

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 12, 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.

PRESENTER: **Ann Joslin, State Librarian, Self-Governing Agencies: Commission for libraries**
Self-Governing Agencies: Commission for Libraries

State Librarian Ann Joslin brought before the budget committee a thorough overview of the FY 2017 Budget Recommendation. Libraries in the State of Idaho serve numerous purposes to members and stakeholders in every community across the State. Libraries help to strengthen the State's talent pipeline by offering such programs as the Learning Express Library, the Libraries Linking Organization, the Vocational & Career Collection, and the Small Business Reference Center. Libraries use a meta-analysis to illustrate the support to rural sustainability by supporting the education of community values (i.e. Fire protection and Quality of the Library). Broad band in public libraries is a critical resource. Public libraries need more broadband. Idaho's public libraries are significant consumers of broadband for internet connectivity and should be included in statewide planning for broadband connectivity. [Commission for Libraries](#)

PRESENTER: **Michael Faison, Executive Director, Office of the Governor: Commission on the Arts**
Office of the Governor: Commission on the Arts

Director Faison presented to the Budget Committee the FY 2017 Budget Recommendation. Frugality, of course is something the Commission on the Arts is very accustomed to. In the current fiscal year, the State Partnership Agreement with the National Endowment for the Arts comprises about half of the Commission's budget. This is then matched by the funds appropriated by the JFAC body. We have seen a decrease in budget of 20% since fiscal years 2008–2012. The Commission is responsible for disbursing and managing the State Art grants requiring matching funds by individuals and organizations. The Commission then leverages local dollars and in-kind commitments, multiplying statewide cooperation to provide 'Arts' access to Idahoans who desire it, in every region of our State.

Research on the correlation between early arts experiences and childhood development show strong evidence that early arts participation provides tangible benefits to children's social and emotional development. For twelve years, the Commission has partnered with the Idaho State Department of Education to offer summer programs and collaborate on internship opportunities. Director Faison concluded by addressing inquiries regarding the 2017 Budget Recommendation. [Commission on the Arts](#)

PRESENTER: Don Drum, Executive Director, Office of the Governor: Public Employee Retirement System

Office of the Governor: Public Employee Retirement System (PERSI)

Executive Director Don Drum, presented to the committee a high-level overview of the Office of the Governor's Public Employee Retirement System (PERSI). Planning for the coming year is an important priority to the state employees across Idaho's landscape. A volatile economy is difficult to make predictions with and considering the amortization drop, it is important the State of Idaho have the right programs in place. According to Idaho Code, the Board must act if the amortization period for the fund's unfunded actuarial liability (UAAL) exceeds 25 years. In this matter, the most common option would be to recommend a rate adjustment, which would occur on January 1st of the second year following the most recent valuation. Of course, the Board receives valuation each year, and understands the economic realities that all employers and members face at this time. The following includes a list of Funds managed by PERSI: The PERSI Total Return Fund, which includes the PERSI Base Plan and the Choice 401(k), the Sick Leave Insurance Fund, the Firefighter's retirement Fund, and the Judges Retirement Fund. Director Drum concluded by addressing inquiries regarding the Governor's Budget Recommendation. [Public Employee Retirement System](#)

PRESENTER: Lee Heinrich, Board Member and Steven Wallace, Director, Department of Revenue and Taxation: Board of Tax Appeals

Department of Revenue and Taxation: Board of Tax Appeals

Board Members **Lee Heinrich** and **Steven Wallace** presented to the budget committee the FY 2017 Budget Recommendation for the Department of Revenue and Taxation's Board of Tax Appeals. Director Wallace explained to the committee, the Idaho Board of Tax Appeals operates as an independent entity and not under the Idaho State Tax Commission nor the Local Taxing Authorities. Since its inception, the Board of Tax Appeals hears the majority of tax appeals in the State of Idaho and evaluates disputes and exemptions. Each member can work up to 80 days per year and work from home, drive their own cars and pay specific expenses. Observation is made available to the public. The hearings often are in regards to the property tax assessments. Members of the public choose to come to the Board of Tax Appeals, to make their claims. Director Wallace concluded by explaining the graphs created to illustrate the Board of Tax Appeals Valorem Decision in the four quadrants of the State of Idaho. [Board of Tax Appeals](#)

PRESENTER: Ken Edmunds, Director, Department of Labor

Idaho Department of Labor

Director Ken Edmunds brought before the committee a high-level overview of the accomplishments and challenges of the Idaho Department of Labor. The Idaho Department of Labor's main function is to administer Unemployment Compensation (UC), a social insurance program. Also, It is designed to provide benefits to most individuals out of work, generally through no fault of their own, for periods between jobs. Director Edmunds briefly ran through the graphs illustrating the unemployment rates, wages and earnings in Idaho, the percentage change in Idaho jobs, and the workforce gap. The workforce gap is a similar graph used by members of the education committee to illustrate the gap between the amount of positions in need of skilled laborers and the amount of skilled laborers available to fill those positions in the State of Idaho, the graph shows a difference of 63,000.

Unemployment Insurance is broken into two parts including; Unemployment Tax Collections and Unemployment Benefit Payments. The Department of Labor estimates a decrease in claimants from 39,400 in 2015, to 38,600 claimants in 2016. As a result, fund balance for the UI trustfund, the State Reserve Fund, Penalty & Interest, and Workforce training will be subject to fluctuation. For purposes of Budget Request, the Department of Labor is organized into six programs: Unemployment Insurance Administration, Employment Services, Wage and Hour, Career Information Services, the Human Rights Commission, and Serve Idaho. Services made available to the public include: 25 local offices, Workforce Investment Act Programs, and New Initiatives targeting under-represented groups, PTE, and Veterans Partnership. The Workforce Development Training Fund, 2016 Legislative Proposal includes changes to the; Expansion of the funds used to include innovative training solutions; retraining as an allowable activity; and extend program sunset clause to 2022. Director Edmunds then stood for questions. [Department of Labor](#)

PRESENTER: Keith Bybee, Principal Analyst, Budget and Policy Analysis
Self-Governing Agencies: Regulatory Boards
Self-Governing Agencies: Regulatory Boards

Principal Analyst Keith Bybee presented the Department of Regulatory Boards and the Budget recommendation to the Budget Committee. The Regulatory Boards are part of the Department of Self-Governing Agencies, and the Bureau of Occupational Licenses which serves 30 boards and commissions. Each professional board and commission regulates certain professions in Idaho. Brief descriptions of each can be found inside the legislative budget book section five, page 117.

The Board of Accountancy ensures that standards are maintained for certified public accountants and licensed public accountants in Idaho. The Board of Professional Engineers and Land Surveyors develops and maintains qualification standards for professional engineers and land surveyors. The Bureau of Occupational Licenses provides administrative, investigative, financial, and legal services to 30 professional licensing boards and commissions. The Outfitters and Guides Licensing Board regulates the outfitting and guiding industry for the purposes of safeguarding the health, safety, and welfare of the public. The Real Estate Commission licenses real estate brokers and agents and enforces compliance with Idaho real estate license law. The commission develops and administers an education program to meet statutory pre-license and continuing education requirements.

With **S 1046** of 2015, the Legislature approved the addition of two new board members who will be in place for all of FY 2017. The board stipend must be adjusted to include the new members. Mr. Bybee explained how travel and additional operating expenses are also adjusted to reflect related cost increases. [Regulatory Boards](#)

ADJOURN: There being no further business to come before the committee, **Chairman Bell** adjourned the committee at 10:25 AM.

Representative Bell
Chair

Christi Cox
Secretary