUS CONSENT: On request by Miller, granted by unanimous consent, the FY 2016 budget for the Department of Agriculture was reopened.

CARRIED:

Original Motion

Moved by Miller, seconded by Bair, to approve for introduction \$0 General Funds, \$65,300 Dedicated Funds, \$0 Federal Funds for a total of \$65,300 with FTP of 1.00
\$23,900 OT

Ayes: 19

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

Nays: 0

Ab/Ex: 1

Johnson

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 Keough.

SUPPLEMENTAL:

**Plant Industries and Market Development
Specialty Crop Program Funding**

The request is to transfer \$1 million in federal appropriation from the Plant Industries Program to the Market Development Program (\$500,000 in operating expenditures and \$500,000 in trustee and benefit payments). Several plant grants have been reduced over the last three years leaving unneeded appropriation. At the same time, specialty crop grant requests have exceeded the FY 2016 appropriation. The specialty crop grant program has grown beyond expectations from \$121,000 in FY 2006, to \$166,000 in FY 2008, to \$1 million in FY 2014, to nearly \$2 million in FY 2015. Eligible entities include for-profit organizations, governments, universities, and on-profit organizations. The number of sub-recipients exceeds 50. Specialty crops include fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops, including floriculture. Value-added processing of eligible crops also qualifies. Projects are evaluated on how well they enhance the competitiveness of Idaho's specialty crops, soundness and quality of the project plan, measurable outcomes, and return on investment.

CARRIED:

Original Motion

Moved by Burtenshaw, seconded by Bair, to approve for introduction the reduction of \$500,000 in operating expenditures and \$500,000 in trustee and benefit payments for a total of \$1 million in federal funds for the Plant Industries Program, and the increase of \$500,000 in operating expenditures and \$500,000 in trustee and benefit payments for a total of \$1 million in federal funds for the Market Development Program, for a net change of zero dollars.

Ayes: 19

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

Nays: 0

Ab/Ex: 1

Johnson

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 Keough.

SUPPLEMENTAL:

**Administration
Janitorial Services**

This supplemental would transfer \$8,000 from operating expenditures to personnel costs. The animal, dairy, and plant pathology laboratories are located on the second floor of the Health and Welfare building south of the Department of Agriculture's Boise headquarters. Effective November 1, 2015, the contract for janitorial services for the second floor of the Health and Welfare building expired. The Department of Agriculture hires temporary staff to clean the other buildings on campus and expended their responsibilities to clean the second floor as well. Health and Welfare has secured a contract for the remainder of their building. This supplemental would transfer eight months of the budgeted costs, or \$8,000, from operating expenditures to personnel costs in the Facilities Maintenance Fund. The remaining four months are included in an FY 2017 annualization.

CARRIED:

Original Motion

Moved by Bair, seconded by Burtenshaw, to approve for introduction the reduction of \$8,000 in operating expenditures in the dedicated Facilities Services Fund and a corresponding increase of \$8,000 in personnel costs for a net change of zero dollars overall.

Ayes: 19

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

Nays: 0

Ab/Ex: 1

Johnson

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 Keough.

SUPPLEMENTAL:

IDAHO DEPARTMENT OF WATER RESOURCES
Management and Support Services
Idaho Water Center Renovation

PRESENTER:

Ray Houston, Principal Analyst, Budget & Policy, Legislative Services Office

The Idaho Department of Water Resources (IDWR) requests a one-time \$484,900 supplemental from the General Fund to pay for renovation of about 9,037 square feet on the fifth floor in the Idaho Water Center (IWC). This space was previously remodeled in April of 2011 and leased to the Idaho Supreme Court Law Library and University of Idaho Law School until they both vacated in July of 2015. IDWR has executed a lease with the State Appellate Public Defender (SAPD) FOR 6,600 rentable square feet. The architect estimates renovation costs for that space at \$55 per square foot for a total of \$363,000. Futhermore, IDWR is negotiating a lease with the Soil and Water Commission (SWCC) for 2,437 square feet. The architect estimates renovation costs to be \$50 a square foot for a total of \$121,900. These costs are needed to satisfy the office space requirements of the SAPD and SWCC.

**UNANIMOUS
CONSENT:**

On request by Miller, granted by unanimous consent, the FY 2016 budget for the Idaho Department of Water Resources was reopened.

CARRIED:

Original Motion

Moved by Miller, seconded by Bair, to approve for introduction \$484,900 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$484,900 with FTP of 0.00
OE

Ayes: 17

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

Nays: 2

Nuxoll, Monks

Ab/Ex: 1

Johnson

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 Keough.

