

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Tuesday, January 13, 2015

| TIME | DESCRIPTION | PRESENTER |
|-----------------------|---|--|
| 8:00-8:15 am | Welcome and Introductions | <i>Co-Chairs, Senator Cameron and Representative Bell</i> |
| 8:15-8:40 am | Committee Seat Selection Set Up Laptops | |
| 8:40-10:00 am | Review Governor's Recommendation | <i>Jani Revier, Administrator Division of Financial Management</i> |
| <i>10:00-10:10 am</i> | <i>Break</i> | |
| 10:10-11:00 am | Review FY 2015- FY 2016 Budget Scenarios | <i>Cathy Holland-Smith, Manager Budget & Policy Analysis</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, January 13, 2015

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

ABSENT/ EXCUSED: None

CONVENED: Chairman Cameron called the meeting to order at 8:00 a.m.

WELCOME & PAGE INTRODUCTIONS: Chairman Cameron welcomed all Joint Finance-Appropriations Committee (JFAC) members to the First Regular Session of the Sixty-Third Legislature. After seat selection which was done according to seniority and set up of laptop computers, the Chairman introduced the high school Pages who will serve the Committee for the first six weeks of the session. Riley Ricks from Rexburg, Idaho who attends Madison High School will serve as the House Page. Brenton Kleopfer who lives in Rupert and attends Minico High School will serve as the Senate Page.

LSO STAFF INTRODUCTIONS: Holland-Smith, Headlee, Burns, Houston, Bybee, Lockett, Tatro, Hoskins, Winslow and Major

AGENCY PRESENTATION: **REVIEW OF GOVERNOR'S FY 2016 BUDGET RECOMMENDATIONS**

PRESENTER: **Jani Revier, Administrator, Division of Financial Management (DFM)**

Ms. Revier presented the Governor's budget recommendations for FY 2016. To view the presentation, please click on the following link [Governor's budget recommendation](#).

Revier introduced the following DFM staff members: David Fulkerson, Deputy Administrator/State Financial Officer and Acting Administrator of the Division of Human Resources; Shelby Kerns, Budget Bureau Chief; Financial Management Analysts David Hahn, Sara Stover, Anita Hamann, Adam Jarvis, Matt Warnick, and Nick Landry; and Nate Clayville, an economist from the Economic Bureau and Derek Santos, Chief Economist.

Revier gave a brief overview on the state of the economy and General Fund revenues since the Great Recession. Idaho is not experiencing the pace of employment growth seen before the recession but it is not experiencing the sluggish growth seen the first four years after the downturn. It appears that Idaho's housing market is on a more consistent and sustainable track. Housing growth will have a direct impact on construction employment which is still well below the high of FY 2007; however, construction employment began to rebound in 2012 but at a slower pace than housing starts and should continue to grow as housing starts increase. During the Great Recession and following recovery there was an excess of labor which put downward pressure on wages and income. Idaho's real personal income is expected to grow by 2.4% in 2015 and 3.1% in 2016. Idaho's unemployment rate has fallen and is currently at 4.1% while the national rate is 5.6%. One of the fastest growing categories recently has been farm proprietors' income which has grown steadily since 2009 and was nearly \$2 billion in 2013. General Fund revenues have been steadily recovering from the recession's low point in FY 2010 and Idaho is now experiencing more stabilized growth.

The General Fund's three largest revenue categories which account for over 90% of General Fund revenue are individual income tax, corporate income tax and sales tax. For FY 2015 the State Economist has a revised forecast projecting revenue of about \$2.9 billion or 5.3% growth over the previous year as well as \$3.1 billion or 5.5% growth for FY 2016. The forecast is for slow but steady growth over the next few years.

Governor Otter's budgeting principles for FY 2016 are: 1) the Government should not grow at the same rate as the economy, 2) reserve funds depleted during the recession must be restored, and 3) structural balance in the state budget must be maintained. His budget priorities are: 1) K-through-Career Education Funding, 2) income tax relief, and 3) strategic investments.

The Governor has crafted a responsible FY 2016 budget that includes a 7.4% increase (over \$100 million) in spending for K-12 to implement the Governor's Task Force for Improving Education recommendations, as well as funding for higher education and workforce development opportunities. It includes the first year of a five-year approach to reduce Idaho's top marginal income tax brackets from 7.4% to 6.9%. Further, the budget makes strategic investments to maintain core services while not losing efficiencies gained during the downturn.

In addition, the Governor recommended a 3% CEC to be based on merit with flexibility for directors to address agency needs. The CEC recommendation applies to Public School administration and operations but not to teachers because they will see an increase from the proposed career legislation.

Under current statute when General Fund Revenue grows by more than 4% over the previous year, revenue above 4% (up to a maximum of 1% of total General Fund collections) is transferred to the Budget Stabilization Fund (BSF). The recommendation is to transfer \$29.6 million to that fund. There could be an additional \$4.1 million transferred to the BSF fund under some proposed legislation. It is also recommended that \$20 million be transferred to the Economic Recovery Reserve Fund to cover an extra week's payroll costs in FY 2017. Normally there are 26 two-week pay periods each year, but every eleventh year there are 27 pay periods.

The Governor recommends important investments in health and human services to provide better outcomes for Idahoans including 1) funding for one additional community crisis center, 2) a one-time purchase of vaccines for TRICARE children (the federal government does not participate in the state immunization assessment that funds childhood vaccines for privately insured families), 3) federal spending authority for the State Healthcare Innovation Plan (SHIP) to redesign the current healthcare system in Idaho in order to improve health outcomes, 4) spending authority to support a shared eligibility system, and 3% General Fund growth in Medicaid.

The Executive Budget also recommends additional funding for public safety including \$1.5 million and additional staff for the Sexual Offender Management Board to implement a risk-based sexual offender registration system; more patrol officers for the Idaho State Police as well as funding for Fusion Center analysts; and two additional operators for the ILETS technology system. The Governor is also recommending additional funding for the Behavioral Health Unit at the Pocatello Women's Correctional Center, and additional funding for security staff, service coordinators and instructors at the Department of Juvenile Correction.

Revier also briefly discussed the following areas where the Governor recommended funding: 1) the Sage Grouse Initiative, 2) additional staff and an economic study of the Pend Oreille Basin in the Department of Environmental Quality, 3) additional staff for the Forest Stewardship Program and the Oil and Gas Resource Protection program in the Department of Lands, 4) additional funding for the Department of Parks and Recreation, 5) additional personnel for the Rangeland Management Program and the Dairy Program at the Department of Agriculture, 6) spending authority for continued support of the Idaho Suicide Hotline in the Division of Veterans Services, 7) funding to reinstate the tuition assistance program within the Military Division, and 8) funding to reduce fraud and identity theft.

The DFM Administrator reminded the Committee that the above was only an overview of the Governor's FY 2016 budget recommendations, not a comprehensive list of everything included in his budget.

PRESENTER: **Cathy Holland-Smith, Manager, Budget & Policy Analysis Division, Legislative Services Office**

To view the presentation, please click on the following link: [General Fund Review](#)

The Budget and Policy Analysis Division assists legislators with the state's budget and appropriations process. Analysts provide professional, nonpartisan fiscal and policy analysis for the Joint Finance-Appropriations Committee, individual legislators and other legislative committees.

The following information was discussed with the Committee 1) a review of the Governor's FY 2015 recommendation for a revenue estimate of 5.3% and recommended supplemental appropriations and rescissions leaving an estimated FY 2015 General Fund ending balance of \$62,795,600, 2) an FY 2016 Comparison showing the Governor's estimated ending balance of \$3,157,900, 3) the Governor's FY 2016 recommended budget breaking out public schools from other state agencies, and 4) information on the Governor's recommendation for the State's stabilization funds (savings accounts).

Special Hearings for the following issues are scheduled to be heard by the Joint Finance-Appropriations Committee (JFAC) this legislative session: 1) System Modernization—Business Case Analysis (State Controller and Information Services Group), 2) Service Audits of Idaho Education Network Services in Public Schools (LSO Audit Division), 3) Use of Salary Savings in State Government (Office of Performance Evaluations), 4) Lessons Learned from Zero-Base Budgeting (Division of Financial Management), 5) Forecast Model for Public School Enrollment Growth (Division of Financial Management), 6) Higher Education Research Council (HERC) and IGEMS (College and Universities and Department of Commerce), 7) Proposal to Prepay Lease Costs of Mountain Top Locations on Endowment Lands for State and Federal Communication Systems/Equipment (Department of Lands and Military Division), and 8) Justice Reinvestment—Implementation, Status, Cost Savings, and Use of FY 2015 Appropriations (Department of Correction and Commission for Pardons and Parole).

ADJOURNED: There being no further business, Senator Cameron adjourned the meeting at 10:55 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Wednesday, January 14, 2015

SPECIAL HEARINGS

| TIME | DESCRIPTION | PRESENTER |
|--------------|--|---|
| 9:15-9:45a | Idaho Sections of Statute Relating to the Joint Finance-Appropriations Committee 1) §67-432 IC through §67-440 IC 2) §67-3502 IC 3) §67-3513 IC through §67-3514 IC | <i>Cathy Holland-Smith</i> <i>Manager</i> <i>Budget & Policy Analysis</i> |
| 9:45-10:00a | Budget Hearing Process 1) Review guidelines sent to agencies 2) Five Budget Questions to Ask Directors during Budget Hearings – PowerPoint Presentation | |
| 10:00-10:15a | State Government Structure: LBB Front End Reports: 1) State Government Organizational Chart 2) Gen Fund Request Comparison by Agency 3) General Fund Recommendation Comparison by Agency 4) All Funds Request Comparison by Agency 5) All Funds Recommendation Comparison by Agency | <i>Ray Houston</i> <i>Principal Analyst</i> |
| 10:15-10:30a | Budget Structure - Building Blocks: 1) LBB Front End Report: Decision Unit Budget Model 2) Layout of Budget Book – review Department and Division Summary, Agency Profiles, Comparative Report, and LBB Detail Report | <i>Paul Headlee</i> <i>Deputy Manager</i> |
| 10:30-10:50a | Personnel Structure in State Government: 1) LBB Front End Reports: FTP Summary & CEC History 2) Defining the workforce: SCO Rainbow Report 3) Requirements in state law regarding workforce: a. DHR recommendation b. Governor's recommendation c. Legislature's role in setting compensation and benefits 4) Full Time Position (FTP) Caps in Appropriation Bills | <i>Robyn Lockett</i> <i>Principal Analyst</i> |
| 10:50-11:05a | Deficiency Warrants, Supplementals, and Rescissions: 1) Deficiency and Supplemental Comparison Reports 2) Order of Consideration 3) 2/3 Majority of JFAC to Reopen Budget | <i>Jared Hoskins</i> <i>Senior Analyst</i> |

11:05-11:20a **Agencies that Provide Services to Other Agencies and Allocating Those Costs in the Budget:**

*Jared Tatro
Principal Analyst*

- 1) Agencies that Provide Services to Other Agencies
- 2) Principles Behind Cost Recovery and Allocation
- 3) How the Costs are Allocated and Updated Each Year

11:20-11:30a **General Fund Daily Update:**

*Keith Bybee
Principal Analyst*

- 1) LBB Front End Report: General Fund Revenue Estimates
- 2) General Fund Daily Update
- 3) Sales Tax Structure

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

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TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS: Chairman Bell, Vice Chairman Gibbs, Representative(s) Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

Chairman Cameron, Vice Chairman Keough, Senators Mortimer, Bair, Johnson, Guthrie, Schmidt, Lacey

ABSENT OR EXCUSED: Representative(s) Miller, Senators Nuxoll, Thayn

CONVENED: Chairman Bell called the meeting to order at 9:15 a.m.

STAFF PRESENT: Holland-Smith, Burns, Houston, Headlee, Bybee, Lockett, Tatro, Hoskins, Winslow, and Majors

PRESENTER: **Cathy Holland-Smith, Manager, Division of Budget & Policy Analysis**
Idaho Sections of Statute Relating to the Joint Finance-Appropriations Committee

Reviewed Powers and Duties, explaining the responsibility to review the budget. These are the duties and powers of the JFAC committee. She also reviewed Audits (section 2), Departments, Agencies, Institutions, Format and Preparation of Annual Budget, Inquisitorial Authority, and Fees and Mileage.

PRESENTER: **Cathy Holland-Smith, Manager, Division of Budget & Policy Analysis**
Budget Hearing Process

Reviewed the guidelines sent to the agencies, and reviewed the five major questions to ask during budget hearings. [Budget Hearing Process](#)

PRESENTER: **Ray Houston, Principal Budget and Policy Analyst, Division of Budget & Policy Analysis**
State Government Structure

Provided overview of the Legislative Budget Book (LBB) Front End reports. He reviewed the State Government Organizational Chart, General Fund Request Comparison by Agency, General Fund Recommendation Comparison by Agency, All Funds Request Comparison by Agency, and All Funds Recommendation Comparison by Agency. [State Government Structure](#)

PRESENTER: **Paul Headlee, Deputy Division Manager, Division of Budget & Policy Analysis**
Legislative Budget Book

Provided an overview of the Budget Model, and described the reports that are being used. He also explained the LBB Front End Report: Decision Unit Budget Model and Layout of Budget Book-Review Department and Division Summary, Agency Profiles, Comparative Report, and LBB Detail Report.

- PRESENTER: Robyn Lockett, Budget and Policy Analyst, Division of Budget & Policy Analysis**
Personnel Structure in the State Government
She reviewed the Front End reports: The FTP Summary and The CEC History. Defined the Workforce: SCO Rainbow Report, and outlined the requirements in state law regarding workforce. This presentation included The Division of Human Resources Recommendation, the Governor's recommendation, the Legislature's role in setting compensation and benefits, and Full-Time Equivalent (FTE) or Full-Time Position (FTP) Authorizations in Appropriation Bills. [Personnel Structure in State Government](#)
- PRESENTER: Jared Hoskins, Budget and Policy Analyst, Division of Budget & Policy Analysis**
Deficiency Warrants, Supplementals, and Rescissions
Presented on the comparison of Deficiency and Supplemental Reports, Order of Consideration, and a 2/3 Majority of JFAC to Reopen Budget. [Deficiency Warrants, Supplementals, and Rescissions](#)
- PRESENTER: Jared Tatro, Principal Budget and Policy Analyst, Division of Budget & Policy Analysis**
Services to Other Agencies and Allocating Costs
He listed agencies that provide services to other agencies. He spoke on the Principles Behind Recovery and Allocation and Illustrated how costs are allocated and updated each year. [Sharing Costs for Government Services](#)
- PRESENTER: Keith Bybee, Principal Budget and Policy Analyst, Division of Budget & Policy Analysis**
General Fund Daily Update
Spoke on the General Fund Revenue Estimates, the General Fund Daily Update, and Sales Tax Structure. [General Fund Update](#), [Sales Tax History](#), [Sixth Cent](#)
- ADJOURN:** There being no further business to come before the Committee, **Chairman Bell** adjourned the meeting at 11:31 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Thursday, January 15, 2015

SPECIAL HEARINGS

| TIME | DESCRIPTION | PRESENTER |
|----------------|---|---|
| 8:00-9:00 am | System Modernization - Business Case Analysis | <i>Brandon Woolf</i> <i>State Controller's Office</i> <i>Nathan Frey</i> <i>Information Services Group</i> |
| 9:00-10:00 am | Service Audit of Idaho Education Network (IEN) | <i>April Renfro, Manager</i> <i>LSO, Legislative Audits Division</i> |
| 10:00-10:15 am | <i>Break</i> | |
| 10:15-11:15 am | Use of Salary Savings in State Government | <i>Bryon Welch, Principal Evaluator</i> <i>Amanda Bartlett, Senior Evaluator</i> <i>Office of Performance Evaluations</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, January 15, 2015

TIME: 8:00 A.M.

ROOM: Room C310

MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey

Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

ABSENT/EXCUSED: None

CONVENED: Vice Chairman Keough called the meeting to order at 8:00 A.M. At 8:05 A.M. the gavel was passed to Chairman Cameron.

STAFF PRESENT: Lockett

SPECIAL HEARINGS

PRESENTATION: **Findings of a System Modernization Study – An Independent Analysis of Idaho’s Current and Future Financial System Needs**

PRESENTER: **Brandon Woolf, Idaho State Controller**

Woolf said the 2014 Legislature appropriated \$250,000 to undertake a study to assess Idaho’s financial system needs. The Department of Health and Welfare provided additional funding for the statewide project. After speaking with counterparts in others states and obtaining additional information from the National Association of State Auditors, Comptrollers and Treasurers, an extensive search was done to evaluate and vet vendors. Ultimately the services of Information Services Group (ISG) Public Sector were retained. ISG is a competent, experienced and nationally respected expert on enterprise level financial, payroll, and human resource systems. It was determined that ISG was best positioned to give Idaho an independent and unbiased recommendation.

Idaho assumed that the replacement system would be a statewide Enterprise Resource Planning (ERP) system which is a suite of fully integrated software applications that perform administrative business functions such as accounting, procurement, human resources, and payroll. The new system would replace central systems, such as the Statewide Accounting and Reporting System (STARS) and the Employee Information System (EIS) as well as a significant number of other central and agency-specific administrative systems. ERP systems typically offer additional functionality that would expand the system capability beyond what is presently available to a majority of State agencies.

ISG's study captured an estimate of the true and total cost of modernizing Idaho's fiscal system. (ISG did not evaluate higher education's systems in this study.) The study goes beyond identifying hardware and software costs. It detailed the costs that would be borne by the Controller's office and other state agencies to connect their business-specific software, programmatic systems, to a new statewide fiscal system. ISG also identified longer term operating costs for the state.

