

MINUTES  
**JOINT FINANCE-APPROPRIATIONS COMMITTEE**

**DATE:** Tuesday, February 06, 2024

**TIME:** 8:00 A.M.

**PLACE:** Room C310

**MEMBERS PRESENT:** Senators Co-chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just  
Representatives Co-chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Green

**ABSENT/ EXCUSED:** None

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

**LSO STAFF PRESENTATION:** **PERSI, LBB 6–121, Christine Otto, Principal Budget and Policy Analyst, LSO Budget and Policy Analysis**  
**Ms. Otto** provided a Base review for Public Employee Retirement System of Idaho (PERSI). She provided mission statement, organizational structure, and budget detail (see, attachment 1). The mission of the 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.

PERSI has 81 authorized FTP, average annual personnel costs of \$5.7 million, and two budgeted programs including: Retirement Administration and Portfolio Investment. She provided the Consolidated Fund Analysis for FY 21 – FY 25 showing dedicated funds (PERSI does not receive general fund distribution) and the five-year appropriations and expenditures FY 20 – FY 24 with an appropriation increase in FY 23 due to a new system software upgrade. She provided the FY 23 Expenditures broken out by percentages including 60.6% Personnel Costs, 36.9% Operating Expenditures, and 2.5% Capital Outlay. The Five-Year Base Snapshot for FY 20 – FY 24 showed the change in Base over that time period. She listed the FY 23 and FY 24 ongoing budget enhancements. The FY 25 Budget Requests included: Replacement Items of \$282,600, Pension Software Upgrade of \$3,000,000, and Refurbished Cubicles for \$82,000.

**DISCUSSION:**

**Mike Hampton, PERSI Executive Director** stood for questions before the Committee.

In response to a question from **Senator Herndon**, Mr. Hampton stated the PERSI software upgrade was a four year project involving security upgrades and a new pension interface for members. the standard procedure for this scale of software upgrade would be a time frame of 6 years.

In response to a follow-up question from **Senator Herndon** regarding the expected service life of the upgraded software, Mr. Hampton stated he believes an upgrade will be required every eight years.

In response to a question from **Senator Bjerke** regarding maintenance and base budgets, Mr. Hampton stated the replacement item amounts are standard compared with other years.

In response to a question from **Senator Cook** about the impact of not approving any replacement items, Mr. Hampton stated replacement items are necessary to maintain the required security profile for systems.

**LSO STAFF  
PRESENTATION:**

**DIVISION OF HUMAN RESOURCES (DHR), LBB 6-89, Christine Otto,  
Principal Budget and Policy Analyst, LSO Budget and Policy Analysis**

**Ms. Otto** provided a Base review for the Division of Human Resources (DHR) including organizational structure, and budget detail (see, attachment 2). DHR is organized within the Office of the Governor. The division is responsible for employee recruitment, job classification, employee assessment and selection processes, compensation issues, workforce planning and development, employee relations, and providing human resource policy to comply with applicable laws and regulations. This budget is funded with fees paid by all state agencies that have employees with the exception of the Legislative Branch, the Judicial Branch and Statewide elected Officials, and is equivalent to a portion of each position's gross salary. In FY 2024 the Legislature authorized DHR consolidation which transferred all HR positions under the Division of Human Resources. At that time, the fee was increased to 2% for classified positions, 1% for non-classified positions, and .065% for Universities and the Military Division.

DHR has one budgeted program that provides HR support and Operations. DHR has 161 authorized FTP and a Five-year average Personnel Cost of \$1,814,780. The Consolidated Fund Analysis for FY 21 – FY 25 shows one dedicated fund from payroll fees, with no general funds. Fund comes from payroll fee. Five-year appropriations and expenditures FY 20 – FY 24. The FY 23 Expenditures were broken out by percentages including 51.5% Personnel Costs, 47.6% Operating Expenditures, and .9% Capital Outlay. She provided the Five-year Base Snapshot for FY 20 – FY 24 and ongoing budget enhancements for FY 23 and FY 24. The FY 25 Budget request included the following line items: HR Specialist Sr. Park and Rec for \$101,500, HR Specialist for State Public Defender for \$82,100, HR Specialist for Dept. of Health and Welfare for \$82,100, HR Unit Supervisor IDOC for \$111,800, and OITS Consolidation for \$101,500.

