

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 16, 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, Raybould, Syme, Troy, Wintrow, and Toone.
ABSENT/ EXCUSED: None
CONVENED: Co-Chairman Bair call the Joint Finance-Appropriations Committee (JFAC) (Committee) to order at 8:00 a.m.

AGENCY

PRESENTATION: GOVERNOR'S REVISED RECOMMENDATION FOR FY 2019 AND FY2020

PRESENTER: **Alex Adams, Administrator, Division of Financial Management**
Mr. Adams reviewed revisions to the Governor's FY 2019 and FY 2020 Executive Budget and highlighted several non-technical changes:
FY 2019 Impact of Executive Legislation: The Tax Commission will be introducing tax conformity legislation with a one-time General Fund revenue impact of (\$320,000).
Department of Lands, Lands and Waterways: The Governor recommends 1.0 FTP, dedicated fund spending authority, and one-time Capital Outlay for a right-of-way agent position.
Bond Payments: The Idaho State Building Authority re-financed the prison Facilities Project Bond, and more favorable terms resulted in a lower annual payment. The Governor recommends a \$400,000 ongoing General Fund reduction to capture these savings.
Career Technical Education, General Programs: The Governor recommends \$200,000 for Middle School Career Technical Education and \$200,000 for Workforce Readiness Incentive Grants. In addition, he recommends reappropriation from FY 2019 into FY 2020 for General Fund Trustee/Benefit Payments in General Programs. The timeline for reimbursing schools for Career Technical Education Programs does not follow the state fiscal year.
DISCUSSION: In answer to questions from Sen. Grow, **Shelby Kerns**, Division of Financial Management stated that the \$39,017,100 in the Capital Budget is a decrease from the original budget recommendation.

In answer to questions from Rep. Horman, **Amber Christofferson**, Division of Financial Management, stated that the dedicated funds for the Department of Lands recommended in the Governor’s recommendations come from the Endowment Earnings Administration Fund. The Governor discouraged use of dedicated funds for the Office of Information Technology. **Mr. Adams** explained that the \$8,600,000 reduction in the Public Education Stabilization Fund is reflected in the overall Executive Budget, leaving a projected ending balance of \$169,781,000.

In answer to questions from Rep. Wintrow, **Mr. Adams** explained that such a large projected ending balance is to ensure available funds in a time of financial uncertainty. In FY 2021, the Governor hopes to use some of those funds as a starting point of discussions to repeal the grocery tax which will affect overall revenue by \$60–90,000 annually. See [Information](#) and [Audio](#).

AGENCY

PRESENTATION: JUDICIAL BRANCH

PRESENTERS: Sara Thomas, Administrative Director of the Courts; Jaime Hansen, Executive Director 4th District Family Advocates (Guardian ad Litem Program); Tony Cantrill, Executive Director, Judicial Council

Ms. Thomas explained the structure of the Idaho Judiciary which was granted authority for adjudication and administration under Article 5 of the Idaho Constitution. One challenge of court administration over the past five years has been the complete replacement of the courts’ case management system. The replacement included new business processes, electronic filing for attorneys and complete electronic files for the Courts and equired investments in bandwidth, software, hardware and training. The basic system is now complete and functional in 43 of Idaho’s 44 counties. More work needs to be completed over the next several years to expand and enhance the system.

Addressing the FY 2020 budget request, **Ms. Thomas** detailed the critical shortage of court reporters in Idaho, and the difficulty in recruiting due to salary disparities among neighboring states. This shortage also affects overcrowding in prisons because the lack of court reporters affects the trial calendar.

Judicial salaries also are among the lowest of neighboring states, creating a shortage of judges at a time of population explosion, especially in the 4th District and in Ada County where the time from petition to hearing in Family Court can be close to one year. Shortages in Magistrate Courts affect civil protection orders, criminal arraignments and a large influx of criminal cases. Magistrates have been “borrowed” from other counties to assist in the workload.

Idaho Code §1805 sets the number of judges for the 4th Judicial District, and the court will be seeking an amendment to the statute to add an additional judge. Ms. Thomas fielded questions from the Committee concerning the Judicial Branch’s FY 2020 budget request.

