

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, January 10, 2019

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, and Nye.

Representatives Co-chairman Youngblood, Horman, Anderson, Amador, Kauffman, Syme, Troy, Wintrow, and Toone.

**ABSENT/
EXCUSED:** Representative Raybould

CONVENED: **Co-Chairman Bair** called the Joint Finance-Appropriations Committee (Committee) (JFAC) to order at 8:00 a.m.

LSO STAFF

PRESENTATION: **PERSONNEL STRUCTURE IN STATE GOVERNMENT**

PRESENTER: **Robyn Lockett, Principal Analyst, LSO, Budget and Policy**

The State of Idaho employs approximately 19,000 appropriated individuals in Idaho state agencies at a cost of over \$1.7 billion annually. In addition, the State employs an additional approximately 6,000 persons at other agencies, colleges and universities who are not appropriated, for a total of about 25,000 people. About half of those persons are “classified” and subject to merit examination and selection promotion retention, as well as dismissal requirements which are very specific.

Personnel costs are addressed annually. Idaho Code Section §67-5309C requires the Division of Human Resources to conduct salary and benefit surveys within relevant labor markets and to submit a Change in Employee Compensation Committee (CEC) recommendation to the Governor of proposed salary changes and their annual estimated costs. The Governor then submits his own recommendation to the Legislature prior to the seventh legislative day. By concurrent resolution, or another method, the Legislature may accept, modify or reject the CEC recommendations.

The term Full Time Position, or FTP, is typically 40 hours per week and may refer to a single person or two half-time positions working in the agency.

In formulating compensation, FTP and benefits recommendations, the Division of Human Resources compiles reports which address market related changes to stay competitive with relevant labor markets, specific occupations inequities, merit increases and benefits package.

For Fiscal Year (FY) 2020, the Governor recommends a three percent (3%) CEC based on merit. The Governor also recommends \$11,020 per eligible FTP for health insurance, which is a decrease of \$630, or 5.4 per cent from the previous year. The Governor’s recommendation would leave approximately \$33 million in the Reserve Fund. The Governor further recommends a two percent (2%) in the salary structure at all pay grades. Employer-paid benefit changes include a 5.5 percent increase for the Public Employees Retirement System of Idaho (PERSI) due to increases in contribution rates for both employer and employee.

During the budget-setting process, the Committee will vote on agency appropriation dollars, the number of authorized FTP at each state agency and the compensation and benefits package for each state agency. See [Presentation](#) and [Audio](#).

In answer to questions from the Committee, Ms. **Lockett** confirmed that the federal government has previously questioned excess funds and/or requested repayment of excess funds in Idaho. See [Presentation](#) and [Audio](#).

LSO STAFF

PRESENTATION: STATEWIDE COST ALLOWANCE PLAN (SWCAP)

PRESENTER: **Christine Otto, Analyst, LSO**

The purpose of SWCAP is to ensure that neither the state or federal government overpays cost expenditures, but rather is allocated and expensed in an equitable, proportionate and justified manner. See: §67–3524 and 67–3531, Idaho Code. SWCAP plan includes the Central Services Agencies – Attorney General, State Controller and State Treasurer – which provide services to all State agencies. Costs are recovered from the Attorney General based on allowable billable hours; from the State Controller from accounting and payroll services; and from the State Treasurer based on the number of warrants. Generally, an agency will request the total expenditures as its base for the next year in its budget requests. The Governor also recommends an allocation.

A review of FY 2016–2018 shows actual expenditures and informs the 2020 budget setting process to ensure that sufficient funds are allocated for each agency. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: EXECUTIVE OFFICE OF THE GOVERNOR

PRESENTERS: **Alex Adams, Administrator, Department of Financial Management** and **Brian Wonderlich, General Council, Office of the Governor.**

Mr. Adams reviewed the organization chart for the Office of the Governor and introduced the budget for the Executive Office of the Governor. The Governor’s office has four divisions: General Council; Communications; Intergovernmental Affairs; and Policy and Assistant Legal Council.

LSO STAFF

PRESENTER:: **Keith Bybee, Deputy Division Manager, LSO.**

Mr. Bybee stated that for budgeting purposes, the Governor’s office is broken down into four budget areas: Administration/Governor’s Office; Acting Governor Pay; Expense Allowance; and Transition Program (now inactive).

In FY 2018, the Administration of the Governor's office was a total of \$2,324,900. Overall, the Government's Administration expenditures were 9.8 per cent less than their original appropriation.

