

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 20, 2021

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Co-Chairman Bair, Senators Agenbrood, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking and Nye.
Co-Chairman Youngblood, Representatives Troy, Horman, Amador, Syme, Bundy, Giddings, Nate, Green and Nash.

ABSENT/ EXCUSED: None

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

AGENCY PRESENTATION: **OFFICE OF THE GOVERNOR, PERSI, Don Drum, Director Maggie Smith, LSO Analyst**

The mission of Public Employee Retirement System of Idaho, (PERSI) 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 service, retirement education and information. There are two programs within PERSI: The Retirement Administration program administers the PERSI Base Plan, and the Portfolio Investment program is responsible for the management of PERSI assets to ensure secure long-term returns on investments.

Historical Summary: PERSI is entirely funded by dedicated funds. There are two programs; the Retirement Administration program and the Investment program. There is the three year window of the prior year appropriation and actuals, the current year's appropriation and the FY 2022 request of \$9.279 million and the governor's recommendation is \$9.143 million.

Organizational Chart: There are 69 FTP and 8 vacant. There were 4 new positions approved last session, but due to a hiring freeze, they have not been filled.

Performance Measures: **Director Drum** gave a brief overview of the measures, focusing on COVID actions taken. PERSI surveyed stakeholders, its retirees, its active employees and received extremely good responses. He said in the last two weeks, they are almost 100 percent funded.

FY 2020 Actual expenditures: There are three different dedicated fund sources for PERSI, Administration Program, the Portfolio Investment Program and the Judge's Retirement Fund. There is an appropriation for one FTP to support the judge's retirement program. There were no transfers and the total reversions were 12.2 percent.

Comparative summary: There was one original line item request, but it was withdrawn by the agency at some point during the fall after the budget deadlines.

FY 2021 line items: There were four line items

1. 1.00 FTP and \$185,100 for an internal actuary;
2. 2.00 FTP and \$152,100 for two retirement specialists;
3. 1.00 FTP and \$69,700 for additional support staff; and
4. \$7,000 for increased software licenses.

\$292,500 is requested for replacement items this year for technology related peripheral equipment as well as computers. PERSI has a regular replacement cycle for their technology as part of their ongoing plan.

FY 2022: There was one line item for \$83,400 for an unfilled officer position that was requested by the agency, but later withdrawn, so it was not recommended by the Governor.

See [Presentation](#), [Handout](#), [Information](#) and [Audio](#).

**AGENCY
PRESENTATION:**

**OFFICE OF THE STATE CONTROLLER, Brandon Woolf, Idaho State
Controller
Maggie Smith, LSO Analyst**

The State Controller is one of seven constitutional officers in Idaho and serves as secretary for the Board of Examiners. He is a member of the State Board of Land Commissioners, the Idaho Technology Authority (ITA) and the Deferred Compensation and College Savings Boards.

The office is organized into four programs: Administration, Statewide Accounting, Statewide Payroll and Computer Services Center (CSC). Administration includes central support employees, administrative staff, and the LUMA management team. Statewide Accounting maintains the Statewide Accounting and Reporting Systems (STARS), preparing statewide and agency-specific financial reports and processing statewide vendor payments. Statewide payroll is responsible for paying and keeping personnel and payroll records for the state through the Employee Information System (EIS). The CSC maintains one of the State of Idaho's primary data centers and provides computing technologies and environments.

Historical Summary: There are four programs that are budgeted separately: Administration, Statewide Accounting and Statewide Payroll receive their appropriations from the general fund. The dedicated funds source here is for the Computer Service Center, which is a cost center that provides services to other state agencies and charges them for those services. That revenue goes into a dedicated funds to fund the program.

Organizational Chart: Controller Woolf introduced members of his staff. Currently the office is authorized for 97 FTP. There are 10 vacant positions, five of those positions will be filled by the end of the month, and the other current vacancies are planned to be filled.

FY 2020 actual expenses: There is one other dedicated fund source here. It's a miscellaneous revenue fund. This is a \$10,000 appropriation each year to put on the annual payroll conference that the state controller's office offers to state employees. Each year, the controller's office requests re-appropriation authority which allows for any unspent funds in the dedicated fund to be carried forward into the next year.

Comparative Summary: There were several items included in the governor's recommendation that were not in the original request from the agency.

FY 2021 line item: There was one line item funded for the current year. This was done in a trailer appropriation. There was germane legislation that passed last year creating the criminal justice integrated data system and funds were appropriated to the state controller's office to hire individuals to build and maintain that system.

The re-appropriation was for \$2.5 million carried forward from the prior year into FY 2021. There are two supplemental requests that were included in the governor's recommendation: the local government reporting and transparency initiative needs resources to begin the development of the Uniform Accounting Manual and to work with various local stakeholders, including associations, to help create a collaborative process that reduces workload and increases transparency. The second is Building Idaho's Future and seeks funds to modernize the back office systems for the State's four-year institutions with the LUMA project.