**LSO STAFF
PRESENTER:**

Jared Hoskins, Principal Analyst, Legislative Services Office (LSO)

Mr. Hoskins reviewed the FY 2018 Total Appropriation of \$71,124,100. A total transfer of \$2,100,000 was made from out of capital outlay and personnel costs into operating expenditures to cover costs related to the core technology implementation plan discussed by Ms. Thomas. Actual expenditures were \$65,339,000, which was 8.1% less than the original appropriation.

The 2019 Original Appropriation for court operations was \$72,501,900. Removal of onetime expenditures (\$3,479,300) resulted in an FY 2020 Base of \$69,022,600. Several line item adjustments are requested for a total FY 2020 request of \$72,469,800. The Governor recommends \$73,119,800. See [Presentation](#) and [Audio](#).

**AGENCY
PRESENTER:**

Jaime Hansen, Executive Director, 4th District Family Advocates (Guardian ad Litem)

Ms. Hansen described the services of Court Appointed Special Advocates (CASA), a national program of volunteers who represent children of abuse, neglect, abandonment, or who have been deemed in imminent danger and removed from their homes. These children are placed in foster care or institutions depending on their circumstances. The program operates under significant fund-raising efforts and allocations from the state. In some counties, a guardian ad litem can only represent a child if a pro bono attorney is also present.

Ms. Hansen reviewed the FY 2020 budget request. On behalf of various guardian ad litem (GAL) programs, the Idaho Supreme Court requests \$70,000 in ongoing trustee and benefit payments from the General Fund to hire a full-time advocate coordinator for GAL proceedings under the Child Protective Act (CPA). Of the total amount requested, \$50,000 would fund the advocate coordinator in the Fourth Judicial District, \$10,000 would fund interpreter services in the Fourth Judicial District, and \$10,000 would be used toward training in the Sixth Judicial District. The total FY 2020 budget request is \$1,179,400. Ms. Hansen answered questions from the Committee. See [Presentation](#) and [Audio](#).

**AGENCY
PRESENTER:**

Tony Cantrill, Executive Director, Judicial Council

The Idaho Judicial Council is empowered by statute to nominate persons to the Governor for appointment to vacancies on the Supreme Court, Court of Appeals, and District Courts and make recommendations to the Supreme Court for the removal, discipline, and retirement of judicial officers. **Mr. Cantrill** stated that the Committee had appropriated the same sum, \$130,800, for the past six years, and has spent less than its appropriation. The Judicial Council again requests the amount of \$130,800, and the Governor supports this recommendation. See [Presentation](#) and [Audio](#).

**AGENCY
PRESENTATION: DEPARTMENT OF WATER RESOURCES**

PRESENTER: **Gary Spackman, Director, Department of Water Resources**
Mr. Spackman advised the Committee that, in his view, the management of Idaho's water is more secure than it has been in decades. Major water user groups have struck agreements to prevent potential litigation. They have further agreed to manage surface water and ground water to mitigate shortfalls in supply. **Mr. Spackman** detailed some of the projects which have been completed or are in progress and the funds which are managed by the Idaho Water Resource Board. The Water Board is working hard to exercise its stewardship of state funds entrusted to them.

LSO STAFF
PRESENTER: **Rob Sepich, Analyst, LSO**
The FY 2018 Appropriation was \$26,611,800 with 160 Full Time Positions (FTPs). Actual 2018 expenditures were \$24,281,200 which included General, Dedicated and Federal Funds. The FY 2019 appropriation was \$26,461,800. Requests in FY 2019 included the addition of three FTPs, which are now filled and operational. With removal of onetime expenditures, the FY 2020 base is \$25,890,100.

Adjustments to the FY 2020 base are inflationary adjustments, both general and contract inflation; replacement items, statewide cost allocation, and Change in Employee Compensation (CEC). FY 2020 line item requests include Aquifer Measuring and Monitoring, Software Application Development, VoIP Phone System Update, WIFI in Regional Offices, Data Entry Automation, Offsite Disaster Recovery, Network Equipment Replacement and Cash Transfers. The Agency requests a total FY 2020 appropriation of \$26,922,500. The Governor recommends \$26,921,700. **Mr. Sepich** explained each request in detail and stated that inflationary adjustments are requested by some agencies, but not all. In this case, the Department of Water Resources is housed in the Idaho Water Center, a rent-to-own space, with fixed inflation built into the annual payment. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: DEPARTMENT OF AGRICULTURE

