

MINUTES  
**JOINT FINANCE-APPROPRIATIONS COMMITTEE**

**DATE:** Thursday, January 09, 2020

**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, Malek (Amador), Kauffman, Raybould, Syme, Troy, Wintrow, and Toone.

**ABSENT/  
EXCUSED:** None

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

**AGENCY PRESENTATION:** **DIVISION OF VETERANS SERVICES, Marv Hagedorn, Administrator  
Jared Tatro, LSO Analyst**

The Idaho Division of Veterans Services (Division) assists veterans and their families by operating the veterans homes in Boise, Lewiston, and Pocatello; managing the state veterans cemetery; and other services.

In FY 2020 the Division was appropriated \$78,592,100. For FY 2021, the Division requested \$46,950,800. The Governor recommends \$46,213,700, which is a 40 percent decrease over FY 2020. That decrease pertains to construction costs for the fourth veterans home in Post Falls, ID. The Division is authorized 344 full time equivalent positions (FTP) and requests an increase to 367.2 FTPs. General fund costs are \$1,224,200.

**Administrator Hagedorn** explained that the Division budget shows both General Funds, dedicated, and federal funds. He stressed that the dedicated and federal funds are not dollars – they are allowances for Division staff to earn and then spend in taking care of veterans in Division homes, hospitals and through the U.S. Veterans Administration’s G.I. bill. For every dollar invested from General funds, the Division brings in \$583.00 of federal government money, insurance money and individual payments. In addition, the Division receives dedicated and federal funds for Idaho veterans’ cemeteries.

The Division currently shows approximately 32 vacant positions. Idaho faces a nursing shortage, and without competitive salaries, the Division’s direct care positions are more difficult to fill. The Division currently pays approximately 80% of market rate. The Division requests additional funds in 2021 to address this shortfall.

Performance Measures: **Administrator Hagedorn** detailed specific measures and projects accomplished in FY 2019. The Division has no open audit findings.

2019 Variance Report: The Division received \$42,535,500 in total appropriations. It reverted \$2,076,400 from all funds and was reappropriated \$7,496,100 in federal funds for a second cemetery in Blackfoot, ID.

In FY 2020, the Division requested a total appropriation of \$86,015,700. The Governor recommended a total appropriation of \$86,015,700. FY 2020 estimated expenditures included removal of one-time expenditures, a restoration of the 1% general fund rescission and sick leave rate reduction.

FY 2021 Line Items: personnel and operating funds for the Blackfoot Cemetery; construction costs for the veterans home in Post Falls, ID; a veterans recognition fund, additional nursing and service staff; reclassification of nursing staff; increased compensation for specific positions at the veterans homes; capital expenditures; 24/7 security; and a loan repayment program for registered nurses.

For FY 2021, the agency requested a total appropriation of \$46,905,800. The Governor recommended \$46,213,700. See [Audio](#), [Presentation](#), and [Handout](#).

**AGENCY  
PRESENTATION:**

**STATE TREASURER, Julie Ellsworth  
Maggie Smith, LSO Analyst**

The State Treasurer is one of seven constitutional officers in Idaho. The State Treasurer serves as the banker for all Idaho agencies and acts as custodian of the public school endowment funds.

Historical Summary: The State Treasurer receives approximately one third of her budget from General Funds, and the balance from four additional dedicated funds.

Performance Report: As a constitutional officer, the State Treasurer is not required to submit a performance report. The Treasurer's office has no open audit findings.

2019 Variance Report: The variance reports shows typical activity. The Treasurer's Office spent 93.6 percent of its appropriated funds.

2020 Comparative Summary: The State Treasurer received a total appropriation of \$4,313,400. As a constitutional office, the Treasurer was not required to participate in the one percent reduction, but did so voluntarily.

2020 Approved Line Items: The legislature funded one line item for FY 2020 for technology consolidation and modernization.

Legal Note: In response to a question from the Committee, The Treasurer stated that current litigation costs are being paid with salary savings from a vacant position. The Treasurer's office does not have an estimate of what legal fees will be, and has not requested a 2021 line item for legal fees. The Treasurer would like to fill the vacant position.

2021 Line Item Requests: The Treasurer requests a fund shift to accomplish the 2021 two percent reduction. The Governor recommends that this shift come from the General Fund to a dedicated fund for payment of bank service fees.

FY 2021 Total Appropriation: The State Treasurer requests of total appropriation of \$4,410,100. The governor recommends \$4,365,800. See [Audio](#) and [Presentation](#).

**AGENCY  
PRESENTATION:**

**SECRETARY OF STATE, Lawrence Denney  
Maggie Smith, LSO Analyst**

Historical Summary: The majority of the Secretary of State (Secretary)'s budget is in the Administration Program, funded almost entirely from General Funds. The Commission on Uniform State Laws consists of four commissioners who are not compensated, but receive legislative appropriations to attend the annual conference on uniform state laws. In FY 2019, a one-time dedicated fund appropriation was made for the elections system which is being implemented.

Organization: The Secretary of State's office operates with 30.00 FTPs, three of which are currently vacant. The Secretary's office also works with three contractors assisting on the elections system.

Performance Measures: Not required for the Secretary of State; no open audits.

