

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 08, 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** called the meeting to order at 8:00 AM.

IDAHO TRANSPORTATION DEPARTMENT

PRESENTER: **Robyn Lockett, Principal Analyst, Division of Budget and Policy Analysis**
Transportation Services

Principal Analyst Robyn Lockett presented to the Budget Committee, the Idaho Transportation Department: Transportation Services Garvee Accounting Adjustment and explained the department's request. The department is requesting \$538,600 be transferred in FY 2016 from the appropriated State Highway Fund to the continuously appropriated GARVEE Capital Project and GARVEE Debt Service Funds.

GARVEE construction will be completed in FY 2016 and there are strict federal guidelines that outline how, exactly, federal funds can be approved for uses related to GARVEE. Throughout the GARVEE construction program, accounting adjustments have been made to ensure that federal funds are only used for those items that are eligible for federal reimbursement, but, in order to close out and finalize the GARVEE account, the department is requesting budget flexibility to ensure that all the appropriate funds and accounts are accurately balanced as GARVEE project close-out adjustments are needed over the next few years.

Analyst Lockett further explained the department's request for Idle Pool Fund Shift. The department requests \$32,900 be transferred from the dedicated State Highway Fund to the Local Highway Trust Fund. The reason for this request is to hold harmless local entities' money placed on deposit with the department from the impact of the distribution of losses posted to the Idle Pool Portfolio (IDLE Portfolio) by the State Treasurer's Office. The department wants to keep the local transportation jurisdictions from having any loss related to their funds being held in the State Treasurer's Idle Pool Portfolio when the impaired securities were liquidated. The total impact to all of ITD's funds was \$607,300, from which the department has determined that \$32,900 was the Local Highway Trust Fund's portion.

UNANIMOUS CONSENT: On Request by **Monks**, granted by unanimous consent, the Fiscal Year 2016 budget for the Idaho Transportation Department, was reopened.

CARRIED: **Original Motion**

Idaho Transportation Department
Transportation Services
GARVEE Accounting Adjustment

Fund Transfer

Moved by **Monks**, seconded by **Youngblood**, to approve for introduction \$0 General Funds, \$1,470,800 Dedicated Funds, \$0 Federal Funds for a total of \$1,470,800 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**

Idaho Transportation Department
Transportation Services
IDLE Pool Fund Shift

Moved by **Youngblood**, seconded by **Nuxoll**, to approve for introduction \$0 General Funds, \$32,900 Dedicated Funds, \$0 Federal Funds for a total of \$32,900 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**.

PRESENTER: **Robyn Lockett, Principal Analyst, Division of Budget and Policy Analysis**

Highway Operations: Contract Construction

Analyst Lockett began the Highway Operations Division request by explaining the division's description. The Highway Operations Division performs statewide highway maintenance functions and directs highway improvements; administers federal-aid safety improvement projects and safety tasks; protects highways from oversize, overweight, and dangerous usage; manages federal transit grant programs and encourages coordinated transportation services; develops projects to improve state and local highway systems to save lives; and coordinates transportation research efforts.

Federal Transportation Bill

Analyst Lockett presented the Highway Operations requests to the Budget Committee, and stood for questions on the Governor's Recommendation. The Governor recommends dedicated and federal fund appropriations related to the Fixing America's Surface Transportation (FAST) Act. The FAST Act is a federal multi-year transportation bill that was signed on December 4, 2015. It reauthorizes U.S. Department of Transportation programs and provides increased federal funding for highway transportation and safety. The recommendation is based on estimated apportionment tables used during congressional committee hearings. Final apportionment amounts are still pending as of early January 2016.

Analyst Lockett explained the division description of the Contract Construction & Right-of-Way Acquisition Division and the presented the FY 2017 budget requests. The Division of Contract Construction accounts for the funds necessary for highway construction projects that maintain and improve the state's highway system. The level of accomplishment in providing for the highway user is related, in part, to the funds available for contract construction.