In FY 2019, JFAC appropriated a base total of 2,428,500 to the Executive Office of the Governor. Changes to 2019 Benefits Costs, Statewide Cost Allocation and Program Maintenance and Line Items from the General Fund resulted in a revised FY 2019 appropriation of \$2,428,500.

The proposed FY 2020 appropriation base removes the one-time costs (public service announcements and Governor-Elect transition), leaving an FY 2020 base of \$2,203,500, which supported by both the agency and the Governor's recommendation.

Adjustments to the FY 2020 base include Benefit Costs, Statewide Cost Allocation, Annualizations, Changes in Employee Compensation (CEC); Public Employees Retirement System of Idaho (PERSI); and Program Maintenance.

Executive Office of the Governor requests reduce the FY 2020 Base by \$190,000 (7.8 per cent), for a total of \$2,238,500. The Governor's recommendations reduce the FY 2020 Base by \$147,800 (6.1 percent), for a total of \$2,280,700. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: DIVISION OF FINANCIAL MANAGEMENT, OFFICE OF THE GOVERNOR

PRESENTER:

Alex Adams, Administrator, Division of Financial Management (DFM); David Fulkerson, Deputy Administrator of the State Financial Office.

Mr. Adams stated that the primary function of the DFM is to assist the Governor with his duties as Chief Budget Officer for the State of Idaho. The DFM is headed by an administrator, with 15 FTPs from three bureaus: the Budget Bureau, the Management Services Bureau, and the Economic Analysis Bureau.

LSO STAFF PRESENTER:

Keith Bybee, Deputy Division Manager, LSO, stated that the total appropriation for the DFM in FY 2018 was \$1,928,300. The Division spent approximately 6.3 per cent less than their total in Benefits Cost and moved money into operating expenditures and capital outlay.

In FY 2019, one new line item was approved for the Information Technology Office. The Legislature allocated \$5,000 from the general fund to cover DFM's share. The total appropriation for FY 2019 increased to \$1,958,700, which is an increase of an 8.4 per cent increase over actual 2018 expenditures.

Both the Governor and the DFM recommend a FY 2020 Base of \$1,958,700. See [Presentation](#) and [Audio](#).

LSO STAFF

PRESENTATION: LEGISLATIVE SERVICES OFFICE.

PRESENTER:

Eric Milstead, Director, Legislative Services Office

Mr. Headlee introduced his staff: **April Renfro**, Division Manager, Legislative Audits; **Paul Headlee**, Division Manager, Budget & Policy Analysis; **Kristin Ford**, Division Manager, Research & Legislation; and **Glenn Harris**, Division Manager, Information Technology.

The mission of the Legislative Services Office is to provide efficient, non-partisan support services to Idaho's citizen legislators, to carry out legislative policies, and to assist the Legislature in carrying out its constitutional responsibilities. The Legislative Services Office provides committees and legislators with professional staff support, to increase communication and efficiency, and enhance coordination and productivity within the legislative branch of government. Under the direction of the Director of Legislative Services, the office consists of the Division of Research and Legislation, Division of Budget and Policy Analysis, the Legislative Audit Division, and the Information Technology Division.

The total appropriation in 2018 was \$8,812,100. FY 2018 Estimated Expenditures, less removal of onetime expenditures, was \$7,777,700, forming the Base for FY 2019.

Adjustments to the 2019 base in Program Maintenance, Benefit Costs, Statewide Allocation Cost, CEC and Program Maintenance, and Line item exemptions for the Information Center Staffing and Operations resulted in a total FY 2019 appropriation of \$8,061,700, a 3.2 per cent change from the original appropriation.

Additional requests and reductions from both LSO and the Governor further modified the LSO request to \$8,010,500, and the Governor's recommendation to \$8,088,600. See [Presentation](#) and [Audio](#).

DEFICIENCY WARRANTS/SUPPLEMENTALS

AGENCY

PRESENTATION: DEPARTMENT OF AGRICULTURE, PEST CONTROL

PRESENTER:

Rob Sepich, Senior Analyst, LSO, Budget & Policy

Funding is requested to reimburse actual expenditures incurred in FY 2018 for exotic or invasive species monitoring and control including potato cyst nematode, Japanese Beetle, and other exotic pests. The existence of exotic or invasive pests in the state, and the lack of information about the distribution of those pests, can cause economic losses to the public by the direct effects of the pests and the placement of quarantines and import restrictions by other states and countries. These programs are carried out under the deficiency warrant authority provided in Chapters 19 and 20, Title 22, Idaho Code. Grasshopper and Mormon Cricket control continue to be covered by a federal grant, which has a free fund balance of \$417,600, and is anticipated to cover expenses through FY 2019. FY 2018 costs included \$21,500 for exotic pest monitoring and \$118,700 for Japanese Beetle treatment.

