

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, February 01, 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
Representative(s) Co-chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Green

ABSENT/ EXCUSED: Representative Co-chairman Horman

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

LSO STAFF PRESENTATION: **STATE LIQUOR DIVISION, LBB 6-105, Frances Lippitt, Analyst, LSO Budget and Policy Analysis**

Ms. Lippitt provided a Base Review for the Liquor Division including mission statement, organizational structure and budget detail (see, attachment 1). The mission of the Idaho State Liquor Division is to provide control over the importation, distribution, sale, and consumption of distilled spirits; curtail intemperate use of beverage alcohol; and responsibly optimize the net revenues to the citizens of Idaho.

She provided the FY 23 Liquor distributions broken out by percentages, with a total distributed amount of \$121,036,100. The allocated FTP count for the State Liquor Division was 261. She provided detail for the Liquor Control Fund for FY 21 – FY 25, showing a substantially higher ending Free Fund Balance amount in FY 21 attributed to the pandemic. She outlined the Five-year review of estimated and actual expenditures for FY 20 – FY 24 and FY 23 Expenditures broken out by percentages. The Five-year Base Snapshot for FY 20 – FY 24 showed the Total Ongoing Maintenance Change increased from .9% in FY 21 to 6% in FY 24. She listed the FY 23 and FY 24 Budget Enhancements. The FY 25 Budget request line items included: Pay Increases for Retail Temp Staff for \$189,800, Relocate or Remodel Store for \$79,300, Convert Temp Hours to 2.00 FTP of \$45,500, Program Systems Specialist for \$85,100, and ITS Consolidation for \$17,600. The Governor’s recommendation included all of the FY 25 requested items.

DISCUSSION:

Jeff Anderson, Idaho State Liquor Division Director stood to answer questions from the Committee. The Idaho Liquor Division employs a model of limited locations and store hours to achieve exceptional compliance, and the division has been successful in achieving its goals as Idaho has a lower per capita liquor consumption than other states.

In response to a question from **Representative Tanner** about FTP categorization and the increase in temporary employments, Mr. Anderson stated temporary employees are essential and there are typically 150-185 temporary employees per season limited to less than 20 hours per week. As the population grows, there is a need for increased classified employees and some temporary are converting to classified. The FY 25 request includes \$45,000 to convert temporary hours to 2 FTP. Temporary employees are not subject to CEC. In response to a follow-up question from **Representative Tanner** about whether it makes more sense to keep temporary employees rather than spending more on benefits, Mr. Anderson asked the Division CFO, **Tony Faraca** to respond. Mr. Faraca stated the division is asking to convert temporary hours to permanent employees as it is very difficult to maintain temporary workers. Out of the 185 temporary positions, the division is requesting to convert 4 temporary to 2 permanent positions.

Senator Herndon asked for a description of how the division works, with the Idaho taxpayer in mind. Mr. Anderson stated the Liquor Division is funded by a dedicated fund and receives no general funds. The division's budget is continuously appropriated and varies based on needs, with spending authority of \$30 million.

In response a question from **Co-Chairman Grow** regarding the FY 25 ITS Consolidation request, Mr. Anderson stated the \$85,100 request for a program systems specialist at the division relates to the type of systems utilized at the distribution center including a robotic crane at distribution and software used for ordering. Although the ITS department will be able to help with some IT support, some of the technical assistance is specific to the division and requires inhouse personnel to provide maintenance in non-standardized ways.

**LSO STAFF
PRESENTATION:**

**IDAHO STATE LOTTERY, LBB 5-79, Frances Lippitt, Analyst, LSO
Budget and Policy Analysis**

Ms. Lippitt provided a Base Review for the Idaho State Lottery including mission statement, organizational structure and budget detail (see, attachment 2). The mission of the Idaho Lottery is to responsibly provide entertaining games with a high degree of integrity to maximize the dividends for public schools and buildings.

The Idaho State Lottery is self funded and receives appropriation from a single dedicated fund. She provided the Fund Analysis for FY 21 - FY 25. The FY 23 Gaming Costs are continuously appropriated, with prizes not to be more than 45% of revenues. She outlined the FY 20 — FY 24 Estimated and Actual Expenditures, FY 23 Expenditures broken out by percentage including 63% Personnel Costs, 36% Operating Expenditures, and 1% Capital Outlay. The Five-Year Base Snapshot for FY 20 - FY 24 showed growth in the Base due to CEC and inflationary adjustments. She listed the FY 23 and FY 24 budget enhancements. The FY 25 Budget Request included: Regional Sales Representative for \$64,000, Ticket Shipping Costs for \$685,000, and Replacement Items for \$68,800 .