The Controller gave a brief history of Idaho's financial system. Electronic tabulation machines were used in the late 1960's, then in the 1970's those systems were replaced with mainframe computers. In the 1980's newer systems were installed and are still in use today: STARS for Accounting and EIS for payroll, still in the mainframe environment. In the early 2000's, the systems in use were patched with add-ons. The updates did not change core technology but they extended the system's useful life. The state has reached a point where it is time to develop a plan to modernize because the current financial system can no longer be supported and the needs of many state agencies are not being met or are at risk of not being met.

The Controller's Office employed sound project management principles to ensure the study was progressing on time, within scope, and on budget.

PRESENTER:

Nathan Frey, Managing Partner, Information Services Group, Inc.

Information Services Group (ISG) Public Sector recently submitted their report documenting the results of the Business Case Analysis for the System Modernization Study and stated the company's report indicates substantial justification for the need to modernize the central administrative systems used by the State of Idaho. To view the presentation, please click on the following link [Systems Modernization Study](#)

ISG is an independent advisory to 18 states on statewide Enterprise Resource Planning (ERP) projects and has done ERP business case development for 11 states. The company is independent of all hardware, software and services vendors. The purpose of the study was to evaluate the condition of statewide and agency business systems; the scope of the project involved administrative functions, financial management, procurement, and human resources and payroll management.

The Controller's Office and ISG interviewed, surveyed, and reviewed available documentation. Their analysis encompassed 80% of the State's operating budget and 70% of the State's employees involving 20 of Idaho's agencies or departments. After establishing the scope of the project, ISG began an assessment with the purpose of obtaining a high level of understanding the State's financial management systems, including: strengths and weaknesses, functionality either provided or not provided by each system, potential process improvement opportunities, and the degree of the various systems interfacing/integration. At the outset ISG tried to identify agency-specific systems that would be eligible for retirement or replacement by ERP implementation as well as quantifiable and intangible process improvement benefits and risks associated with legacy systems. Approximately 20 agencies were interviewed as well as additional stakeholders; the company reviewed system and business process documentation and validated observations and findings with the agencies.

Following are the key findings of the STARS and EIS systems in the areas of financial management, procurement, and HR/payroll systems: 1) the systems are more than 20 years old, do not provide needed functionality, and cannot be feasibly updated, 2) the systems lack vendor support and compatibility with newer systems as well as flexibility and scalability required to meet changing business requirements, 3) web-based add-ons have reached the limits of underlying technology, 4) limited integration capabilities and manual workarounds have led to inefficiencies and greater opportunities for error, 5) decision-makers have difficulty obtaining timely and accurate information, 6) in the absence of a statewide purchasing system integrated with STARS, agencies have their own systems to generate requisitions and purchase orders, to perform budget checking, and to enable receiving and approval processes which, in turn, makes it difficult to enforce agencies' use of statewide negotiated contracts.

Two alternatives were evaluated: maintain the State's existing system (status quo), or implement full ERP. Maintaining the existing system (STARS and EIS) has limitations and risks described in the preceding paragraph. Implementing a new ERP system would encompass a suite of fully integrated financial management, purchasing, and HR/payroll software modules to perform administrative business functions as well as budget preparation and data warehouse/business intelligence capabilities.

If the ERP system were implemented it would occur in two phases. Phase 1 would involve Finance/Procurement and would take about 24 months; Phase 2 for HR/Payroll would take 18 months. Implementation would be preceded by a 12 to 24 month preparation phase for planning and executing a formal procurement process. The estimated cost to acquire and implement full ERP would be \$102.7 million. Ongoing operational costs would be approximately \$97.5 million over ten years; there would be some offsets resulting in a net benefit of \$11.7 million. ISG estimates the investment would reach the payback point in the ninth year following the Phase 2 go-live (Year 13).

PRESENTATION: Service Audit of Idaho Education Network (IEN)

PRESENTER: **April Renfro, Manager, Legislative Audits Division, Legislative Services**

To view the presentation, please click on the following link: [Service Audit of Idaho Education Network \(IEN\)](#)

Renfro explained during the 2014 Legislative session House Bill 650 passed and included legislative intent language which required the Department of Administration to collaborate with the Legislature in performing service audits to determine ownership of all equipment purchased or leased regarding the Idaho Education Network (IEN) contract. The legislation also required confirmation of the type and level of usage of IEN services by each school district receiving services under the contract.

Renfro's division contracted with Eide Bailly, LLP, in July of 2014 to complete a services audit for the years ended June 30, 2013 and 2014. The purpose of the report was to provide information to address questions raised during the budget process in the 2014 legislative session. The procedures included establishing an understanding of the IEN contract, determining who owned the assets related to the IEN and the video conferencing services provided through the IEN and testing a sample of those assets. The assets were in five broad categories: high definition cameras, flat screen televisions, projectors, document cameras, and video teleconferencing codecs. The State of Idaho had purchased a total of 1,043 IEN assets at a cost of \$3.35 million.

The contractor selected a sample of 30 out of 217 high schools utilizing 133 of IEN video teleconferencing assets purchased for \$441,624 to determine that assets were locatable and the extent to which they were utilized. The 30 schools were specifically selected to ensure a cross section of large, small, and geographical differentiated schools. The contractor inquired with each school representative to determine which pieces of equipment were being utilized in any capacity and noted that 62 of the 133 items or 47% of IEN assets were being utilized. Only 125 of the 133 items or 94% of the assets were located; the eight missing items were worth \$13,682. The most under-utilized asset group was the video teleconferencing codecs which happened to be one of the most expensive assets and represented 38% of the assets and 42% of the dollars.

Over four semesters from Fall 2012 through Spring 2014 more than 600 classes were offered through the IEN with an enrollment of more than 6,000, cumulative; however, use has declined during that time period. In the Fall of 2012 there were 1,850 students enrolled in IEN classes; in the Spring of 2014 only 1,510 students were enrolled and that figure included 105 students enrolled from North Idaho College and 126 students from the College of Western Idaho.

Eide Bailly sent a survey to 147 school district technology directors and administrators focusing on three main topics: broadband usage, utilization of IEN services, and use of interactive classes. They received 48 responses or 32.7% of the survey's respondents (38 completed the entire survey and 10 completed only a portion of the survey). Results indicated that almost 81% of the districts responding offered 0-3 interactive classes during the 2013-14 school year and almost 50% of the respondents indicated they did not offer any interactive classes during that school year which correlates to approximately 50% of the respondents indicating that they had no students participating in interactive classes.

When asked about district satisfaction with the services received through the IEN, 35 respondents answered the question and 51.4% ranked the services received at a 5 on a scale of 1 to 5, with 5 being the most satisfied. Overall, participating schools value the IEN in a broad sense (connectivity and ability to utilize it for a variety of purposes). Students enrolled in IEN classes utilizing the video teleconferencing are about 2% of the total number of students with access to the IEN (down from 2.2% in 2012). Students enrolled in Idaho Digital Learning Academy (IDLA) classes utilizing the IEN are approximately 23% of the total number of students with access to the IEN. While usage of the IEN classes provided through the video teleconferencing has declined over the two years of data supplied, IDLA enrollment has increased.

PRESENTATION: **Use of Salary Savings in State Government to Fund Employee Compensation**

PRESENTER: **Bryon Welch and Amanda Bartlett, Office of Performance Evaluations (OPE)**

To view the presentation, please click on the following link: [Use of Salary Savings in State Government](#)

Welch said the Office of Performance Evaluations was asked to study the use of salary savings to fund employee compensation for state employees. Salary savings is one of the tools agencies have available to reward employees with one-time or ongoing pay increases. Salary savings along with a Change in Employee Compensation (CEC) are the primary compensation tools agencies have available to increase employee pay. The report explored what factors influence an agency's ability to generate salary savings, the extent to which savings are available to agencies, and what impacts those savings have on employee compensation.

OPE worked closely with the Office of State Controller since that office maintains the statewide accounting and payroll systems. Data from the analysis came from those systems because they provided the most consistent estimate of salary savings; data was analyzed from FY2006-2014. The report excluded postsecondary institutions since they process payroll outside of the statewide system and then transfer a limited amount of data to the Controller.

Bartlett explained that salary savings is the difference between the personnel budget and actual personnel expenditures. For agencies in the evaluation sample in FY 2006-2014, 11% was the average salary savings of the total personnel appropriation; the majority of agencies' estimated savings varied from 3% to 25%. Of the three types of salary savings, 46% was used for personnel expenditures, 41% was reverted, and 13% was transferred to another expenditure category.

Salary savings can be generated in the following ways: overappropriation, turnover, vacant positions, or a position being filled at a lower rate of pay. A corresponding scenario that could reduce savings would be: an underappropriation, leave balance payouts, or a position filled at a higher pay rate. Significant factors for the amount of salary savings depended on turnover rate, dependence on the General Fund, the size of the agency, and the branch of government. Legislative and judicial branch agencies were more likely to transfer money into and out of personnel than executive branch agencies. Once OPE was able to quantify the amount of salary savings and identify factors that influenced the amount of salary savings an agency had available, the office wanted to measure the effect of salary savings on employee compensation. It found that agencies that used more salary savings for personnel expenditures were able to provide ongoing salary increases to more employees. Agencies with high salary savings used personnel expenditures on average awarded ongoing increases to 56% of employees and agencies with no estimated salary savings on average awarded ongoing increases to 18% of employees. OPE found when the Legislature appropriated a CEC, over five times more employees received an ongoing increase than when no CEC was appropriated. Leave balance payouts and overtime represented major personnel expenditures not incorporated into agency budgets.

Welch discussed the impacts of relying on salary savings and policy considerations. Agencies have considerable discretion on how to use salary savings, whether that is targeted increases to employee pay, used to pay for unexpected overtime or leave balance payouts, or transferring those savings into another spending category. As previously stated, agencies generate and use salary savings at different rates, thus distribution is inequitable based on variable turnover rates and the lack of uniformity in the way agencies budget for personnel costs. Agencies who adhere to their budgets have little or no salary savings resulting in a perverse incentive to deviate from personnel budget; therefore, these prudent agencies are punished in that they do not have money available for employee compensation. Another impact of relying on salary savings is that agencies cannot rely on salary savings for long-term planning.

Policy considerations for legislators include the following. 1) Should statewide data systems be integrated to precisely monitor and manage salary savings? Key data points necessary to precisely calculate salary savings are not captured in statewide systems. 2) Should paid overtime and leave balance payouts be uniformly incorporated into agency personnel budgets? Idaho currently does not uniformly budget for paid overtime and leave balance payouts. 3) Does the legislative intent in Idaho Code align with today's legislative priorities? Salary savings has not proven to be an adequate tool to close the gap between average pay rates and policy pay rates. 4) What other tools can be used to address unmet employee compensation needs? The data analyzed for OPE's report showed that salary savings and a CEC together have not substantially improved overall employee pay.

Because salary savings cannot fund all types of compensation increases, the Legislature may need to identify additional funding strategies to address these needs and, further, should provide clear direction on the intended purpose of a CEC and salary savings and any additional compensation tools.

ADJOURNED: There being no further business to come before the Committee, Chairman Cameron adjourned the meeting at 10:37 a.m.

Senator Cameron
Chair

Peggy Moyer
Secretary

Senator Keough
Vice Chair

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Friday, January 16, 2015

| TIME | DESCRIPTION | PRESENTER |
|--------------|--|--|
| 8:00-8:30am | Economic Outlook & Revenue Assessment Committee Report | <i>Senator Keough and Representative Gibbs EORAC Co-chairs</i> |
| 8:30-10:30am | Deficiency Warrants and Supplemental Appropriations: | |
| | OFFICE OF THE GOVERNOR Military Division: p.2 #3 HazMat Deficiency Warrants | <i>Richard Burns Principal Analyst</i> |
| | DEPARTMENT OF LANDS p.2 #1 Fire Deficiency Warrants | <i>Ray Houston Principal Analyst</i> |
| | DEPARTMENT OF AGRICULTURE p.2 #2 Pest Control Deficiency Warrants | |
| | DEPT OF ENVIRONMENTAL QUALITY p.18 #23 Environmental Cleanup | |
| | DEPARTMENT OF FISH AND GAME p.19 #24 Adjust Budget for Legislative Intent p.20 #25 One-Time Projects | |
| | OFFICE OF THE GOVERNOR Office of Energy Resources p.26 #37 Regional Planning & Coordination | |
| | STATE BOARD OF EDUCATION Idaho Public Television p.6 #4 Infrastructure Replacement | <i>Jared Hoskins Senior Analyst</i> |
| | Vocational Rehabilitation p.7 #6 Job Supports for Customers & Funding for SILC | |
| | STATE INDEPENDENT LIVING COUNCIL p.16 #17 Additional VR Funds p.16 #18 New ADRC Grant | |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, January 16, 2015

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Chairman Bell, Vice Chairman Gibbs, Representative(s) Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

ABSENT/EXCUSED: None

CONVENED: Chairman Bell convened the meeting at 8:00 a.m.

PRESENTER: **Senator Shawn Keough, VICE CHAIR-Finance and Representative Marc Gibbs, VICE CHAIR-Appropriations**
The Economic Outlook & Revenue Assessment Report

UNANIMOUS CONSENT: On Request by **Senator Cameron**, seconded by **Schmidt**, granted by unanimous consent, the Economic Outlook & Revenue Assessment Committee Report was accepted.

UNANIMOUS CONSENT: On Request by **Keough**, granted by unanimous consent, the Fiscal Year 2015 budget for the Office of the Governor, Military Division, was reopened.

PRESENTER: **Richard Burns, Principal Budget and Policy Analyst, Division of Budget & Policy Analysis**
Military Division: Hazardous Materials Deficiency Warrants Deficiency Warrants, Supplementals, and Rescissions

CARRIED: **Original Motion**
Fund Transfer
Moved by **Keough**, seconded by **Mortimer**, to approve for introduction \$63,500 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$63,500 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On Request by **Keough**, granted by unanimous consent, the Fiscal Year 2015 budget for the Board of Land Commissioners, Department of Lands, was reopened.

PRESENTER: **Ray Houston, Principal Budget and Policy Analyst, Division of Budget & Policy Analysis**
Department of lands, Fire Deficiency Warrants
Deficiency Warrants, Supplementals, and Rescissions

CARRIED: Original Motion

Fund Transfer

Moved by **Keough**, seconded by **Johnson**, to approve for introduction \$17,529,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$17,529,000 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On Request by **Bair**, granted by unanimous consent, the Fiscal Year 2015 budget for the Department of Agriculture, was reopened.

CARRIED: Original Motion

Fund Transfer

Moved by **Bair**, seconded by **Miller**, to approve for introduction \$389,400 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$389,400 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On Request by **Miller**, granted by unanimous consent, the Fiscal Year 2015 budget for the Department of Environmental Quality, was reopened.

FAILED: Substitute Motion

Supplemental

Department of Environmental Quality

Waste Management and Remediation

#23 Environmental Cleanup

Moved by **Monks**, seconded by **Mortimer**, to approve for introduction \$0 General Funds, \$500,000 Dedicated Funds, \$0 Federal Funds for a total of \$500,000 with FTP of 0.00 one-time.

Ayes: 7

Mortimer, Nuxoll, Thayn, Guthrie, Schmidt, Monks, Burtenshaw

Nays: 13

Cameron, Keough, Bair, Johnson, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, King, Gannon

Ab/Ex: 0

**ORIGINAL
MOTION
CARRIED:**

Original Motion
Supplemental
Waste Management and Remediation
#23 Environmental Cleanup

Moved by Miller, seconded by Bair, to approve for introduction \$0 General Funds, \$500,000 Dedicated Funds, \$0 Federal Funds for a total of \$500,000 with FTP of 0.00 ongoing

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: One-Time Projects Supplement **HELD at the call of the Chair.**

UNANIMOUS CONSENT: On Request by **Mortimer**, granted by unanimous consent, the Fiscal Year 2015 budget for the Department of Fish and Game, was reopened.

CARRIED: **Original Motion**

Supplemental

Moved by **Mortimer**, seconded by **Lacey**, to approve for introduction \$0 General Funds, \$(959,100) Dedicated Funds, \$85,000 Federal Funds for a total of \$(874,100) with FTP of 0.00 ongoing

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On Request by **Lacey**, granted by unanimous consent, the Fiscal Year 2015 budget for the Office of the Governor, Office of Energy Resources, was reopened.

CARRIED: **Original Motion**

Supplemental

Moved by **Lacey**, seconded by **Youngblood**, to approve for introduction \$0 General Funds, \$12,000 Dedicated Funds, \$234,000 Federal Funds for a total of \$246,000 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Hoskins, Budget and Policy Analyst, Division of Budget & Policy Analysis State Board of Education**

Reviewed Infrastructure Replacement for Idaho Public Television, Job Supports for Customers in Vocational Rehabilitation, and referenced the VR Funds and New ADRC Grant for the State Independent Living Council.

UNANIMOUS CONSENT: On Request by **Keough**, granted by unanimous consent, the Fiscal Year 2015 budget for the State Board of Education, Idaho Public Television, was reopened.

CARRIED: **Original Motion**

Supplemental

Moved by **Keough**, seconded by **Mortimer**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$183,500 Federal Funds for a total of \$183,500 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On Request by **Keough**, granted by unanimous consent, the Fiscal Year 2015 budget for the State Board of Education, Vocational Rehabilitation, was reopened.

CARRIED: **Original Motion**

Supplemental

Moved by **Keough**, seconded by **King**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$555,000 Federal Funds for a total of \$555,000 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On Request by **Keough**, granted by unanimous consent, the Fiscal Year 2015 budget for the State Independent Living Council, was reopened.

