

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, January 16, 2020
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Bair, Johnson, Lee, Agenbroad, Crabtree, Burtenshaw, Woodward, Ward-Engelking, Nye

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

ABSENT/EXCUSED: Senators Grow, Representative(s) Amador, Raybould

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

AGENCY PRESENTATION: **REGULATORY BOARDS, SELF-GOVERNING AGENCIES**
Christine Otto, Senior Budget & Policy Analyst, Legislative Services Office (LSO)

Historical Summary: The Regulatory Boards Division is made up of five budgeted programs, and each program is an individual agency. See [Audio](#) and [Presentation](#).

IDAHO STATE BOARD OF ACCOUNTANCY, Kent Absec, Executive Director

The Board's mission is to protect the public by ensuring certified public accountants (CPA/CPAs) are licensed and that public accountants and firms are adhering to the statutes and rules regarding qualification, including professional ethics and conduct. Current active licensees total 2,825 individuals and 215 active firms. The Board is also responsible for granting candidate authorizations to test for the Idaho CPA exam.

Performance Measures: The Board consistently encourages licensees to complete their Continuous Professional Education (CPE) in a timely manner. Currently less than 3 percent request more time; the target is now 2 percent. The profession has seen a decrease in CPA exam candidates, which the Board attributes to the robust economy, and the professional industry is working to attract individuals through increased visits to educational facilities and better collaboration with membership organizations.

FY 2020 Line Items: The budget included a one-time \$125,000 for new licensing database software. See [Audio](#) and [Presentation](#).

BOARD OF PROFESSIONAL ENGINEERS & LAND SURVEYORS, Keith Simila, Executive Director

Founded in 1939, the Board develops and maintains qualification standards for professional engineers and land surveyors. Currently, the agency manages over 12,000 active license and certificate holders.

Performance Measures: Customer-focused measures include the following: board and staff member presentations to university students and civic groups about licensure and ethical issues, news bulletins regarding laws and rule changes, compliance rate checks where 5 percent of licenses are audited, and legislation tracking where proposals for legislation and rules are vetted through stakeholders.

FY 2020 Line Items: The budget included two line items: the hire of a hearing officer and a per diem increase for board staff. See [Audio](#) and [Presentation](#).

OUTFITTERS & GUIDES LICENSING BOARD, Lori Thomason, Executive Director

The Board regulates the outfitting and guiding industry to safeguard the health, safety, and welfare of the public, which contributes to the conservation of Idaho's fish, wildlife, and natural resources. In FY 2019, the Board licensed 429 outfitters, 460 designated agents, and 2,623 guides.

Performance Measures: All performance measures covered license renewal actuals and targets. The goal is 100 percent license renewal within targeted time frame. All goals were met with the exception of one, which was attributed to the government's shutdown. The agency also eliminated restrictive words to comply with the Licensing Freedom Act and the Red Tape Reduction Act. See [Audio](#) and [Presentation](#).

REAL ESTATE COMMISSION, Ron Bassett, Financial Specialist

Created in 1947, the Commission licenses real estate brokers and agents and enforces compliance with Idaho real estate license law. The primary obligation is to protect the public interest in regulated real estate transactions. As of Jan. 1, 2020, Idaho had 13,715 licensed real estate agents and brokers and 1,173 licensed real estate companies.

Performance Measures: License applications, change forms, investigations, and inquiries were made within targeted time frame. Two measures were not met due to increased workload from record licensee counts.

FY 2020 Line Items: The budget included attorney fee increases. See [Audio](#) and [Presentation](#).

BUREAU OF OCCUPATIONAL LICENSES (IBOL), Kelley Packer, Bureau Chief

The Bureau currently provides administrative, investigative, financial, and legal services to 29 professional licensing boards and commissions, and each has the same purpose of protecting the public. In total, the boards managed 72,192 licenses by the end of 2019.

Performance Measures: Measures covering complaint letter acknowledgements, minutes completed within targeted time frame, and routine investigative cases completed within one year were reviewed. One audit finding recommended the Bureau improve internal control processes.

FY 2020 Line Items: The legislature funded a licensing system for the Board of Accountancy, a hearing officer and legal costs for the Real Estate Commission, a new investigator at the Bureau of Occupational Licenses, an office specialist at IBOL, a hearing officer and legal costs for the Board of Professional Engineers and Land Surveyors, a board per diem increase, and technology consolidation and modernization.