The current and useful life of the state's infrastructure depends on sufficient funding and efficient expenditure of these funds on necessary improvements. Reappropriation represents spending authority on projects which were in progress, not yet completed, and therefore had not yet fully consumed their spending authority through the end of the prior year. As backlog is completed (especially now, due to the department's project acceleration efforts) actual expenditures in subsequent years will usually be greater than spending authority provided in subsequent years' original annual appropriation bills. Expenditures will consume all spending authority provided in the original annual appropriation bill for the year, plus some of the reappropriated spending authority carried forward from the prior year. In FY 2007, the Legislature approved **H 854** which provided bonding authority for the issuance of Grant Anticipation Revenue Vehicle (GARVEE) bonds. **H 547** of the 2014 Legislative Session revised the distribution of cigarette tax revenues to provide up to \$4.7 million annually, for five years, to the GARVEE Debt Service Fund to pay the state's share of the annual bond payment. Additionally, there was a distribution to the State Highway Account to pay for highway maintenance. The amount of that distribution is variable and is contingent upon the amount of cigarette tax revenues that are generated.

Analyst Lockett continued by explaining just after Sine Die of the 2015 session, **H 312** was signed into law. It raised the gas tax by 7 cents and increased the registration fee by \$21 for personal vehicles and \$25 for commercial vehicles. At that time, the new revenue was estimated to generate approximately \$94 million

annually. The ongoing increase in registration and motor fuels is being split 60% - 40% between the State Highway Account and local highway jurisdictions. Furthermore, the bill provided that any funds from an unrecognized General Fund revenue surplus be split equally and deposited into the Budget Stabilization Fund and the Strategic Initiative Program Fund at the end of fiscal years 2015 and 2016, after which time the surplus eliminator language sunsets. When the FY 2015 books closed in July 2015, each fund received \$54.2 million.

CARRIED: **Original Motion**

Idaho Transportation Department

Highway Operations

Federal Transportation Bill

Supplemental

Moved by **Monks**, seconded by **Gannon**, to approve for introduction \$0 General Funds, \$43,200 Dedicated Funds, \$851,200 Federal Funds for a total of \$894,400 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**

Idaho Transportation Department

Contract Construction & Right-of-Way Acquisition

Supplemental

Moved by **Monks**, seconded by **Youngblood**, to approve for introduction \$0 General Funds, \$1,120,900 Dedicated Funds, \$13,823,700 Federal Funds for a total of \$14,944,600 with FTP of 0.00
\$126,700 Local State Hwy Fund

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**

Idaho Transportation Department
Reconciliation of Existing Federal Funds
Supplemental

Moved by **Youngblood**, seconded by **Monks**, to approve for introduction \$0 General Funds, \$40,000,000 Dedicated Funds, \$0 Federal Funds for a total of \$40,000,000 with FTP of 0.00
\$3million in OE

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 ADMINISTRATION

PRESENTER: **Robyn Lockett, Principal Analyst, Division of Budget and Policy Analysis**

Department of Administration: General Fund Transfer to Insurance Reserves

Analyst Lockett explained to the Budget Committee that the Governor recommends an FY 2016 appropriation of \$13,140,000 from the General Fund to maintain the contractually required minimum beginning reserve fund balance in FY 2017 with Blue Cross of Idaho.

This amount was based on projected estimates, as of December 2015, in relation to utilization and plan costs. For informational purposes, the contractually required reserve fund balance is approximately \$26 million, which is equal to 10% of the projected plan premium value in FY 2016.

The FY 2017 contract with Blue Cross of Idaho is expected to be negotiated in March or April of 2016.

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

CARRIED: **Original Motion**

Department of Administration
Insurance Management
Gen Fund for Insurance Reserves Shortfall
Fund Transfer

Moved by **Johnson**, seconded by **Gibbs**, to approve for introduction \$13,140,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$13,140,000 with FTP of 0.00

Ayes: 19

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

Nays: 1

Nuxoll

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 CORRECTION

PRESENTER: **Jared Hoskins, Senior Analyst, Division of Budget and Policy Analysis**
Department of Correction: Community Corrections and Sewer Repair

Analyst Jared Hoskins defined the importance of the Community Corrections Division and explained the sewer repair request as recommended by the Governor. Community Corrections includes the supervision of probationers and parolees and the operation of community work centers throughout the state.