CARRIED: Original Motion

Supplemental

Moved by **Keough**, seconded by **Schmidt**, to approve for introduction \$0 General Funds, \$55,000 Dedicated Funds, \$0 Federal Funds for a total of \$55,000 with FTP of 0.00

\$19,500 OE to PC Gen Fund

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

CARRIED: Original Motion

Supplemental

#18 New ADRC Grant

Moved by **Keough**, seconded by **King**, to approve for introduction \$0 General Funds, \$20,000 Dedicated Funds, \$0 Federal Funds for a total of \$20,000 with FTP of 0.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

ADJOURN: There being no further business to come before the Committee, Chairman Bell adjourned the Committee at 10:30 a.m.

Representative Bell

Chair

Christi Cox

Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Monday, January 19, 2015

HEALTH AND HUMAN SERVICES WEEK

| TIME | DESCRIPTION | PRESENTER |
|---------------|---|--|
| 8:00-8:45am | Department of Health & Welfare Overview | <i>Richard Armstrong Director</i> |
| 8:45-9:15am | S1384, 2014 Session Intent Language in Section 9: <i>Appropriation by Fund</i> | <i>David Taylor Deputy Director</i> |
| 9:15-9:50am | Indirect Support Services LBB Page 2-29 | |
| 9:50-10:00am | <i>Break</i> | |
| 10:00-10:45am | Public Health Services LBB Page 2-65 | <i>Elke Shaw-Tulloch Administrator</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, January 19, 2015
TIME: 8:00 A.M.
PLACE:: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

ABSENT/EXCUSED: None

CONVENED: Chairman Cameron convened the meeting at 8:00 A.M.

STAFF PRESENT: Tatro

AGENCY PRESENTATION: **DEPARTMENT OF HEALTH AND WELFARE (DHW)**

PRESENTER: **Overview of Department of Health and Welfare
Richard Armstrong, Director**

To view the presentation, please click on the following link: [Department of Health and Welfare Overview](#)

Armstrong discussed the following areas: 1) the State Healthcare Innovation Plan (SHIP) to transform Idaho's healthcare system, 2) Employee Change in Employment Compensation (CEC), 3) a second Community Crisis Center, 4) the unique and vital role DHW's eligibility system provides for Idaho's insurance exchange, and 5) economic recovery continues but high workloads remain.

He briefly covered the budget recommendation for DHW which would increase 3.3% or about \$83 million; if non-discretionary adjustments, the CEC, employee benefit costs, and the federal SHIP grant recommendation were subtracted, the actual increase is closer to one percent. The increase in receipts is almost 32 percent, mostly due to new federal regulations in Medicaid. Medicaid continues to be four-fifths of the budget. The Department is also proposing a new program called Healthcare Policy Initiatives while discontinuing the Medically Indigent Administration program. Appropriated funding goes to the private sector for their services and goods. The FTP increase of almost 23 positions occurred due to converting long-term, temporary positions to FTP authority; there are no additional costs for the employees, just the FTP count increased. The total FTP request for FY 2016 is 2,870 workers which is 271 fewer workers than the Department had six years ago.

The evolution toward a more sustainable/effective healthcare system began in 2007 because of the Department's involvement with Medicaid, one of the larger insurers in the state, covering almost 270,000 Idahoans. Many of Medicaid's participants have serious illnesses or disabilities that result in very high medical costs. The Department's emphasis is to transition Medicaid participants to health homes and care management solutions with the goal of transitioning all Medicaid participants to care management. In 2012–13 Idaho piloted a Patient Centered Medical Home (PCMH) model. During that same time period, Idaho opted for a state insurance exchange to improve healthcare coverage. Recently Idaho received a \$39.6 million State Healthcare Innovation Plan (SHIP) grant to reform the healthcare system relying on PCMH as the foundation. It is a model that holds patient and the healthcare delivery system accountable for improved outcomes. The payment model also changes from a fee-for-service claim to a per-member-per-month fee for managing patients.

During a recent two-year health home pilot of Medicaid adults with chronic illnesses, hospital admissions were reduced by 26%, hospital readmissions by 41% and emergency room visits by 24%; overall an average of 20% was saved during the pilot. The participants in the pilot were some of the most chronically ill and expensive participants, all of whom would greatly benefit from coordinated, care management. Using the managed care system with the general Medicaid population should also result in savings and improved outcomes, probably not with such a high rate of return.

The \$39.6 million SHIP grant mentioned above will be spread over four years. The Department is requesting spending authority for \$8.9 million for Fiscal Year 2015 which will be administered by the newly created Healthcare Policy Initiatives program. They will begin transitioning 165 primary care practices to the medical home model, targeting 55 in FY 2016. The funding will also be used to connect the primary care practices' electronic health records to the Idaho Health Data Exchange to allow better patient management and collection of outcome data. The Idaho model relies heavily on developing regional collaboratives to support local, coordinated care. The Department plans to work with the seven Idaho public health districts in order to improve the overall health of each community.

Because of high employee turnover with a FY 2014 rate of 13.6% the Department is very supportive of the Governor's recommended 3% salary increase. Over 30% of turnover in 2014 was with workers who had less than two years of service. The Department cannot afford to become the training ground for the private sector.

Armstrong was appreciative of the appropriation last session for the development of the Behavioral Health Community Crisis Center which opened in Idaho Falls in December of 2014. The contract developed with Bonneville County requires the county to develop a plan to cover 50% of operating costs within two years. The purpose of a crisis center is to provide a safe, voluntary, effective and efficient alternative to emergency rooms and jails for people suffering a behavioral health crisis. And further, a crisis center can save on law enforcement resources, county indigent funds, emergency department services to uninsured patients, and reduce court-ordered civil commitments. The Governor has recommended additional funding for a second crisis center. Counties in which future crisis centers are located will also be required to develop plans to cover 50% of operating expenses within two years of opening.

Eligibility services provided to Your Health Idaho, the state's insurance exchange, were also discussed. In October, 2014 Your Health Idaho was approved for \$70 million in federal funds to build its exchange. In November, 2014 Idaho implemented its own insurance marketplace, doing so at less than half the cost of most other states. The development costs for DHW to provide eligibility shared services for the exchange is expected to total \$14 million over a two-year period. Idaho has one of the most effectively operating exchanges in the country. The Department's eligibility services are recognized nationwide for being efficient and accurate. Idaho's model is known as Eligibility Shared Services. **Armstrong** asked for the Committee's support as the Department requests receipt authority for development and operational costs from Your Health Idaho to ensure it meets the legislative intent that no state funds be used to implement Idaho's Exchange.

Transition from the federal marketplace was delayed from October 1, 2014 to November, 2014. Despite the delay, DHW authorized tax credits for 84,000 people which was accomplished by sharing eligibility services. One advantage of this shared service is the data being obtained. On top of the Exchange and Medicaid enrollments, 17,000 applications were received from people earning less than 100% of the federal poverty level; that group of people is known as the Gap population. These are people who are extremely low income but do not qualify for a tax credit or Medicaid so they do not receive healthcare. The same eligibility system used for healthcare assistance is also used to determine Food Stamp eligibility; therefore, the Department has been able to identify an additional 36,000 Idaho adults with incomes below 100% of the federal poverty level who have not applied for Medicaid or a tax credit. Combining those 36,000 with the 17,000 in the Gap population, the Department has been able to identify almost 53,000 uninsured, low-income Idaho adults. The consultants who conducted the actuarial work for the Governor's Medicaid redesign workgroup, estimated the Gap population to be 78,000. **Armstrong** gave examples of how the Gap group slips through both Medicaid and tax credit coverages. The Gap population was the group the Governor's Medicaid Redesign workgroup was most focused on. The question remains – how to pay for that population's healthcare. Those costs are currently being paid for through costly and poor alternatives with the county and state indigency program.

Both the national and state economies are recovering; however, the number of Idahoans receiving public assistance remains high, even as unemployment falls. People are working but they are not earning a livable wage and some can still qualify for public assistance. In 2006 only 14% of the state's population received some form of public assistance. Since the recession people are still feeling the effects of the downturn; in 2014, 20% of Idahoans were receiving public assistance. The need for public assistance varies throughout the state. The long-term answer is livable wages for Idaho workers.

PRESENTATION:: Report on Legislative Intent Language in Senate Bill 1384, Section 9: Appropriation by Fund from the 2014 Legislative Session

PRESENTER: David N. Taylor, CPA, CFE, Deputy Director, Department of Health and Welfare

To view the presentation, please click on the following link: [S1384, 2014 Session Intent Language in Section 9: Appropriation by Fund](#)

Intent language in Senate Bill 1384 requested that DHW provide to the Legislature by December 31, 2014 a plan that included: 1) ensuring appropriation compliance and providing transparency with the appropriation remaining in the Cooperative Welfare Fund, 2) providing the Department's solution to handling accounting transactions in coming years which may include: a) replacing the current software system, and working with the Office of the State Controller to use the new accounting system when developed, 3) identifying the steps and projected costs that would need to occur if the Legislature was to appropriate by a specific fund source, rather than the Cooperative Welfare Fund for a program or programs.

SB 1384 was the FY 2015 appropriation bill for Indirect Support Services within DHW. Taylor explained the meaning of the following terms: 1) Cooperative Welfare Fund which is a single fund used to pool multiple funding sources, 2) STARS – the current accounting and reporting system, 3) FISCAL – DHW's financial information system with cost allocation; FISCAL interfaces with STARS, 4) cost allocation which is an approved method to determine the cost of services provided to users of that service. He presented a chart that showed the mix of funding the Department receives and said there are over a hundred grants and awards with different levels of state and federal participation. He shared another slide that demonstrated the systemic complexity of the Department's system infrastructure. DHW maintains multiple agency-specific systems to support its administrative business processes, programmatic systems to support its core mission business processes, and multiple interfaces between administrative and programmatic systems to enable automated data exchange. DHW's approved cost allocation plan is a critical component of its financial infrastructure. Predicting cost allocation is very complex. The Department's use of the Cooperative Welfare Fund is a critical part of its ability to efficiently and cost-effectively manage the innumerable variables that occur in daily business that can affect a given reporting period.

Taylor briefly discussed the following two reports: 1) Office of Performance Evaluations (OPE's) report which was released in December of 2013, and 2) a Legislative Audit report issued in October, 2013, recommending the Department increase its documentation surrounding its compliance with legislative appropriations and year-end closing activities.

To address the first of three areas of legislative intent in Section 9 regarding ensuring appropriation compliance and providing transparency with appropriations remaining in the Cooperative Welfare Fund, the Department has improved supporting documentation and internal controls and now performs quarterly reconciliations between STARS and FISCAL. Transfers are entered into STARS prior to fiscal year end with backup documentation that includes the fund detail for transparency of General, Federal, and Dedicated funds in the Cooperative Welfare Fund. In addition, a quarterly report is provided to Legislative Services Office (LSO) and the Division of Financial Management (DFM). The Department continues to provide LSO's Audit Division on-site and remote access to all of its systems required to perform audit and review functions and provides training on how to use and navigate their systems.

The second area of legislative intent, to address future solutions to handling accounting transactions, the Department contracted with two outside experts, Information Service Group (ISG) and Eide Bailly. The Department's plan is to work closely with the Controller's Office in the possible development of a statewide accounting solution and to prioritize the use of existing resources in order to begin a comprehensive system analysis and requirements review of existing financial and reporting systems.

The third area of intent language to be addressed was to identify steps and projected costs that needed to occur if the Legislature were to appropriate by a specific fund source. In consultation with both Eide Bailly and ISG, it was determined that the appropriation of funds by specific source would require the development of a completely new financial management system for DHW because the existing system cannot support extensive changes.

PRESENTATION: Indirect Support Services, Department of Health and Welfare (DHW)

PRESENTER: David N. Taylor, CPA, CFE, Deputy Director for Support Services, DHW

To view the presentation, please click on the following link: [Indirect Support Services](#)

Taylor's presentation included an overview of the Governor's FY 2016 recommended budget for Indirect Support Services, the Governor's recommendation to establish an Office of Healthcare Policy Initiatives, Department-wide changes in the FTP count, and an update on the Southwest Idaho Treatment Center (SWITC) Master Plan.

Support Services is 1.6% or \$41.5 million of the Department's \$2.6 billion FY 2016 budget. The Healthcare Policy Initiatives program equates 0.3% of the budget. He provided slides showing the budget recommendation by fund source and by object.

Support Services provides administrative services in support of the Department's programs including the Office of Financial Services, the Division of Information Technology, the Division of Operational Services, and the Bureau of Audits and Investigations. The Department supports the Governor's recommended 3% merit-based pay increase for state employees.

Taylor addressed the following items in the Governor's recommended budget: 1) an FY 2015 supplemental for increased spending authority in dedicated receipts for \$3.2 million for IT development costs. All costs associated with this line supplemental will be covered by Your Health Idaho. 2) A line item for "Shared Eligibility Services" which reflects a \$1.7 million reimbursement from Your Health Idaho for one-time system development costs, including a one-time federal fund reduction in spending authority to align costs with the budget. 3) Replacement items totaling \$1.7 million in general funds and \$1.3 million in federal funds, one time. 4) A supplemental in one-time federal fund spending authority for \$3.5 million for the State Healthcare Innovation Plan (SHIP) and placing it in the proposed Healthcare Policy Initiatives program within DHW. 5) One-time FY 2016 spending authority for the State Healthcare Innovation Plan totaling almost \$8.8 million over a 12-month period.

Taylor gave an update on the results of an FY 2012 dedicated fund appropriation whereby the Department received authority to reconstruct the roadway to the Southwest Idaho Treatment Center (SWITC) and have a master plan prepared for the SWITC campus. Both projects have been completed. The next steps will be a design review process and selling the property. The State of Idaho will not be the developer of the land.

He spoke briefly about some Legislative Intent Language in the Support Services appropriation bill from a prior year and informed the Committee the Department is providing quarterly reports to DFM and LSO on the financial performance of its Medicaid Program Integrity Unit. In FY 2014 that unit recovered nearly \$2.4 million with a net return of approximately \$1.5 million.

The last issues discussed were the Legislative Audit Findings for FY 2012, FY 2013 and FY 2014. Some findings have been resolved and are closed, others are being disputed, and some are still open.

PRESENTATION: Division of Public Health, Department of Health and Welfare

PRESENTER: Elke Shaw-Tulloch, Division Administrator

To view the presentation, please click on the following link: [Public Health Services](#)

The Division of Public Health Services includes Physical Health Services, Emergency Medical Services, and Laboratory Services; there are eight bureaus. The goal of Public Health is to assist in preventing communicable disease and other health threats through targeted efforts and to support and encourage healthy lifestyles, healthy communities and healthy environments. Public Health partners with the health care system in preparing for emergencies (such as Ebola readiness and response), keeping people out of hospitals and making sure when there are medical emergencies people are taken to the right place at the right time. **Shaw-Tulloch** reviewed the following successes in her division: 1) Time Sensitive Emergencies (TSE) system of care, 2) State loan repayment program for health care practitioners, 3) an outbreak management system to monitor outbreaks and epidemiological activity, and 4) Ebola preparedness. She also briefly discussed the legislative audit regarding the Women Infants and Children (WIC) Supplemental Nutrition Program where one finding remains open.

The Governor's budget recommendations were reviewed for FY 2015 and FY 2016. **Shaw-Tulloch** discussed TRICARE which is a federal insurance program for military personnel and their families; since 2012, the program has not been authorized to pay into state vaccine assessments like other insurers. Since there are approximately 7,400 Idaho children covered by TRICARE who are without immunization coverage, the Department has requested \$596,000 in one-time trustee and benefit payments from the General Fund to pay for vaccines. The Department of Health and Welfare and the Governor are working to find a long-term solution to this ongoing problem. Other budget issues discussed were: 1) Project Filter is requesting a total of \$2.5 million in dedicated Millennium funds for Nicotine Replacement Therapy (NRT) and ongoing countermarketing activities, 2) a laboratory compensation package for scientist positions where there is a 33% turnover rate, and 3) \$39,000 for some laboratory replacement items.

PASS THE GAVEL: Chairman Cameron passed the gavel to Co-Chair Bell at 10:30 A.M.

ADJOURNED: There being no further business to come before the Committee, the meeting was adjourned by Co-Chair Bell at 10:36 A.M.

Senator Cameron
Senate Finance Chair

Peggy Moyer
Secretary

Representative Bell
House Appropriations Chair

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Tuesday, January 20, 2015

HEALTH AND HUMAN SERVICES WEEK

| TIME | DESCRIPTION | PRESENTER |
|---------------|--|---|
| | Department of Health and Welfare | |
| 8:00-9:00am | Division of Welfare LBB Page 2-83 | <i>Lori Wolff</i> <i>Administrator</i> |
| 9:00-9:45am | Division of Medicaid LBB Page 2-39 | <i>Lisa Hettinger</i> <i>Administrator</i> |
| 9:45-10:00am | <i>Break</i> | |
| 10:00-10:45am | Division of Medicaid, <i>Continued</i> | |
| 10:45-11:00am | Licensing and Certification LBB Page 2-93 | <i>Tamara Prisock</i> <i>Administrator</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, January 20, 2015

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS: Chairman Bell, Vice Chairman Gibbs, Representative(s) Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

**ABSENT/
EXCUSED:** None

CONVENED: Chairman Bell convened the meeting at 8:00 a.m.

