

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 01, 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 called the Joint Finance-Appropriations Committee (Committee) (JFAC) to order at 8:00 a.m.

AGENCY PRESENTATION: **IDAHO TRANSPORTATION DEPARTMENT (ITD)
Transportation Services**

PRESENTER: **Brian Ness, Director**

Director Ness reviewed changes which have occurred since he became director in 2009. At that time, ITD had too many layers of supervision and bureaucracy which hampered decision making and stifled innovation. Pay levels were so low that ITD was unable to recruit and retain good employees. Under Director Ness, ITD studied its organizational structure, job positions and career paths to create operational efficiencies. ITD has cut its workforce by more than 10 percent since 2010, yet has increased productivity while providing excellent customer service. ITD's budget request affirms its commitment to improved performance and fiscal responsibility.

ITD's 2020 line item requests focus on four areas: (1) improving safety to Idaho citizens; (2) maintaining buildings and operating Idaho's infrastructure; (3) increasing customer service, and (4) addressing the rapidly growing population of Idaho. See [Audio](#).

**LSO STAFF
PRESENTER:**

Christine Otto, Analyst, LSO

Ms. Otto explained that the Department of Transportation is divided into four budgeted divisions: Transportation Services, Motor Vehicles, Highway Operations, and Contract Construction and Right-of-Way Acquisition.

Transportation Services

The Transportation Services Division includes the following three programs: (1) Administration develops long-range budgetary plans; develops legislation; operates information systems; provides employee services, financial services, and facilities management; and coordinates research activities. (2) Capital Facilities administers the design, building, and maintenance of department facilities. (3) Aeronautics assists Idaho municipalities in developing their airports and operates the state's air fleet.

In FY 2018, Transportation Services received a total appropriation of \$39,750,400. Throughout the year, Transportation Services transferred funds between programs. ITD Actual expended \$36,213,700, reverted \$2,733,700, and reappropriated \$908,500.

Ms. Otto noted one finding in the audit report which has been corrected.

In FY 2019, Transportation Services received a total appropriation of \$37,450,000 which included six line items: (1) Increase to Idaho Airport Aid Program; (2) Statewide Capital Facilities Needs; (3) Target Operating Model for technology; (4) Configuration Management Database; (5) Increase to Federal Funding; and (6) New Aircraft. **Director Ness** reported that he anticipated these items will be fulfilled by the end of FY 2019.

For FY 2019, Transportation Services requested \$330,000 in supplemental funding to replace a roof at headquarters. Transportation Services may request approval at a later date for a onetime cash transfer of up to \$1,176,000 to transfer cash from the GARVEE Capital Project Fund to the State Highway Fund.

For FY 2020, Transportation Services requested \$1,906,300 in replacement items. The Governor recommend \$1,906,300.

Transportation also requested ten line items.

- (5) Increase to Idaho Airport Aid Program;
- (6) Video Conferencing Equipment to upgrade statewide systems;
- (9) Statewide Capital Facilities Needs;
- (10) D3 Material Lab Testing Facility;
- (11) D4 Headquarters Building.
- (12) Additional Data Storage
- (13) Software License Compliance;
- (14) Network Access Security;
- (16) Info Tech Service Management
- (17) Integration Service Layer for Software

Director Ness commented on each request.

The Committee asked several questions concerning accessibility, building maintenance, computer equipment, and the Department of Motor Vehicles' computer shut down in August 2018. See [Presentation](#), [Audio 1](#) and [Audio 2](#).

Department of Motor Vehicles

The Division of Motor Vehicles (DMV) manages driver's licenses, vehicle registrations, license plates, and vehicle titles. This division also works to meet the needs and expectations of motor vehicle customers and the county sheriffs and assessors who work as the department's agents.

In FY 2018, the Department of Motor Vehicles (DMV) received a total appropriation of \$38,444,000. They expended \$35,635,100 and reverted \$2,848,000.

In FY 2019, the DMV received appropriation for replacement items and three line items: (1) DMV VOIP system upgrade, (2) County equipment and (3) software for DMV computers. **Director Ness** reported that these line items are complete or on schedule to complete by June 30, 2019.

For FY 2020, the agency requested \$730,200 in replacement items and two line items: (1) \$8,800 to acquire workstations for the county licensing and motor vehicles offices, and (2) \$45,600 to acquire equipment for identification card issuance at certain Department of Corrections facilities.

For FY 2020, the DMV requested a total appropriation of \$37,571,000. The Governor recommended \$37,645,100. See [Presentation](#), [Audio 1](#) and [Audio 2](#).

Highway Operations

The Highway Operations Division performs statewide highway maintenance functions, directs highway improvements; administers federal-aid safety improvement projects; protects highways from oversize, overweight, and dangerous usage; manages federal transit grant program ; develops projects to improve state and local highway systems to save lives; and coordinates transportation research efforts.

In FY 2018, Highway Operations received a total appropriation of \$199,562,000. They expended \$189,723,800 and reverted \$10,978,900.

In FY 2019, Highway Operations received a total appropriation of \$194,166,500, which included five line items: (1) behavioral safety funding; (2) highway operation equipment; (3) purchase new TAMS system; (4) FAST Act increase; (5) decrease in personnel costs. **Director Ness** reported that one item is complete, and three are scheduled for completion by the end of FY 2019. Highway Operations decided to upgrade the TAMS system rather than purchase a new one.

For FY 2020, Highway Operations requested restoration of \$1,475,000 in a personnel cost appropriation that was reduced temporarily in FY 2019 to assist the Aeronautics Division. The Governor did not recommend the restoration in personnel costs, but did recommend that \$1,475,000 ongoing be used for highway construction.