**UNANIMOUS
CONSENT:**

On the request of Rep. Kauffman, granted by unanimous consent, FY 2019 budget for the Department of Agriculture was reopened.

CARRIED:

Original Motion:

Moved by **Rep. Kauffman** for the appropriation and transfer of \$140,200 from the General Fund to the Pest Control Deficiency Warrant Fund for Fiscal Year 2019, seconded by **Sen. Burtenshaw**.

AYES: 18

NAYS: 0

ABSENT/EX: 2

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 Bair. See [Presentation](#), and [Audio](#).

AGENCY

PRESENTATION: **OFFICE OF THE GOVERNOR, MILITARY DIVISION, OFFICE OF EMERGENCY MANAGEMENT**

PRESENTER: **Christine Otto, Budget Analyst, LSO,**

The Hazardous Substance Emergency Response Fund had . twelve incidents totaling \$41,500 of which \$9,700 was recovered, leaving the net amount charged to the deficiency warrant account for FY 2018 at \$31,800. Additionally, there was a beginning balance of \$5,000 leaving a deficit of \$26,800 in the fund.. As such, the Military Division requests the difference of \$26,800 be transferred from the General Fund to the Hazard Substance Emergency Response Fund to reimburse the expenditures incurred during FY 2018 for hazardous materials cleanup projects. These programs are carried out under the statutory authority provided in Chapter 71, Title 39, Idaho Code.

UNANIMOUS CONSENT:

On the request of Rep. **Syme**, granted by unanimous consent, FY 2019 budget for the Office of the Governor, Military Division, Office of Emergency Management was reopened.

CARRIED:

Original Motion

Moved by Rep. **Syme** for FY 2019, for the Military Division, in the Office of Emergency Management Program, the appropriation and transfer of \$26,800 onetime from the General Fund to the continuously appropriated Hazard Substance Emergency Response Fund, seconded by Sen. Ward-Engelking.

AYES: 18

NAYS: 0

ABSENT/EX: 2

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 Bair. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: **SELF-GOVERNING AGENCIES, DIVISION OF BUILDING SAFETY**

PRESENTER: **Christine Otto, Budget Analyst, LSO**
The Division of Building Safety (DBS) requests an ongoing fund shift in the amount of \$60,100 in personnel costs from the Miscellaneous Revenue/Industrial Safety Fund to the Miscellaneous Revenue/Logging Fund. This shift is requested to reflect the anticipated personnel needs for the Logging Safety Program, for a net change of zero dollars. DBS has seen an increase in the Logging Safety Program due to increased activity and the Industrial Safety Fund has excess appropriation for this shift.

UNANIMOUS CONSENT: On the request of **Sen. Johnson**, granted by unanimous consent, the FY 2019 budget for the Division of Building Safety was reopened.

CARRIED: Original Motion
Moved by **Sen. Johnson**, for FY 2019, for the Division of Building Safety, an ongoing addition of \$60,100 in personnel costs to the Miscellaneous Revenue/Logging Fund; further for an ongoing reduction of \$60,100 in personnel costs from the Miscellaneous Revenue/Industrial Safety Fund, for a net impact of zero; seconded by Rep. **Horman**.

AYES: 18

NAYS: 0

ABSENT/EX: 2

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 Bair. See [Presentation](#) and [Audio](#).

AGENCY PRESENTATION: **DEPARTMENT OF ADMINISTRATION, DIVISION OF PUBLIC WORKS, PERMANENT BUILDING FUND**

PRESENTER: **Jill Randolph, Analyst, LSO**
A Supplemental Request is made to repurpose a prior appropriation, made during the 2017 Legislative Session. In 2017, the Permanent Building Fund Advisory Council recommended, and the Legislature approved, \$10,000,000 for the remodel of the Gale Life Sciences Building. After construction bids came in over the estimated total project cost, Idaho State University requested permission to use the \$10,000,000 to remodel the Eames Complex, also on the ISU campus. Due to the nature of the capital projects in the PBF appropriation bill, legislation is needed to change the use of the funds. The money remains in a continuously appropriated fund, so there is no attached dollar amount to this request. This repurposing of the prior appropriation has the consent of the PBFAC and the Governor.