DISCUSSION: **Jeff Anderson, Idaho State Lottery Director** stood to answer questions from the Committee.
In response to a question from **Senator Burtenshaw** related to shipping costs, Mr. Anderson stated there was a five year contract with UPS that terminated in December 2023. The division found a new vendor to replace UPS. The shipping costs are subject to sales volume, so they were requested as continuously appropriated.
In response to question from **Senator Herndon**, Mr. Anderson stated the Lottery Division's margins are lower than the Liquor Division, with 19.5- 20% margins each year. The Idaho State Lottery is a dedicated fund that receives no general funds, with 1,200 retail partners.

LSO STAFF PRESENTATION: **STATEWIDE DECISIONS, CHANGE IN EMPLOYEE COMPENSATION, Christine Otto, Principal Budget and Policy Analyst, LSO Budget and Policy Analysis**

Ms. Otto presented stated the Statewide Decision, Change in Employee Compensation (CEC) before the Committee.

AT EASE: The Committee went at ease at 8:44 a.m. and was called back to order at 8:54 a.m.

DISCUSSION: **Co-Chairman Grow** asked **Mr. Keith Bybee, Division Manager, LSO Budget and Policy Analysis** for an update on the statewide decision process. Mr. Bybee stated the CEC is one of the remaining statewide decisions. After adopting a revenue target, the Committee considers the CEC report and on the agenda the statewide CEC is scheduled. **Co-Chairman Grow** stated that according to statute, JFAC can not make a decision on CEC until JFAC has heard from the CEC Committee and heard its recommendations.
Ms. Otto stated there are four components of CEC including: salary structure adjustments, pay exceptions, salary increase, and employee benefit packages. The CEC committee met before and during the legislative and the JFAC Committee has heard the CEC report. The CEC Committee agreed with the Department of Human Resources recommendation of 3% CEC and no change to benefits.

MOTION: Moved by **Senator Cook**, for FY 2025 to adopt the Employee Compensation Committee's recommendation to provide an increase in new funding calculated at the equivalent of 2% of current salary for permanent employee compensation to be distributed on the basis of merit at the discretion of agency heads and Institution Presidents with flexibility to distribute funding for recruitment and retention purposes in hard to fill, hard to retain positions. In addition, and notwithstanding any other law to the contrary, provide an increase in new funding calculated at the equivalent of an additional 1% across-the-board increase for all permanent employees. Additionally, this includes an upward shift of the compensation schedule by an average of 3.7% as recommended by the Division of Human Resources, with an exception of Pay Grade D where the minimum wage shall stay at \$7.25 per hour, and funding for that shift is not recommended unless an employee falls below the minimum. Also, implement the two additional salary structures for IT/Engineering and Nursing/Healthcare as recommended by the Division of Human Resources in the FY 2025 Change in Employee Compensation and Benefits Report. All changes in employee compensation will be reviewed and appropriated within individual budgets

brought before this committee for state departments, offices, commissions, institutions, and all other budgeted programs. The totals for this motion include \$26,285,400 from the General Fund, \$11,949,100 from dedicated funds, and \$5,270,600 from federal funds for a total of \$43,504,700; seconded by **Representative Bundy**.

AT EASE: The Committee went at ease at 9:07 a.m. to provide motion copies to all members and were back in order at 9:15 a.m.

CARRIED: **AYES:**
Senators Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, and Just
Representatives Miller, Bundy, Raybould, Furniss, Lambert, Tanner, Petzke, Handy, and Green.

ABSENT/EXCUSED: 1

Representative Horman

The majority having voted in the affirmative, the motion passed and without objection carried a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Grow**.

UNANIMOUS CONSENT: Requested by **Senator Cook** and granted by unanimous consent, the following intent language was adopted:

INTENT LANGUAGE: SECTION _PLAN STRUCTURE. The office of Group Insurance shall maintain the current health insurance plan structure and benefit package for state employees. Adherence with the plan structure shall not preclude the Office of Group Insurance from implementing positive plan changes as identified.

ADJOURNED: There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at 9:24a.m.

Senator Grow
Chair

Linsy Heiner
Secretary