As explained by **Mr. Hoskins**, the Community Work Centers the department requests an additional \$34,000 in one-time operating expenditures from the Inmate Management Fund for emergency sewer repairs at the Idaho Falls Community Reentry Center (IF-CRC). In 2015, IF-CRC experienced a significant failure of the facility's sewer system, which required replacement of the main sewer line and the rerouting of existing infrastructure to the new sewer main line. This program lacks sufficient appropriation to cover the cost of the project.

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

CARRIED: **Original Motion**

Department of Correction
Community Corrections
Community Work Centers
Sewer Repairs
Supplemental

Moved by **Youngblood**, seconded by **Lacey**, to approve for introduction \$0 General Funds, \$34,000 Dedicated Funds, \$0 Federal Funds for a total of \$34,000 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**.

PRESENTER: **Jared Hoskins, Senior Analyst, Division of Budget and Policy Analysis**
Management Services: IT Costs for ISCC

As explained by **Mr. Hoskins**, the department is requesting \$23,700 in ongoing operating expenditures from the General Fund to pay for formula-driven increases to information technology (IT) and telecommunications costs, as billed by the Department of Administration in accordance with its new methodology. The Department of Administration provides centralized IT infrastructure and support to state agencies and then bills them pursuant to a two part formula that now accounts for an agency's proportional number of positions and its IT-related expenditures, as compared to that of the entire state. After assuming operations of the Idaho State Correctional Center (ISCC) in Boise, the department increased its number of applicable positions and IT expenditures, which, according to the new methodology, increased its allocation for these costs. The department has a base appropriation of \$11,300 for IT billings and this request reflects the \$23,700 needed to cover the FY 2016 bill of \$35,000.

CARRIED

Original Motion

Department of Correction
Management Services
IT Costs for ISCC
Supplemental

Moved by **Lacey**, seconded by **Youngblood**, to approve for introduction \$23,700 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$23,700 with FTP of 0.00
OE

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**.

State Prisons: Religious Activities Contract Increase

Mr. Hoskins continued to explain requests made by the DOC. The Pocatello Women's Correctional Center (PWCC) is the department's first facility designed specifically to meet the unique program needs of female offenders. It opened in 1994 and houses all custody levels. The institution has its own reception and diagnostic center, pre-release program, and work center release. The free exercise of religion is a constitutionally protected right extended to inmates in the department's custody. To accommodate that right, the department contracts with a private entity to oversee religious activities and volunteer coordination in its facilities. This request is for \$63,900 in ongoing operating expenditures from the Inmate Management Fund to increase service hours for its religious activity. The department currently has \$463,100 in its base for the religious activity contract. The increase in service hours for the female population at PWCC requested here will increase the annual contract amount to \$527,000.

CARRIED: **Original Motion**

State Prisons
Pocatello Women's Correctional Center
Religious Activities Contract Increase

Moved by **Nuxoll**, seconded by **Youngblood**, to approve for introduction \$0 General Funds, \$63,900 Dedicated Funds, \$0 Federal Funds for a total of \$63,900 with FTP of 0.00
OE

Ayes: 19

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

Nays: 1

Guthrie

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**.

PRESENTER: **Ron Crane, State Treasurer**

State Treasurer

State Treasurer Ron Crane presented to the committee a high-level overview of the FY 2017 Budget Recommendation. This is the Treasurer's 18th year in a row to present the budget request and clarified the duties of the State Treasurer to the committee. Simply put, Ron Crane is the State of Idaho's banker. In any corporation you will see accounts receivable and accounts payable with separation of powers, such is the case with the corporation we call the State of Idaho. The State Treasurer serves as the accounts receivable and the State Controller's office serves as the accounts payable. The Controller issues warrants to pay the bills for the goods and services that have been rendered to the State. On the other hand, the State Treasurer's office accounts for every dime that comes into the State's coffers regardless of what state agency it is, it flows through the office of the State Treasurer. [State Treasurer](#)

PRESENTER: **Lawrence Denney, Secretary of State**

Secretary of State

Secretary Denny provided the FY 2017 Budget Recommendation for Office of the Secretary of State. The Secretary of State is one of seven statewide elected officials in Idaho. The officeholder's constitutional and statutory responsibilities include membership on the State Board of Land Commissioners and the Board of Examiners.