**DISCUSSION:**

**Janelle White, DHR Administrator** stood to answer questions before the Committee.

In response to a question from **Senator Just** about the status of a compensation study from FY 23, Ms. White stated the division reviewed 900 classifications in the state and received recommendations for how to streamline. The division has been working toward implementation of a functional pay structure and has completed the formal analysis and has purchased digital software to update and modernize job descriptions.

In response to a question from **Representative Handy**, Ms. White stated that with the upgraded payroll system, when an agency requests a reclassification, the agency will go through DHR prior to a request before the Committee.

In response to a question from **Co-Chair Grow** about why more HR Specialists are needed, as the goal was to achieve more efficiencies with consolidation, Ms. White stated that prior to HR moderation, 55 agencies had their own processes. With consolidation, the division is working toward economies of scale, but the positions were not staffed adequately.

**LSO STAFF  
PRESENTATION:**

**STATE CONTROLLER, LBB 6–39, Christine Otto, Principal Budget and Policy Analyst, LSO Budget and Policy Analysis**

Ms. Otto provided a Base review for Idaho State Controller including organizational structure and budget detail (see, attachment 3). The State Controller is one of seven constitutional officers in Idaho. The office is organized into four programs: Administration, Statewide Accounting, the Computer Service Center, and Enterprise Business Operations (including Luma).

The Office of the State Controller has 115 authorized FTP, and has a Five-year Average Personnel Cost of \$9,954,140. She provided the Consolidated Fund Analysis FY 21 – FY 25 with three dedicated funds including: miscellaneous funds, data processing services, and business information infrastructure fund. The Five-year appropriation and expenditures for FY 20 – FY 24 showed higher amounts in FY 21 and FY 22 due to trustee payments. She provided FY 23 Expenditures broken out percentages, a Five-Year Base Snapshot for FY 20 – FY 24, and FY 23 and FY 24 ongoing budget enhancements. The FY 25 Budget Requests included: New Positions of \$693,300, an Ongoing Personnel of \$1,742,200, and a cash transfer of \$2,435,500 from Business Infrastructure Investment Fund to the General Fund. The Governor recommended \$75,000 for catastrophic health care fund claims.

**DISCUSSION:**

**Brandon Woolf, Idaho State Controller** stood to answer questions before the Committee.

In response to a questions from **Senators Cook and Petzke** about ongoing personnel, Controller Woolf stated that in the last two years, there have been limited service employees for projects and new needs for the project implementation team and sustainment team. His department has been given 13 FTP but has not received funding for the positions and now asking for funding as well as 7 new FTP positions,

In response to a question from **Co-Chair Horman** about what will happen to the remaining Business Infrastructure Investment (BII) Funds, Controller Woolf referred to his **Chief of Staff Josh Whitworth**. Mr. Whitworth stated that remaining funds within the balance would be ideally reverted back or

otherwise appropriated by the Committee to what would be needed going forward. He stated that long term sustainment is not built on the BII but a funding model to sustain the operating model for support services. Continuous appropriation ends at the beginning of the FY 26, at that point the Controllers Office would need ongoing funding out of the General Fund.

In response to a request from **Co-Chair Horman** about the status of Luma, **Controller Woolf** stated his office has enacted a lot of change. Idaho is the first state to move to a multi tenant SAS solution and a secure cloud. Luma is working and his office has paid over 437,000 invoices worth \$7.1 billion. It is operational but needs to be optimized. His team is committed to supporting state agencies in reporting data and providing information and is working to provide more education and training.

**Co-Chair Horman** expressed appreciation for his team being willing to address and repair problems as the state can not do business unless there is accurate, verifiable data.

**Co-Chairman Grow** stated there has been a considerable amount of money paid up-front for Luma and it has involved redoing the entire accounting system for a huge entity with thousands of employees, and asked about the status of working with Luma contractors to improve the product.

Controller Woolf stated that the contract with Deloitte has been extended to help verify and that the software vendors have been working alongside his office in solving tickets and helping with anything that comes up.

In response to a follow-up question from **Co-Chairman Grow** about glitches relative to the Treasurer's office and anticipated timeline to have those addressed, Controller Woolf stated his office has been working with the Treasurer's office and provided more detail on testing efforts and stated that no problem is unfixable and his team is committed to achieving solutions.

**ADJOURNED:**

There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at 9:06 a.m.

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Senator Grow  
Chair

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Linsy Heiner  
Secretary