

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, January 15, 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: Rep. Amador
CONVENED: **Chairman Youngblood** called the Joint Finance-Appropriations Committee (JFAC) to order at 8:00 a.m.

AGENCY PRESENTATION: **ECONOMIC OUTLOOK AND REVENUE ASSESSMENT COMMITTEE (EORAC), Co-Chairs Sen. Jeff Agenbroad & Rep. Caroline Nilsson-Troy**

Sen. Agenbroad and the **Rep. Nilsson -Troy**, the Co-chairs of the Revenue Assessment and Economic Outlook, reported the work of the Committee based on the testimony from economists and industry experts about the U.S. and Idaho Economies. The Co-Chairs spoke about the economic effects of the pandemic as well as the unprecedented transfer of funds from the federal government. They also spoke about Idaho's strong recovery, economic recovery rebound, and performance, making Idaho the first State in the Nation to return to pre-pandemic employment levels. Idaho's economy also has been fueled by a strong immigration from other States. While many businesses in Idaho are thriving, the Committee also must recognize the struggles of others, particularly, in the service and hospitality industries.

Rep. Nilsson -Troy thanked Committee members and other staff members who work very close to **Governor Little's** General Fund Projections or their services. The Co-Chairs of the Joint Finance-Appropriation Committee presented the General Fund Revenue available for the Appropriation to be \$4,254.6 million for the FY 2021 and \$4,404.4 million for the FY 2022. They also added a note of caution to their report, saying that the pandemic continues to impact not just Idaho, but the State and the Nation and the World, so there is economic uncertainty. They think it is going to impact different Industries in the State of Idaho, so they recommend using caution on the Budget.

UNANIMOUS CONSENT REQUEST: **Chairman Rep. Youngblood** asked for the unanimous consent request that the Committee accept the Economic Outlook and Revenue Assessment. There being no objection, the request was granted.

LSO STAFF PRESENTATION: **Mr. Bybee, Deputy Division Manager LSO, Division of Budget & Policy Analysis.**

Mr. Bybee provided an overview of the General Fund for the current FY 2021 comparing the Governor's forecast and the Legislative action for the current year. **Mr. Bybee** illustrated the Governor's recommendation column in the General Fund Budget Update, confirming it matches exactly what the Governor presented. **Mr. Bybee** then presented a total revenue of 4,254.6 million for the FY 2021 in the General Fund Budget that the Committee accepted. He spoke also of the transfers that the Governor has recommended both in and out of the General Fund. **Mr. Bybee** introduced supplemental to be voted later in the session. He pointed out an estimated ending balance of \$185.4 million. **Mr. Bybee** affirmed the original Appropriations Fund for the FY 2022 has an increase based on Governor's recommendation by 3.8% compared to the FY 2020 original appropriation.

**LSO STAFF
PRESENTATION:**

Mr. Sepich, Senior Analyst, LSO Budget & Policy Analysis.

**DEPARTMENT
PRESENTATION:**

OFFICE OF INFORMATION TECHNOLOGY SERVICES (OITS), Jeff Weak, Administrator

Mr. Weak emphasized IT Modernization Initiative has been dedicated to phase two of Governor Little's for nine new Agencies. Of the 69 allocated positions, 68 of them were successfully filled. **Mr. Weak** pointed out that for the current year they are taking a strategic pause in another phase of IT modernization for various reasons. COVID has caused an unprecedented strain on the organization, such as transitioning employees from their office to their homes. Technicians met those challenges with exuberance, greatly impacting the previous committed project plans. Hiring during a global pandemic has presented unique challenges, as well, but COVID has also brought opportunity. Having 11 major projects approved by the CFAC representing \$13 million in total fundings. **Mr. Weak** concluded that even as the state will undoubtedly benefit from these projections for years to come, they have finite resources. Implementing those projects, forces them to pause previously scheduled work. Because of multiple scheduling shifts, previously planned work, unplanned increase in workload, and the Cares projects; they recommended a strategic pause for phase three in IT Modernization Initiative to the Governor, which he fully supported.

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The General Fund appropriated about 17% of the revenue, and the rest is from the dedicated funds. **Mr. Sepich** pointed out how at some point, in the Historical Summary, there was a breakdown of where those buildings come from. These are Annual Agency IT Support, networks, phones, Idaho technology authority, and annual billing for security and internet. **Mr. Weak** presented the performance measures and affirmed the penetration testing was accomplished in May by a private company, and they identified two critical and 13 high priority findings. They immediately mitigated the two critical and took corrective actions to resolve one of the high findings. Then **Mr. Weak** detailed the performance goals. **Mr. Sepich** spoke on the Actual for FY 2020. Some adjustments in both the General and the Technology Infrastructure Stabilization Fund were made. The first is related to \$901,000. The code allows agencies to move some money between

