

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 15, 2020

TIME: 8:00 A.M.

PLACE: Room C310

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

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

**ABSENT/
EXCUSED:** Senator Grow

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

AGENCY PRESENTATION: **DEPARTMENT OF JUVENILE CORRECTIONS (IDJC), Monty Prow, Director**

Jared Hoskins, LSO Analyst

The Department of Juvenile Corrections is charged with the care and custody of all juvenile offenders committed to it by Idaho courts. The IDJC maintains relationships with local communities, oversees juvenile correction centers, and substance abuse services in the community.

Historical Summary and Organization: IDJC's appropriations derive primarily from General Funds along with additional dedicated and federal funds. IDJC's budgeted programs include administration, Community Operations and Program Services (COPS), institutions, and community based substance abuse treatment programs. The IDJC employs 414 FTPs with 15 current vacancies.

Performance Measures and Audit Report: **Director Prow** reviewed specific measures and projects accomplished in 2019. No audit findings were reported.

FY 2019 Expenditures: A transfer was made from the General Fund, trustee and benefits payments, to both capital outlay and operating expenditures. These funds were used for a whistleblower settlement agreement and for medically fragile children. The legislature also appropriated funds for repairs and replacements. The IDJC had a 25 percent reduction in its population, resulting in a negative variance of 9.6 percent in trustee and benefit payments..

FY 2020 Line Items: The legislature funded three items: an on-going net zero transfer from the COPS program to the institutional program for personnel costs to address pay equity issues for clinical staff; funds for education program manager pay, and funds for instructor pay. These transfers are targeted to CEC for hard to fill positions and has improved retention.

In answer to questions from the Committee, **Director Prow** stated that transfer of funds is a normal process due to the unpredictability of IDNC's juvenile population. Often legislators instigate such transfers in order to use existing funds in the most productive way.

FY 2021 Line Items: The IDJC requested replacement items from the dedicated Juvenile Corrections Center Endowment Income Fund for a variety of equipment needs. The IDJC also requested ongoing personnel costs from the General Fund for Phase 4 of the department's pay progression plan for instructors to keep pace with the traditional teacher career ladder compensation program..

FY 2021 Total Appropriation: The IDJC requested a total appropriation of \$54,260,200, a 1.9 percent increase. The governor recommended \$52,611,100, a 1.2 percent decrease. See [Audio](#) and [Presentation](#).

AGENCY PRESENTATION: DEPARTMENT OF WATER RESOURCES (IDWR), Gary Spackman, Director

Rob Sepich, LSO Analyst

The IDWR's core responsibility is to allocate the state's water for beneficial use and to regulate the delivery of water in times of shortage. The Idaho Water Resources Board develops and implements plans for sustainability of water resources and its various beneficial uses. The IDWR employs 163 FTPs, with 11 current vacancies. The most difficult positions to fill are I.T. and engineers.

Performance Measures and Audit Report: **Director Spackman** reviewed specific measures and projects accomplished in 2019. One open audit finding was reported, and control activities have been implemented to resolve the issue.

Senator Nye announced a possible Rule 39 conflict of interest due to associations with IDWR through his legal practice.

In answer to questions from the Committee, **Director Spackman** defined the terms cubic feet per second and acre feet. Cubic feet per second is a volume of water (1 cubic foot) that moves past a point of reference in a certain period of time (per second). Acre feet is the quantity of water that would fill 1 acre, 1 foot deep. One cubic foot per second diverted over a 24 hour period equals 2 acre feet. With various infrastructure improvements, IDWR predicts that it will be able to recharge an average of 250,000 acre feet per year.

The IDWR continues to create water districts across the state in response to the completion of adjudications and the expectation in Chapter 6, Title 42. Once those adjudications are completed, the department then creates water districts for the administration of water rights within the district.

FY 2020 Line Items: The legislature funded six line items for FY 2020: aquifer monitoring, measurement and modeling, software application development contractor, purchase of VoIP phones, data entry automation software, technology consolidation and modernization, and off-site disaster recovery equipment. All projects are proceeding as planned except the off-site disaster recovery. The project was not approved, and those funds will be reverted.

IDWR requested removal of one-time expenditures for replacement items and other line items funded in FY 2020. The governor approved, but modified the removal to account for the one percent general fund rescission.

FY 2021 Line Items: IDWR requested three line items: aquifer measuring and monitoring; authorization for Clark Fork adjudication; and Priest Lake user fee transfer. In addition, IDWR requested cash transfers from dedicated and General Funds.

FY 2021 Total Appropriation: IDWR requested a total appropriation of \$26,883,300, a 0.6 percent decrease. The governor recommended \$25,925,700, a 4.1 percent decrease. See [Audio](#), [Presentation](#), and [Information](#).

In his closing statement, **Director Spackman**, discussed alternatives to meet the governor's FY 2021 two percent general fund reductions. The IDWR prefers the first alternative: It proposes a reduction in IDWR's annual rent-to-own payments for the Idaho Water Center remitted to the University of Idaho in the amount of \$356,600 and a reduction in IDWR's trustee and benefits fund of \$32,900. The reduction of \$356,600 would be offset by an increase in the University of Idaho's own payments for the Idaho Water Center. When the University of Idaho and IDWR first occupied the Idaho Water Center Building, each entity agreed to make payment to service bonds issued by the Idaho State Building Authority. IDWR's indebtedness was and is scheduled to be satisfied in the year 2035. The University of Idaho's indebtedness was scheduled to be satisfied in year 2044. The State Building Authority has refunded the bonds and refinanced the indebtedness twice, once in year 2012, and once in year 2019. Each time the University of Idaho chose to reduce its period of indebtedness first in 2012, from year 2044 to year 2040, and in 2019 from 2040 to year 2038. Because IDWR is scheduled to fully satisfy its debt in 2035, the University of Idaho has derived all of the benefits of the refinancing, and IDWR has not received any of that benefit. As a result, IDWR retained a bond expert who calculated an amount of proportionate savings of \$356,000 per year that should accrue to IBWR. By letter to the President of the University, dated November 27, 2019, **Director Spackman** notified the University of this equitable expectation prior to the completion of the refinancing, which was finalized on December 5, 2019. To date, IDWR attorneys have received only one phone call and one email stating that the university would reply.

AGENCY

IDAHO STATE DEPARTMENT OF AGRICULTURE (ISDA), Celia Gould,

PRESENTATION: Director

Rob Sepich, LSO Analyst

The Idaho State Department of Agriculture contains the budget for two divisions and nine programs. Eight of these programs are appropriated together: Administration, Animal Industries, Agricultural Resources, Plant Industries, Agricultural Inspections, Marketing and Development, Animal Damage Control, and the Sheep and Goat Health Board. The Soil and Water Conservation Commission's budget was developed and submitted to its five-member board and is appropriated in a separate appropriation bill.

Historical Background and Organization: The ISDA has 8 separate budgeted programs. General Funds account for 26.4 percent of the budget, dedicated funds make up 57.6 percent, and federal funds make up 16 percent. Dedicated funds come from industry fees charged such as inspections. ISDA employs 220 FTPs, with a wide variety of skills. The ISDA has 11 current vacancies.

Performance Report and Audit Findings: **Director Gould** reviewed specific measures and projects accomplished in 2019. The ISDA received five open audit reports. **Director Gould** reported that certain audit findings have been long time, ongoing, and without resolution. Some findings are explained by turnover and staff retention. The findings concerning the organic program have been resolved.

FY 2019 Expenditures: **Rob Sepich** detailed several funds transfers and reversions.

FY 2020 Line Items: The legislature funded five line items: an analyst in the Seed Lab, a weights and measures inspector, a technical records specialist at the Animal Health lab, increased regulatory testing at the Animal Health Lab, and technology and modernization. **Director Gould** reported on the progress of each appropriation.

FY 2021 Line Items: The ISDA requested three line items plus replacement items: Farm Forward Program, which is a net zero request; a one-time appropriation to match a Permanent Building Fund allocation for a new Agriculture Lab in Boise; and a weights and measures inspector.

FY 2021 Total Appropriation: The ISDA requested a total appropriation of \$480,600, a 6.4 percent increase. The governor recommended \$46,992,000, a 4 percent increase.

Director Gould answered several questions from the Committee. See [Audio](#), [Information](#), and [Presentation](#)

AGENCY PRESENTATION: WOLF DEPREDATION CONTROL BOARD, Richard Savage, Board Member

Rob Sepich, LSO Analyst

The Wolf Depredation Control Board (the Board) is responsible for directing and managing funds relating to deprecating wolves throughout Idaho. The funds managed by the Board are comprised of fees collected from the cattle and sheep industries, sportsman's fees from the sale of fishing and hunting licenses, and from the General Fund. The Board does not direct the day-to-day activities of its contractors or attempt to influence wolf management policy. The Board is not allowed to use any of its funds to compensate producers for livestock losses.

Historical Background and Organization: **Mr. Sepich** detailed how funds from the Department of Fish and Game (IDFG) and the Livestock Subaccount flow to the Wolf Control Fund. The Wolf Control Fund then contracts with the USDA Animal and Plant Health Inspection Service and Wildlife Services which conducts depredation investigations, and carries out lethal removal of wolves per the IDFA Commission direction.

Performance Measures: Because of the Board's limited mission, it has one on-going performance measure to effectively manage and allocate funds to continue services of the Wolf Depredation Control Program. Contractors report to the Board on how and where the funds were utilized.

Mr. Savage answered questions from the Committee concerning the activities and funding of the Board.

FY 2019 Expenditures: The Board received all of its income from dedicated funds.

FY 2020 Line Items: The legislature appropriated and transferred \$200,000 from the General Fund to the Wolf Control Fund Other Money Subaccount.

FY 2021 Line Items: The Wolf Control Board requests a one-time \$400,000 from the General Fund for the Wolf Control Program.

FY 2021 Total Appropriation: Since the Board's money comes exclusively from dedicated funds, the Board made no request for funding other than the \$400,000 General Fund line item above. This amount was recommended by the governor. **Matthew Reiber**, Office of the Governor, Division of Financial Management (DFM) explained that the governor recommended that the \$400,000 General Fund appropriation be made ongoing rather than one-time each year.

Mr. Savage answered several questions from the Committee regarding the need for ongoing general funds and how they would be used and/or reverted. See [Audio](#) and [Presentation](#).

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

Senator Bair
Chair

Elaine Leedy
Secretary