SUPPLEMENTAL:

DEPARTMENT OF HEALTH AND WELFARE
Benefits Program within Division of Welfare
Child Care Support Payments

PRESENTER:

Jared Tatro, Principal Analyst, Budget & Policy, Legislative Services Office

As the Department completed its most recent budget review, it realized that the Division of Welfare, Benefits Program will need an additional \$2.1 million in federal fund trustee and benefit appropriation to cover increased caseload costs in the Idaho Child Care Program (ICCP). Over the past couple years, the Department has seen an increase in the number of families receiving child care services as demonstrated in the Self Reliance Forecast published with caseload increases; this information can be seen on Page 2–83 of the Legislative Budget Book. Child care subsidies are provided to individuals who have an annual income up to 130% of the federal poverty level. These subsidies allow people to work or attend an accredited college while having a safe place for their children to go.

**UNANIMOUS
CONSENT:**

On request by Schmidt, granted by unanimous consent, the FY 2016 budget for the Department of Health and Welfare was reopened.

MOTION:

Original Motion

Moved by Schmidt, seconded by Malek, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$2,114,300 Federal Funds for a total of \$2,114,300 with FTP of 0.00
T & B Cooperative Welfare Federal Fund

Ayes: 18

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

Nays: 1

Nuxoll

Ab/Ex: 1

Horman

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 Keough.

SUPPLEMENTAL:

Healthcare Policy Initiatives

SHIP Grant

The Department requests \$1,263,800 from federal funds in operating expenditures for the State Healthcare Innovation Plan (SHIP) Grant. This additional appropriation is to align estimated needs with ongoing grant expectations. In the 2015 legislative session, funding was approved to begin the 4-year grant. SHIP is intended to transform Idaho's healthcare system by changing the standard of practice, delivering primary care through the patient-centered medical home, integrating primary care with the broader medical neighborhood of hospitals and ancillary providers, and shifting payment incentives from volume to paying for improved health outcomes. This was developed with statewide stakeholder input led by the Idaho Healthcare Coalition (IHC) during 2013 and 2014. The IHC was established through Executive Order 2014-02 in February, 2014, with the charge to lead Idaho's healthcare system transformation. Members of the IHC include primary care providers, hospital leaders, public and private payers, policymakers, employers, community members and provider associations. The plan is designed to achieve improved patient care, improved patient health, and reduced overall healthcare system costs. FY 2017 will be the second full year of the grant and legislative intent language requires the Department to provide an annual update on the grant at the start of the legislative session.

CARRIED:

Original Motion

Moved by Schmidt, seconded by Malek, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$1,263,800 Federal Funds for a total of \$1,263,800 with FTP of 0.00
OE Cooperative Welfare Federal Fund

Ayes: 19

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

Nays: 0

Ab/Ex: 1

Horman

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 Keough.

SUPPLEMENTAL:

Division of Medicaid
Medicaid Enhanced Plan
KW Lawsuit

In January, 2012, twelve developmentally disabled (DD) Medicaid participants sued the Department over changes made to their budgets. In March, 2014, the court granted class-action status in the lawsuit, which extended the suit to all developmentally disabled waiver participants (about 3,900 adults). The court also issued an injunction that the Medicaid Program restore budgets for developmentally disabled waiver participants to their highest amount since 2011, while the matter gets resolved in court. If the request is not funded the Department will be in violation of a court order. The supplemental request is for \$17.6 million with \$5,104,000 from the General Fund.

CARRIED:

Original Motion

Moved by Malek, seconded by Guthrie, to approve for introduction \$5,104,000 General Funds, \$0 Dedicated Funds, \$12,496,000 Federal Funds for a total of \$17,600,000 with FTP of 0.00

Ayes: 19

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

Nays: 0

Ab/Ex: 1

Horman

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 Keough.

SUPPLEMENTAL:

Division of Medicaid
Medicaid Administration and Medical Management
Medical Management Information System MMIS Contract Operations

The department requests \$180,600 with \$45,100 from the General Fund, to increase the amount paid to the Pharmacy Benefits Management contractor. During the 5–year initial contract no increases were provided to the contractor, however, during renegotiations, an increase was agreed upon. This fixed amount will prevent the department from paying additional fees if actual claim volumes exceed projected claim volumes. This agreed upon contract increase also included enhanced hours to allow payment for system changes as required by the Centers for Medicare and Medicaid Services (CMS). (Ongoing)

The department also requests \$1,101,000 with 10% or \$110,100 from the General Fund to implement the federally required financial reporting system called Transformed Medicaid Statistical Information System (TMSIS). The requirements set forth in the Affordable Care Act require the various Medicaid Management Information System (MMIS) contractors to do extensive gap analysis from existing reporting requirements, make system changes required to modify existing data, and capture and report on additional data elements. (One-time)