HEALTH AND HUMAN SERVICES WEEK

PRESENTER: **Lori Wolff, Administrator**
Division of Welfare

Presented a high-level overview of the Division of Welfare. Presentation included: Budget Details, Program Participation, Audit Findings, and Services that impact Idahoans. Other topics included: Work Supports, Health Coverage Assistant, and Your Idaho Health. [Division of Welfare](#)

PRESENTER: **Lisa Hettinger, Administrator**
Division of Medicaid

Presented a high-level overview of the Division of Medicaid. Presentation included: Medicaid 101, Overview of Budget Recommendation, FY 2015 Legislative Intent, and FY 2016 Medicaid Budget Request. [Division of Medicaid](#)

PRESENTER: **Tamara Prisock, Administrator**
Division of Licensing and Certification

Presented a high-level overview of the Division of Licensing and Certification. Presentation included: Division of Licensing and Certification Accomplishments and Current Challenges, and the Budget Recommendation. [Licensing and Certification](#)

ADJOURN: There being no further business to come before the Committee, **Chairman Bell** adjourned the meeting at 10:51 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Wednesday, January 21, 2015

HEALTH AND HUMAN SERVICES WEEK

| TIME | DESCRIPTION | PRESENTER |
|--------------------|---|-------------------------------------|
| | Department of Health and Welfare | |
| 8:00-8:40am | Mental Health Services LBB Page 2-47 | <i>Ross Edmunds, Administrator</i> |
| 8:40-9:10am | Substance Abuse Treatment and Prevention LBB Page 2-77 | |
| 9:10-9:40am | Psychiatric Hospitalization LBB Page 2-55 | |
| 9:40-9:50am | Break | |
| 9:50-10:20am | Services for the Developmentally Disabled LBB Page 2-19 | <i>Russ Barron, Deputy Director</i> |
| 10:20-11:00am | Child Welfare and Service Integration LBB Pages 2-13; 2-73 | |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 21, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Chairman Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Tatro
PRESENTATION: **Department of Health and Welfare (DHW)**
Mental Health Services
PRESENTER: **Ross Edmunds, Administrator, Division of Behavioral Health**

To view the presentation, please click on the following link: [Mental Health Services](#)

Behavioral Health (Mental Health, Substance Abuse, Psychiatric Hospitalization) is 3.4% of DHW's \$2.61 billion budget, and represents 41.8% or \$36.5 million of the FY 16 Behavioral Health appropriation of \$87.4 million. The overall structure of Behavioral Health is 1) administration comprised of 38 FTP and includes Quality Assurance/Automation, Data, Policy and Operations, and 2) Regional/Hospital with 628 FTP which represents 94.3%. By fund source 74% comes from General Funds, 23.6% from Federal Funds, 0.7% from Dedicated Funds and 1.7% from receipts. Mental Health Services is divided into two areas: 1) adult mental health services represents 65.5% or \$23.9 million of the budget, and 2) Children's Mental Health amounts to 34.5% or \$12.6 million.

There are five priority areas in the Adult Mental Health (AMH) program: 1) emergency psychiatric services involving crisis intervention teams, designated exams and police holds, 2) Committed clients – individuals committed to state custody, 3) court-ordered clients – outpatient services for offenders on supervised probation, 4) Mental Health Court participants – forensic community treatment, and 5) voluntary clients without benefits. In FY 2014 emergency psychiatric services were delivered to 9,268 people; committed clients totaled 1,098, there were 4,109 court ordered clients; 320 participants in Mental Health Court; and 2,936 voluntary clients. Edmunds presented a graph covering a 6-year period which demonstrated the increased demand for crisis services. The gap is widening between clients committed to the State and holds. Crisis centers are expected to meet the needs of the gap population.

The Idaho Falls crisis center opened in December, 2014, and in the first month the records indicate approximately half of those dropped off at the center came independently or were brought by their families and the other half were dropped off by law enforcement. The contract for the Idaho Falls crisis center stated the county must have a plan to pay for 50% of the center's operations in two years. The Governor has recommended \$1.7 million in funding in his FY 2016 budget for a second community crisis center to be built in another area of the state, location not yet determined.

Edmunds presented similar information for Children's Mental Health (CMH) by category and fund source. There are three priority areas in CMH: 1) emergency psychiatric services involved 1,603 children in FY 14, 2) court-ordered clients involved 1,090 children in FY 14, and 3) voluntary clients without benefits involved 1,240 children in FY 14.

He briefly updated the Committee on the Jeff D lawsuit stating the case is in the final stages of a settlement agreement. Once approved by the Federal Court, the agreement will provide for nine months of implementation planning and four years to implement. DHW will continue to update JFAC on the implementation plan and any funding requests. To date \$615,000 has been billed for attorneys' fees. These legal fees can be negotiated.

One FY 13 CMH audit finding remains open regarding internal controls to ensure compliance with a Social Service Block Grant. DHW needs to ensure funding is used only on families falling below 200% of the federal poverty level.

Edmunds provided the following information as a follow up to the 2014 Legislative session: 1) The suicide prevention hotline is now operational 24/7 because of a \$50,000 annual ongoing contribution from the Legislature. Of the 1,867 calls, 100 were considered rescue calls (where suicide is usually imminent when there is no intervention). 2) There has been a transfer of funds to the Department of Juvenile Corrections for a joint program to maintain clinicians in juvenile detention centers.

PRESENTATION: Substance Abuse Treatment and Prevention

PRESENTER: **Ross Edmunds, Administrator, Division of Substance Abuse Treatment and Prevention**

To view the presentation, please click on the following link: [Substance Abuse Treatment](#)

Of the FY 16 recommended \$87.4 million budget for Behavioral Health, Substance Abuse represents 19.1% or \$16.7 million. The presentation also used graphs to show the budget figure by fund source and category; 77.6% or \$12.9 million comes from Federal Funds while only 15.3% or \$2.6 million comes from the General Fund. Another slide showed FY 15 treatment utilization. This is the fourth year of a split where some money goes to the Department of Correction, some to the Supreme Court and some to the Department of Juvenile Corrections.

Edmunds discussed the Access to Recovery (ATR) IV Grant that was awarded in October, 2014. It is a 3-year grant for \$7.87 million and will cover veterans involved in the criminal justice system, families involved in the child protection system and the homeless population. There is an FY 15 supplemental regarding the ATR for \$796,700 in federal funds, an additional \$459,800 one time in federal funds and two limited service FTP. The appropriation is expected to serve over 3,400 Idahoans with substance use disorders.

Substance use disorders prevention is required by the federal block grant through a maintenance of effort. Approximately \$1.6 million in funding is being transferred to the Office of Drug Policy for administration of the prevention program.

PRESENTATION: **Psychiatric Hospitalizations**

PRESENTER: **Ross Edmunds, Administrator, Psychiatric Hospitalization**

To view the presentation, please click on the following link: [Psychiatric Hospitalization](#)

The Psychiatric Hospitalization FY 16 budget is 39.1% or \$34.2 million of the Behavioral Health appropriation. The budget covers three areas: Community Hospitalization, State Hospital North and State Hospital South. The average daily psychiatric hospital rates are: \$883 for Community Hospitalization, \$506 for State Hospital North, and \$533 for State Hospital South. The core functions of state hospitals are to: stabilize psychiatric conditions, reduce risk of self-harm or harm to others, assess, diagnose and treat presenting conditions, restore competency for standing trial, and coordinate with regional mental health clinics for transition of patients.

State Hospital South (SHS) has been in operation in Blackfoot since 1886. There are 90 adult psychiatric beds, 16 adolescent beds and 29 psychiatric skilled nursing beds; the hospital is accredited by the Joint Commission. SHS adult admissions have risen from 363 in FY 09 to 608 in FY 14; however, the length of stay has been decreasing.

State Hospital North (SHN) has been operating in Orofino since 1905. The hospital has 60 adult psychiatric beds currently staffed for 55 beds; SHN is licensed by State of Idaho Facility Standards. There were 249 patients admitted in FY 09, the figure increased to 336 admissions in FY 11 and declined to 217 in FY 14 because a psychiatrist was not on staff.

Edmunds explained the following budget recommendations for FY 16: a nurse call system interface for \$450,000 and an inventory system upgrade costing \$55,000 at SHS and a clinical notes template module for \$159,000 which would benefit both SHS and SHN that would allow the hospitals to consolidate patient data for accurate records and required accreditation reporting. There is also a recommendation to spend \$120,800 for repair and replacement items at both hospitals.

Regarding community hospitalization, there are ten private psychiatric hospitals under contract statewide that hold patients who are committed until arrangements are made and space is available for transfer to a state hospital. Community psychiatric hospitals are seeking a daily rate increase which will cost the state \$279,000, ongoing from the General Fund.

The Physician Loan Repayment program has been very effective in hiring appropriate medical personnel. With an improved economy the turnover rate has steadily increased from 7% in FY11 to 11% in FY 14 due to salary (as reported in exit interviews). The Department of Health and Welfare strongly supports the Governor's recommendation for a 3% CEC pay increase.

PRESENTATION: Services for the Developmentally Disabled (DD)

PRESENTER: Russ Barron, Interim Director, and Deputy Directory of DHW

To view the presentation, please click on the following link: [Services for the Developmentally Disabled](#)

Barron gave an overview of all programs in the Division of Family and Community Services (FACS), a more focused overview of the Division's services for the developmentally disabled, discussed the challenges and opportunities in these programs, and concluded with the Governor's FY 16 budget recommendations for Developmentally Disabled services. There are no open legislative audit findings for Community Developmentally Disabled Services.

FACS serves thousands of people annually in the following programs: Infant Toddler, Children's DD Services, Crisis Prevention, SWITC & Kyler House, Idaho 211 CareLine, Navigation Services, Child Protection, Foster Care, Adoption Subsidies and Adoptions Finalized. Highly skilled professionals serve these children and families.

The Division of FACS makes up only 3.8% of the Department's total budget. Within the FACS budget of \$98.5 million, Community DD's budget is \$19.4 million and Southwest Idaho Treatment Center's (SWITC) budget is \$10.9 million.

The focus of this presentation was on 1) Community DD which includes the Infant Toddler program, Children's DD services and Crisis Prevention and 2) SWITC (formerly known as the Idaho State School and Hospital or ISSH) as well as funding for the Kyler House which provides DD services to individuals in northern Idaho.

The Infant Toddler Program coordinates early intervention services for children from birth to age 3 and houses other grant programs including Head Start Collaboration, the Early Childhood Coordinating Council and the Idaho Newborn Hearing Screening Program. Clinical evidence has shown that family involvement significantly increases a child's success in addressing delays and disabilities. When testing shows a six-month or greater delay in a child's physical, mental or emotional development, services are made available. The number of children in this program has grown consistently over the past few years and served 3,773 children last year.

The Children's Developmental Disabilities Program provides services for children up to age 18. This program was revamped in 2011; the purpose of the initiative was to promote evidenced-based services. A growing number of families are choosing to design and direct their own services through a program called Family Direction. This service is heavily used in rural areas where there may be fewer professional providers. A recent survey of over 500 families receiving these services showed that 98% of the families were satisfied with the services received. Services include intervention to address maladaptive behaviors and build skills, supports to help individuals participate in their communities, and a special service for children with autism that allows for intensive intervention between the ages of 3 and 7.

The last part of the continuum of care is Crisis Prevention where services are provided for adults as well as children who have developmental disabilities and are involved in crisis situations. (The Division of Medicaid provides direct oversight for Medicaid reimbursed services to the adult population and that information is not included in this presentation.) This population sometimes experiences mental health issues or maladaptive behaviors that place them in trouble with their care providers and sometimes with the law. Last year, the crisis prevention team served 417 individuals. As directed by Idaho Code, this team provides expert opinions to Idaho courts surrounding guardianship evaluations, individuals' competency to stand trial or the need to be committed to the care of the state if they are a danger to themselves or others.

SWITC, located in Nampa, began accepting clients in 1918 and by 1957 the population had increased to almost 1,000 residents. The number of individuals living there has dramatically been reduced over the last several years when it was recognized that community placements are healthier for individuals with developmental disabilities. A 2009 legislative workgroup recommended further downsizing and a name change since the facility was no longer a school or hospital. The workgroup's efforts showed a need for a facility in northern Idaho which resulted in the opening of Kyler House in Hayden. Currently there are 25 residents at SWITC and 5 residents at Kyler House.

There are two main challenges currently facing the Infant Toddler Program: 1) a need to open a small intensive treatment facility at a different location for the SWITC population, and 2) the increasing caseload which has risen 12% in the last four years. The program has become more efficient by embracing a family coaching model and utilizing more contracts. Strategies will be examined that will allow for the efficient management of the growing Infant Toddler Program.

Barron reviewed the recommended FY 16 budget requests for Developmental Disabilities by category and funding source and also discussed the transfer of FTP from SWITC to other divisions within the Department due to the reduction of individuals served.

PRESENTATION: **Child Welfare Services and Service Integration**

PRESENTER: **Russ Barron, Interim Administrator and Deputy Director for DHW**

To view the presentation, please click on the following link: [Child Welfare and Service Integration](#)

The presentation focused on the following: a) an overview of the Service Integration Programs, b) information on the individuals served in the Child Welfare Program, c) the program's challenges/opportunities, and d) review the Governor's FY 16 budget recommendations for Child Welfare. There are no open legislative audit findings for Service Integration or Child Welfare.

Some of the programs in Service Integration include 1) the Idaho 211 CareLine which is a statewide toll-free information and referral call center linking citizens to services; 142,718 contacts were facilitated during FY 14 and the CareLine has 4,403 active resources or services to which callers can be referred. 2) Navigation Services are designed to be short-term only lasting up to 120 days where navigators identify and develop supports for struggling families to help them achieve long-term stability; in FY 14 9,890 families were served. Services include help with rent, gasoline, vouchers, and emergency cash assistance. The funding source for this emergency assistance program is a federal block grant called Temporary Assistance to Needy Families (TANF). 3) The Idaho KinCare Program serves families who care for relative children when the biological parents are unable to do so; 29,000 Idaho children fall into this category. The Governor's FY 16 budget recommendation for Service Integration is \$5.9 million with the majority of the funding for Trustee and Benefits in the Navigation Program.

PRESENTATION: Child Welfare Services

PRESENTER: Russ Barron, Interim Administrator and Deputy Directory of DHW

While over 2,500 children were served in foster care last year, on any given day there were about 1,300 children in foster care. During the year there were approximately 626 families where children were able to be safely served in their homes rather than placed in foster care. Funding for these services come from a variety of federal grants. Regarding foster care placements, 92% of all children are placed in family settings and 42% of all children are placed with relatives or close friends. The majority of children who enter foster care are reunited with their families and spend less than one year in foster care. A smaller percentage of children exit foster care through adoption.

The following challenges/opportunities were discussed: 1) Child Welfare Services is in the process of determining how to implement changes that will support improved processes and help the staff be more efficient; one way is to update the computer systems due to increased workload, 2) difficulty in recruiting and retaining foster families, and 3) children who age out of foster care to adulthood without supports typically experience poor outcomes including homelessness, substance abuse, or incarceration.

The Governor's recommended budget for Child Welfare in FY 16 is \$62.3 million; 47% of this budget is for trustee and benefits provided to children and families. Over half of child welfare services are funded by federal grants, the primary source of funding is authorized by Title IV-E of the Social Security Act. Title IV-E is a program with specific eligibility requirements and fixed allowable uses of funds, primarily foster care reimbursement, adoption assistance, and worker training and program administration costs; the funding is awarded by formula and is contingent upon an approved Title IV-E State Plan to administer the program.

One of the challenges regarding adoptions is the ability to fund all adoption subsidies. Since 2000 there has been an increase in the total number of adoptions and adoption subsidies. Adoption subsidies are estimated to reach \$9.2 million in FY 2016. For a short period of time the increase in costs were countered by dramatic increases in federal Adoption Incentive Payments. By federal design, the incentive awards have also dramatically dropped and are not expected to increase in the future. The Governor's FY 16 budget recommendation includes \$1,232,900 for Adoption Caseload Growth. In 2013 Idaho was approved for a 5-year Title IV-E Waiver Demonstration Project which allowed flexibility to use funding for in-home services and other innovative practices which previously was only approved for foster care services. The implementation and evaluation plan that was developed includes: 1) flexibility in foster care spending, 2) trauma-informed system of care, 3) family group decision making to promote early involvement of families and their support systems, 4) family life skills training and a parent education program, and 5) a rigorous evaluation to track outcomes. The Governor's FY 16 recommendation is for a total federal spending authority increase of \$1,806,000.

