

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, February 03, 2022

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Agenbroad, Crabtree, VanOrden (Bair), Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye
Representatives Co-chairman Youngblood, Troy, Horman, Amador, Syme, Bundy, Cindy Carlson (Giddings), Nate, Green, and Nash

ABSENT/ EXCUSED: None

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

AGENCY PRESENTATION: **IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY (IDEQ), Jess Byrne, Director; Rob Sepich, Legislative Services Office (LSO) Senior Budget and Policy Analyst**

Mr. Sepich explained IDEQ has six budgeted programs and its mission is to protect human health and the environment, and ensure compliance with federal and state regulations on air and water quality standards. He discussed its expended appropriations with the General Fund primarily expended at almost 100 percent each year, and dedicated funds and federal funds at a lesser extent. Overall, the General Fund makes up 31.9 percent of its appropriation, dedicated funds are 24.7 percent, and 43.4 percent in federal funds (see attachment 1). He summarized the sources of dedicated funds. **Mr. Sepich** reviewed the expended appropriations that were greater than \$650,000, and the financial assistance by fiscal year (FY) for grants and loans awarded, the majority of which went to municipalities or water districts for facility upgrades or improvements to meet water quality standards. He stated there was an audit finding for internal controls on title five air quality permit invoices not consistently documented.

Mr. Byrne discussed IDEQ's mission, agency goals, strategic plan, agency makeup, and gave examples of major successes the department accomplished last year, as well as challenges 2021 brought, testing their ability as an agency. He summarized IDEQ's three FY 2022 supplemental requests: \$20 million one time to the Agricultural BMP Fund; \$1,452,200 in American Rescue Plan Act of 2021 (ARPA) funds for expenses associated with the Triumph mine; and \$44 million one time to the Water Pollution Control Account. **Mr. Byrne** provided background for their FY 2023 budget line item requests, summarizing each one and why the funding was needed (see attachment 2).

DISCUSSION: In response to Committee questions, **Mr. Byrne** discussed the 44 vacant positions his department is struggling to fill, 10 of which are being held open due to funding limitations. He also gave specifics and updates on a few of the cleanup and remediation projects IDEQ is currently working on. **Alex J. Adams**, Administrator, Idaho Division of Financial Management, responded regarding the State Fiscal Recovery Fund portion of ARPA, which can be used for environmental remediation, local drinking wastewater projects, and others.

AGENCY PRESENTATION: **SOIL AND WATER CONSERVATION COMMISSION (SWCC), Crystal Rosen, Administrative Assistant, and Rachel Misnick, Senior Financial Specialist; Rob Sepich, LSO Senior Budget and Policy Analyst**

Mr. Sepich reviewed the SWCC is technically budgeted underneath the Department of Agriculture, however, is a separate agency and has its own commission that gives it direction. Its mission is to facilitate non-regulatory, voluntary, and locally led conservation efforts by federal, state, and local governments, including Idaho's 50 local conservation districts. He discussed the three year average distributions, by county, to local conservation districts within the state, with the match component of the allocations based upon how much those districts are able to raise themselves. **Mr. Sepich** reported the percent of appropriation expended between 2018 and 2022, summarizing that dedicated and federal funds are a small portion, and the General Fund being the majority of funding primarily due to the type of the work SWCC is doing (see attachment 3). He informed the Committee there were no open audit findings.

Ms. Rosen discussed SWCC's successes stem from its combined expertise, resources, and coordinated efforts with local and federal partners, the 50 conservation districts, and natural resources conservation services. She discussed their staff vacancies, score functions, performance measures, and satisfaction rate. **Ms. Rosen** reported on recent developments with the Resource Conservation and Rangeland Development Program, the dedicated fund loan program to finance conservation projects across the state.

Ms. Misnick addressed the Committee highlighting components of SWCC's FY 2023 budget requests by decision unit and provided details about each line item.

DISCUSSION: In response to Committee questions, **Matt Reiber**, Idaho Division of Financial Management, discussed the Conservation Reserve Enhancement Program contracts, working collaboratively with SWCC, and Idaho's congressional delegation working with the USDA to get program costs down or removed.

