

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 13, 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, Ray Houston, Robyn Lockett

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

Department of Fish and Game

PRESENTER: **Virgil Moore, Director**

Mr. Moore began by introducing some staff members present at the meeting, **Sharon Kiefer**, Deputy Director-Programs and Policy; **Ed Schriever**, Deputy Director-Operations; and **Michael Pearson**, Chief of Administration. He then stated the statutory function of the Department which is to protect, preserve, perpetuate, and manage all of Idaho's wildlife for Idahoans. Mr. Moore detailed the funding sources of the Department, and provided an update on operations, programs, and fiscal and managerial challenges the Department faces. Mr. Moore discussed the status on the services the Department provides to hunters including organizational details and number of hunters, tags, and permits served and sold. Mr. Moore provided an update on the status of the Department acquiring land to set up a southwest regional office through a lease agreement that the legislature granted spending authority for. Mr. Moore ended his comments expressing gratitude toward the committee for the work they have done for the Department of Fish and Game.

Ray Houston, Principal Budget and Policy Analyst, reviewed the Department's FY 2016 budget and actual expenditures. The Department was appropriated a total of \$97,360,600. There were some transfer of funds between object classes as well as approximately \$7.1 million in reversions. The total expenditure was \$90,325,400. Mr. Houston then reviewed the different fund sources as relating to FY 2016, and a summary of revenues and transfers starting from FY 2014. **Mr. Moore** provided further comments relating to the revenue summary for the License Fund by detailing the amount in the fund before the Recession.

In response to committee questions, **Mr. Moore** explained while the Department's share of the federal excise tax program for the Department's Dingell-Johnson and Pittman-Robertson federal funds may likely go up because the Department has sold more licenses and permits, the funds themselves, the excise tax, the trust fund that federal government holds and rebates back to the state has gone down.

Mr. Houston reviewed the Department's FY 2017 budget which had 14 approved line items. **Mr. Moore** gave an update on the line items highlighting successes in the Claystone Conservation Easement **H 64**, Snake River Sockeye Salmon Trap, Sage Grouse Lek Monitoring, and the Resident Hatchery Production. Mr. Houston mentioned the FY 2017 supplemental request the Department requested that JFAC approved as well as the removal of one-time expenditures for FY 2017. For FY 2018, Mr. Houston reviewed the employee benefit costs and replacement items. Next, Mr. Houston introduced the FY 2018 line item requests while Mr. Moore provided an explanation for the request.

In response to committee questions, **Michael Pearson**, Chief of Administration, explained in more detail the lease agreement for the southwest regional office saying while most loans are principal and interest where it is paid off at the end of the term, in this case the holder of the lease takes the lease out onto the public market and bond the funds. Part of the bank requirement for this bond is that the Department's lease payment is not just principal and interest, but an additional 25% reserve fee that the bank requires on top of the payment. As a result, this will shorten the term of the lease to approximately 19 to 20 years versus the original term of 25 years because those reserve funds will be applied back to the lease amount at the end of the term. For a simple principal and interest loan payment plan, the lease payments would be approximately \$470,000 at 3.44 percent.

In response to committee questions, **Mr. Moore** explained the old facility would be sold and the money would be placed with the License Fund since that fund has reappropriation authority.

In response to committee questions, **Mr. Pearson** explained during this transition the base operating costs of the old facility would be transferred to the base operating costs of the new facility. Once the base operating costs is determined for the new facility the Department will run a negative budget enhancement in order to right size the budget.

In response to committee questions, **Mr. Moore** stated, in regard to line item 7 in the FY 2018 budget, the Department has over 700 elk collared and about 300 deer collared. The Department replaces those collars annually due to the mortality of the animals.

In response to committee questions, **Ed Schriever** explained the Department's effort to collar animals in a geographically wide area in order to know the status of animals in every part of the State. The need to collar young animals is continuous while the need to collar adults lessens since the young grow up with the collar on them.

In response to committee questions, **Mr. Houston** explained the reason the funds in line item 11 of the Department's FY 2017 budget are dedicated because they first arrive as federal funds to the Office of Species Conservation and when it is sub-granted to the Department of Fish and Game they become dedicated funds.

In response to committee questions, **Mr. Pearson** explained the heavy equipment item in the replacement items consists of tractor implements since some of the wildlife areas required heavy tractor work.

Mr. Moore gave his closing remarks expressing his gratitude for the committee's work as well as the work of **Mr. Houston** who has worked closely with the Department of Fish and Game in compiling their budget for the JFAC committee.

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Office of Species Conservation (OSC)

PRESENTER: Dustin Miller, Administrator

Mr. Miller began his presentation by introducing staff present at the meeting, **Sam Eaton**, Deputy Administrator; **Mike Edmondson**, Aquatic Species Program Manager; and **Jon Beals**, Budget Manager. Mr. Miller outlined the statutory mission of OSC which is to coordinate and implement policies and programs focused on the conservation, recovery and delisting of species listed as threatened, endangered or candidate under the federal Endangered Species Act. Mr. Miller stated OSC works to coordinate with sister agencies in Idaho and work collaboratively with partners to try and fulfill the agency's purpose while working to find solutions for people and industries impacted by the regulatory burdens associated with species listings and critical habitat designations. Next, Mr. Miller provided a brief history of the agency's work for species conservation particularly with the introduction of wolves and the efforts surrounding sage grouse conservation. He then discussed the agency's budget highlighting the fact that the agency's funds consists mostly of federal funds, and outlined some programs and recovery projects in FY 2016.

