

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 05, 2021

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Co-Chairman Bair, Senators Agenbroad, 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: Senator Crabtree

CONVENED: **Chairman Bair** called the Joint Finance-Appropriations Committee (Committee) to order at 8:01 a.m.

AGENCY PRESENTATION: **JUDICIAL BRANCH, Sara Omundson, Administrative Director of Courts; Jared Hoskins, Analyst, LSO**

Idaho's Judicial Branch is a unified court system in which all state courts are administered and supervised by the Idaho Supreme Court. The Supreme Court establishes statewide rules and policies for the operation of its functions and that of the district courts. It is divided into seven judicial districts, each encompassing four to ten counties. This regional structure is designed to delegate authority to the judicial districts and to ensure their participation in policy decisions while maintaining uniform, statewide rules and procedures.

Historical Summary: There are three budgeted divisions that include the court operations division, the guardian ad litem program and the Judicial Council, which are flow through budgets. The Department requested \$76,289,000 and the Governor's recommendation was \$76,139,900. This includes General Fund, dedicated fund and federal fund sources.

Organizational Chart: The total Division FTP is 371.00 and there are 15.00 FTP vacant as of December 1, 2020.

Actual Expenditure Variance Report: The total appropriation was \$72,00,600 and divided between eight fund sources, including the General Fund, six different dedicated funds and federal funds. A few of the object transfers were addressed, specifically a \$776,600 transfer in general fund personnel costs, as well as \$56,400 in trustee and benefit payments that was transferred to operating expenditures. The total Division reverted 6.7 percent of the total appropriated.

Comparative Summary: The original request for this Division was a 2.5 percent increase. The Governor's recommendation is a 2.3 percent increase.

FY 2021 Budget: The original appropriation was \$72,581,200. There was funding for eight line items.

- 2.00 FTP and \$264,400 for District 1 magistrate judges.
- 1.00 FTP and 95,800 a floating court reporter for District 3 and 4.
- \$554,900 for judicial pay.
- \$34,000 for ADA consulting.
- \$20,800 for occupancy costs at the Idaho Law and Justice Learning Center.
- \$35,000 for funding for juror compensation.
- \$600,000 reduction for Medicaid expansion,
- 2.00 FTP and \$265,800 increase for district court judges and a court reporter in District one.

Director Omundson gave a progress report to update the Committee on the appropriations.

The executive hold back of \$550,000 was division wide and was restored.

FY 2022 Budget Request: There were standard adjustments for benefit costs, statewide cost allocation, and CEC. In this case, the CEC is just for non-judicial positions under nonstandard adjustments. There was an annualization for the District Court Judge, the court reporter, as well as the two magistrate judges that were partially funded in FY 2021.

There were two line items recommended by the Governor. The first was a request from the Supreme Court for a the addition of one district judge, the court reporter and two magistrate judges for the 3rd Judicial District and the second was a request from the Supreme Court for a proposed placeholder of a one percent for a judicial seat.

Director Omundson answered questions from the Committee.

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

**AGENCY
PRESENTATION:**

**GUARDIAN AD LITEM, Darci Anderson, Program Director, 4th
Judicial District, CASA Program; Jared Hoskins, Analyst, LSO**

Guardian Ad Litem grants are awarded to Court Appointed Special Advocate (CASA) programs to recruit, train, and coordinate volunteers to act as court-appointed special advocates for abused, neglected, or abandoned children under the Child Protective Act.

Historical Summary: The Guardian ad Litem (GAL) program is a pass through budget in which the Supreme Court distributes funding to these local CASA programs to help recruit and train volunteers. The FY 2022 requested amount is \$1,744,600 and the Governor's recommendation of \$200 less than that. The program is entirely funded from the General Fund.

FY 2020 Actual Expenditures Variance Report: There was a total appropriation of \$1,179,200. There was a very small object transfer of \$2,500 from personnel costs to operating expenditures. A total of \$3,100 was reverted.

Comparative Summary: The agency's original request and the Governor's recommendation was a 26.5 percent increase.

FY 2021 Budget: The original appropriation was \$1,379,200. There was one line item for \$150,000 for the guardian ad litem program staff in the first, third, fifth, sixth and seventh judicial districts. \$30,000 each was distributed to those individual programs, and \$50,000 onetime for the grant administrator to procure an independent evaluation of the guardian ad litem program statewide.

FY 2022 Budget Request: There was one line item request which includes \$415,200 for various staff positions. A table showing the Revised Requests for the GAL Program for FY 2022 was provided.

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

**AGENCY
PRESENTATION:**

**JUDICIAL COUNCIL, David “Tony” Cantrill, Executive Director;
Jared Hoskins, Analyst, LSO**

The Idaho Judicial Council is empowered by statute to nominate person to the Governor for appointment to vacancies on the Supreme Court., Court of Appeals, and District Courts, and make recommendations to the Supreme Court for the removal, discipline, and retirement of judicial officers.

Historical Summary: This is a flow through budget for the judicial branch. The council is charged with nominating persons for gubernatorial appointment to vacant positions on the Supreme Court and the Court of Appeals and District Courts, as we heard, but is also charged with investigating judicial misconduct. FY 2022 request and Governor's recommendation is \$130,800.

Actual Expenditures Variance Report: There was a transfer of \$3,000 from operating to the personnel costs. The judicial branch is exempt from object transfer requirements. There was 24.1 percent of the total appropriation reverted, which is higher than the five year average but right within the normal variance.

FY 2021 Budget: This is a straight maintenance budget, with no enhancements and no maintenance adjustments, and no current year adjustments.

FY 2022 Budget Request: This is a straight maintenance budget, with a total of \$130,800 requested that was mirrored by the Governor.

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

**AGENCY
PRESENTATION:**

**IDAHO DEPARTMENT OF LANDS, Dustin Miller, Director; Rob
Sepich, Senior Analyst, LSO**

The Idaho Department of Lands manages Idaho’s endowment assets to maximize long-term financial returns to public schools and other trust beneficiaries and to provide professional assistance to the citizens of Idaho to use, protect and sustain Idaho’s natural resources.

Historical Summary: There are now six budgeted programs due to the Department’s reorganization. There will be title changes in some of the programs. General Fund is 11 percent, federal funds makes about 14 percent, and 75 percent is dedicated funds.

Organizational Chart: For FY 2022, this chart is different than in the past and was created to show how the organization will be changing under the reorganization. This reorganization would be a net zero adjustment between programs.

Performance Measures: **Director Miller** briefly highlighted two performance measures: one dealt with the volume of timber sold annually, incorporating improved inventory data to more accurately model the existing, desired, and sustainable inventory levels. This creates additional revenue for the endowment beneficiaries, including public schools. The next measure dealt with the percentage of wildfires controlled at 10 acres or less. The objective is to stop fires while they are relatively small and could be suppressed quickly. The annual goal is to suppress 94 percent of fires while they are less than 10 acres in size.

FY 2020 Actual Expenditure Variance Report: There was a \$295,600 transfer used primarily for fire protection for fuel, gas, and meals for the firefighters. The Department expended \$51.6 million of their total appropriation. The total of \$9,007,300 was reverted (14.9 percent). Mr. Sepich noted that the expenditures did not include the fire fund expenditures, which and included that information on that in the last page of the Committee packet.

Comparative Summary: The Governor recommended 3.4 percent increase. There were eight line items, seven being recommended by the Governor. One line item not recommended was for the Rangeland Conservation Manager.

FY 2021 Budget: There were seven line items funded that included:

1. \$765,000 for increased endowment harvest, including starting a seed orchard in Lewiston
2. 3.00 FTP and \$3,411,800 to expand the Shared Stewardship Program and the Good Neighbor Authority
3. 1.00 FTP and 94,500 for person to manage permits for public encroachments and submerged land leases
4. \$96,000 for IT business analyst to support Lands Information Management System
5. 66,600 for continuity training of scaler positions
6. \$182,000 for software licenses
7. \$18,100 for a 2 percent change in CEC and inflationary adjust for two Timber Protection Associations. The Governor recommended a onetime General Fund transfer of \$20,000,000 to the Fire Suppression Deficiency Fund. The Director provided details on the working of this fund.

There was a base adjustment as part of the department's request for their reorganization of \$15 million between programs.