UNANIMOUS CONSENT: On the request of **Rep. Anderson**, granted by unanimous consent, the FY 2019 budget for the Department of Administration, Permanent Building Fund was reopened.

UNANIMOUS CONSENT: On the request of **Rep. Anderson**, granted by unanimous consent, the language as show on the screen regarding repurposing of appropriation from the Permanent Building Fund was applied to the Department of Administration for the Division of Public Works from the Permanent Building Fund's FY 2019 appropriation.

Without objection, the request for unanimous consent has passed and will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Bair. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: INDUSTRIAL COMMISSION, CHINDEN CAMPUS RELOCATION

PRESENTER: Maggie Smith, Budget Analyst, LSO

The Industrial Commission requests a onetime supplemental appropriation to relocate its offices to the Chinden Campus. The agency's original request was for \$967,900, but the Governor's recommends \$847,400 as some of the agency's build-out costs were eligible to be covered by amounts pre-paid from its FY 2018 appropriation. The lease for the agency's current office space will expire on June 30, 2019. The commission expects to move by June 2019 when its newly constructed space in Building 2 of the Chinden Campus is completed. This request will fund the purchase and installation of new office equipment and furnishings, moving costs, and one month of dual lease payments on its current and new office spaces during the transition in June 2019.

**UNANIMOUS
CONSENT:**

On the request of Sen. **Crabtree**, granted by unanimous consent, the FY 2019 budget for the Industrial Commission was reopened.

CARRIED:

Original Motion

Moved by Sen. **Crabtree** for FY 2019, for the Industrial Commission, in the Compensation Program, an additional \$132,800 in operating expenditures and \$489,800 in capital outlay from the Industrial Administration Fund; in the Crime Victims Compensation Program, an additional \$13,100 in operating expenditures and \$85,000 in capital outlay from the Crime Victims Compensation Fund; and in the Adjudication Program, an additional \$126,700 in capital outlay from the Industrial Administration Fund, for a grand total of \$847,400 from dedicated funds; seconded by Sen. **Lee**.

AYES: 18

NAYS: 0

ABSENT/EX: 2

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 Bair. See [Presentation](#) and [Audio](#).

AGENCY

**PRESENTATION: PUBLIC UTILITIES COMMISSION, CHINDEN CAMPUS
RELOCATION**

PRESENTER:

Maggie Smith, Budget Analyst, LSO, Budget and Policy:

The Public Utilities Commission (PUC) requests \$2,419,300 from the Public Utilities Commission Fund to remodel office space at the Chinden Campus and relocate the agency by August 31, 2019. The lease for the PUC's current office space will expire on May 31, 2019. In April 2018, the Department of Administration's Division of Public Works (DPW) issued a request for proposals (RFP) on behalf of the PUC for new office space. During the RFP process, the Department of Administration was made aware that the Sykes Corporation, a tenant operating a call center at the Chinden Campus, desired to amend its lease of Building 8, including vacating the first and second floors. DPW submitted a response to the PUC's RFP for the soon-to-be-vacant space, which the agency selected as its preferred option due to its lower long-term cost and the stability of being in a state-owned facility. The agency paid \$595,000 for a pre-bill to DPW from its FY 2018 appropriation to be applied to its anticipated remodeling costs in FY 2019. In July 2018, a request for quotation was issued for a design/build team and in September 2018, the Permanent Building Fund Advisory Council approved the selected design/build team of CSHQA/McAlvain.

**UNANIMOUS
CONSENT:**

On the request of **Sen. Crabtree**, granted by unanimous consent, the FY 2019 budget for the Public Utilities Commission was reopened.

CARRIED:

Original Motion

Moved by **Sen. Crabtree** for FY 2019 for the Public Utilities commission, an additional \$1,692,700 in operating expenditures and \$726,600 in capital outlay, for a total of \$2,419,300 from the Public Utilities Commission Fund; seconded by **Sen. Lee**.

AYES: 18

NAYS: 0

ABSENT/EX: 2

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 Bair. See [Presentation](#) and [Audio](#).

ADJOURNED:

There being no further business, **Chairman Bair** adjourned the meeting at 10:40 a.m.

Senator Bair
Chair

Elaine Leedy
Secretary