FY 2021 Line Items: The Bureau of Occupational Licenses requests an additional investigator, new business analyst, statute changes, and relocation to Chinden campus. OITS operating costs, servers, and licensing includes all five agencies. The Real Estate Commission is part of the Phase II tech consolidation.

FY 2021 Total Appropriation: Regulatory Boards requested a total appropriation of \$8,790,800, a 3.6 percent increase. The governor recommended \$10,102,900, a 19.1 percent increase. The largest difference is devoted to the recommended move to the Chinden campus for the Bureau of Occupational Licenses. See [Audio](#) and [Information](#) and [Presentation](#).

**AGENCY
PRESENTATION:**

**DIVISION OF BUILDING SAFETY, Chris Jensen, Division Administrator,
Self-Governing Agencies
Christine Otto, Senior Budget & Policy Analyst, Legislative Services Office**

Historical Summary: The Division of Building Safety administers ten programs and houses eight boards: Electrical, Plumbing, Building, HVAC, Underground Damage Prevention, Office of School Safety and Security, Elevator, Industrial Safety, Logging, and Public Works Contractor Licensing. Funding categories include general, federal, and 97 percent dedicated. In 2011 Idaho realized 4,500 home starts. The number this year will be over 16,000 with an anticipated additional thousand each year for the next five years.

Performance Measures: Last year roughly 33,000 licenses were issued for the construction trades, and 50,000 permits were granted with 80 percent of applications completed online. Last year over 100,000 inspections were completed, largely completed the day of request.

Actual Expenditures: FY 2019 total appropriation was just over \$14.5 million with just over \$1 million being reverted. Total expenditures were \$13.6 million or 94.1 percent of budget. In answer to questions about measures to ensure proper licensing, **Mr. Jensen** reported that there is no contractor licensing for home builders. Contractor registration is managed through the Bureau of Occupational Licenses, which shows insurance qualification. Some jurisdictions in Idaho perform their own code inspections; all inspectors are required to meet the same requisites. Ensuring compliance is a struggle; therefore, the division is asking for additional compliance hires.

FY 2020 Line Items: The division's original appropriation included seven line items: Northwest Energy Efficiency Alliance grant, a federal STOP grant, a school safety grant, a DOT grant, donations received, reductions for a grant not received, reduced FTP, and technology consolidation and modernization. Current line items included reappropriation funds for the Trackit9 software system upgrade and current governor reductions recommendations.

FY 2021 Line Items: The Division of Building Safety requested a damage prevention program manager, compliance investigators, trade inspectors and a support staff, anonymous tip line (addresses school violence), school safety grant, school safety analyst, Blackfoot building purchase, OITS items, and General Fund reduction. In answer to questions about office space use in the state, **Mr. Jensen** said the agency would be renting buildings in Meridian and Coeur d'Alene and own the Blackfoot building. The Pocatello office would be consolidated in Blackfoot. Other agencies are also interested in using the Blackfoot building space.

FY 2021 Total Appropriation: The Division of Building Safety requested a total appropriation of \$16,494,200, a 9.9 percent increase. The governor recommended \$16,241,000, an 8.3 percent increase. See [Audio](#) and [Presentation](#).

**AGENCY
PRESENTATION:**

**PUBLIC EMPLOYEE RETIREMENT SYSTEM (PERSI), Office of the Governor, Don Drum, Director
Maggie Smith, Senior Budget & Policy Analyst, Legislative Services Office**

Historical Summary: PERSI's mission is to provide members and their beneficiaries with reliable, secure, long-term retirement, survivor, and disability benefits as specified by law, and to assist members in planning a secure retirement by providing high quality, friendly service, retirement education, and information. At the end of the fiscal year, PERSI held over \$18 billion in assets. PERSI has two budgeted programs: the Retirement Administration Program and the Portfolio Investment Program, both entirely supported with dedicated funds.

Performance Measures: PERSI reviewed specific measures and projects accomplished in 2019. There were no audit findings.

Actual Expenditures: PERSI detailed no transfers among three dedicated funds. The PERSI Administrative Fund comprises the majority of the agency's budget by 88 percent. It funds the retirement administration program and pays for personnel and operating costs. The PERSI Special Fund sponsors the Portfolio Investment Program and covers payroll and operations. The Judge's Retirement Fund supports one employee who provides administrative support and customer service for the Judges Retirement Plan.

FY 2020 Line Items: The legislature funded six line items: Oracle database upgrade, CAFR software, an onsite training center, annual software licensing, an investment officer, and technology consolidation and modernization.

