

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, February 27, 2024
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Herndon, Ward-Engelking, Just
Representatives Co-Chair Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Green
ABSENT/ EXCUSED: Senator Adams

Co-Chair Horman called the meeting to order at 8:00 a.m.

Ms. Frances Lippitt, Analyst, LSO Budget & Policy, gave an overview of the Department of Administration. The Department of Administration houses four divisions; each division receives its own appropriation bill. The appropriation for the Department of Administration includes five budgeted programs: Division of Public Works, Purchasing, Insurance Management, Management Services, and Document Services. The appropriation for the Capitol Commission provides for maintenance of the Capitol and its grounds. The appropriation for the Bond Payments Program is currently inactive, but it provides the state's share of payments for capital projects financed by the Idaho State Building Authority. Finally, the appropriation for the Permanent Building Fund provides funding for capital projects and facilities maintenance.

Ms. Lippitt gave a high-level review of the various dedicated funds associated with the Department. She drew attention to the declining balance in the Governor's Residence Fund. The Governor's Housing Committee has recommended an ongoing \$30K appropriation and transfer from the General Fund to begin restoring a sustainable fund balance; this recommendation is included in the Department's FY 2025 budget request.

Ms. Lippitt reviewed the organizational structure of the Department and the growth of the budget FY 2020-FY 2024. She highlighted the FY 2023 and FY 2024 budget enhancements and reviewed FY 2023 expenditures. She explained the FY 2025 budget requests, including various FTPs and associated costs, software integration between the group health plan portal and Luma, the Governor's housing stipend, an increase in the janitorial contract, and a transfer of ARPA State Fiscal Recovery Funds from the Office of Group Insurance back to the state for another use.

Ms. Lippitt stated the Governor recommends the above budget requests with changes for benefits and compensation and that any State Fiscal Recovery Fund cash balance remaining above the excess identified is used to reimburse Covid-19 expenses up to \$2M for GemPlan, a self-funded healthcare plan.

In response to a committee question about the FY 2024 budget, **Ms. Lippitt** explained the requested supplemental was due to inflationary increases for janitorial and security services, as well as the line item requests for providing those services to newly occupied areas of the Chinden campus.

Mr. Steve Bailey, Director of the Department of Administration, answered committee questions about the request for the Governor's housing stipend. No new funds have been added to the Governor's Residence Fund since the 1989 sale of the previous Governor's mansion; this request will maintain the Governor's housing stipend. There is no plan to purchase a home for the Governor.

In response to committee questions, **Dir. Bailey** explained the facility condition software requested in FY 2023 is currently in use. The Department plans to finish a scored report of deferred maintenance projects necessary for state-owned buildings and higher education buildings in three to four months. **Mr. Pat Donaldson**, Administrator for the Division of Public Works, stated current deferred maintenance requests are self-identified and prioritized by state agencies and institutions.

In response to additional committee questions, **Dir. Bailey** stated the requested additional FTPs will help the Department better meet its cycle time targets. He noted both the Division of Purchasing and the Division of Public Works are understaffed for current workloads, resulting in significant delays for state agencies.

In response to a committee question about the \$1M request in federal funds for a new mail sorter, **Dir. Bailey** explained the Administration mail service is responsible for distributing mail in the Capitol and the Chinden campus. Using the mail sorter to "pre-sort" saves the state approximately \$130K/month in postage costs. The current mail sorter was installed in the early 2000s and is at the end of its functionality. He pointed out the Department is reverting \$21M in ARPA funds and requesting \$1M for the new mail sorter.

Ms. Lippitt gave an overview of the Permanent Building Fund (PBF). The Permanent Building Fund budget includes construction and maintenance costs for state buildings, including higher education institutions, funded from the Permanent Building Fund. The Permanent Building Fund Advisory Council oversees and funds capital and maintenance projects, approving all planning, design, and construction of state public works projects.

Ms. Lippitt pointed out this entity is structured differently to accommodate the multi-year nature of large capital projects. Projects receive an appropriation once, and at the end of the fiscal year, any unexpended funds become continuously appropriated pursuant to Section 57-1105, Idaho Code. The PBF budget contains no personnel costs but instead provides funding for construction materials for facilities maintenance, as well as funding for architectural, engineering, and design firms.

Ms. Lippitt reviewed the various sources of revenue coming into the PBF. The Department maintains investments with the Treasurer for the cash balance in excess of its short-term obligations to generate additional revenue to the Fund. She pointed out the balance more than tripled in FY 2023 due to projects funded through transfers from the General Fund.

Ms. Lippitt reviewed FY 2023 and FY 2024 budget enhancements. She explained the FY 2025 budget requests for funding for various state facilities. These requests include funding for alterations and repairs and other state building maintenance costs, new buildings, and enhancements to current projects.

Dir. Bailey answered committee questions. He explained the new female prison will be in south Boise at the existing prison facility complex. **Mr. Donaldson** stated the women's facility will be completed in approximately two years and have 848 beds; there will also be a 280-bed men's housing unit with a medical annex. The Division of Public Works is managing the two as a single project for economies of scale. The supplemental request for \$25M is a projection based on historical inflation for the prison; the original \$160M for both the women's prison and the medical complex was appropriated in FY 2023.

In response to a committee question, **Dir. Bailey** stated the \$25M for the state mental facility would come from dedicated funds. In response to an additional question, **Co-Chair Horman** clarified the \$25M would be transferred from the General Fund to the Permanent Building Fund. Once there, the monies become dedicated funds.

In response to committee questions about the building extension for the ISU physician assistant project in Pocatello, **Mr. Donaldson** said the Department had not yet determined whether to remodel the current space or pursue new construction. The funding request is based on costs for a new expansion.

In response to additional committee questions, **Mr. Donaldson** gave further information about the status of ISP projects in Idaho Falls and Lewiston.

Co-Chair Horman turned over the gavel to **Co-Chairman Grow**.

Ms. Lippitt gave an overview of the Capitol Commission. The Commission's responsibilities include developing a master plan for restoring and refurbishing the Capitol. The Capitol Commission has three sources of funding: investment earnings which are managed by the Endowment Fund Investment Board; revenue generated by timber sales; and revenue generated by specialty license plates.

Ms. Lippitt gave a high-level review of the various dedicated funds associated with the Capitol Commission. She reviewed five years of estimated and actual expenditures for the Commission and FY 2023 expenditures. She pointed out the Commission's base budget has remained unchanged since 2020. For FY 2025, the Commission requests its usual budget of \$2,342,000. This budget was included in **H 459**, along with reappropriation authority for both the operating and reserve funds.

In response to a committee question, **Mr. Andy Erstad**, Chairman of the Capitol Commission, stated the Capitol has weathered several sizeable earthquakes. He stated his confidence the building will survive a significant event as it has in the past.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:04 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary