

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 13, 2021

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, Nye

Representatives Co-chairman Youngblood, Troy, Horman, Amador, Syme, Bundy, Giddings, Nate, Green, Nash

**ABSENT/
EXCUSED:** None

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

LSO STAFF

PRESENTATION: Paul Headlee Manager, LSO Budget and Policy Analysis

Mr. Headlee followed up the question **Rep. Nate** addressed to the JFAC Committee on Jan. the 12th regarding art. 7 Sec. 11 of the Constitution about the expenditure not exceeding appropriations. Mr. Headlee pointed to case law saying that other sources of revenue can be used, and there will be no conflict. Mr. Headlee presented a general overview of the FY 2021- FY 2022 budget request and Governor's recommendations. **Mr. Headlee** introduced the beginning balance of \$247.8 million, and explained the revised weighted average forecast at 5.5% for FY 2021 calculated by the DFM (Department of Financial Management). The General Fund Summary for FY 2021 contains various transfers either going out of the General Fund or coming back into the General Fund based on Governor's recommendation. Fifty-Six million dollars were transferred during last session 2020 and include \$20 million transfer to the Budget Stabilization Fund and \$30-31 million as transfer to the Public Education Stabilization Fund. There are some new proposed transfers to the Budget Stabilization Fund, Public Education Stabilization Fund, Building Idaho's Future Initiative, Fire Suppression Fund, Risk Management Fund, Legislative Branch Transfer (include a proposed transfer to the Legislative Legal Defense Fund, and to increase the amount to Legislative Accounts for both House and Senate). The expenditures have \$91 million for education supplemental request that are offset by rescission for \$85 million. For FY 2022 the DFM Weighted Avg. Revenue Forecast at 3.5%.

LSO STAFF

PRESENTATION: Rob Sepich Senior Analyst, LSO Budget and Policy Analysis

Mr. Sepich introduced the working process analysis for Deficiency Warrants, Supplemental Appropriations and Rescissions. He highlighted two deficiency warrants requested, the Agricultural Pest Control and the Hazardous Substance Response. The Governor also recommended inclusion of the Fire Suppression Costs for the FY 2021. Supplemental for the current year include additional appropriations, such as transfers, moving money between funds or making additional adjustment. Rescissions are all reductions to the current year; some are the based on Governor's recommendations. **Mr. Sepich** called the Committee's attention to JFAC rule 13, that requires a unanimous consent or two-thirds vote to reopen a current year budget. Once reopened, those budgets only require a simple majority vote to approve a deficiency warranty, a supplemental, or a rescission. The budget closes upon the adjournment of the committee. **Mr. Sepich** also called the committee's attention to Section 22, Art. 3 of the Idaho Constitution which requires an emergency for the Supplement Requests.

LSO STAFF

PRESENTATION: Mr. Tatro Principal Analyst, LSO Budget and Policy Analysis.

Mr. Tatro presented the Public Education Stabilization Fund. The Idaho Code 33-1018C requires JFAC to consider a transfer into PESF in the same fund, for FY 2020 this was \$32.3 million and the current cash balance is \$61.2 million. For FY 2021, the Governor is recommending a cash transfer to cover the \$31.1 million that was withdrawn for FY 2020. For FY 2020 the biggest withdraws were in Transportation, Advanced Opportunities, Career Ladder, and Charter School Facilities. The historical withdrawn ranged from 1.0% to 1.8% of the total appropriations from the General Fund.

LSO STAFF

PRESENTATION: Ms. Renfro Division Manager, LSO Audits MS.

Ms. Renfro gave an update of the audit process and how the reports get approved. She presented three examples findings as the results of the audit work. She presented different types of Reports based on Idaho Code 67-702 the Financial Audit of the Comprehensive Annual Financial Report (CAFR); the Annual Single Audit Report; the Management Review Reports; and additional audit services as authorized by Legislative Council. The audit plan works in cycles based on the deadlines for the required work. Reports are submitted to JFAC Co-Chairs for approval before being released. **Sen. Crabtree** posed a question related to the corrective actions taken the second time by the Brand Board asking if they are the only one been proposed by the agency or they are kind of corrective actions prudent to work by others. Answering **Ms. Renfro** said that they did not complete the original corrective action plan because they were unable to implement a new system. **Rep. Giddings** posed a question inquiring as to they include a dollar amount related to other funding in their reports? **Ms. Renfro** said yes, they do.

AGENCY

PRESENTATION: Alex Adams, Administration, Office of the governor, Division of Financial Management.

Mr. Adams illustrated the Federal Fund, breaking it up into Cares Act and COVID Relief Act. COVID Relief Act passed at the end of December 2020. Mr. Adams talked about the Coronavirus Relief Fund of \$8.1 Billion (as of the Peterson Foundation) that come through the Cares Act Fund into the State of Idaho under a variety of programs. One of them was the stimulus check of \$1.5 Billion, another large component was the unemployment received through the Federal Pandemic and Employment Compensation. This is based on a bill that was signed by **President Trump** on March 27 2020. **Mr. Adams** explained that Idaho received a smaller amount per capita than other smaller states. No Idaho local governments received direct payments from Federal Government as there are no counties above the 500,000 residents. The use of Coronavirus Relief Funds was limited by law, specifically the Cares Act Test, the U.S. Department of Treasury with issuing guidance on the use of the funds and permissible uses. The funds could only be used to cover costs that are incurred due to the public health emergency, meaning COVID. The Governor setup an oversight structure in the executive order 2020, the Coronavirus Financial Advisory Committee, recommending that the Federal Funding must be managed judiciously and prudently on behalf of all taxpayers.

ADJOURN:

There being no further business to come before the Committee, **Chairman Youngblood** adjourned the meeting at 11:04 a.m.

Representative Youngblood
Chair

Anna Maria Mancini
Secretary