PRESENTER: **Celia Gould, Director, Idaho State Department of Agriculture (ISDA)**
Ms. Gould noted that the Idaho Department of Agriculture is celebrating its 100th anniversary this year, and remains committed to streamlining its services to best fulfill its mission and meet the needs of its customers. The ISDA has no regional offices. During busy seasons more than 70 per cent of ISDA employees work somewhere other than Boise. During the past decade, the agency has decreased its General Fund reliance by 42 percent which demonstrates its commitment to responsible stewardship of taxpayer dollars. The majority of ISDA services are paid by those using them. Even with reliance on dedicated funds, the agency has not regularly raised fees. Idaho's extraordinary yields and productivity have been its driving force in financial viability.

The Legislature authorized 217 Full Time Positions (FTPs) for the ISDA in 2019. The ISDA has 17 current vacancies. This figure does not include part time help for inspectors during harvest time. During peak times, the Department could hire as many as 600 part time employees. Efforts are underway to convert some positions to full time for greater efficiency.

**LSO STAFF
PRESENTER:**

Rob Sepich, Analyst, LSO

Mr. Sepich reviewed enhancements to the FY 2019 total appropriation, including a Lab Quality Assurance Manager, Dairy Program Inspectors, Marketing Personnel Costs, Food Safety Grant, Office Space and General Fund Support. The total FY 2019 appropriation was \$44,815,300, a reduction of .03 percent from FY 2018.

Mr. Sepich also pointed out language which was included in the appropriation bill for the last two years which directed the department to do whatever necessary to prevent the spread of zebra and quagga mussels into the State of Idaho. A number of checkpoints now operate throughout the state, some which run 24 hours per day. This language will likely be added to the FY 2020 bill.

Mr. Sepich reviewed several replacement items requested in the ISDA's FY 2020 budget request, including eight vehicles for field inspectors, and a 10-wheel truck for specialized needs. The department also requests replacement of 66 computers, monitors and network equipment and software and specific use scientific instruments. Program Maintenance requests three new FTPs: a Seed Analyst, Weights and Measures Inspector, and an Animal Health Lab technical records specialist. The ISDA also requests an increase for livestock disease control, and network equipment replacement.

The total FY 2020 Agency request is \$44,800,200. The Governor's recommendation is \$44,964,400.

In answer to questions from the Committee concerning invasive species, **Lloyd Knight**, Administrator of the Division of Plan Industries stated that over 110,000 watercraft inspections were conducted in 2018. Fifty vessels carried quagga or zebra mussels. None of the 50 vessels carried live mussels, and all 50 had prior notification and treatment which means that a cooperative effort is occurring between federal and state agencies.

Ms. Gould addressed questions concerning increases in federal fees on agricultural inspections. The ISDA is closely monitoring the fees because along with those increases, larger demands are being placed on their current inspectors. The agricultural industries have asked them to watch dairy nutrient management plans to assure Idahoans of the best possible regulatory environment and safety. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: WOLF DEPREDAATION CONTROL BOARD

PRESENTER: Carl Rey, Board Member, Wolf Depredation Control Board

Other board members present: Richard Savage representing the livestock industry; Tony McDermott, representing sportsmen's interests; Ed Schriver, Director, Idaho Fish and Game, and Celia Gould, Director, ISDA.

The Office of the Governor created the Wolf Depredation Control Board (Board) in 2014. It is tasked with directing and managing funds for depredation control throughout the state. Those funds come from brand registration fees in the sheep and cattle industries, from fishing and hunting license fees, a surcharge on wool, and from the State's General Fund. Historically, the State's General Fund Match has been \$400,000.

**LSO STAFF
PRESENTER:**

Rob Sepich, Analyst, LSO

Mr. Sepich explained the various onetime fund transfers which occur throughout the year. The Wolf Depredation Control Board request would authorize a \$400,000 match transfer from General Funds into its operating funds. The Governor recommends an FY 2020 General Fund match of \$200,000. See [Presentation](#) and [Audio](#).

ADJOURN:

Having no further business before the Committee, Chairman Bair adjourned at 10:50 a.m.

Senator Bair
Chair

Paul Headlee
Secretary