2019 Variance: The Secretary received and spent a one-time appropriation of dedicated funds for the elections system which was fully expended. The Secretary spent 96.6 percent of appropriated General Funds as planned. Cybersecurity has become an important role for the elections system. **Mr. Denney** reported that the FY 2018 appropriation for a business solutions system is now 99 percent complete. The Blue Book is complete and will be distributed.

2020 Line Items: The Legislature funded five line items for FY 2020: a cybersecurity policy analyst; online marketing resources; the Idaho Blue Book; Board attendance at the Commission on Uniform State Laws conference; and presidential primary election funds.

2021 Line Items: The Secretary of State requests two line items which were recommended by the Governor: (1) operating expenditures from the General Fund to pay for elections costs as required by statute; and (2) operating expenditures from the General Fund for attendance at the annual National Conference of Commissioners on Uniform State Laws. Two line item requests were not recommended by the Governor: (1) ongoing personnel costs from the general fund to reclassify ten staff positions and to provide commensurate salary increases; and (2) one-time trustee benefit payments to provide matching funds to counties to purchase electronic poll books for elections.

FY 2021 Total Appropriation: The Secretary of State requests a total appropriation of \$4,098,600. The governor recommends \$3,981,000

In answer to questions from the Committee concerning the ten staff reclassification which were not recommended by the governor, **David Hahn**, Division of Financial Management (DFM) explained that the Governor and DFM looked for other opportunities within existing resources of the Secretary of State's budget. They concluded that approximately half of the request was currently available in salary savings. **Mr. Denney** suggested that using salary savings for ongoing personnel costs could create future problems if the Secretary's office becomes fully staffed.

Closing Remarks: **Mr. Denney** reported on a new federal grant being made available to the State of Idaho for election infrastructure and security. Idaho will be required to match 20 percent, payable over two years. Mr. Denney anticipates that these funds will allow the procurement of electronic poll books, as well as allow the counties to apply for security grants. See [Audio](#) and [Presentation](#).

**AGENCY  
PRESENTATION:**

**INDUSTRIAL COMMISSION, Thomas Limbaugh, Commissioner  
Maggie Smith, LSO Analyst**

The Industrial Commission ensures that the Idaho's Workers' Compensation Law is impartially and efficiently administered. The commission encourages safe working environments, prompt and accurate benefit payments, timely dispute resolution, and vocational rehabilitation services.

Historical Summary: The Industrial Commission (IC) has four budgeted programs: compensation, rehabilitation, crime victim compensation, and adjudication. The IC budget consists of General, dedicated and federal funds, the largest of which is dedicated funds. The Crime Victims Compensation Program is primarily funded by dedicated funds, but does receive a General Fund appropriation as well.

Performance Measures: **Commissioner Limbaugh** detailed specific measures and projects accomplished in FY 2019. The IC has one open audit finding; a corrective action plan is in place.

FY 2019 Actual Expenditures: The legislature appropriated supplemental funds related to the IC office move to the Chinden Campus. Costs were lower than anticipated; therefore reversions were higher than normal.

FY 2020 Line Items: The legislature funded seven line items, related to the Chinden Campus move and to the agency consolidation into the Office of Information Technology Services (OITS). Other line items included two new positions, conversion to digital archives, and cybersecurity software. The two new positions have been filled and digital conversion is underway.

The IC will seek a supplemental appropriation in trustee and benefits payments relating to an interagency agreement between the IC and the Division for Building Safety. The IC also seeks a base adjustment by moving personnel costs for one FTP from the rehabilitation program to the compensation program. The IC requests onetime capital outlay for replacement items.

FY 2021 Line Items: The agency requests four line items which were approved by the governor: business and technology modernization; one FTP and associated furniture/equipment for a program analyst/auditor; one FTP and associated furniture/equipment for a technical records specialist; and the combination of two budgeted programs. The Commissioner answered technical questions from the Committee.

FY 2021 Total: The IC requested a total appropriation of \$26,154,900. The governor recommended \$25,893,800. See [Audio](#) and [Presentation](#).

**AGENCY  
PRESENTATION:**

**OFFICE OF ENERGY AND MINERAL RESOURCES (OEMR), John  
Chatburn, Administrator  
Maggie Smith, LSO Analyst**

OEMR coordinates energy and mineral planning and policy development for the state of Idaho. Most efforts are directed to coordinating the state agency responses to federal environmental impact statements, federal regulation changes and federal statutes.

Historical Summary: OEMR operates within the office of the governor. No General Funds are utilized; all funds are dedicated and federal funds. The FY 2021 budget is a maintenance budget with a 1.7 percent requested increase.

Performance Measures: Administrator Chatburn detailed specific measures and projects accomplished in FY 2019. OEMR has no open audit findings.

FY 2019 Actual Expenditures: OEMR is funded by dedicated sources which restrict their use. A grant program did not take place and therefore the funds were reverted to their source of origin.

FY 2020 Line Items: The legislature funded one line item for technology consolidation and modernization.

FY 2021 Line Items: OEMR requested replacement items for office furniture and equipment. The governor approved this request

FY 2021 Total Appropriation: OEMR requested \$1,369,500. The governor recommended \$1,357,700. See [Audio](#) and [Presentation](#).

**ADJOURNED:** Having no further business before the Committee, Chairman Bair adjourned the meeting at 10:40 a.m.

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Senator Bair  
Chair

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Elaine Leedy  
Secretary