certain object codes, so money can be moved from personnel costs into any of the object codes. Once money is allocated into the Capital Outlay cannot be moved out of Capital Outlay, and correspondingly money cannot be moved from any other object code into Personnel Costs. Also, there was highlighted that \$400,000 was used to work on purchasing equipment. The Agency carried \$372,200 as re-appropriation for the FY 2021. The total amount that was reverted was about 7.7% for the year. **Mr. Sepich** presented the summary for the Original Agency Request for FY 2022. Based on the Governor recommendations, the total has been set to \$15.7 million as one-time allocation. **Mr. Weak** highlighted the appropriations for FY 2021. **Mr. Weak** affirmed that 2 million were for replacement items, providing the increased capacity, capability, and licensing. The storage capacity of our existing backup systems was expanded, the unified support was also increased. The only piece that hasn't been implemented to date is the \$480,000 that will be executed in the next the next few weeks. **Mr. Weak** stated that phase two of the Governor's IT Modernization Initiative was a resounding success as they were able to scale the core services appropriately to meet the growing requirements of the customer base, and, most importantly, able to introduce much needed functionality. **Mr. Weak** mentioned also that there was around 5% reduction in personnel on the overall cost saving, and that they were able to reduce the costs due to the scaling of network equipment. The re-appropriations for the current year are equal to \$372,200 million. With the 13.9 million received from CFAC, it was possible to decrease the capability of the core network, enhanced cyber-security capabilities, and implement remote administrative tools.

**LSO, STAFF
PRESENTATION:**

Mr. Headlee, Manager, LSO, Budget & Policy Analysis.

Mr. Headlee, outlined the process for taking actions on some recommendations and requests that if the Committee does act, these actions would then be developed into an appropriation bill.

**DEPARTMENT
PRESENTATION:**

LEGISLATIVE BRANCH Legislative Service Office Description: Session Staff for Audio and Video Support to Committees. **Mr. Headlee**, Manager, LSO, Budget & Policy Analysis.

**UNANIMOUS
CONSENT:**

Requested by **Rep. Nate**, granted by unanimous consent, the FY2021 for LSO was reopened.

MOTION:

Supplemental Request. Moved by **Rep. Nate**, seconded by **Sen. Ward-Engelking**. the Legislative Services Office Division is requesting \$27,000, one-time from the general fund for staffing during the 2021 session to support the audio, video, and remote meeting logistics of the Senate and House committees that were not contemplated or known when appropriations were made during the 2020 legislative session.

DISCUSSION:

This support is needed to ensure opportunities for legislator and citizen participation in the legislative process. Currently, LSO has hired two of three staff to provide the additional support and they are assisting with Zoom meetings on a daily basis.

CARRIED: The majority, having voted in the affirmative, the motion passed, and without objection, carried a **DO PASS** recommendation. Hearing no objection, it was so ordered by **Chairman Youngblood**.

DEPARTMENT PRESENTATION: **LEGISLATIVE BRANCH Legislative Service Office Description:** Closed Captioning Services for Interim/Session Committees. **Mr. Paul Headlee**, Manager, LSO, Budget & Policy Analysis.

MOTION: Supplemental Request. Moved by **Sen. Ward-Engelking**, seconded by **Rep. Nate** the Legislative Services Office is requesting \$250,000 ongoing from the General Fund to provide closed captioning technology for both television and internet streaming of the legislative session and legislative interim committees. This service will provide the deaf and hard of hearing the ability to participate in legislative proceedings.

DISCUSSION: Currently, LSO is appropriated funds for closed captioning the legislative floor session; this supplemental appropriation would expand the service to include all committees during the legislative session and the interim. Currently, LSO has contracted with LNS to provide the closed captioning services, which are fully operational.

CARRIED: The majority, having voted in the affirmative, the motion passed, and without objection, carried a **DO PASS** recommendation. Hearing no objection, it was so ordered by **Chairman Rep. Youngblood**

DEPARTMENT PRESENTATION: **LEGISLATIVE BRANCH Legislative Service Office Description:** Transfer to the Legislative Legal Defense Fund. **Mr. Paul Headlee**, Manager, LSO, Budget & Policy Analysis.

MOTION: Transfer Request. Moved by **Sen. Agenbroad**, seconded by **Rep. Nilsson-Troy**. The President Pro Tempore of the Senate and the Speaker of the House request \$4.0 million from the General Fund be appropriated and transferred to the Legislative Legal Defense Fund in FY 2021. This fund was created through S1428 of 2012 and is authorized in Section 67- 415A. This fund consists of moneys as are placed into it by appropriation and is continuously appropriated to the Senate and House of Representatives.

DISCUSSION: The funds are to be used at the direction of the Senate Pro Tempore and the Speaker of the House of Representatives for any necessary legal expenses of the Legislature. There have been three previous transfers to the fund. The first was \$200,000 when the fund was created in 2012. The second was \$1,050,000 in 2015 to defend against the potential listing of the Greater Sage Grouse as an endangered species. The third was \$8,000,000 in 2016 to both resolve outstanding tort claims concerning the Idaho Education Network and to continue ongoing Greater Sage Grouse litigation. The Senate and House each manage their own portion of the account. The current balance in the Senate account is \$286,170 and the balance in the House is \$0.00.

