

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 11, 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
CONVENED: Chariman Keough called the meeting to order at 8:00 A.M.
LSO STAFF PRESENTATION: Holland-Smith, Headlee, Hoskins, and Houston
AGENCY PRESENTATION: FY 2017–FY 2018 GENERAL FUND SUMMARY
PRESENTER: **Cathy Holland-Smith, Division Manager**

She explained how the General Fund works and operates and that the Legislature can appropriate directly from the General Fund, or can also appropriate and transfer into other dedicated funds to be spent. All money in the state treasury is subject to appropriation. The Legislature can set an annual fixed appropriation, give agencies more latitude with lump sum appropriations, or give continuous appropriation authority that allows agencies to spend without an annual appropriation. Multiple agencies receive appropriations from the General Fund that are then transferred to dedicated funds to be spent, an example being the Public Schools Income Fund.

A presentation was made comparing the agency's requests to the Governor's recommendation, and explaining the differences for the current fiscal year 2017. Next a comparison was shown of the FY 2018 Governor's recommendation for Public Schools and state agencies. The Governor's recommendation for Public Schools is at 6.4% increase, and for state agencies at a 5.5% increase, for a total increase of 5.9% in fiscal year 2018. The Governor's recommendation includes a 3% CEC increase for state employees and classified staff and administrators in Public Schools. His recommendation includes funding for the career ladder and other adjustments under nondiscretionary adjustments that total \$67,339,300 for Public Schools, a reduction of \$1,265,300 for College and Universities, and a reduction of \$1,293,600 for Community Colleges that reflect enrollment declines. The Governor recommends \$21,296,000 from the General Fund for Health & Welfare for nondiscretionary for changes in cost, caseload, and utilization of medical services, and federal matching rate for Medicaid services. The agency's request and the Governor's recommendation includes a fund shift of \$10,324,800 from the General Fund onto Endowment Funds for Public Schools. The Governor recommends \$40,535,400 for new line items in Public Schools and \$71,709,900 in new line items for state agencies, for a total of \$112,245,300 for new line items in fiscal year 2018.

In addition, the Governor is recommendation an additional \$53,696,200 be transferred from the General Fund into several dedicated funds various agency projects including the Wolf Control Board, the Idaho Opportunity Fund in the Department of Commerce, the Workforce Development Training Fund in the Department of Labor, and the Permanent Building Fund in the Department of Administration.

Because revenue is expected to grow above 4% in fiscal year 2017, there is an estimate of \$33,545,500 to be transferred to the Budget Stabilization Fund throughout fiscal year 2018. The Budget Stabilization Fund will have an approximate balance of \$293 million by the end of fiscal year 2018. The Public Education Stabilization Fund will have an estimated \$86.4 million balance, and the Higher Education Stabilization Fund will have an estimated \$8.9 million by the end of fiscal year 2018. ([LINK TO PRESENTATION](https://go.usa.gov/xX8UW))(<https://go.usa.gov/xX8UW>) ([AUDIO](https://go.usa.gov/xX8QX))(<https://go.usa.gov/xX8QX>)

BREAKS

CHAIRMAN KEOUGH: Taking a break and will be back at 9:20 A.M.
CHAIRMAN KEOUGH: Came back to Order at 9:17 A.M.

QUESTIONS

QUESTIONS: SEN. WARD : Money that we thought wouldn't be there, is that still there?

ANSWER: That money is incorporated and reoccurring. It is a one time savings or lost. In this case we projected a lost and so those moneys are now a savings from last year's budget.

QUESTIONS: SEN LEE: Referring to the CEC and looking at the 3% and explain to me the line items and then I see the 2% .

ANSWER: The question refers to the schools and is asking for the 1% for maintenance, look at the line item; there are other agencies that say the CEC amount is not enough. Each agency looks at it to see if you have turns over. ([AUDIO](https://go.usa.gov/xX8QX))(<https://go.usa.gov/xX8QX>)

REP BELL: I want to note Agency request and Governor's request. This is the work for this Committee; going over this is the right way to begin; we have the responsibility to take a fine tooth comb to all of these..

SEN. KEOUGH: Some of these can be extremely thick and please speak with all the Analysts and with Ms. Holland-Smith. They are here to help us and have answers to help.

([AUDIO](https://go.usa.gov/xX8QX))(<https://go.usa.gov/xX8QX>)

AGENCY PRESENTATION: DEFICIENCY WARRANTS, SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS

PRESENTER: **Jared Hoskins, Principal Analyst:** Introduction of himself. The committee may hear some appropriations on Friday. Explains the Deficiency Warrant/Supplemental Budget Setting Order; the order is the order the committee will hear the requests.
Deficiency Warrants are a little different; they are preauthorized under Idaho code. There are 10 types of warrants that are covered under Idaho code, we will hear about on Friday. Supplemental appropriations are new or transferred moneys. There were 64 last year compared to the 52 this year. JFAC Rule 13 states Supplemental Appropriations: Requests for supplemental appropriations shall first require unanimous consent, or a two-thirds affirmative roll call vote of the quorum present, to reopen the current year appropriation for that agency or institution requesting the supplemental appropriation. Once reopened for consideration, a simple majority shall be required for approval of the supplemental appropriation, or any other changes to the current year appropriation. The analyst is the hearing speaker; agencies may be here to answer questions.

SENATOR KEOUGH: Try to speak with the analyst before the hearings.
REP BELL: As we are working on the agenda for Friday, items line 1–12 will be heard on Friday, please be prepared.

AGENCY PRESENTATION: STATE GOVERNMENT STRUCTURE

Ray Houston, Principal Analyst:
STATE GOVERNMENT STRUCTURE: The Legislative Budget Book is roughly 800 pages and I will show you how to navigate; page 32 is the work chart. the first 1–31 pages are a summary; [Click to review the Legislative Budget Book\(AUDIO\)\(https://go.usa.gov/xX8UE\)](https://go.usa.gov/xX8UE)

QUESTIONS: QUESTIONS: REP KING: My question is, for example, how do I find employee contributions?
ANSWER: If you go to the master table of contents, also find the Governor’s Recommendation. [Legislative Budget Book \(AUDIO\)\(https://go.usa.gov/xX8UE\)](https://go.usa.gov/xX8UE)

**AGENCY
PRESENTATION:**

BUDGET DEVELOPMENT STRUCTURE — BUILDING BLOCKS

PRESENTER:

Paul Headlee, Deputy Division Manager We are really trying to pull all this together to help you understand the budget. On pages 5/6 different bench marks of this model are shown. Bench mark 1 is the start for 2017 budget. Moving from bench mark 1 and 2 can be different appropriations; either add, or just move dollars within the original appropriation. The Legislature approves these adjustments and supplemental appropriations. Bench mark 3 is fiscal year expenditures; first 3 bench marks are for the current year. These form the base of the next budget year. Bench mark 4 is the base budget. Between bench mark 4 and bench mark 5 is a CEC, inflationary adjustments and health benefits. Bench mark 5 is the maintenance budget. Moving to bench mark 6, you consider the line items. These are the 6 building blocks of the budget decision making. Moving to page 1–44 you see what this starts to look like. [Legislative Budget Book](#) there are 10 budgeting divisions.

ADJOURNED

There will be no further business, Senator Keough adjourned the meeting at 9:58.

Senator Keough
Chair

Amberlee Honsaker
Secretary