For FY 2020, Highway Operations requested \$20,774,700 in replacement items for computer equipment and various heavy equipment and road equipment. Some of the trucks are eligible for a buyback program.

For FY 2020, Highway Operations requests five line items:

- (1) Highway operations equipment;
- (2) Onetime operation expenditures for a federal grant received from the American Association of State Highway and Transportation Officials (AASHTO) to develop a data analytics module of ASSHTOware software;
- (3) Geographic Information Systems (GIS) integration;
- (4) Fixing America's Surface Transportation (FAST) Act increase; and
- (5) Public Transportation Federal grants.

For FY 2020, Highway Operations requests a total appropriation of \$202,972,400. The Governor recommends \$202,123,100. See [Presentation](#), [Audio 1](#) and [Audio 2](#).

Contract Construction and Right-of-Way Acquisition

The Contract Construction and Right-of-Way Acquisition Division (Division) manages for the funds necessary for highway construction projects that maintain and improve the state's highway system. The current and useful life of the state's infrastructure depends on sufficient funding and efficient expenditure of these funds on necessary improvements.

Reappropriated funds authorized projects which were in progress, but not yet completed by the end of the fiscal year.

In FY 2018, the Division received a total appropriation of \$796,809,800. The Division expended \$433,397,400 and carried over \$363,412,300 to FY 2019.

Director Ness answered questions from the Committee regarding carryover funds.

In FY 2019, the Division received a total appropriation of \$43,597,600, which included one line item for excess revenue and receipts. **Director Ness** reported that all excess revenue has been used.

For FY 2020, the Division requested two line items: (1) spending authority from the Transportation Expansion and Congestion Mitigation (TECM) Fund; and (2) excess revenue and receipts.

For FY 2020, the Division requested a total appropriation of \$431,706,700. The Governor recommended \$446,231,700.

Director Ness discussed the Strategic Initiatives Program, specifically projects which separate pedestrians from traffic, future funding for the Idaho Transportation Department and departmental vacancies. See [Presentation](#), [Audio 1](#) and [Audio 2](#).

AGENCY

PRESENTATION: DEPARTMENT OF LANDS

PRESENTER: **Dustin Miller, Director**

The Idaho Department of Lands (IDL) employs 321 permanent and 250 seasonal employees to implement its two-part mission. Under the direction of the Board of Land Commissioners, IDL maintains approximately 2,400,000 acres of state endowment lands and 3,300,000 acres of endowment mineral land under a Constitutional mandate to maximize long-term financial returns to a variety of state institutions, primarily public schools. Revenue sources include timber harvest and production, land leasing for livestock grazing, mineral, oil and gas extraction, and other activities.

IDL provides technical assistance to owners of private timber land and navigable waterways. It administers the Idaho Forest Practices Act, Oil and Gas Conservation Act, Idaho Surface Mining Act, Dredge and Placer Mining Act as well as the Abandoned Mine Reclamation Act. The Good Neighbor Authority works with the Forest Service to reduce fuel buildup, improve forest and watershed health, reduce threats to adjacent state and private lands, and create jobs. Assistance and protection programs are funded by a combination of dedicated funds and general funds.

**LSO STAFF
PRESENTER:**

Rob Sepich, Analyst, LSO

In FY 2018, IDL received a total appropriation of \$54,734,100. They expended \$47,151,900 and reverted \$7,644,700 in federal appropriations.

In FY 2019, IDL received a total appropriation of \$59,362,800 which included ten line items. **Director Miller** reported that all items are being implemented.

Director Miller and **David Gresham**, Deputy Director, IDL answered questions, at length, concerning the Good Neighbor Authority and timber sales.

For FY 2020, IDL requested ten line items:

- (1) Right of Way agent;
- (2) IT support analyst;
- (3) Tree coolers;
- (4) Eastern Area office FTP;
- (5) Replacement of St. Joe facility;
- (6) Timber Protective Association CEC and Inflation;
- (7) Forest Practices Act; and
- (8) Fire Suppression.

In November, 2018 the Permanent Building Fund Advisory Council did not recommend funding for the new St. Joe Facility, and IDL will not pursue this item. The Governor recommended the first four line items and added line items 6 through 8 above.

For FY 2020, IDL requested a total appropriation of \$60,587,000. The Governor recommended \$59,954,500. See [Presentation](#) and [Audio](#).

**AGENCY
PRESENTATION:
PRESENTER:**

ENDOWMENT FUND INVESTMENT BOARD

Chris Anton, Manager of Investments

The Endowment Fund Investment Board (EFIB) is responsible for managing the investments of the land grant endowment funds, the State Insurance Fund, and other moneys as required by law. These include Ritter Island and Trail of the Coeur d'Alenes for the Idaho Department of Parks and Recreation, Idaho Department of Fish and Game, and investments for the Kellogg institutional controls program for the Idaho Department of Environmental Quality. The State Legislature created the Endowment Fund Investment Board in 1969. **Mr. Anton** detailed key investment activity.

In FY 2018, EFIB received a total appropriation of \$753,600. EFIB expended \$685,800 and reverted \$67,800.

In FY 2019, EFIB received a total appropriation of \$722,700. No line items were requested.

For FY 2020, EFIB requested \$2,000 in replacement items. It also requested a continuous appropriation for consulting fees, bank custodial fees and portfolio-related external costs.

For FY 2020, EFIB requested a total appropriation of \$715,900. The Governor recommended \$743,100. See [Presentation](#) and [Audio](#).

ADJOURNED: Having no further business before the Committee, **Chairman Bair** adjourned the meeting at 10:29 a.m.

Senator Bair
Chair

Elaine Leedy
Secretary