FY 2021 Line Items: PERSI requested and governor recommended onetime capital outlay for the following replacement items: servers and storage, computer equipment, VoIP phones, and a printer. Line item requests include an internal actuary, retirement specialist reclassification, additional retirement specialist, directors and officers insurance, increased software license costs, reclassification of investment officer, and salary rate increase for a newly created investment officer position.

Senator Agenbroad questioned the request for insurance; **Mr. Drum** explained that five trustees are responsible for \$20 billion. The Division is working with risk management to make assurances regarding the level of coverage risk management can provide. In answer to **Senator Woodward's** question about timing projections for retirement population, **Mr. Drum** indicated 30 years, and growth will continue for 15 to 20 years before it plateaus.

FY 2021 Total Appropriation: PERSI requested \$9,593,200, a 9.1 percent increase. The governor recommended \$9,175,200, a 4.3 percent increase. See [Audio](#) and [Handout](#) and [Presentation](#).

**AGENCY
PRESENTATION:**

**STATE CONTROLLER, Brandon Woolf, Idaho State Controller
Maggie Smith, Senior Budget & Policy Analyst, Legislative Services Office**

Historical Summary: The State Controller is one of seven constitutional officers in Idaho. The office is organized into four divisions: Administration, Statewide Accounting, Statewide Payroll, and Computer Service Center. The agency receives just over half of its appropriation from the general fund and the remainder from a dedicated fund associated with its computer service center. The division creates the state's Comprehensive Annual Financial Report, for which the division received the Government Financial Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the 22nd year as well as recognition for the government finance watchdog group, *Truth and Account*, which ranked Idaho the number one most fiscally transparent state in the union. Mostly related to retirement, the office has lost over 670 years of service knowledge and experience.

Performance Measures: Constitutional officers are exempt from the requirement to submit performance reports. No findings were identified in an external audit; however, corrective action has been implemented from the 2018 CAFR audit.

FY 2019 Actual Expenditures: A prior year reappropriation was made. Funds were transferred into capital outlay largely from dedicated funds. The variance on the dedicated fund looks high because of the carryover.

FY 2020 Line Items: A 1 percent General Fund reduction was not required, but the State Controller voluntarily participated in the governor's reduction recommendations.

FY 2021 Line Items: The first line item includes the governor's recommendation of the Criminal Justice Integrated Data System. The LUMA initiative is a continuously appropriated line item from 2018. Last year the agency completed the planning and acquisition phase and is now in the implementation phase, which is expected to go live in July 2021 with the finance, procurement, and budget modules. Human capital management and payroll will go live in January 2023. LUMA will standardize business processes, consolidate systems, and promote greater transparency.

Rep. Troy asked why the criminal justice integrated data system is a governor's priority and why it fits into the State Controller's budget. The state comptroller's office was identified as potentially the best partner for this because it had existing capabilities.

FY 2021 Total Appropriation: The State Controller requested a total appropriation of \$19,264,400, a 1.2 percent increase. The governor recommended \$19,169,800, a 0.7 percent increase.

Rep. Horman commented that school districts have inquired about making taxpayer-funded information available on the Transparent Idaho website but are concerned about security. **Mr. Woolf** stated that his office is starting a pilot project with seven counties; the venture would be an opportunity to work with school district data to identify the financial information and move forward. See [Audio](#) and [Presentation](#).

AGENCY

PRESENTATION: **LIEUTENANT GOVERNOR, Janice McGeachin**
Maggie Smith, Senior Budget & Policy Analyst, Legislative Services Office

Historical Summary: The lieutenant governor is one of seven constitutional officers in Idaho, serves as the presiding officer of the Idaho State Senate, serves as acting governor when the governor is absent from the state, and is the first in line for the governorship if the governor is unable to continue in office. The department is 100 percent funded from the General Fund.

FY 2019 Actual Expenditures: The lieutenant governor made a net object transfer due to one vacancy, which allows for some salary savings, and 2.1 percent of the General Fund appropriation was reverted.

FY 2020 Line Items: Budget included funding for the technology consolidation and modernization initiative.

FY 2021 Total Appropriation: The lieutenant governor requested \$189,200, a 2.9 percent increase. The governor recommended \$182,100, a 1 percent decrease. See [Audio](#) and [Presentation](#).

ADJOURN:

There being no further business to come before the committee, **Chairman Youngblood** adjourned the Committee at 11:01 a.m.

Representative Youngblood
Chair

Jenny Miller
Secretary