ADJOURNED:

There being no further business to come before the Committee, the meeting was adjourned at 10:40 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Thursday, January 22, 2015

HEALTH AND HUMAN SERVICES WEEK

| TIME | DESCRIPTION | PRESENTER |
|---------------------|---|---|
| 8:00-8:30am | Catastrophic Health Care Program LBB Page 2-3 | <i>Roger Christensen, Board Chairman</i> |
| 8:30-9:10am | Public Health Districts LBB Page 2-99 | <i>Vaughn Rasmussen Bear Lake County Commissioner and Board of Health Vice Chair</i> <i>Maggie Mann, Director Southeastern Idaho Public Health</i> |
| 9:10-9:50am | Commission on Aging LBB Page 6-49 | <i>Sam Haws, Administrator</i> |
| 9:50-10:00am | Break | |
| 10:00-10:30am | Division of Veterans Services LBB Page 5-121 | <i>David Brasuell, Administrator</i> |
| 10:30-11:00am | Division of Vocational Rehabilitation LBB Page 1-127 | <i>Jane Donnellan, Administrator</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

- DATE:** Thursday, January 22, 2015
- TIME:** 8:00 A.M.
- PLACE:** Room C310
- MEMBERS:** Chairman Bell, Vice Chairman Gibbs, Representative(s) Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
- ABSENT/
EXCUSED:** None
- CONVENED:** Chairman Bell Convened the Meeting at 8:00 a.m.
- PRESENTER:** **Roger Christensen, Chairman of the Board**
Catastrophic Health Program
Presentation on the Catastrophic Health Program. Presentation included Medicaid Determinations, Patient Reimbursements, Seat Belt Citations Income, and a description of The Five Year Mark: five-year comparison CAT case-loads and five-year comparison state payments. Also included, Hospital/Provider Payments, Patient Reimbursements, and costs associated with administering the CAT program. Concluded with the 2016 Budget Request. [Catastrophic Health Care Cost Program](#)
- PRESENTER:** **Vaughn Rasmussen, Bear Lake County Commissioner and Board of Health Vice Chair**
Public Health Districts
Presentation included an overview of the Idaho Public Health Districts and reviewed many of the accomplishments achieved, challenges faced, and revenue sources to support.
- PRESENTER:** **Maggie Mann, Director, Southeastern Idaho Public Health**
Public Health Districts Continued...
Maggie concluded the presentation with the FY 2016 Budget Proposal. [Public Health Districts](#)
- PRESENTER:** **Sam Haws, Administrator**
Commission on Aging
Presented on The Commission on Aging's service to Idaho and the growing senior population. The Commission on Aging services support and improve the quality of life for seniors, vulnerable adults, and persons with disabilities. Also included in presentation, the de-designation of Area Agency on Aging III. The Commission on Aging is dedicated to strengthening the aging services network throughout the State of Idaho [Commission on Aging](#)
- PRESENTER:** **Col. David Brasuell, Administrator**
Division of Veteran Affairs
Presentation included statistics on the Veterans Benefit Assistance, Education for Veterans, Idaho Veteran Homes, and the Idaho State Veterans Cemetery. Presentation also reviewed, DPW Projects and Capital Improvements, and the General Fund Use. [Division of Veterans Services](#)

- PRESENTER: Jane Donnellan, Administrator, Division of Vocational Rehabilitation**
Division of Vocational Rehabilitation
Provided a brief overview of the IDVR Program Structure, Services, and Budget Request. [Division of Vocational Rehabilitation](#)
- PRESENTER: Jani Revier, DFM Administrator**
Governor's Budget Recommendation Revision I
An official revision to the Governor's budget recommendation was presented to the committee. Changes from submitted material to Idaho Public Broadcasting, Hispanic Commission, and the Department of Health and Welfare: Domestic Violence Council.
- ADJOURN:** There being no further business to come before the Committee, Chairman Bell adjourned the Committee at 10:41 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Friday, January 23, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------|--|---|
| 8:00-8:30a | Legislative Services Office LBB Page 6-131 | <i>Eric Milstead, Director</i> |
| 8:30-8:50a | Division of Financial Management and Executive Office of the Governor LBB Pages 6-81; 6-85 | <i>Jani Revier, Administrator</i> |
| 8:50-9:20a | Special Hearing: Lessons Learned from Zero-Based Budgeting | <i>David Hahn, Financial Mgmt Analyst, Sr. Division of Financial Management</i> |
| 9:20-9:50a | Commission for the Blind and Visually Impaired LBB Page 6-63 | <i>Nancy Wise, Acting Administrator</i> |
| 9:50-10:15a | Commission on Hispanic Affairs LBB Page 5-69 | <i>Margie Gonzalez, Executive Director</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, January 23, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Chairman Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Holland-Smith, Hoskins
PRESENTATION: **Legislative Services Office (LSO)**
PRESENTER: Eric Milstead, Director

To view the presentation, please click on the following link: [Legislative Services Office](#)

The Legislative Services Office has a staff of 64 nonpartisan professionals that provides support services to the Idaho Legislature. Under the direction of the Director, the office consists of the Division of Research and Legislation, the Division of Budget and Policy Analysis, the Legislative Audit Division, and the Information Technology Division. The LSO administrative office, staffed by five people, manages, and administers all activities of the office, staffs Legislative Council and the Capitol Services Committee, manages and administers HR and fiscal operations, manages the Capitol Tours program with 30 volunteers, and also manages and operates the Capitol Gift Shop which features Idaho artists, craftsmen, and authors.

The Research and Legislation Division staffed by 13 people provides research, analysis, drafting, proofing and editing of approximately 1,000 pieces of draft legislation annually. In addition the Division: 1) provides staff support for up to ten interim legislative study committees, special committees and task forces, 2) creates a final version of Idaho Session Laws and maintains the Idaho Code database, 3) develops, edits and prints legislative publications, 4) provides germane joint subcommittees with information and analysis on proposed agency rules annually and also assists with the legislative rules review process, and 5) provides a legislative research library to legislative analysts, legislators, and the public.

The entire appropriations process is coordinated by the Budget and Policy Analysis Division with a staff of 10 professionals. The Division analysts provide support to the Joint Finance-Appropriations Committee (JFAC) in setting a \$6.7 billion state budget involving over 200 state programs. In addition similar support on budget and policy issues is provided to other germane committees, interim committees and Senate/House leadership. The analysts draft approximately 100 appropriation bills annually with corresponding Statements of Purpose (SOP), fiscal notes and information for to support JFAC members while they debate on the Senate/House floors. Staff also provides support for the Economic Outlook Committee, the Change in Employment Compensation (CEC) Committee and the Millennium Fund Committee. The Division develops all official documentation and publications for the budget and appropriations process.

The largest division in LSO is Legislative Audits. With a staff of 28 the Division 1) completes an audit of the Statewide Comprehensive Annual Financial Report (CAFR) due annually at the end of each year, 2) completes the Statewide Federal Single Audit due at the end of March each year, 3) evaluates internal controls and financial operations of every state agency at least once every three years, 4) maintains a repository of audit reports for state and local governmental units required to have an audit, and finally, 5) conducts special audits/research reports as resources allow.

With a staff of 8 people, the Information Technology Division 1) manages and maintains the entire computer network system for the Idaho Legislature in addition to staffing the Information Technology Advisory Committee, 2) manages and maintains servers, desktop/laptop computers, printers, and tablets, 3) provides assistance to legislators with their individual devices (smart phones, iPads and tablets), 4) manages and provides continual improvement to the Legislature's GEMS information management system, and 5) manages and supports the e-mail and telephone systems for the Legislature.

Milstead listed the following as priorities for his office: 1) maintaining and strengthening agency excellence, 2) attracting and retaining professional support staff, 3) training and professional development to encourage innovation by networking with other legislative staff throughout the United States, and 4) having the best technology available to legislators and staff.

He briefly reviewed the FY 2016 budget for LSO wherein he requested some replacement items and software. The total FY 2016 budget request is for \$7,095,100.

PRESENTATION: **Executive Office of the Governor**

PRESENTER: **Jani Revier, Administrator, Division of Financial Management**

The Office of the Governor has 18 staff. The FY 2016 recommendation is a maintenance budget totaling \$2,032,600 and the Governor requests Lump Sum Authority.

PRESENTATION: Division of Financial Management (DFM), Office of the Governor

PRESENTER: Jani Revier, Administrator, Division of Financial Management

To view the presentation, please click on the following link: [Division of Financial Management](#)

The Division of Financial Management, staffed by 14 professionals, is part of the Executive Office of the Governor and its primary function is to assist the Governor in his duty as Chief Budget Officer of the State. The Division consists of three bureaus. David Fulkerson who is the Deputy Administrator of DFM heads the Management Services Bureau which provides accounting support and coordinates statewide accounting issues. The Economic Analysis Bureau headed by Chief Economist Derek Santos is responsible for the Idaho General Fund Revenue Report, the Idaho Economic Forecast, and the General Fund Revenue Book. Shelby Kerns, Budget Bureau Chief, is responsible for developing the Executive Budget. DFM performs a variety of fiscal control functions in the operational management of state government by providing guidance to agencies in the implementation of the budget and ensuring that transactions follow code, rule and policy.

Regarding budget adjustments **Revier** explained that DFM analysts are authorized to allow agencies to make budget transfers mid-year and to allow for the spending of federal grants that were unknown at budget-setting time through a noncognizable funds process. DFM can also make expenditure adjustments to help agencies meet emergency needs throughout the year within current budgets. Idaho Code gives the Board of Examiners authority to transfer appropriated spending authority between object classes. Since 1994, the Board has requested that DFM approve these transactions first with final release by the Office of the Controller, which acts as the secretary for the Board. In 2013 the Board reaffirmed said policy. Idaho Code requires the approval of both DFM and the Board of Examiners for transfers between programs. Again, since 1994 the Board has delegated the final release of said actions to the Office of the Controller and that policy was also reaffirmed with a vote in 2013.

The recommendation for the Division of Financial Management is a maintenance budget of \$1,706,000 for FY 2016.

SPECIAL HEARING

PRESENTATION: Lessons Learned from Governor Otter's Zero-Base Budgeting and Program Prioritization Initiative

PRESENTER: David Hahn, Senior Financial Management Analyst, Division of Financial Management (DFM)

To view the presentation, please click on the following link: [Special Hearing: Zero Base Budgeting](#)

In the 2008 State of the State address, just prior to the Great Recession, Governor Otter launched his Zero-Base Budgeting Initiative which was designed for implementation over a six-year period. It required state agencies to go through a systematic review of base operations according to Zero-Base Budgeting principles. The challenge to state agencies was to use a modified approach to Zero-Base Budgeting as a planning and budgeting tool to help assess *why* things were being done, what *should* be done, and what *could* be done within limited resources.

DFM defined zero-base budgeting as a budgeting process wherein base budget cost centers were 1) identified, justified, and then prioritized and aligned for the most efficient and effective fulfillment of an agency's strategic plan and statutory mission, 2) designed to complement the traditional budget process rather than replace it, and further, 3) designed to challenge the thinking that each cost center was as valuable today as when it was first conceived and that all base cost centers were of equal value. DFM's intention was to identify the real end value of Zero-Base Budgeting and back into that end value by developing a modified approach tied to general Zero-Base Budgeting principles.

The steps agencies used in Zero-Base Budgeting were: 1) review of an agency's strategic plan, 2) identify cost centers and cost center related activities, 3) compare legal mandates to actual activities (called "gap analysis") to establish a baseline for where an agency should be, 4) complete a staff time study, 5) develop decision packages for each cost center, and 6) prioritize cost centers.

Over 60 agencies, boards, and commissions undertook the Zero-Base Budgeting process with the following outcomes/benefits: 1) prioritization of cost centers helped a number of agencies continue to fulfill core statutory responsibilities while meeting mandatory budget cuts during the Great Recession, 2) the process was a key tool used by a number of agencies to identify resources that could be reallocated to meet priorities, 3) systematic review of statutory authority resulted in 13 pieces of legislation signed into law that resulted in more clearly defined statutory responsibilities, and 4) systematic review of staff resources resulted in agencies identifying the need to better align staff resources to meet programmatic objectives.

It is important to note that the Governor's Office/DFM will not undertake another cycle of Zero-Base Budgeting, although the process may be proposed as a budget and planning tool for use in certain cases, such as agency reorganizations.

Program Prioritization for Four-Year Higher Education Institutions

Hahn said DFM struggled to identify an approach that was suitable to higher education institutions that also met the Zero-Base Budgeting principles. Program Prioritization turned out to be the perfect match. The methodology for Program Prioritization was: 1) programs were evaluated according to Board-approved criteria and weighting, 2) metrics were developed to assess program performance in light of the criteria, 3) programs were placed in one of five prioritization quintiles based on program performance in meeting established criteria, and 4) action plans were developed for those programs in the bottom quintiles. Program Prioritization outcomes were: 1) a total of 1,256 academic and non-academic programs were evaluated, 2) 241 programs were placed in the first quintile making them candidates for expansion while 214 programs were placed in the fifth quintile making them candidates for substantive changes pursuant to action plans, 3) phase-in implementation plans were established, and 4) the State Board of Education will continue oversight of implementation (with follow-up reports planned for March and August, 2015).

PRESENTATION: Idaho Commission for the Blind and Visually Impaired (ICBVI), Office of the Governor

PRESENTATION: Nancy Wise, Acting Administrator

To view the presentation, please click on the following link: [Commission for the Blind and Visually Impaired](#)

ICBVI, established in 1967, assists individuals who are blind or visually impaired with achieving social and economic independence. There are five Commissioners who are appointed by the Governor and serve three-year terms. Regional offices are located in Coeur d'Alene, Lewiston, Twin Falls, Pocatello and Idaho Falls. The Commission's goal is to provide direct service training to those eligible so they can become employed and contribute independently to their own well being. The definition of legally blind is 20/200 vision best corrected. ICBVI's main office is in Boise where several of the following programs are administered: Vocational Rehabilitation, Independent Living, Older Blind, Business Enterprise Program, Assessment and Training Center, Summer Work Experience Program as well as Sight Restoration services.

The Governor's recommendation for FY 2016 is \$1,325,100 in General Funds, \$326,400 in Dedicated Funds, and \$2,983,400 in Federal Funds for a total of \$4,634,900 with 39.12 FTPs. ICBVI had three audit findings during FY 2013 which are still open; it is anticipated these findings will be closed at the completion of the current audit.

PRESENTATION: Idaho Commission on Hispanic Affairs, Self-Governing Agencies

PRESENTER: Margie Gonzalez, Executive Director

To view the presentation please click on the following link: [Commission on Hispanic Affairs](#)

The Commission on Hispanic Affairs was established in 1987 as an independent entity of state government. Its core functions are to advise the Governor, Legislature, executive departments and agencies on matters affecting Idaho's Hispanic population and to serve as a liaison between community and government entities to improve the quality of life for the Hispanic population. The Boise office has three people on staff and the Commission has a nine-member board composed of five commissioners appointed by the Governor and four from the Legislature. Hispanics are the largest minority group in Idaho representing 11.8% of the total population as of 2013. The population is continually increasing. **Gonzalez** said District 5 located in south central Idaho has the highest concentration of Hispanics,

Some of the key issues facing the Hispanic population are: 1) population growth, 2) improve educational outcomes, 3) health and human services, business and economic/workforce development, and public policy. There are 73,000 Hispanic eligible votes in Idaho – 78.5% are citizens by birth and 21.5% are naturalized citizens. The Hispanic population continues to contribute economically as the population increases. As the overall growth of buying power slowed in the post-recession expansion, the buying power of Hispanics rose 4.9% from 2012 to 2013, nearly twice the growth rate for the state overall.

The Commission leverages public and private partners to strategically improve outcomes for Hispanics by serving as an advisory body to policymakers, informing legislators on matters affecting Hispanics, conducting outreach opportunities to inform the public about public and private programs beneficial to Hispanics, sponsoring studies of relevance to the Hispanic population in Idaho, and serving as a referral agency. Other accomplishments include partnering with the Idaho State Department of Education to foster substance abuse prevention, eliminating academic performance gaps between Hispanic and non-Hispanic people and reducing dropout rates. Another accomplishment is the Hispanic Youth Leadership summit.

Legislative Audits Division conducted a management review of the Commission in FY 2011, 2012 and 2013 with no audit findings or recommendations. The Governor's FY 16 budget recommendation totaled \$268,000 with 3 FTP.

ADJOURNED:

There being no further business to come before the Committee, the meeting adjourned at 10:08 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Monday, January 26, 2015

EDUCATION WEEK

| TIME | DESCRIPTION | PRESENTER |
|---------------------|---|--|
| 8:00-8:45a | State Board of Education LBB Page 1-43 | <i>Emma Atchley, Board President</i> |
| 8:45-9:40a | University of Idaho LBB Page 1-53 | <i>President Chuck Staben</i> |
| 9:40-10:00a | Agricultural Research & Extension Service LBB Page 1-45 | <i>Dr. John Foltz, Dean College of Ag & Life Sciences</i> |
| 10:00-10:10a | Break | |
| 10:10-10:30a | University of Idaho Special Programs: LBB Page 1-109 | |
| | Forest Utilization Research | <i>Dr. Kurt Pregitzer, Dean College of Natural Resources</i> |
| | Geological Survey | <i>Dr. Jack McIver, Vice President Research & Econ Development</i> |
| 10:30-11:00a | Health Education Programs LBB Page 1-85 | <i>Mary Barinaga, MD WWAMI Program</i> |
| | | <i>Jeralyn Jones, MD Psychiatry Residency</i> |
| | | <i>Ted Epperly, MD Family Practice Residency</i> |
| | | <i>Bill Woodhouse, MD ISU Family Medicine Residency</i> |
| | | <i>Dick McLandress, MD C d'A Family Medicine Residency</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, January 26, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS: Chairman Bell, Vice Chairman Gibbs, Representatives Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
**ABSENT/
EXCUSED:** Lacey
CONVENED: Chairman Bell Called the meeting to order at 8:00 am

EDUCATION WEEK

PRESENTER: **Emma Atchley, Board President, State Board of Education**
Idaho State Board of Education

President Atchley provided an extensive review of the Idaho State Board of Education. Presentation included statistical analysis regarding the Public Charter School Commission, the Accountability Oversight Committee, the Data Management Council, and reported on the Public School Repair Fund. Presentation furthered insight on the Governor's budget recommendation for special programs such as; Complete College Idaho and the Bengal Bridge Program, where efforts are focused on youth and the successful application and achievement of higher education. [State Board of Education](#)

PRESENTER: **Chuck Staben, President, University of Idaho**
University of Idaho

President Staben provided an extensive overview of the mission, statewide impact, and institutional highlights of the University of Idaho. He then briefly spoke in support of Statewide Campus Stewardship; NIC/LCSC/UI Building in CDA, the Integrated Research and Innovation Center, College of Education, Idaho Law and Justice Learning Center, and Classroom Maintenance. President Staben continued with the FY 2016 Budget Proposal outlining the Governor's priorities; a 3% CEC increase, Agriculture Research & Extension Service (ARES), the Student Employment Readiness Program, Complete College Idaho, WWAMI, and Forest Utilization Research (FUR). President Staben concluded with thanking the committee for previous year's allocation of funds and proposed a plan to see that the University of Idaho does not raise tuition. [University of Idaho](#)

PRESENTER: **Dr. John Foltz, Dean of Ag & Life Sciences, University of Idaho**
Agriculture Research & Extension Service

Dr. Foltz presented on the statewide positive impact of Agriculture Research & Extension Service (ARES) to the State of Idaho. He further explained the unprecedented rainfall in August of 2014 with the Response to Idaho's 100 year Rain Event, and Regional Approaches to Climate Change (REACCH). Dr. Foltz concluded expounding the importance of the 4-H Club to Idaho's youth and growing families, and answered questions regarding the Governor's budget recommendation for the ARES program. [Agriculture Research and Extension Service](#)

PRESENTER: Dr. Kurt Pregitzer, Dean of College of Natural Resources, University of Idaho
University of Idaho Special Programs: Forest Utilization Research
Dr. Pregitzer presented on the Forest Utilization Research (FUR) Program. He briefly described the economic impact to Idaho Forestry, Forest Products, Livestock Forage, Hunting, Fishing, Wildlife Watching, and Outdoor Recreation. Dr. Pregitzer concluded answering questions regarding the Governor's budget recommendation.
[University of Idaho: Special Programs](#)

PRESENTER: Dr. Jack McIver, Vice President of Research and Economic Development, University of Idaho
University of Idaho Special Programs: Geological Survey
Dr. McIver opened his presentation by defining his role as Direct Supervisor Authority over the Idaho Geological Survey. He further explained the Idaho Geological Survey as a state agency that; collects, analyzes, and disseminates geologic and mineral acid data for both public and private entities in the State of Idaho. Dr. McIver concluded his presentation with the Governor's budget recommendation.