FY 2022 Budget Request: There were the standard adjustments, and a request for replacement items for \$1,522,800.

There were eight line items that included:

1. 10 FTP and \$916,300 with \$281,100 from the General Fund, \$3,000 from the Forest Protection Fund and the remainder is onetime funding from Wildfire Equipment Replacement Fund dedicated funds.
 2. \$150,000 to hire a fire investigations program manager and provide a vehicle.
 3. \$450,000 a general fund appropriation to support timber, harvest and restoration projects on private and federal lands under the Shared Stewardship and Good Neighbor Authority agreements.
 4. \$90,000 in onetime General Funds for three pickup trucks for the GNA program. The
 5. \$57,000 onetime General Fund to be used for outreach to private forest land owners to help them understand the opportunities and engage in the Shared Stewardship Program. This is to increase awareness of and access to technical and cost assistance for forest restoration treatments on their lands.
 6. \$91,000 one-time spending authority to purchase a drone, a lighter sensor, a remote sensing workstation, laptop and phone our data.
 7. A request to reorganize 125 FTP and \$18,458,700 in funding throughout the organization to fully implement the organizational structure that was approved by the Board of Land Commissioners on January 21, 2020.
- There was no inflationary cost adjustment for the two Timber Protective Associations.

Director Miller answered questions from the Committee.

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

**AGENCY
PRESENTATION:**

ENDOWMENT FUND INVESTMENT BOARD, Chris Anton, Manager of Investments; Rob Sepich, Senior Analyst, LSO

The Endowment Fund Investment Board is responsible for managing the investments of the land grant endowment funds, the State Insurance Fund, and other moneys as required by law.

Historical Summary: The endowment fund is funded 100 percent from dedicated funds, which are considered a “pass through” of funds from the Department of Lands on endowment lands. The agency receives endowment land monies and reinvests other endowment moneys. This is budgeted under the Department of Lands, but it does have its own distinct budget.

Organizational Chart: The organization is made up of the Board of Land Commissioners, the investment board, and four staff members.

Performance Measures: The Director highlighted the four primary performance measures that are tracked, and discussed the goals outlined in its strategic plan.

FY 2020 Actual Expenditures Variance Report: There was an object transfer that was moved to capital outlay to purchase computers. There was a reversion of \$60,600 which is an 8.1 percent overall version. Any funds that are reverted stay within the dedicated fund.

Comparative Summary: There is one request for \$66,200 for an investment raise for the investment manager. This was not recommended by the governor.

FY 2021 Budget: There was one line item for \$1,400 for technology modernization. There were some inflationary adjustments for \$2,700 for rent and for auditing services done by an outside auditing company.

FY 2022 Budget Request: There was one line item request for \$66,200 for a Manager of Investments raise. There are budget law exemptions and adjustments which are typical in the budget each year. Consulting fees, custodial fees, and other portfolio costs varies significantly from year to year based on the assets under management. As the assets increase, those fees increase, making it is difficult to forecast and budget. Therefore, they are continuously appropriated just for the capacity to pay those fees.

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

**AGENCY
PRESENTATION:**

PUBLIC UTILITIES COMMISSION, Paul Kjellander, Commission President; Rob Sepich, Senior Analyst, LSO

Idaho Public Utilities Commission was established in 1913. The commission oversees the intrastate operation of investor-owned electric, gas, water, telecommunications utilities, pipelines and railroads. The commission does not regulate publicly-owned municipal or cooperative utilities. The commission serves the citizens and utilities of Idaho by determining fair, just and reasonable rates for utility commodities and services to be delivered safely, reliably and efficiently.

Historical Summary: Most funds come from dedicated funds that make up 94 percent of the FY 2022 Governor's recommendation. Federal funds account for 6 percent, and these grants primarily used for pipeline safety programs.

Organizational Chart: Total requested are 49.00 FTP, no change from the current year. There are 9.00 vacant positions.

Performance Measures: **Mr. Kjellander** discussed one of the performance measures that dealt with the field inspections.

FY 2020 Actual Expenditures Variance Report: There was \$425,100 in capital outlay and \$420,600 operating expenditures reappropriation that was granted to the agency for its move to the Chinden Campus. This move came under budget.