CARRIED: The majority, having voted in the affirmative, the motion passed, and without objection, carried a **DO PASS** recommendation. Hearing no objection, it was so ordered by **Chairman Youngblood**

DEPARTMENT PRESENTATION: **STATE BOARD OF EDUCATION Office of the State Board of Education, IT & Data Management Description:** IT Move to OSBE from SDE. **Ms. Janet Jessup**, Senior Analyst, LSO, Budget & Policy Analysis.

UNANIMOUS CONSENT: Requested by **Rep. Horman**, granted by unanimous consent, the FY 2021 budget for the Office of the State Board of Education was reopened.

MOTION: supplemental Request. Moved by **Rep. Horman**, seconded by **Sen. Crabtree**. Motion for an additional \$166,500 from the General Fund to the Office of the State Board for contracting services for the FY 2021.

DISCUSSION: During the 2020 Legislative Session, the Legislature moved the 18.00 FTP and \$2,714,800 from the Department of Education to the Office of the State Board of Education to centralize IT and data management. This budget included \$200,000 in indirect funds that were previously received by the Department of Education but will not be received by the Office of the State Board. This funding has historically been used to pay for a contract that supports data used for the K-12 allocation. Board staff identified some savings related to the contract and the Board is requesting \$166,500 to continue the contract.

CARRIED: The majority, having voted in the affirmative, the motion carried, without objection, and will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Chairman Rep. Youngblood**.

DEPARTMENT PRESENTATION: **OFFICE OF THE GOVERNOR Division: Military Division Program: Office of Emergency Management Description:** HAZMAT Deficiency Warrants **Ms. Christine Otto**, Senior Analyst, LSO, Budget & Policy Analysis.

UNANIMOUS CONSENT:: Requested by **Rep. Giddings**, granted by unanimous consent, the FY 2021 budget for the Military Division was reopened.

MOTION: Transfer Request. Moved by **Rep Giddings** seconded by **Rep. Horman**. Motion for the Military Division, in the Office of Emergency Management Program, the onetime appropriation and transfer of \$34,300 from the General Fund to the continuously appropriated Hazard Substance Emergency Response Funds for FY 2021.

DISCUSSION The Military Division requests \$34,300 be transferred from the General Fund to the Hazard Substance Emergency Response Fund to reimburse the expenditures incurred during FY 2020 for hazardous materials cleanup projects. These programs are carried out under the statutory authority provided in Chapter 71, Title 39, Idaho Code.

CARRIED The majority, having voted in the affirmative, the motion passed, and without objection, carried a **DO PASS** recommendation. Hearing no objection, it was so ordered by **Chairman Youngblood**.

DEPARTMENT PRESENTATION: **IDAHO STATE DEPARTMENT OF AGRICULTURE Program: Plant Industries Description:** Pest Control Deficiency Warrants Rob Sepich, Senior Analyst, LSO, Budget & Policy Analysis.

UNANIMOUS CONSENT: Requested by **Rep. Nash**, granted by unanimous consent, the FY 2021 budget for the Department of Agriculture was reopened.

MOTION: Transfer Request. Moved by **Sen. Crabtree**, seconded by **Rep. Nash**. Motion for the Department of Agriculture in the Plant Industry Program a onetime appropriation and transfer of \$279,000 from the General Fund to the continuously appropriated Pest Control Deficiency Warrant Fund for Fiscal Year 2021.

DISCUSSION: Funding is requested to reimburse actual expenditures incurred in FY 2020 for exotic or invasive species monitoring and mitigation, including Japanese Beetles and other exotic pests. The below FY 2020 costs included \$21,000 for exotic pest monitoring, \$182,000 for Mormon crickets, and \$76,000 for Japanese beetle treatment. The existence of exotic or invasive pests in the state, and the lack of information about the distribution of those pests, can cause economic losses to the public by the direct effects of the pests and the placement of quarantines and import restrictions by other states and countries. These programs are carried out under the deficiency warrant authority provided in Chapters 19 and 20, Title 22, Idaho Code. FY 2020 costs for grasshoppers and Mormon Crickets totaled \$323,900. Of these costs, \$142,000 was covered by a onetime federal grant that had sustained those programs since 2004 but has since been depleted.

CARRIED: The majority, having voted in the affirmative, the motion passed, and without objection, carried a **DO PASS** recommendation. Hearing no objection, it was so ordered by **Chairman Youngblood**.

ADJOURN: There being no further business to come before the Committee, **Chairman Youngblood** adjourned the meeting at 9:40 a.m.

Representative Youngblood
Chair

Anna Maria Mancini
Secretary