PRESENTER: Mary Barinaga, MD, Health Education Programs
WWAMI
As an acronym for the states Washington, Wyoming, Alaska, Montana, and Idaho, the WWAMI program serves as a regional medical education program. The program has five primary goals: to provide publicly supported medical education, increase the number of primary-care physicians, provide community-based medical education, expand graduate medical education (residency training) and continuing medical education, and keep cost effective. Dr. Barinaga concluded with the FY16 Budget Recommendation. [Health Education Programs](#)

PRESENTER: Jerlyn Jones, MD, Health Education Programs
Psychiatry Residency
Dr. Jones provided a brief summary of the Psychiatry Residency Program Performance including the mission, the results, and the program's current funding.
[Health Education Programs](#)

PRESENTER: Ted Epperly, MD, Health Education Programs
Family Practice Residency
Dr. Epperly provided a brief presentation on the Family Practice Residency program and Idaho's need for Family Physicians. [Health Education Programs](#)

PRESENTER: Bill Woodhouse, MD, Health Education Programs
ISU Family Medicine Residency
Dr. Woodhouse presented the ISU-FMR budget recommendation, program expansion, and General Fund commitment. [Health Education Programs](#)

PRESENTER: Dick McLandress, MD, Health Education Programs
Coeur d'Alene Family Medicine Residency
Dr. McLandress presented information on the Kootenai Clinic Family Medicine Coeur d'Alene Residency program, and addressed the budget recommendation.
[Health Education Programs](#)

ADJOURN: There being no further business to come before the Committee, Chairman Bell adjourned the meeting at 11:31 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Tuesday, January 27, 2015

EDUCATION WEEK

| TIME | DESCRIPTION | PRESENTER |
|--------------------|--|--|
| 8:00-8:45am | North Idaho College LBB Page 1-69 | <i>President Joe Dunlap</i> |
| 8:45-9:30am | College of Southern Idaho LBB Page 1-69 | <i>President Jeff Fox</i> |
| 9:30-9:45am | Break | |
| 9:45-10:30am | College of Western Idaho LBB Page 1-69 | <i>President Bert Glandon</i> |
| 10:30-11:00am | Idaho Public Television LBB Page 1-101 | <i>Ron Pisaneschi, General Manager</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, January 27, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/EXCUSED: None
convened: Chairman Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Headlee, Tatro

COMMUNITY COLLEGES, STATE BOARD OF EDUCATION

PRESENTATION: NORTH IDAHO COLLEGE (NIC)

To view the presentation, please click on the following link: [North Idaho College](#)

PRESENTER:: **Dr. Joe Dunlap, President**, introduced the Board of Trustees and discussed NIC's mission which is to meet the diverse educational needs of students, employers, and the northern Idaho communities it serves through a commitment to student success, educational excellence, community engagement and lifelong learning. NIC performs the traditional five functions of community colleges: prepare students to transfer to four-year institutions, professional-technical education, non-credit workforce development (short-term training), adult basic education and continuing education. The core themes of NIC reflect the values and commitment to the five northern Idaho counties: student success, educational excellence, community engagement, stewardship and diversity. The college has 5,776 for-credit students, 65% from Kootenai County, and the average annual tuition/fees amount to \$2,974. Last year NIC awarded 969 scholarships and 1,606 degrees and certificates. Over the last two years the college has awarded \$10,234,644 in workforce-related external grants and it is estimated the annual regional economic impact is \$171 million.

NIC's administration and staff work to meet the needs of the north Idaho region. The College is planning to open a new, self-funded, technical education facility in 2016 in order to better serve regional business and industry. Additional NIC projects include: 1) an Entrepreneurship Center underwritten by Avista Corporation, and 2) through three Department of Labor (DOL) grants opened an Aerospace Center of Excellence, a Forestry Products Center, and a Health Care Center all as training facilities.

Enrollment history showed steady growth over a 15-year period until 2008 when there was a significant jump due to the recession and people returned to college to receive more training when jobs were lost. Then enrollment declined when businesses began hiring again. It is anticipated that enrollment will stabilize by 2016, the trend will level out and NIC will experience slower, steady growth. Because funding support is about the same as in 2002, the burden of funding has fallen on the backs of students and in-district tax payers. Prior to the recession state funding was 54% of the college budget, today state funding makes up less than 33%. In the past two years all new programs have been started with grant monies or at the expense of other existing programs. NIC is expecting to increase significantly dual credit this coming year with Fast Forward funding.

Complete College initiatives (a goal to have 60% of everyone ages 25 to 34 have a certification or degree by 2020) include: 1) remediation reform—measures designed to promote student success in math and English college level courses, 2) time to degree—enhance student pathways to degree completion, 3) retention, 4) enrollment management strategies including OARS II, PTECH, student debt reduction, and the Village Project. Strategies included in the Village Project which involves at-risk students include: early alert, intrusive advising, cohort-village, college success and college prep classes as well as peer monitoring. In the first year of the pilot project involving 75 students, there has been an 84% persistence/go-on rate where normally there would be an expected go-on rate of 5%. The following are challenges in meeting the 60% goal: 1) career and technical funding formula—no appreciable improvements in funding since 2002, 2) support levels are not consistent with state articulated outcome, 3) need personnel to implement student success strategies, 4) need to promote career pathways, 5) out-of-district tuition—liquor distribution has been stagnant since 1982, and 6) retaining quality personnel. The proposed 3% CEC funding only covers one-third of the actual cost to NIC; the remaining two-thirds, or \$600,000, must be made up from the college at the expense of other programs—either through tuition or local property tax increases.

NIC's legislative priorities included: 1) funding for the Complete College Idaho Initiative; \$1,012,300 was requested, the Governor recommended only \$257,300 for additional advisors, 2) requested \$4 million from the Permanent Building Fund for a joint-use facility for classroom space and student services, and 3) supplemental requests for safety and security issues.

PRESENTATION: COLLEGE OF SOUTHERN IDAHO (CSI)

To view the presentation, please click on the following link: [College of Southern Idaho](#)

PRESENTER:

Dr. Jeff Fox, President, introduced the Board of Trustees specifically acknowledging the new Chairman, Karl Kleinkopf, and Vice Chair, Bob Keegan. He expressed pride in the fact that as of 2015, CSI has been operating 50 years as a community college. CSI's mission drives the College's core themes which are: to prepare students to successfully transfer to high education programs, to prepare students to successfully complete post-secondary courses and programs, to prepare students to successfully participate in the regional workforce, and to support and promote the educational, social, cultural and economic development of the region.

CSI continues its accreditation oversight role with the College of Western Idaho (CWI). CWI should receive full accreditation and become independent of CSI in the spring of 2017. CWI's Fall 2014 enrollment was 10,217 and CSI's enrollment was 8,357. The College provides workforce training in the following areas: customized training for specific businesses, industrial maintenance training, and apprenticeship programs for electrical, plumbing, maintenance and HVAC. CSI is also involved in economic development leadership involving: Southern Idaho Economic Development Organization (SIEDO), local municipalities, Region IV Development Association (RIVDA), area chambers of commerce, and urban renewal. Notable events mentioned were STEM (science, technology, engineering, math) pathways, Idaho INBRE (IDeA Network of Biomedical Research Excellence grant, and an NASA Idaho Space Grant Consortium. **Fox** briefly mentioned scholarships awarded by the CSI Foundation, and presented charts/graphs regarding lower-division student headcount enrollment, growth at Idaho's community colleges, and CSI's 20% growth in headcount and student full-time equivalent since 2000. Regarding dual credit, since 2010 CSI has partnered with local districts to provide courses in 36 of Idaho's 44 counties. CSI's dual credit program is one of only 92 in the United States accredited by the National Alliance of Concurrent Enrollment Partnerships. He also presented the following information regarding CSI students: 64% are female, 25% are over 40 years old, 36% are 18 to 24 years old, 31% are full-time students, 17% are Hispanic and 74% are Caucasian, 47% come from Twin Falls and Jerome Counties, 49% come from other Idaho counties, and 3.6% of the students come from out of state.

Fox provided additional information on remediation, instructional delivery changes, degrees and certificates awarded from FY 2009 through FY 2014, annual students costs from 2007 through 2014, and a graph comparing annual student costs at higher education institutions. FY 2014 primary revenue sources for CSI were: tuition and fees, 31%; academic state appropriation, 33%; PTE state appropriation, 16%, property taxes, 16%, out-of-district tuition, 4%.

FY 2016 legislative budget requests for meeting the 60% goal were: 1) a request of \$994,800 for student success and completion which would require hiring transition and educational coaches, remediation reform, student mentoring, and an instructional designer to enhance online course quality and consistency, 2) a request for \$100,000 for achievement-based software to improve remediation through targeted, individualized learning modules, and 3) a request for \$109,300 for institutional research to improve data reporting and predictive analytic capabilities to better identify and manage student progress. Regarding a chart showing community college outcome metrics, the Voluntary Framework of Accountability (VFA), six-year outcomes for 1,060 credential-seeking students at CSI showed an overall “success” rate of 59.2%. CSI thanked Governor Otter for the 3% CEC increase, funding for increased costs of health insurance as well as funding for solutions to the 60% goal.

PRESENTATION: COLLEGE OF WESTERN IDAHO (CWI)

To view the presentation, please click on the following link: [College of Western Idaho](#)

PRESENTER:

Dr. Bert Glandon, President, thanked the CWI Board of Trustees for their commitment to the College and for providing direction for future success. CWI offers a broad range of programs for students across the four areas of emphasis: academic transfer, professional-technical education, workforce development and basic skills education. Idaho’s community colleges are keeping college affordable averaging a little more than half the cost of four-year institutions and serving over 52% of the lower division students in Idaho. CWI collaborates with all higher education institutions in Idaho on a monthly basis and all agree that the most important legislative priority for community colleges is to help Idaho meet the Complete College Idaho plan. Currently student tuition and fees make up 47% of CWI’s revenue when taking into account primary general funding sources; additional revenues come from grants and self-supporting initiatives such as workforce development programs but are not included as primary funding sources. A large part of FY 2015 growth is attributed to dual credit enrollment which is offered at a reduced rate. CWI’s Board of Trustees did not raise tuition and fees this school year.

Since opening in the Spring of 2009, CWI’s enrollment has continued to grow supporting more residents throughout the region. CWI served 13,944 credit students that included Academic Transfer, Dual Credit, and Professional-Technical Education students. In addition there were 10,480 students who received education through the non-credit offerings, comprised of 8,295 from the Workforce Development area and 2,185 from the Basic Skills Education area. There has been a 97% increase in dual credit enrollment in the Fall of 2014 to 2,468 high school students earning college credit. It is anticipated that dual enrollment will continue to increase.

CWI is focused on the same goals and challenges outlined in the state's Complete College Idaho plan which is to: 1) engage students early to build a strong pipeline to college, 2) ensure access to higher education opportunities, 3) provide the right mix of high quality programs and services leading to certificates and degrees, 4) continuously engage and support students throughout their college experience, and 5) develop important connections with the community to ensure students successfully transition to the next phase upon completion of their program at CWI, either continuing their education or entering the workforce.

CWI budget requests included the following: 1) requested \$997,100 to support the Complete College Idaho program and the creation of a general education certificate to count toward the 60% goal (only \$276,900 recommended by the Governor), 2) requested \$534,900 for a new delivery system for college preparatory math in learning labs (not recommended by the Governor), and 3) requested \$285,000 for additional campus security support (not recommended by the Governor).

By keeping education affordable, CWI is poised to be a key contributor and supporter in helping Idaho reach its goal of "60% of Idahoans ages 25 to 34 will have a degree or certificate by 2020." CWI is providing excellence in education to prepare students for careers and building a robust foundation for continued educational opportunities. **Glandon** expressed appreciation for support of the Complete College Idaho plan, for the 3% salary increase for employees, as well as the offset of increased insurance costs for employees.

PRESENTATION: IDAHO PUBLIC TELEVISION (IPTV)

To view the presentation, please click on the following link: [Idaho Public Television](#)

PRESENTER:

Ron Pisaneschi, General Manager explained IPTV has two main areas of responsibility, the first being educational content and services including national programs like NOVA, American Experience and local programs like Outdoor Idaho and Science Trek, web offerings and outreach, events and fundraising. This area is funded with private contributions and grants (dedicated funds). The other area is the statewide delivery system that insures that services are made available to all Idahoans. It includes the Emergency Alert Service and other Homeland Security efforts as well as government services such as Idaho in Session. This system is funded from the state General Fund; it used to be funded by competitive federal grants but all of those grant programs have been eliminated.

Regarding the educational content and services side, IPTV was the most watched PBS station per capita in the nation. The station has also been the recipient of 54 national and regional awards of excellence for local productions and services, including an Emmy Award for Outdoor Idaho's program entitled "Nature's Healing Powers." There is a direct relationship between the quality of work and IPTV'S success in private fundraising as evidenced by a higher percentage of donors per capita as well as higher average gift amounts. IPTV has strong partnerships in the education arena with the State Board of Education, with universities on student training, and the station also provides online resources for teachers and students featuring over 70,000 videos searchable by grade level and subject matter. The station

is involved in partnerships involving other agencies including live video streaming of some oral arguments before the Idaho Supreme Court as well as working with Legislative Services where they produce live streaming of the Idaho Legislature. (Last year there were over 100,000 stream requests.) **Pisaneschi** briefly discussed a new six-part PBS series involving several Idahoans involved in an effort to restore a national park in Mozambique which was devastated by civil war. IPTV is producing a behind-the-scenes look at the Idahoans involved in the project.

The statewide delivery system is very complex with five main transmitters and 49 repeaters called translators that deliver programming to every corner of Idaho. Through digital, the station simultaneously broadcasts four different channels as well as a 24x7 children's channel on some cable systems. IPTV has studios in Moscow, Pocatello and two locations in Boise.

IPTV'S FY 2016 budget requested an overall 2.5% increase of which 1.7% was ongoing. The Governor has recommended funding for the most important item on the priority list of equipment that needs replacing: a \$486,000 transmission file server that stores and delivers programming and other content for all seven of the station's program channels. There is additional equipment that needs replacing totaling \$450,000. **Pisaneschi** said 77% of the station's assets have been depreciated so capital replacement will continue to be a significant part of the station's annual budget request

All IPTV funds are audited each year by the Legislative Audit staff; there was one audit finding in FY 2014 which was a categorization error; it was a row title and number placement issue and was corrected within the final report.

The General Manager reminded the Committee that IPTV cannot air any commercials, cannot charge cable and satellite stations for programming, and that federal competitive equipment programs have been defunded.

ADJOURNED: Senator Cameron adjourned the meeting at 10:25 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Wednesday, January 28, 2015

EDUCATION WEEK

| TIME | DESCRIPTION | PRESENTER |
|---------------------|--|---------------------------------|
| 8:00-8:55am | Lewis-Clark State College LBB Page1-53 | <i>President Tony Fernandez</i> |
| 8:55-9:50am | Idaho State University Including Special Program: <i>Museum of Natural History</i> LBB Pages 1-53; 1-114 | <i>President Arthur Vailas</i> |
| 9:50-10:05am | Break | |
| 10:05-11:00am | Boise State University Including Special Program: <i>Small Business Development Center</i> LBB Pages 1-53; 1-109 | <i>President Robert Kustra</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 28, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

**ABSENT/
EXCUSED:** None

CONVENED: Chairman Bell called the meeting to order at 8:00 a.m.

EDUCATION WEEK

PRESENTER: **President Tony Fernandez**
Lewis-Clark State College
President Fernandez presented on the Comprehensive 5 Year Strategic Plan. This plan outlines four specific goals with which to measure performance; excellence in teaching and learning, student enrollment and student success, expansion through collaborative partnerships, and leveraging resources to maximize institutional strength. President Fernandez continued with an illustration of fall enrollment trends, a precollege head-count, and college retention rates for the last 5 years. President Fernandez further discussed the statistical trend line with regards to LCSC Certificates and Degrees Awarded, Professional Licenses and Certification Exam Passing Rates, and Post-Graduate Placement in the Division of Natural Sciences. President Fernandez concluded the presentation, summarizing LCSC's Key Requests for the FY 2016 budget recommendation and testimonial support by a particular student's story of success through Lewis-Clark State College.