CARRIED:

Original Motion

Moved by Schmidt, seconded by Malek, to approve for introduction a transfer of \$155,200 from trustee & benefit payments in the Cooperative Welfare General Fund that includes \$45,100 ongoing and \$110,100 one-time, to operating expenditures; and a transfer of \$1,126,400 from trustee & benefit payments in the Cooperative Welfare Federal Fund that includes \$135,500 ongoing and \$990,900 one-time, to operating expenditures for a total object transfer of \$1,281,600 for FY 2016.

Ayes: 18

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

Nays: 1

Nuxoll

Ab/Ex: 1

Horman

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 Keough.

SUPPLEMENTAL: **Division of Medicaid**
 Medicaid Administration and Basic Plan
 CHIP Program

In April, 2015, Congress passed House Resolution 2, which included a two-year funding extension for the Children’s Health Insurance Program (CHIP). This extension became effective October 1, 2015, and will end in September 2017, unless Congress takes further action. The resolution in coordination with requirements in the Affordable Care Act made the funding for Idaho 100% federal, rather than the historical 80%, which means the department requests a shift of \$7, 275,000 from the General Fund to federal funds.

On October 1, 2015 distributions to the Health Insurance Access Card fund were stopped with the sunset of Section 41–405, Idaho Code. As a result, the department requests a one-time reduction from the General Fund of \$330,000 and an increase of a like amount in the Health Insurance Access Card Fund to use the remaining cash in the fund. The department also requests a reduction of \$114,000 in operating expenditures in the Health Insurance Access Card Fund and an increase in federal funds for operations. (One-time and ongoing)

CARRIED: **Original Motion**

Moved by Malek, seconded by Schmidt, to approve for introduction \$(7,605,000) General Funds, \$216,000 Dedicated Funds, \$7,389,000 Federal Funds for a total of \$0 with FTP of 0.00

Ayes: 19

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

Nays: 0

Ab/Ex: 1

Horman

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 Keough.

SUPPLEMENTAL: **Division of Medicaid**
 Coordinated Medicaid Plan
 Medicare Part B

Idaho Participates in the Medicare Savings Program (MSP), which prevents Medicaid from being the primary payer on the majority of the medical bills that participants incur. Basically, the state through Medicaid, pays the Medicare premiums for individuals so that Medicaid is not the primary payer of claims. Historically, increases are closer to 5% or less. However, the costs for FY 2017 are expected to increase 16%, or from \$104.90 to \$121.80. This increase is only being applied to state Medicaid programs, not private insurers. The total request is for \$8,495,000 split between FY 2016 and FY 2017. The FY 2016 supplemental request is for \$4,067,300 and the annualized amount is for \$4,427,700. (Ongoing)

CARRIED:

Original Motion

Moved by Schmidt, seconded by Monks, to approve for introduction \$1,415,500 General Funds, \$0 Dedicated Funds, \$2,651,800 Federal Funds for a total of \$4,067,300 with FTP of 0.00
T & B Cooperative Welfare Funds

Ayes: 19

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

Nays: 0

Ab/Ex: 1

Horman

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 Keough.

AGENCY
PRESENTATION:
PRESENTER:

DEPARTMENT OF PARKS AND RECREATION
Lava Hot Springs Foundation
Mark Lowe, Executive Director

To view the presentation, please click on the following link: [Lava Hot Springs](#)

The Idaho Legislature established the Lava Hot Springs Foundation in 1919 to administer land in and around Lava Hot Springs which was granted to the State of Idaho by the U. S. Government in 1902. Idaho created the Foundation to manage the land which consisted of 178 acres along the Portneuf River in Bannock County. After severe flooding in the early 1960's, a rebuilding program occurred and a new swimming pool recreation complex was dedicated in August, 1969. Members of the Board of Directors are appointed by the Governor on a staggered basis, for six-year terms. Grady Staley, Irene Bergendorf, Steve Brown, Shawnae Somsen and Lisa Wood are the current Board members.

The mission of the Lava Hot Springs Foundation is to ensure the public has access to healthful, clean and inviting facilities for recreation and healing purposes. Over 150,000 people visited the Olympic swimming complex in 2015. The world-famous Hot Pools have 112 degree sulfur-free water, use 2.5 million gallons of water per day, and over 235,000 bathers visited in 2015. The following improvements have been made: in 2001, curly slides and a spiral staircase; in 2006 the dressing rooms at the Hot Pools were rebuilt and the 25-yard pool became an indoor facility; in 2009 speed slides were built and a new Hot Pool was constructed; in 2013 the Portneuf Kiddie Cove was constructed, and 2016 outdoor restrooms will be built at the Olympic pool. These improvements have brought increased attendance and revenue to Lava Hot Springs.