PRESENTER: **Celia Gould, Director, Department of Agriculture**

Idaho Department of Agriculture

Director Gould brought before the Budget Committee a high-level overview of the FY 2017 Budget Recommendation for the Department of Agriculture. The Department of Agriculture contains the budget for nine programs. Eight of these programs are budgeted together: Administration, Animal Industries, Agricultural Resources, Plant Industries, Agricultural Inspections, Marketing and Development, Animal Damage Control, and the Sheep and Goat Health Board. The Soil and Water Conservation Commission's budget is developed and submitted by the commission's five-member board and is appropriated in a separate appropriation bill.

The mission of the Idaho State Department of Agriculture is to guarantee that Idaho agricultural products are of high quality, disease-free, and meet federal and state laws, rules and regulations. The department protects consumers and producers from fraud and provides marketing assistance to the industry. There are eight budgeted programs: 1) The Administration Program coordinates the accounting, payroll, legal, and personnel functions. 2) Animal Industries is responsible for veterinary services, range management, dairy laboratory and dairy inspection, animal laboratory, livestock inspection, egg inspection, and animal waste management. 3) Agricultural Resources protects the public health, environment, livestock, and wildlife of the state from possible adverse effects resulting from the improper use of pesticides and fertilizers. 4) Plant Industries includes the plant, fertilizer, and seed laboratories and programs, noxious weeds, the Honey Commission, and the Invasive Species Program. 5) Agricultural Inspections includes the Bureau of Shipping Point Inspections, the Bureau of Warehouse Control, the Retail Potato Program, Hops Program, Organic Foods Program, and the Bureau of Weights and Measures. 6) The Marketing and Development Program assists Idaho food producers to increase their profitability by enhancing the marketing opportunities for their products. In FY 2009, Idaho Rural Partnership (IRP), an independent public body corporate and politic, was moved to the supervision of the Department of Agriculture. In FY 2014, IRP was moved off-budget. 7) The United States Department of Agriculture's, Animal and Plant Health Inspection Service, Wildlife Services Program operates in Idaho under a memorandum of understanding with the Idaho State Animal Damage Control Board. 8) The Sheep and Goat Health Board provides a comprehensive program involving disease and predator control. The program enables the sheep and goat industries to maintain high production standards and economic returns.

Director Gould briefly spoke on the appropriations requested in the FY 2017 Budget recommendation. 1) The Methyl Bromide Investigation 2) Fresh Fruit & Vegetable Program 3) Organic Food Program 4) Specialty Crop Program Funding 5) Janitorial Services 6) Sheep & Goat Board Shortfall and 7) Pest Control Deficiency Warrants. Director Gould then stood for questions. [Department of Agriculture](#)

PRESENTER: Richard Savage, Board Member, Wolf Depredation Fund

Wolf Depredation Control Board

Mr. Savage presented the Wolf Depredation Control Board's FY 2017 Budget Recommendation. Elk populations meeting the objectives of the region is important, depredation caused by wolves can hinder that dramatically. The Wolf Depredation Control Program acts as a conduit to pass moneys from the state, sportsmen, and livestock producers through the Wolf Depredation Control Board to the Wildlife Services Program under the United States Department of Agriculture Animal and Plant Health Inspection Service.

Mr. Savage stood for questions regarding the ranch families of Idaho. The Wolf Depredation Control Board requests \$400,000 one-time from the General Fund for FY 2017. In 2014, the Legislature found that additional financial resources were needed to continue the implementation of Idaho's Wolf Management Plan. It established a five-member Wolf Depredation Control Board in the Governor's Office and created a set of new continuously appropriated funds and subaccounts to be administered by the Department of Agriculture, established fees of up to \$110,000 per year for the livestock industry to be matched by sportsmen and allocated into the subaccounts with the expectation that the General Fund would also contribute. The responsibility of the board is to use the money for control actions against wolves when there is a depredation conflict between wolves and wildlife or between wolves and livestock. [Wolf Depredation Control Board](#)

ADJOURN: There being no further business to come before the committee, **Chairman Bell** adjourned the meeting at 10:43 AM.

Representative Bell
Chair

Christi Cox
Secretary