[Lewis-Clark State College](#)

PRESENTER: **President Arthur Vailas**
Idaho State College
President Vailas provided a comprehensive overview of Idaho State University. His presentation included brief statistical analysis and trend lines regarding student enrollment, student growth, and degrees awarded FY 2009 to FY 2014. He further discussed Advancing Health Care programs, Student Employment, and the developing Center for Entrepreneurship and Economic Development (CEED). President Arthur also spoke on the University's need for Compensation Competitiveness with the purpose of recruiting and retaining high quality faculty and staff. He continued his presentation with budget requests for the following; The Career Path Internship (CPI) Match, The eISU Online Access, The Idaho Museum of Natural History, and the Family Medicine Residency program. President Vailas Concluded with the Governor's Funding Recommendations. [Idaho State University](#)

**PRESENTER: President Robert Kustra
Boise State University**

President Kustra briefly spoke on budgets for individual departments at Boise State University. He provided an overview of the School of Public Service, The Bridge to Career Program, and the new College of Innovation and Design; a department of the Computer Science Workforce Initiative, created in effort to meet Idaho's growing demand for Computer Programmers and Computer Science Graduates. President Kustra concluded with the Governor's budget recommendation. [Boise State University](#)

ADJOURN: There being no further business to come before the committee, Chairman Bell adjourned the committee at 10:48 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Thursday, January 29, 2015

EDUCATION WEEK

| TIME | DESCRIPTION | PRESENTER |
|----------------------|---|---|
| 8:00-8:20am | Review of Public Schools Request and Recommendation | <i>Paul Headlee, Deputy Manager LSO, Budget & Policy Analysis</i> |
| 8:20-8:50am | Special Hearing: Forecast Model for Public School Enrollment Growth | <i>Nate Clayville, Economist Division of Financial Management</i> |
| 8:50-9:20am | State Board of Education Superintendent of Public Instruction LBB Page 1-117 | <i>Sherri Ybarra Superintendent of Public Instruction</i> |
| 9:20-10:00am | Public Schools Presentation LBB Page 1-3 | |
| 10:00-10:10am | Break | |
| 10:10-11:00am | Public Schools Questions and Answers | |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, January 29, 2015

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey

Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

**ABSENT/
EXCUSED:** None

CONVENED: Senator Cameron convened the meeting at 8:00 A.M.

STAFF PRESENT: Headlee

LSO STAFF

PRESENTATION: **REVIEW OF PUBLIC SCHOOLS REQUEST AND RECOMMENDATION**

PRESENTER: **Paul Headlee, Deputy Manager, Budget & Policy Analysis Division, Legislative Services Office**

Headlee reviewed the Public School Support budget for JFAC members, explained the source of funds (General, Dedicated and Federal Funds) and then compared FY 2016 budget recommendations for the Superintendent of Schools and the Governor. The Governor's General Fund budget request is 7.4% higher than FY 2015 while the School's request is an increase of 6.4%. He then explained distributions (expenses) that are statutory (required by law) and other program distributions. The amount left is considered discretionary funds. He also gave the Committee information about support units also referred to as classroom units. The state does not fund school districts based on the number of students, it funds them based on the number of support units. A school district generates support units based on the number of students it has in average daily attendance (ADA) in various categories, such as kindergarten, elementary, and secondary. Student counts are then divided by a series of divisors found in Idaho Code, Section 33-1002. In general, school districts with more students fall into categories that receive larger divisors while smaller districts received smaller divisors. As a result a small district needs fewer students to generate a support unit of funding than a large district. **Headlee** supplied a graph showing the 11-year history of discretionary funding. To review the presentation, please click on the following link: [Review of Public Schools Request](#)

SPECIAL HEARING

PRESENTATION: **Forecast Model for Public School Enrollment Growth**

PRESENTER: **Nate Clayville, Economist, Division of Financial Management (DFM)**

To view the presentation, please click on the following link: [Special Hearing: Forecast Model](#)

Clayville discussed a new methodology being used to forecast midterm support units in order to create a more accurate forecast since the current model lacked a data-driven statistical foundation. He explained the process used in creating the new model. The first step was to determine which variables to use; it was determined that population growth rate would be the best variable. Something was still missing so other variables were used and anomalies were identified. The two major anomalies were when: 1) the population grew but midterm support units were stagnant, and 2) support unit growth outpaced growth in population. New variables explained the first anomaly and made the model statistically accurate; however, the second anomaly is still not fully understood possibly because of new events that occurred, so a variable was inserted in the model to account for the anomaly.

The new methodology provided a midterm support unit growth of 87 in the 2015-2016 school year. The new model's biggest flaw is not being able to predict new events that occur since the model looks at the past in order to predict the future.

**PRESENTATION: STATE BOARD OF EDUCATION
State Department of Education**

PRESENTER: Sherri Ybarra, Superintendent of Public Instruction

To view the presentation, please click on the following link: [State Department of Education & Public Schools](#)

Ybarra made the following introductory remarks. Local trustees and administrators have a better understanding and perspective of the specific needs and problems in their communities. Idaho's children can be served best by local control. Under her administration, policies will be driven by the needs of districts from the bottom up not the top down. She wants the Department of Education to be a service agency supporting local districts.

A Community Relations Officer position to be held by Dr. Chuck Zimmerly will focus on working with Idaho school districts to build, foster and support communication and relationships with districts and other state and local stakeholders. Meeting local needs and conditions can best be accomplished by empowering teachers and administrators with locally-controlled discretionary resources. There is much optimism for making significant gains in education funding because the economy appears to be robust and projected revenues are stronger than the past few years.

Collective problems need to be identified, such as retention of qualified teachers, low starting teacher pay, increased use of supplemental levies, federal mandates, testing complications, classrooms that are too crowded. Ybarra wants modifications to the NCLB (ESEA) waiver to resolve numerous issues in federal mandates and testing that are burdening school districts and hindering the ability to affect student achievement and outcomes.

Ybarra would like to have a career ladder pilot plan implemented, beginning with nine school districts and one charter school, allowing those districts to determine the sustainability and actual costs for statewide implementation. The plan would include implementation of a two-tiered licensure process for certified staff and an across-the-board pay increase for teachers. It is her goal to pursue a fiscally sound, accountable and innovative path forward for education.

DEPARTMENT OF EDUCATION BUDGET PRESENTATION

The FY 2016 total budget request for the Department is \$32,330,400. Budget enhancements include the following: 1) a request for \$110,000 in General Funds to backfill a shortfall in the Fingerprint Program; the fee of \$40 has remained unchanged since 1996, 2) a request for \$50,000 in General Funds to backfill a shortfall in dedicated funds for the Teacher Certification Program, 3) a request for \$450,000 for the Science and Aerospace Program that currently serves 137 students and is focused on STEM education, 4) a request for \$95,200 for a Tiered Licensure (Certification) Coordinator, and 5) neither the Governor nor the Superintendent supports \$109,600 for a Digital Learning Coordinator; Ybarra would prefer having a Purchasing and Contract officer since the Department manages over 1,000 contracts annually.

PUBLIC SCHOOLS BUDGET PRESENTATION

The FY 2016 budget request is \$1.462 billion which is an increase of \$87.3 million or 6.4%. **Ybarra** highlighted four major components in the budget request. 1) She proposed shifting \$18.7 million from mandated, non-discretionary areas of the budget to the operational category (discretionary) without restrictions to allow local authorities to decide where to allocate their resources. (This would be in addition to \$10 million already requested, bringing the operations or discretionary total to \$28.759 million.) 2) She requested \$25 million for the Career Ladder pilot program. 3) She asked for an additional \$9 million for Classroom Technology (bringing the total to \$19.4 million). 4) She asked for statutory restoration of \$8.4 million of Lottery and Safe and Drug Free money. The Lottery money was used for facilities maintenance and the Safe and Drug-Free Program money was diverted during the economic downturn.

ADJOURNED: There being no further business, Chairman Cameron adjourned the meeting at 9:33 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Friday, January 30, 2015

EDUCATION WEEK

| TIME | DESCRIPTION | PRESENTER |
|-------------------|---|--|
| 8:00-8:30a | Office of the State Board of Education Including OSBE Special Program: <i>Scholarships & Grants</i> LBB Pages 1-79; 1-109 | <i>Dr. Mike Rush, Exec Director</i> |
| 8:30-9:15a | Special Hearing on Existing Programs Higher Education Research Council (HERC) and Idaho Global Entrepreneurial Mission (IGEM) H546 of 2012 created IGEM. | <i>Mark Rudin, PhD, Vice President Research & Econ Development Boise State University</i> <i>Jeffery Sayer, Director Department of Commerce</i> |
| 9:15-9:30a | Break | |
| 9:30-10:15a | Professional-Technical Education LBB Page 1-91 | <i>Dwight Johnson, Administrator</i> |
| 10:15-11:00a | Educational Services for the Deaf & Blind LBB Page 1-37 | <i>Brian Darcy, Administrator</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, January 30, 2015

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey

Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

**ABSENT/
EXCUSED:** None

CONVENED: Chairman Bell called the meeting to order at 8:00 a.m.

PRESENTER: **Dr. Mike Rush, Executive Director, Office of the State Board of Education Office of the State Board of Education; OSBE Special Programs, Scholarships and Grants**

Dr. Rush presented on the Office of the State Board of Education FY 2016 Budget Overview. Dr. Rush further discussed the 3% CEC increase, and FY 2016 Budget Request line items; The Charter Commission and State Authorizer's Spending Authority (SARA). Dr. Rush concluded his presentation with a statistical trend line illustrating the education demand by college graduates by the year 2018. [State Board of Education](#)

PRESENTER: **Mark Rudin Ph.D., Vice President, Research and Economic Development at Boise State University Special Hearing on Existing Programs: Higher Education Research Council (HERC)**

Dr. Rudin Presented on the Higher Education Research Council (HERC). Presentation highlighted initiatives, infrastructure, and The HERC Incubation Fund Grant Program. Dr. Rudin further discussed the past seven years advancement of the Center for Advanced Energy Studies (CAES) and the University of Idaho Cyber Security Faculty Cluster. Presentation also included Idaho State University's production of 67CU: a new commercial method of producing a needed isotope, as well as Boise State University's Computer Science Expansion Program. [Higher Education Research Council](#)

PRESENTER: **Jeffrey Sayer, Director, Department of Commerce Special Hearing on Existing Programs Idaho Global Entrepreneurial Mission (IGEM) H546 of 2012 created IGEM**

Director Sayer presented on the Commercialization Strategy of the Technology Transfer Process, the Nanofabrication system with regard to Nanomachining Systems and Semiconductor Research, as well as High Measurement and Modeling: a vital component to the latest Micron products and corporate partnership. Director Sayer further discussed Microbial Induced Calcite Precipitation with regard to BioCement Technologies Inc., and discussed the need for a GENZ Sprayer. Director Sayer concluded his presentation with the FY 2016 Budget Recommendation. [Idaho Global Entrepreneurial Mission](#)

PRESENTER: Dwight Johnson, Administrator
Professional-Technical Education

Mr. Johnson Brought a presentation on the impact Professional-Technical Education can have preparing Idaho youth and adults for high-skill, in-demand careers. Mr. Johnson further discussed the statistical illustration of the Critical Workforce Ratio referencing the type and number of Degrees required to establish and sustain an Idaho business. Mr. Johnson provided information on the PTE Delivery System, PTE Students, and concluded with the Governor's Budget Recommendation. [Professional-Technical Education](#)

PRESENTER: Brian Darcy, Administrator
Educational Services for the Deaf and Blind

Mr. Darcy presented the Governor's Budget recommendation for the Idaho Educational Services for the Deaf and Blind. Illustrations and statistical analysis provided insight on the Caseload-Comparisons; including the student to teacher ratio and AdvanceED Standards. Mr. Darcy further discussed the Idaho School for the Deaf and Blind Campus, number of students enrolled, and strategic planning in place to meet educational goals. [Educational Services for the Deaf and Blind](#)

ADJOURN: There being no further business to come before the committee, Chairman Bell adjourned the committee at 10:40 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Monday, February 02, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------------|---|--|
| 8:00-9:00a | Board of Land Commissioners Department of Lands LBB Page 4-35 | <i>Tom Schultz, Director</i> |
| 9:00-9:30a | Endowment Fund Investment Board LBB Page 4-29 | <i>Larry Johnson, Manager of Investments</i> |
| 9:30-9:40a | Break | |
| 9:40-10:05a | Department of Parks and Recreation Lava Hot Springs Foundation LBB Page 4-59 | <i>Mark Lowe, Executive Director</i> |
| 10:05-11:00a | Department of Parks and Recreation LBB Page 4-49 | <i>David Langhorst, Director</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 02, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Chairman Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Houston

PRESENTATION: **IDAHO DEPARTMENT OF LANDS (IDL)
Board of Land Commissioners**

PRESENTER: **Tom Schultz, Director**

To view the presentation, please click on the following link: [Board of Land Commissioners](#)

The Department of Lands is the administrative arm of both the State Board of Land Commissioners (Land Board) and the Idaho Oil and Gas Conservation Commission. He acknowledged his Executive Team including State Forester David Groeschl, Forestry and Fire Division; Patrick Hodges, Deputy Director over Lands and Waterways; Bob Brammer, Chief Operations Officer; Donna Caldwell, Administrator of Support Services Division; and Andrea Ryan, Human Resources Officer. He also introduced Donna Caldwell, Emily Callihan, Debbie Buck (the new Financial Officer), and Sharla Erledge.

Most activities of the Department of Lands are guided by the State Board of Land Commissioners which is comprised of the Governor, Attorney General, State Controller, Secretary of State, and Superintendent of Public Instruction. The Land Board provides direction to IDL in managing over 2.4 million acres of Idaho endowment trust lands, in overseeing the work of IDL in many of its regulatory and assistance duties, and in managing Idaho's public trust lands including the beds and banks of Idaho's navigable waterways. In 2013 the Idaho legislature approved a bill that replaced Constitutional officers on the Oil and Gas Conservation Commission with five members appointed by the Governor and approved by the Senate. The Commission regulates the exploration, drilling and production of oil and gas resources to ensure the conservation of oil and gas and to protect surface and groundwater.

IDL's vision is to: 1) be the premier organization for trust management, service, and regulatory oversight in the western United States, 2) invest in Idaho's resources to maximize financial returns to the endowment trust beneficiaries and enhance the health and resilience of Idaho's natural resources for the benefit of all Idahoans, 3) deliver programs with professionalism and integrity, 4) invest in employees and have an organizational culture and framework that equips, entrusts and expects employees to make decisions, and 5) be a unified and vibrant organization where all employees participate in constructive communication to meet IDL'S mission. The mission statement is for IDL to professionally and prudently manage endowment assets to maximize long-term financial returns to public schools and other trust beneficiaries and provide professional assistance to citizens of Idaho to use, protect and sustain Idaho's natural resources.

There were no audit findings and no recommendations for Fiscal Years 2010, 2011, and 2012 from audits done by the Legislative Services Office.

Approximately 1.4 million acres of the 2.4 million acres of endowment land surface acreage is rangeland; forest lands make up another 40% of surface ownership. Other asset classes include residential real estate, commercial real estate and conservation real estate. The endowment mineral estate includes more than 3.3 million acres. FY 2014 gross land revenues totaled an all-time high of \$101.7 million. Most of the revenue came from timber harvest while nearly \$12 million came from land sales from cottage site lots at Payette Lake and Priest Lake.

There are nine endowment funds that benefit from the management of endowment lands and funds. The Public School Endowment Fund receives most of the earnings. **Schultz** provided an 11-year history of endowment distributions that showed a steady increase in payments to Public Schools

Regulatory and assistance functions demonstrate the work done by IDL in protecting and facilitating development of Idaho's natural resources: 1) fire management — 6.2 million acres protected, 2) Public Trust Land administration — Lake Protection Act, 3) Mining — several Acts covering surface mining, dredge and placer mining, abandoned mine reclamation, and 4) forestry — Forest Practices Act, landowner assistance, forest health, urban and community forestry, and forest legacy. IDL works hard to provide excellent customer service in responding to hundreds of public records requests annually. There were 683 public records requests in 2014 with an average response time of less than three days.

The FY 2016 Governor's recommended budget totaled \$50,619,100. The presentation had graphs showing funding by fund source and by object. The top priority item for IDL is \$819,400 for funding for Phase 3 of the Forest Information Management System known as LIMS. Priority 2 amounting to \$1,000,000 is for Phase 1 to implement LIMS for lands and waterways. Priority 3 is a request for \$199,600 for several IT items including equipment, storage and licensing. Other decision units recommended by the Governor were: 1) \$158,300 in funding for Oil & Gas Resource Protection, 2) \$58,300 of an additional FTE in the Forestry and Fire Division, 3) \$99,300 for the Forest Stewardship Program, \$80,000 for records management, 4) \$335,500 for additional equipment for Forest Resources, Lands and Waterways, and Fire Protection, 5) \$38,600 for expansion of the Priest Lake Office, 6) additional \$44,600 to improve Eastern Idaho Office lot improvement, 7) \$645,000 for asset allocation and governance review for Support Services and Land and

Waterways, and 8) \$250,000 for one-time General Fund support for Sage Grouse habitat conservation treatment on endowment trust rangelands. IDL also requested lump sum spending authority for FY 2016 for the Range Fire Protection Program. In addition IDL requested \$17,529,000 to pay deficiency warrants to cover the cost of fighting forest fires in FY 2014. The Governor is also recommending that IDL issue a 20-year lease for six communication sites on endowment trust properties for \$1,300,800 which would be a one-time transfer from the General Fund to endowment funds to cover the cost of the lease.