The Governor's recommended budget for FY 2017 is \$2,337,200 which includes: 1) \$225,000 in one-time funding to rebuild the Hot Pools customer service area, 2) one-time spending authority for \$15,000 to install doors on dressing stalls, 3) \$30,000 to sealcoat parking lots, and 4) one-time spending authority for \$25,000 for a feasibility study on Chicken Soup Springs which is a cooperative venture with the City of Lava Hot Springs.

AGENCY
PRESENTATION:
PRESENTER:

PUBLIC UTILITIES COMMISSION (PUC)

Paul Kjellander, Commission President

To view the presentation, please click on the following link: [Public Utilities Commission](#)

The Idaho Public Utilities Commission was established by the 12th Session of the Idaho Legislature in 1913 and oversees the intrastate operation of investor-owned electric, gas, water, telecommunications utilities, pipelines and railroads; the Commission does not regulate publicly owned municipal or cooperative utilities. The Governor appoints and the Senate confirms three commissioners for six-year terms. Newly appointed commissioners are Kris Raper and Eric Anderson.

In return for the utility's obligation to serve customers and be subject to regulatory oversight, a company is entitled to recover its prudently incurred expenses and an opportunity to earn a rate of return on its investment. The PUC's role is to ensure adequate earnings, ensure safe and reliable service and establish reasonable rates. In 2015 the PUC opened 142 cases, closed 175 cases, and issued 240 orders; there were 53 open cases as of January 1, 2016.

The PUC is a dedicated fund agency with some federal grants; operations are funded by an annual assessment of up to 0.3% on utility intrastate revenues and 1% on railroad intrastate revenues. FY 2016 assessments were 0.22481% for utilities and 0.6083% for railroads.

PRESENTATION: **BOARD OF LAND COMMISSIONERS**
Idaho Department of Lands (IDL)

PRESENTER: **Tom Schultz, Director**

To view the presentation, please click on the following link: [Idaho Department of Lands](#)

IDL is the administrative arm of the State Board of Land Commissioners (Land Board) as well as the Idaho Oil and Gas Conservation Commission. He introduced the following members of his Executive Team: David Groeschl, State Forester and Deputy Director overseeing the Forestry & Fire Division; Diane French, Deputy Director overseeing the Lands & Waterways Division; Bob Brammer, Chief Operations Officer; Andrea Ryan, Human Resource Officer. He also introduced Donna Caldwell, Emily Callihan and Debbie Buck. The Land Board is comprised of the Governor, Attorney General, State Controller, Secretary of State, and Superintendent of Public Instruction. The Land Board provides direction in managing over 2.4 million acres of state endowment trust lands and also oversees IDL in many of its regulatory and assistance duties and in managing Idaho's public trust lands and thousands of miles of land beneath Idaho's navigable waterways. IDL has the following five budgeted programs: 1) Support Services, 2) Division of Forest Resources, 3) Lands and Waterways, 4) Forest and Range Fire Protection, and 5) Board of Scaling Practices.

Schultz reviewed the Department's vision and mission and said the goal of IDL is to manage endowment lands consistent with a constitutional mandate and corresponding fiduciary trust law and principles. IDL manages approximately 973,000 acres of timbered endowment land, leases endowment lands for a number of different activities, and protects 6.3 million acres of timbered lands (mostly State and privately owned) in exchange for federal agencies protecting some endowment lands in some parts of Idaho. IDL manages the beds and banks of navigable waterways by administering the Lake Protection Act, and administers the Oil and Gas Conservation Act, the Surface Mining Act, Dredge and Placer Mining Act, Abandoned Mine Reclamation Act and the Forest Practices Act.

As part of the Comprehensive Annual Financial Report (CAFR), auditors reviewed cottage site transactions with no findings to report. Approximately 1.4 million acres of endowment surface acreage is rangeland while forest lands total over 972,000 acres. The endowment mineral estate includes over 3.3 million acres. The endowment lands and funds together are worth \$3.3 billion. IDL land revenues in FY 15 hit record levels mostly from timber harvest; the auction of dozens of cottage site lots at Payette and Priest Lakes brought in another \$39.5 million.

The nine endowment funds are the: Public School Endowment Fund, Agricultural College Fund at the University of Idaho, Charitable Institutions Fund, Penitentiary Fund, School of Science Fund at the University of Idaho) State Hospital South Fund, University Fund at the University of Idaho, Normal School Fund, and the Capital Permanent Fund. The Public School Endowment Fund receives most of the earnings from endowment lands and funds. Transparency and customer service is a main focus. The Department received 533 public records requests in 2015 with top subjects being encroachment permits, Oil & Gas Regulatory permits, and reclamation plans for mines and mining.

The Governor's FY 17 budget recommendation totals \$59,502,300; graphs by fund source and object were presented. The following decision units were discussed: 1) \$960,000 for an information management system for Lands and Waterways, 2) \$113,800 for an eastern Idaho fire services coordinator, convert a part-time position to permanent, and \$112,400 for four seasonal fire fighting positions in Forest and Range Fire Protection, 3) \$171,000 for the Oil/Gas & Mineral program in Land and Waterways, 4) \$223,500 for a remote sensing analyst and additional seasonal workers in Forest Resources Management, 5) \$140,000 for Rangeland Fire Protection Associations in Forest and Range Fire Protection, 6) \$79,200 for an IT systems integration analyst and IT support and \$63,000 for server software and subscription in Support Services, 7) \$195,000 for the Sage Grouse Initiative, 8) \$150,100 for equipment and software in several programs, 9) \$562,000 for the Good Neighbor Agreement in Forest Resources Management, 10) \$1,350,000 to expand the Coeur d'Alene staff office and \$60,000 to remodel that office, 11) to move funds from a General Fund account to a new dedicated Navigable Waterways Fund, 12) \$10,100 to hire a part time check scaler, 13) \$5,000,000 in Federal spending authority for Forest Legacy Projects under Forest Resources Management, 14) \$50,000,000 for a one-time transfer from the General Fund to the Fire Suppression Deficiency Fund to cover estimated previous year's fire costs, and 15) 4,800, ongoing, to pay the Military Division for IDL's share of a statewide user fee for the rental of endowment land use for public safety telecommunication sites. The Department also requests a lump-sum appropriation for the Forest and Range Fire Protection program to allow flexibility necessary to effectively address fire preparedness, response and suppression efforts and costs.

At the end of the presentation, **Schultz** provided additional information regarding preparedness costs (resources to be ready in advance of an actual fire) and suppression costs (once a fire has started).

PRESENTATION: **Endowment Fund Investment Board (EFIB)**

PRESENTER: **Larry Johnson, Manager of Investment**

To view the presentation, please click on the following link: [Endowment Fund Investment Board](#)

Trust assets overseen by the nine-member Endowment Fund Investment Board total almost \$2.5 billion. Board members are appointed by the Governor and confirmed by the Senate. The Board meets quarterly and is comprised of one senator, one representative, one professional educator and six members of the public familiar with financial matters. The mission of EFIB is to provide professional investment management services to stakeholders consistent with constitutional and statutory mandates. The Idaho Endowment Fund usually ranks above average relative to both public pension plans and other endowments. All Investment Board operating expenses are paid by its clients; i.e., paid from dedicated funds. The Governor's FY 2017 budget recommendation totals \$675,400.

The mission of Idaho Endowments is to provide a perpetual stream of income by balancing three conflicting objectives: 1) maximizing total return over time at a prudent level of risk, 2) protecting future generations' purchasing power, and 3) providing a relatively stable and increasing payout. FY 2017 endowment distributions have been approved but not yet appropriated as follows: 1) \$36,725,000 for Public Schools, 2) \$15,840,000 for Universities, 3) \$4,562,000 for State Hospital South, 4) \$1,965,600 for the Penitentiary, 5) \$1,478,000 for Juvenile Corrections, 6) \$1,478,000 for State Hospital North, 7) \$924,000 for the Veterans Home, and \$185,000 for the Deaf & Blind School.

Objectives for determining distributions in priority order are: 1) avoid reductions in total endowment distributions, 2) maintain adequate Earnings Reserves to protect distributions from temporary income shortfalls, and 3) grow distributions and permanent corpus faster than inflation and population growth.

Total endowment fund management expenses for FY 2015 were \$7,971,657 or 0.43% of assets. **Johnson** summarized his presentation by stating the governance structure of the Idaho Endowment Fund is robust, transparent and cost effective. The Funds and associated lands have performed well, therefore, distributions can be increased by 11.8% in FY 2017. Reserves remain healthy so distributions can be maintained in 2018 and beyond.

ADJOURNED:

There being no further business, Chairman Keough adjourned the meeting at 10:55 A.M.

Senator Keough
Chair

Peggy Moyer
Secretary