As part of the Building Idaho's Future supplemental request for \$4.5 million, there is a corresponding cash transfer from the general fund into the Business Information Infrastructure Fund, which is a dedicated fund source that the controller's office uses for the LUMA project. It operates under a continuous appropriation and when that transfer is made, they'll have the spending authority to use the funds. Constitutional officers are not subject to the 5 percent but they did take part in the five percent reduction voluntarily. There is a non-cognizable amount here for \$2.3 million of CARES Act funding that was provided to the comptroller's office for auditing purposes related to the distribution of the federal funds associated with the US CARES Act.

FY 2022 Line Item Requests: There are three line item requests.

1. LUMA Budget and Procurement FTP for 4.00 FTP in the amount of \$354,100.
2. The Governor's recommendation for a meeting notice website for agendas and notices of public meetings to be utilized throughout the state, and
3. Local government reporting that includes 3.00 FTP and costs to finalize implementation of the program in FY 2022.

FY 2022 Total appropriation agency request is \$20 million. The Governor's recommendation \$21.88 million.

See [Presentation](#) and [Audio](#)

**AGENCY
PRESENTATION:**

**OFFICE OF THE LIEUTENANT GOVERNOR, Janice McGeachin,
Lieutenant Governor
Maggie Smith, LSO Analyst**

The Lieutenant Governor is one of the seven constitutional officers in Idaho and serves as the presiding officer of the Idaho State Senate. She serves as Acting Governor when the Governor is absent from the state and is first in line for the governorship if the Governor is unable to continue in Office.

Historical summary: the Lieutenant Governor's Office is funded entirely by the General Fund. As a constitutional office, they are not required to comply with the Governor's holdbacks. However, in FY 2020, the office agreed to the two percent ongoing reduction, and in the FY 2021 budget, the five percent reduction.

Organizational Chart: There is just the lieutenant governor and her chief of staff. There is an additional FTP that's allocated to that office.

Variance Report: 9.8 percent of the General Fund appropriation was reverted back to the General Fund.

FY 2021 There were no line item requests. Executive holdback adjustment reflects the 5% temporary reduction and removes the onetime appropriated amount of \$700 for Office of Information Technology Services.

FY 2022: There is a request for Lump Sum authority, and the Governor supported that request. It is a zero dollar line item and it provides the ability to move money between object codes.

See [Presentation](#) and [Audio](#)

**AGENCY
PRESENTATION:**

**DEPARTMENT OF WATER RESOURCES, Gary Spackman, Director
Rob Sepich, LSO Analyst**

Historical Summary: There were four appropriated programs and a new Bear River Basin Adjudication. The Legislature passed H382 from 2020 that authorized the general water rights adjudication for the Bear River Basin. The agency receives \$19.5 million from the General Fund, which accounts for about 73 percent of the department's overall appropriation; seven percent is federal, with the remainder being dedicated funds.

Organizational chart: FY 2022 requests 154.0 FTP. There are 5.0 vacant FTP.

Performance Report: **Director Spackman** spoke about three of the performance measures.

Variance Report: There were two net object transfers which are allowed through statute to be moved from personal costs to any other object code. \$51,000 was moved from the water management account to purchase computer equipment. \$50,000 was moved from personnel costs to operating expenses. The Receipt to Appropriation was for vehicles that were damaged and replaced. 11.1 percent or \$3.0 million of the appropriation was not utilized and was reverted.

Comparative summary: The Governor recommended about a two point eight percent increase over the prior year.

FY 2021 There were four line items that were appropriated that included:

1. \$716,000 for aquifer measuring and monitoring transfer;
2. A zero dollar authorization for the adjudication of the Clark Fork-Pend Oreille River Basin;
3. \$ 410,000 for operations and maintenance of the Priest Lake outlet control structure; and
4. \$1.0 million from the General Fund went to flood management mitigation. Grants are still being awarded through the water board process and it is anticipated that the funds will be expended during FY 2021.

The Governor recommended a \$50.0 million supplemental request for Building Idaho's Future.

FY 2022 requests include four different line items:

1. \$716,000 for aquifer measuring and monitoring;
2. \$356,400 Bear River Adjudication
3. \$111,000 Water Projects Manager 1.0 FTP
4. \$36,700 for Content Management System.

The department requested an appropriation bill to authorize two cash transfers:

1. \$716,000 Dedicated Fund Cash Transfer from the continuously appropriated Revolving Development Fund to the Aquifer Planning and Management Fund.
2. Department request for \$5.0 million of the General Fund trustee and benefit payments appropriation in the base budget for the Planning and Technical Services Program be transferred to the continuously appropriated Secondary Aquifer Planning, Management and Implementation Fund.

Total FY 2022 Agency request was \$26.77 million, Governor recommendation was for \$26.66 million.

DISCLOSURE: **Senator Nye** disclosed his legal work and representation for the Department and said he didn't think this was a conflict of interest, but wanted to state it for the record.

See [Presentation](#), [Handout](#), and [Audio](#).

