

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, January 10, 2017

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Keough, Bair, Mortimer, Martin, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye

Representatives Co-chairman Bell, Youngblood, Miller, Burtenshaw, Horman, Malek, Anderson, Dixon, King, Wintrow

**ABSENT/
EXCUSED:** None

LSO STAFF PRESENT: Cathy Holland-Smith, Janet Jessup, Jared Hoskins, Jared Tatro, Keith Bybee, Rob Sepich, Robyn Lockett, Shane Winslow

CONVENED: **Chairman Bell** called the meeting to order at 8:00 am.

Chairman Bell welcomed all Joint Finance-Appropriations Committee (JFAC) members to the First Regular Session of the Sixty-Fourth Legislature. She then introduced the following committee secretaries both of whom are working their first Idaho legislative session: House Appropriations Committee Secretary **Cody Jessup** and Senate Finance Committee **Amberlee Honsaker**. Following the secretaries, she introduced the high school pages who will serve the Committee for the first six weeks of the session. **Nina Weeks** from New Plymouth, who attends New Plymouth High School and **Julia Madden** from Kuna, Idaho, who is home-schooled.

Chairman Bell recessed the meeting at 8:13 am.

Chairman Bell resumed the meeting at 9:00 am.

Cathy Holland-Smith introduced members of the Budget and Policy Analysis Division of the Legislative Services Office: Deputy Division Manager **Paul Headlee**; Analysts **Ray Houston, Keith Bybee, Jared Tatro, Robyn Lockett, Jared Hoskins, Rob Sepich,** and **Janet Jessup**; and Data Systems Coordinator **Shane Winslow**.

Review of JFAC Budget Hearing Schedule and Agendas, Publications and Resources

PRESENTER: **Cathy Holland-Smith, Division Manager, Budget & Policy Division, Legislative Services Office**

The Budget and Policy Analysis Division assists legislators with the State's budget and appropriation process. Analysts provide nonpartisan budget and policy analysis to Joint Finance-Appropriations Committee members, as well as individual legislators and other committees.

Ms. Holland-Smith reviewed the tools available for JFAC members such as the FY 2017 Legislative Budget Book, and both previous and current year's JFAC presentations and committee actions, which are both found on the Idaho Legislature Website. [Click here](#)

To listen to this presentation please [click here](#).

Review of Governor's Budget Recommendation

PRESENTER: Jani Revier, Administrator of Division of Financial Management (DFM)

Jani Revier presented the Governor's budget recommendations for FY 2018.

Ms. Revier introduced the following DFM staff members: **David Fulkerson**, Deputy Administrator/State Financial Office; **Shelby Kerns**, Budget Bureau Chief; Financial Management Analysts: **David Hahn, Sara Stover, Adam Jarvis, Matt Warnick, Gideon Tolman,** and **Amber Christofferson**; Economic Bureau staff: **Derek Santos**, Chief Economist, and **Greg Piepmeyer**, Economist.

Ms. Revier explained the condition of Idaho's economy and General Fund revenue collections. She said Idaho housing starts are an indicator of projecting economic growth and revenues, and housing starts have been growing since FY 2012 and are forecast to steadily grow. During the Great Recession, Idaho shed about 52,000 jobs. Employment in Idaho has grown almost every quarter since FY 2011, and the forecast is to add about 14,700 jobs per year. The unemployment rate in the state dropped to 3.8% in July and has stayed there. In FY 2018 the General Fund is forecast to top the \$3.5 billion mark.

Ms. Revier reviewed the Governor's budget recommendation for FY 2018 stating that education is the top priority, growth in government should be limited so the recommendation does not propose ongoing spending with one time revenues, and focus should remain on strategic investments and core services. Before outlining the budget line item details, Ms. Revier reviewed a few statewide issues, and to maintain current operations, the Governor has budgeted \$103.6 million from the General Fund.

Ms. Revier stated the Governor recommends a 3% Change in Employee Compensation (CEC) to be based on merit with flexibility for directors to address agency needs. The CEC recommendation applies to Public School Administrators and classified staff. The Governor recommends moving the pay structure for state employees by 3% and additional funding for agencies to bring employees below the new minimum up to the minimum of their pay grade. This recommendation, however, is for permanent positions only, no increase is recommended for group positions. The recommendation also includes a proposal from the Office of Group Insurance to reduce the health insurance continuation for those with an open disability claim from the 30-month maximum to a 6-month maximum. This change is expected to save over \$2 million annually in employer premiums.

Ms. Revier reviewed other budget recommendations including additional funding for public safety in the Department of Correction, and in the Idaho State Police. An increase in funding to natural resources to protect bird species and their habitats, to expand the state's ability to conduct forest management practices on National Forest Service lands, and for state economic development. The Governor's budget recommendation also includes funds into strategic investments. The Governor will be revising his recommendation to include a Director of Information Security to be located in the Governor's office, who will oversee implementation of statewide cybersecurity policies and make recommendations on compliance and other cybersecurity measures to ensure that state data systems are protected from cyber-attacks.

Ms. Revier said the Governor is supporting significant business tax relief through the reduction in the unemployment insurance tax. For most employers, the change will reduce their unemployment taxes by 30 percent over three years starting in 2018.

To listen to this presentation please [click here](#).

In answer to committee questions, relevant to the Governor's education budget, **Marilyn Whitney**, Governor's Deputy Chief of Staff, stated much of the burden of discretionary funding in school districts has been the increase in costs of employee health benefits. The Governor is recommending an increase of \$15 million toward paying these health benefits costs. This will alleviate the pressure of using discretionary funds which can be used to pay for technology costs.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:58 am.

Representative Bell
Chair

Cody Jessup
Secretary