AGENCY PRESENTATION: **DEPARTMENT OF ADMINISTRATION (DOA), Keith Reynolds, Director; Frances Lippitt, LSO Budget and Policy Analyst**

Ms. Lippitt explained that DOA houses four separate divisions, DOA itself, the Capital Commission, the Bond Payments Program, and the Permanent Building Fund, each given their own appropriation bill. She stated DOA provides services for state agencies, including public works, purchasing, property and casualty insurance, and provides state employees with life, health, and disability insurance. **Ms. Lippitt** discussed that DOA has four budgeted programs: Management Services, Public Works, Purchasing, and Insurance Management. She discussed its average expenditures by fund type and by program (see attachment 5). She informed the Committee there were no open audit findings.

Mr. Reynolds discussed that DOA is incredibly diverse, from tending the Capitol grounds, defending the state against complex legal claims, delivering the mail, and managing massive construction projects. He briefly explained the functions, duties, and current projects of each of the four divisions. **Mr. Reynolds** discussed DOA's FY 2022 supplemental requests, the FY 2023 Governor's recommendation for their budget, and the reasoning and history behind the requested line items (see attachment 6). He summarized the COVID-19 related costs they expended.

DISCUSSION: In response to Committee questions, **Mr. Reynolds** expanded upon their facility condition software request, DOA's print shop at the Chinden campus, Health District employees' coverage, Tort Claims Act coverage, and the failure to reach an agreement to purchase the Carnegie Library.

AGENCY PRESENTATION: **IDAHO CAPITOL COMMISSION (ICC), Andrew Erstad, Chairman; Frances Lippitt, LSO Budget and Policy Analyst**

Ms. Lippitt presented that the ICC consists of nine commissioners and was created by the Legislature during the 1998 session to develop a plan for Capitol restoration. Since restoration has been completed, ICC meets at least twice a year to oversee preservation and use of the Capitol, and relies on three funds for its budget. She explained the three funds and how they accrue monies, are managed, and how funds are distributed (see attachment 7).

Mr. Erstad explained their request was to have their funds appropriated to maintain the Capitol facility. ICC's FY 2023 budget request is \$2,342,000, which is what was appropriated last year.

AGENCY PRESENTATION: **BOND PAYMENT PROGRAM, Keith Reynolds, Director, DOA; Frances Lippitt, LSO Budget and Policy Analyst**

Ms. Lippitt gave an overview of the bond payments program, which consolidates the state's bond debts for the 14 buildings in the state's portfolio paid with bond funding. She discussed an analysis of the Governor's recommended supplemental bond payoff for 13 buildings which, if appropriated, would be paid from the General Fund (see attachment 9). She pointed out potential debt service savings for bonds paid, as well as the additional appropriation necessary to diffuse most existing bonds. The bond for the Health and Welfare skilled nursing facility in Blackfoot, would remain under management since the savings for pay off would accrue to the federal government rather than to the state.

Mr. Reynolds expanded that there currently are three funding sources used for the debt service on bond indebtedness, the General Fund, dedicated fund, and predominantly the Permanent Building Fund. He stated it would require \$175,754,000 to extinguish the state's liability on the majority of debt in the program, plus the FY 23 Permanent Building Fund appropriation (see attachment 10). This appropriation would eliminate all obligation for the bonds managed in this program, with the total debt service interest savings well over \$63 million.

AGENCY PRESENTATION: **PERMANENT BUILDING FUND (PBF), Pat Donaldson, Administrator, DOA Division of Public Works; Frances Lippitt, LSO Budget and Policy Analyst**

Ms. Lippitt explained the PBF pays the construction and maintenance costs for state buildings, directed by the PBF Advisory Council, which reviews agency capital and alterations requests and recommends project funding. She reviewed FY 2013 through FY 2022 capitol appropriations. **Ms. Lippitt** discussed the revenues and General Fund transfers into the PBF (see attachment 11).

Mr. Donaldson presented the PBF's funding is dedicated for the purpose of building needed structures, renovations, and repairs to and remodeling of existing structures at state institutions and for state agencies. The Division of Public Works manages these projects, under the oversight of the PBF Advisory Council. He detailed the PBF Advisory Council organizational chart, PBF's funding sources, its current projects, and funding history. **Mr. Donaldson** provided a detailed review of its \$472,525,000 FY 2022 supplemental request, and its FY 2023 budget request and Governor's recommendation (see attachment 12).

DISCUSSION: In response to Committee questions, **Mr. Donaldson** elaborated on the \$50 million for Chinden Campus Building improvements, the \$10 million for a new Idaho State Police POST dormitory, and the \$900 million statewide deferred maintenance liability.

ADJOURNED: There being no further business before the Committee, **Co-Chairman Agenbroad** adjourned the meeting at 10:48 a.m.

Senator Agenbroad
Chair

Erin Miller
Secretary