AGENCY PRESENTATION: **DEPARTMENT OF AGRICULTURE, Celia Gould, Director**
Rob Sepich, LSO Analyst

The mission of the Idaho State Department of Agriculture is to guarantee that Idaho agriculture products are of high quality, disease free, and meet federal and state laws, rules and regulations. The department protects consumers and producers from fraud and provides marketing assistance to the industry.

Historical Summary. There are eight budgeted programs within the department, and the General Fund makes up approximately 26 percent of the total appropriation, 14 percent from federal funds and the remainder is dedicated funds.

Organizational Chart: There are 216.0 FTP, and there was not a change in the request for FY 2022. There are 14.0 vacant FTP.

Performance measures: **Ms. Gould** gave a brief overview of the performance measures and focused on fulfillment of their statutory duties, of ensuring confidence in the marketplace, and fostering opportunity for Idaho agriculture. Trends saw an increase of work and productivity, even during COVID work continued to grow.

Variance report: This report is extensive due to all the numerous dedicated funds that are appropriated directly for the department. \$1.2 million dollars was reverted from the general fund in trustee and benefits, out of a total of \$ 3.2 million that was appropriated for FY 2020.

FY 2021 Original appropriation included seven line items:

1. Net zero shift between programs to create a Farm Forward Program;
2. \$2.0 million for the new Agricultural Lab in Boise;
3. \$54,300 and 0.67 FTP for a weights and measures inspector;
4. \$41,800 for CEC for the Fresh Fruit and Vegetable Inspectors;
5. Shift of \$88,900 from federal funds to dedicated funds for a pest control specialist;
6. \$50,000 to move office space at the College of Southern Idaho
7. Reduction of 4.0 FTP and a net increase of \$195,000 for consolidation under the Governor's initiative.

Building Idaho's Future: The Governor recommended a one-time General Fund appropriation of \$427,500 to purchase laboratory equipment.

\$890,000 was requested for multiply replacement items which was mirrored by the Governor's recommendation.

See [Presentation](#) and [Audio](#).

**AGENCY
PRESENTATION**

**WOLF DEPREDATION CONTROL BOARD, Brian Oakey, Deputy
Director, Department of Agriculture
Rob Sepich, LSO Analyst**

The Legislature passed H470 of 2014 to recognize that additional financial resources were needed to continue the implementation of Idaho's wolf management plan. It established a fine-member Wolf Depredation Control Board in the office of the Governor and created a set of new continuously appropriated funds and sub accounts to be administered by the Department of Agriculture. The responsibility of the Wold Control Board is to allocate the moneys for control actions approved by the Idaho Fish and Game Commission.

Historical Summary: The fees that are collected from sportsmen and from the livestock producers are transferred from the General Fund to continuously appropriate this fund. There are no FTP for this agency because those projects are carried out with staff from the Department of Agriculture and the Department of Fish and Game.

FY 2021 the General Fund was directly appropriated for the first time. Prior .years had been transfers from the General Fund into those dedicated funds.

Performance Measures: There is only one performance measure directly related to its statutory responsibilities. The goal of this performance measure is to effectively manage and allocate funds in order to continue the service of wolf depredation control within the state of Idaho.

FY 2020 Variance Report: There was no original appropriation because these funds were continuously appropriated.

Comparative Summary. This will be a flat budget as there are no requested adjustments.

In the interest of time, the remaining time was yielded for other things on the agenda. All details for the budget and any discussion can be found here.

See [Presentation](#) and [Audio](#).

**AGENCY
PRESENTATION**

**Federal COVID-19 Relief Funding — Emergency Rental Assistance.
OFFICE OF THE GOVERNOR , Alex Adams, Division of Financial
Management;, Brady Ellis, Finance and Housing Association**

Alex Adams spoke briefly on the federal COVID relief funding for emergency rental assistance.

The COVID relief fund that was signed by President Trump on December 27th had a program called the Emergency Rental Assistance Program, and you'll see that the state of Idaho was awarded \$200 million for emergency rental assistance. \$170 million is currently sitting in the state treasury in an account that's generating interest.

There is a supplemental appropriation for legislative action for use in providing emergency rental assistance. It has tightly defined parameters on who is eligible, who may qualify for assistance, and how long the assistance might be.

Mr. Ellis from Idaho Housing and Finance Association (IHFA) spoke briefly on the implementation of the program. He said in the state of Idaho, there is approximately 76,000 or so households that earn less than 18 percent of median income. The program must have a COVID related financial hardship. Of the \$15 million that was administered last year, they served about 6,000 households and about 19,000 individuals.

The funds would be handled by an external auditor to monitor compliance throughout the process and 10 percent of this award would be eligible for administrative costs.

Due to time constraints, this presentation was shortened.

See [Information](#), [Information-2](#), [Report](#) and [Audio](#).

ADJOURNED: There being no further business before the Committee, **Co-Chairman Bair** adjourned the meeting at 11:01 a.m.

Senator Bair
Chair

Denise B. McNeil
Secretary