Mr. Houston discussed the agency's FY 2016 budget and actual expenditures. The agency was appropriated a total of \$13,805,500 with total expenditures being \$13,201,200. Next, he reviewed the federal fund sources of agency. **Mr. Miller** provided a summary report of OSC's efforts on the greater sage grouse line item in FY 2016 pursuant to the Governor's Sage Conservation Strategy. Mr. Houston reviewed the agency's FY 2017 budget highlighting the sage grouse conservation line item where again Mr. Miller spoke more about the program and the actions taken by Idaho Grouse Actions Teams in FY 2017. For FY 2018, Mr. Houston noted the agency does not have any replacement items, but a few line items. Mr. Miller provided a explanation for the agency's request of those line items.

In response to committee questions, **Mr. Miller** explained the 300 species in line item one, the Sage-Steppe Ecosystem Conservation, are not all endangered species. However, wildfire and invasive species impact a number of the 300 species from pygmy rabbits and sparrows to mule deer and pronghorn. None of the species in this conservation are listed under Endangered Species except one plant called slickspot peppergrass. Mr. Miller mentioned OSC is working with other departments to focus efforts on ameliorating threats to a number of species. He stated they will continue to maximize their efforts to protect habitats and land use areas.

In response to committee questions, **Mr. Houston** stated the funds used for line item one, the Sage-Steppe Ecosystem Conservation, last year were taken out of the Economic Reserve Fund, which comprised of general funds that were set aside for the 27th payroll. Last year, JFAC used general funds for the 27th payroll freeing up the funds in the Economic Reserve Fund to be used for other purposes. The year previous to last year, general funds were used for Sage-Steppe, so the difference this year is the agency requested \$250,000 more than previous years.

In response to committee questions, **Mr. Miller** explained the efforts in enacting the Governor's Sage Grouse Conservation Strategy listing the hours and number of volunteers from the different state agencies involved in this Strategy.

Mr. Miller gave his closing remarks expressing his gratitude for the work of **Mr. Houston** and saddened to see him go as he retires this year.

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Office of Performance Evaluation

PRESENTER: Rakesh Mohan, Director

Mr. Mohan began his presentation by outlining the positive qualities of the Office of Performance Evaluation notably the staff, the agency's independence, its responsiveness, and its credibility. Mr. Mohan also provided an overview of the agency's FY 2018 budget request.

Cathy Holland-Smith, Division Manager of the Budget and Policy Analysis, LSO, reviewed the agency's FY 2016 actual expenditures and some object class transfers as well as encumbered funds. **Mr. Mohan** provided an explanation of the importance of those encumbered funds. For FY 2017, the agency was appropriated one line item, and Mr. Mohan provided an update on the implementation of that line item as well as his gratitude for its approval. Ms. Holland-Smith reviewed the agency's FY 2018 budget request highlighting benefit costs and change in employee compensation as well as the agency's line item request for lump sum appropriation authority.

Mr. Mohan gave his closing remarks expressing his gratitude for the committee's work and its leadership members.

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Idaho State Historical Society

PRESENTER: Janet Gallimore, Executive Director

Ms. Gallimore began by acknowledging the members of the Board of Trustees for the Historical Society, members of the Board of Foundation for Idaho History, guests and leadership in audience. She provided a brief description of the Society's foundation as well as an overview of its organizational structure and different departments. She stated the Society's statutory mission from state and federal code; outlined the different services the Society manages and performs; reviewed the number of artifacts, structures, and historical documents it stores; how many people they serve; the types of programs they implement; and contributions by donors. Ms. Gallimore highlighted a few historical events related to the preservation of democracy, Idaho's founding, and Idaho's history from beginning to current times. Ms. Gallimore ended her remarks by outlining how the agency has responded to the Governor's mandate for state agencies to be entrepreneurial and apply good business practices in operations.

Robyn Lockett, Principal Budget and Policy Analyst, reviewed the agency's FY 2016 budget and actual expenditures. The agency was appropriated a total of \$5,892,900 and spent a total of \$4,465,900. There were net object transfers, as well. Ms. Lockett reviewed the analysis of fund balances for two of the five main fund sources for the agency. She reviewed the agency's FY 2017 budget where they were appropriated a total of \$14,253,000 and four line items. **Ms. Gallimore** provided an update on the implementation and status of those line items. For FY 2018, Ms. Lockett reviewed the agency's request which they requested a total of \$8,177,100 and 58.00 full-time equivalent positions (FTP). Ms. Lockett highlighted noncognizable funds and transfers and inflationary adjustments as well as the agency's request for replacement items. Ms. Gallimore provided an explanation for those replacement items. Next, Ms. Lockett introduced the agency's three line item requests, all of which were recommended by the Governor. Ms. Gallimore gave an explanation for the agency's request of those line items.

Ms. Gallimore gave her closing remarks expressing her gratitude to members of the Legislature, donors, trustees, and the Governor for their support to this agency and the Idaho Historical Museum.

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ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:01 am.

Representative Bell
Chair

Cody Jessup
Secretary