Comparative Summary: This is a maintenance budget. The agency's request is for a 4.6 percent increase, and the Governor's recommendation is for 2.9 percent.

FY 2021 Budget: There were two items. The first was for \$8,100 for CEC for Commissioners and \$17,200 for technology consolidation and modernization.

FY 2022 Budget Request: This is a maintenance budget. There was a request for replacement items for \$49,000 for software license updates, and computers and equipment.

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

SUPPLEMENTAL APPROPRIATIONS

**LSO
PRESENTATION:**

**OFFICE OF THE GOVERNOR, OFFICE OF ENERGY AND
MINERAL RESOURCES; Rob Sepich, Senior Analyst, LSO**

**UNANIMOUS
CONSENT:**

Requested by **Representative Troy**, granted by unanimous consent, the 2021 Budget for the Office Of Energy And Mineral Resources was reopened.

MOTION:

Moved by **Representative Troy** for the fiscal year 2021 budget for the Office of Energy and Mineral Resources an increase of \$60,600 in ongoing personnel costs from the Indirect Cost Recovery Fund and \$97,000 in ongoing personnel costs from the Federal Grants Fund. The total agency-wide is \$157,600 in ongoing for personnel costs, seconded by **Senator Lent**.

CARRIED:

AYES: 16

Senators Bair, Agenbroad, Grow, Woodward, Lent, Cook, Ward-Engleking, Nye.

Representatives Youngblood, Troy, Horman, Amador, Syme, Bundy, Green, Nash.

NAYS: 2

Representatives Nate and Giddings.

ABSENT/EXCUSED: 2

Senators Crabtree and Riggs.

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 Bair**.

See [Audio](#), [Motion](#), and [Ballot](#).

**LSO
PRESENTATION:**

**DEPARTMENT OF REVENUE AND TAXATION, STATE TAX
COMMISSION, CHINDEN RENT REDUCTION; Keith Bybee, Deputy
Division Manager, LSO**

**UNANIMOUS
CONSENT:**

Requested by **Senator Grow**, granted by unanimous consent, the 2021 Budget for the State Tax Commission was reopened.

MOTION:

Moved by **Senator Grow** for fiscal year 2021 for the State Tax Commission a reduction of \$647,200, from the General Fund, seconded by **Representative Horman**.

CARRIED:

AYES: 18

Senators Bair, Agenbroad, Grow, Woodward, Lent, Cook, Ward-Engleking, Nye.

Representatives Youngblood, Troy, Horman, Amador, Syme, Nate, Giddings, Bundy, Green, Nash.

NAYS: 0

ABSENT/EXCUSED: 2

Senators Crabtree and Riggs.

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 Bair**.

See [Audio](#), [Motion](#), and [Ballot](#).

**LSO
PRESENTATION:**

**STATE TREASURER, PAYMENT CARD INDUSTRY COMPLIANCE,
Maggie Smith, Senior Analyst, LSO**

**UNANIMOUS
CONSENT:**

Requested by **Representative Nate**, granted by unanimous consent, the 2021 Budget for the State Treasurer was reopened.

MOTION:

Moved by **Representative Nate** for fiscal year 2021, for the Office- of the State Treasurer, an additional \$196,000 in onetime operating expenditures from the General Fund, seconded by **Senator Agenbroad**.

CARRIED:

AYES: 18

Senators Bair, Agenbroad, Grow, Woodward, Lent, Cook, Ward-Engleking, Nye.
Representatives Youngblood, Troy, Horman, Amador, Syme, Nate, Giddings, Bundy, Green, Nash.

NAYS: 0

ABSENT/EXCUSED: 2

Senators Crabtree and Riggs.

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 Bair**.

See [Audio](#), [Motion](#), and [Ballot](#).

**AGENCY
PRESENTATION:**

BUDGET BRIEFING: “Update on Budget Schedule and Process”, Paul Headlee, Manager

Mr. Headlee gave a budget process update and provided the schedule for the upcoming budget hearings.

See [Audio](#) here.

ADJOURNED:

There being no further business before the Committee, **Chairman Bair** adjourned the meeting at 11:03 a.m.

Senator Bair
Chair

Denise B. McNeil
Secretary