**PRESENTATION: BOARD OF LAND COMMISSIONERS
Endowment Fund Investment Board (EFIB)**

PRESENTER: Larry Johnson, Manager of Investments

To view the presentation, please click on the following link: [Endowment Fund Investment Board](#)

Trust assets overseen by EFIB total \$2,486.9 million and include Land Grant Endowments, the State Insurance Fund, Bunker Hill Water Treatment, Fish & Game Endowments and Parks & Recreation Endowments; a portion of Banker Hill and Fish & Game endowments are co-mingled in the same pool with the Land Grant Endowments.

The mission of EFIB is to provide professional investment management services to stakeholders consistent with EFIB's constitutional and statutory mandates. The Endowment Fund Investment Board has nine members appointed by the Governor and confirmed by the Senate. The Board meets at least quarterly and has a staff of four employees. EFIB has 70% of funds in stocks and 30% in bonds. Over the last 10 years, EFIB'S return on investment generally ranks in the top 10% relative to both public pension plans and other endowments. No General Funds are required to operate the EFIB; all Board operating expenses are paid by its clients and are taken from dedicated funds. The Governor recommended an FY 2016 budget of \$644,500, an increase of 2.3%.

The mission of Idaho endowments is to provide a perpetual stream of income. In order to do this, the distribution policy must balance three conflicting objectives: 1) maximize total return over time at a prudent level of risk, 2) protect future generations' purchasing power, and 3) provide a relatively stable and increasing payout. The distribution amounts to beneficiaries that have been approved (not yet appropriated) for FY 2016 are: 1) Public Schools, \$32,759,000; Universities, \$13,980,000; State Hospital South, \$4,562,000; Penitentiary, \$1,872,000; Juvenile Corrections, \$1,200,000; State Hospital North, \$1,200,000; Veterans Home, \$750,000; Deaf & Blind School, \$150,000 which totals \$56,473,000 for an increase of 8.6%. **Johnson** also provided a diagram showing the structure of Idaho's endowment assets: 1) permanent assets—money never spent, 2) available reserves—held in the Stabilization Fund, and 3) spendable funds—money distributed to beneficiaries. He also discussed policy management principles for distributions, a graph showing Land and Fund Income History, discussed objectives for determining distributions, and presented another chart showing years of Reserve and Desired Target as of November, 2014. The percent of the fund used for management expenses totaled 0.42%

In summary, **Johnson** said Idaho's endowment funds have performed well and the governance structure is robust, transparent, and cost effective. Because reserves are healthy, distributions should continue to grow beyond 2016.

**PRESENTATION: DEPARTMENT OF PARKS AND RECREATION
Lava Hot Springs Foundation**

PRESENTER: Mark Lowe, Executive Director, Lava Hot Springs Foundation

To view the presentation, please click on the following link: [Lava Hot Springs](#)

Lava Hot Springs is known for its world famous Hot Pools as well as the Olympic Swimming complex. For a brief history, the land was granted to Idaho by the U. S. government in 1902 for public use. In 1919, the Idaho Legislature established the Lava Hot Springs Foundation to administer use of the land. The Foundation is governed by a five-member Board appointed by the Governor and is a dedicated fund agency. The mission of the Foundation is to ensure the public has access to healthful, clean and inviting facilities for recreation and healing purposes. In 2014, the Olympic Swimming Complex had 142,993 swimmers. The famous Hot Pools are considered the "Crown Jewels" of the area with 112 degree sulfur-free water; there were 218,669 bathers in 2014.

The Governor recommended an FY 2016 budget of \$1,968,700 which included a 3% CEC. The Foundation requested \$13,000 to expand the Aquatic Center's business hours during the winter months; funding would cover additional non-classified employee staffing. The Foundation also requested one-time spending authority of \$25,000 from the Lava Hot Springs Capital Improvement Fund for match funding of a stream bank stabilization project on the Portneuf River.

PRESENTER: David Langhorst, Director, Department of Parks and Recreation

To view the presentation, please click on the following link: [Parks and Recreation](#)

The Department of Parks and Recreation was created in 1965 and is celebrating its 50th year of outdoor memories in 2015. The Department is governed by a six-member parks board appointed by the Governor. Some of the Department's successes in 2014 include: 1) Since the program's inception in October of 2012, the Passport Program has generated over \$2.7 million, 2) overnight occupancy has increased by 6.67%, and park visitation has increased. Currently 8% of registered vehicles in Idaho participate in the Passport Program.

The Department has requested legislation to give the agency official authority to explore sponsorship opportunities and enter into agreements with various partners to help offset agency expenses and perhaps expand current customer service and education efforts. Oversight of such a program would reside with the Board and all moneys would be subject to legislative review and appropriation. Recreation continues to be big business in Idaho. According to a recent economic impact study, off-highway vehicle users spend over \$430 million in Idaho each year.

The Governor recommended an FY 2016 budget of \$35,607,800. Recommended one-time capital outlay replacement items include items for Management Services, Park Operations, and Capital Development. Decision Unit recommendations include: 1) \$1.5 million shift from RV Fund to General Fund, 2) \$328,000 to develop a group camping area at Farragut State Park with one-time, dedicated funds, 3) yurts, a group shelter and vault toilet at Harriman State Park, 4) \$26,000 for a Day Use Parking Lot at Round Lake State Park, and 5) \$30,000 for a visitor structure on the west side of Lake Cascade State Park. Also included is a decision unit to convert group positions to permanent which would require fund shifts of \$27,900 between dedicated funds to provide for spending authority.

ADJOURNED: There being no further business, the meeting was adjourned at 10:32 A.M.

Senataor Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Tuesday, February 03, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------------|---|--|
| 8:00-9:00a | Department of Fish and Game LBB Page 4-13 | <i>Virgil Moore, Director</i> |
| 9:00-9:25a | Office of Species Conservation LBB Page 6-115 | <i>Dustin Miller, Administrator</i> |
| 9:25-9:35a | Break | |
| 9:35-10:00a | Soil and Water Conservation Commission LBB Page 5-15 | <i>Teri Murrison, Administrator</i> |
| 10:00-10:50a | Department of Agriculture LBB Page 5-5 | <i>Celia Gould, Director</i> |
| 10:50-11:00a | Wolf Depredation Control Board LBB Page 6-121 | <i>Carl Rey, Member of Public at Large</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

- DATE:** Tuesday, February 03, 2015
- TIME:** 8:00 A.M.
- PLACE:** Room C310
- MEMBERS PRESENT:** Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
- Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
- ABSENT/ EXCUSED:** None
- CONVENED:** Chairman Bell called the meeting to order at 8:00 a.m.
- PRESENTER:** **Virgil Moore, Director**
Department of Fish and Game
Director Moore presented the Governor's Budget Recommendation for FY 2016 for the Idaho Department of Fish and Game. Director Moore discussed conservation accomplishments including, predator management. He further discussed the statistical trend line for license revenue and expressed support for the recommended 3% CEC increase. Director Moore concluded his presentation with a brief overview of the enhancements in the Budget Recommendation. [Idaho Department of Fish and Game](#)
- PRESENTER:** **Dustin Miller, Administrator**
Office of Species Conservation
Mr. Miller provided a brief overview of the accomplishments and challenges faced by the Governor's Office of Species Conservation. Mr. Miller further discussed the Governor's Sage-Grouse Task Force and Conservation Strategy: emphasizing strong partnerships between state and federal agencies, industry groups, and conservation organizations. Mr. Miller concluded with the FY 2016 Budget Recommendation. [Office of Species Conservation](#)
- PRESENTER:** **Teri Murrison, Administrator**
Soil and Water Conservation Commission
Administrator Murrison presented on the Governor's Budget Recommendation for Idaho's Soil and Water Conservation Commission. Mrs. Murrison spoke also on the structural organization, core functions, district support, and conservation programs of the department. Further discussion on the revenues from the RCRDP Loan Program and the TMDL Loan Program were illustrated. Mrs. Murrison concluded with a brief overview of the line items specific to the Budget Recommendation. [Soil and Water Conservation Commission](#)

PRESENTER: Celia Gould, Director
Department of Agriculture
Director Gould presented the ISDA budget composition, base adjustments, and FY 2016 enhancements. Director Gould further discussed the budget regarding the General/Dedicated Fund and the Range Program. Director Gould also presented on the Animal Industries, Weights and Measurements Program, and the USDA Specialty Crop Block Grant Coordinator. She concluded with a statistical analysis illustrating the Idaho agricultural growth in the last seven years, and stood for questions regarding the Governor’s Budget Recommendation. [Department of Agriculture](#)

PRESENTER: Carl Rey, Member of Public at Large
Wolf Depredation Control Board
Mr. Ray presented a brief overview of the financial history, IWDCB work, and USDA APHIS Wildlife Service depredation control activities. He concluded with the FY 2016 Budget Recommendation. [Wolf Depredation Control Board](#)

ADJOURN: There being no further business to come before the committee, Chairman Bell adjourned the meeting at 11:11 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Wednesday, February 04, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------------|--|--|
| 8:00-8:55a | Department of Environmental Quality LBB Page 4-3 | <i>Curt Fransen, Director</i> |
| 8:55-9:25a | Public Utilities Commission LBB Page 5-55 | <i>Paul Kjellander, Commission President</i> |
| 9:25-9:35a | Break | |
| 9:35-10:00a | Office of the Governor Office of Energy Resources LBB Page 6-75 | <i>John Chatburn, Administrator</i> |
| 10:00-11:00a | Department of Water Resources LBB Page 4-65 | <i>Gary Spackman, Director</i> <i>Fifth District Judge Eric Wildman</i> <i>Water Adjudication Court</i> <i>Roger Chase, Chairman</i> <i>Idaho Water Resource Board</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, February 04, 2015
TIME: 8:02 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/EXCUSED: None
CONVENED: Senator Cameron convened the meeting at 8:02 A.M.
STAFF PRESENT: Houston

PRESENTATION: DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ)

PRESENTER: Curt Fransen, Director

To view the presentation, please click on the following link: [Department of Environmental Quality](#)

The mission of DEQ is to protect human health and preserve the quality of Idaho's air, land and water for use and enjoyment today and in the future. The Director recognized DEQ's staff and thanked them for their dedication. DEQ was created on July 1, 2000, and has six regional offices located in Coeur d'Alene, Lewiston, Boise, Twin Falls, Pocatello and Idaho Falls. As a regulatory agency, DEQ implements state environmental programs pursuant to state laws and rules. In general, Idaho's environmental programs meet the requirements of the major federal environmental protection laws including the Clean Air Act, Safe Drinking Water Act, Resource Conservation and Recovery Act, and a portion of the Clean Water Act. DEQ does not administer the National Pollutant Discharge Elimination System portion of the Clean Water Act, known as the NPDES program, which permits the discharge of wastewater to Idaho's streams, rivers and lakes. (Last year House Bill 406 directed DEQ to begin the process of obtaining authorization to administer this permit program in Idaho.) Though state programs must meet national standards, Idaho is much better positioned to also understand and meet the specific needs and interests of the state of Idaho. **Fransen** commented that DEQ's performance has a direct impact on the state, not only in the protection of public health and the environment but also in the area of economic development.

DEQ manages a broad range of activities including: 1) monitoring Idaho's air and water quality, 2) assessing environmental problems, 3) overseeing facilities that generate air, water, and hazardous waste pollution, 4) overseeing the cleanup of contaminated sites, 5) responding to hazardous materials and emergency response calls, 6) issuing permits and authorization for new and expanded businesses and manufacturing facilities, and 7) administering grant and low-interest loan programs to fund new and upgraded wastewater and drinking water systems for communities and municipalities.

The Governor's budget recommendation for FY 2016 is \$64,637,700. **Fransen** discussed additional budget items including the recommendation to remove a total of \$3,200,000 in dedicated and federal spending authority to more accurately reflect potential expenditures even though federal/dedicated fund expenditures are estimates and remain variable. He said it is difficult to project the exact amount of federal and dedicated funds that will be utilized each year due to several factors, the biggest one being the timing and amount of operating dollars that pass through DEQ each year to contractors performing cleanup work in the Coeur d'Alene Basin. There is also cleanup work being done in Southeastern Idaho due of phosphate mining. The amount of work performed each year depends on changing schedules and the amount of cost recovery funding received from the companies participating in cleanup activities. There is a recommendation for increased Employee Benefit Costs; included is a \$28,900 fund shift from federal funds to the General Fund because some of the federal grants are not able to support the increase in health insurance premiums. In the budget there is also one-time funding for several replacement items. The 3% Change in Employee Compensation (CEC) totals \$688,500; DEQ strongly supports this recommendation which will advance the Department's goal to attract and retain qualified and experienced people and reward them for their performance.

The most significant budget enhancement for FY 2016 is \$261,400 for funding for three positions in the Water Quality Division to develop an Idaho permitting program for discharges to surface waters in lieu of EPA'S National Pollutant Discharge Elimination System (NPDES) program. Currently Idaho is one of four states that does not have primacy to implement the program. Three people are currently on staff and the FY 2016 budget recommendation will provide for another three positions which will represent the beginning of a phased-in approach for building the state program, developing state capacity, and applying for state authorization. At full program build out, it is estimated the annual cost will be \$2.7 million with 26 full-time positions. Initially, General Funds will be necessary to develop this program. How the program will ultimately be funded is a major issue that needs to be considered and resolved. The Governor is also recommending \$85,200 to support a position in the Air Quality Division to assist with the development of area improvement plans and Idaho's State Implementation Plan (SIP). SIP is not a single plan or document, but the overall authorities and plans of the state that document what the state has done, is doing, and plans to do to ensure compliance with federal air quality standards.

Another budget enhancement is for \$40,000 of one-time funding from the General Fund for a research study to quantify regional, state, and local economic impacts if lake levels are lowered to accommodate downstream interests. The study relates to Lake Pend Oreille, Pend Oreille River, Priest Lake and Priest River Commission, commonly referred to as the Lakes Commission. Another budget enhancement is the annual \$1.5 million transfer from the Water Pollution Control Account to the Environmental Remediation Fund for the Superfund cleanup in the Coeur d'Alene Basin. The final enhancement for DEQ is to convert some current temporary positions to permanent positions; a total of 7 additional FTPs would be added to the FTP cap.

PRESENTATION: IDAHO PUBLIC UTILITIES COMMISSION

PRESENTER: Paul Kjellander, Commission President

To view the presentation, please click on the following link: [Public Utilities Commission](#)

The Commission was established in 1913 and statutory authority is provided in Idaho Code, Titles 61 and 62. The Governor appoints and the Senate confirms commissioners for six-year terms. The Commission's role is three-fold: assurance of adequate earnings, assurance of safe and reliable services, and establishing reasonable rates. The PUC regulates investor-owned electric, gas and water utilities, natural gas pipeline and rail safety, eight small rural telephone companies, and large telephone companies—only customer service issues, not pricing. The Commission is a dedicated fund agency and operations are funded by annual assessments set in Idaho Code, Section 61–1004.

The following rate adjustments (increases/decreases) have occurred: 1) for Avista Utilities with 124,742 customers there was no base rate increase but there was an annual Power Cost Adjustment (PCA) increase of 4.2%, 2) Rocky Mountain Power with 72,661 customers had a PCA decrease of 2.6%, 3) Idaho Power Company with 483,987 customers had an annual PCA 1% increase, an Annual Fixed Cost Adjustment (FCA) increase of 1.2%, and their revenue sharing program has continued, 4) Intermountain Gas with 327,161 customers had an annual Purchased Gas Cost Adjustment (PGA) increase of 2.6%, and 5) Avista Gas with 76,145 customers had an annual PGA decrease of 2.1%.

Regarding solar development, Idaho Power added 461 megawatts of Public Utility Regulatory Policies Act of 1978 (PURPA) mandated solar generation in 2014. The Commission is updating rates for integrating solar generation into transmission and distribution. The goal of the Public Utilities Commission is to support renewable generation at a reasonable price and integrate those resources in a manner that does not threaten reliability. Upcoming discussions will include: 1) transmission considerations, 2) demand-side management and energy efficiency, 3) distributive generation (net metering), 4) telephonic communication issues and broadband deployment, and 5) emission considerations.

The Governor's FY 2016 budget recommendation is for \$6,163,000 and includes maintenance items with increases in benefit costs, inflationary adjustments, and replacement items. There are two line items covering vacation leave for \$20,000 (one-time spending authority) and \$282,900 for the Pipeline Safety Program.

PRESENTATION: OFFICE OF ENERGY RESOURCES (OER) , OFFICE OF THE GOVERNOR

PRESENTER: John Chatburn, Administrator

To view the presentation, please click on the following link: [Office of Energy Resources](#)

The Office of Energy Resources was originally created through Executive Order (EO) in 1975, was re-established in 2007 by another executive order, replaced in 2011 and again in 2012 with EO 2012-08. The duties, powers and authorities of OER include: 1) coordinating energy planning and policy development in Idaho, 2) coordinating the State's comments on all federal energy policy issues and documents, 3) serving as Idaho's clearinghouse for energy information, 4) representing Idaho in regional and national energy policy forums and processes, 5) administering loan and financial assistance programs, and 6) coordinating the Idaho Strategic Energy Alliance (ISEA). Currently, OER's major activities include transmission projects, federal regulations, energy efficiency, participation in regional energy policy forums, biomass energy development, industrial energy efficiency awards, a program called Government Leading by Example, and the energy loan program.

Three major transmission projects include the Gateway West Transmission Line Project, the Boardman to Hemmingway Transmission Line Project, and the Hooper Springs Transmission Line Project. Federal regulations OER is involved with include the Clean Air Act 111(d) Rule regarding carbon emission standards for existing power plants, BLM hydraulic fracturing on Federal and Indian Lands, and the BLM natural gas lease sale in western Idaho. **Chatburn** also discussed his involvement in energy efficiency groups in Idaho, regional energy policy forums, collaboration with forest biomass utilization, awards given for industries that implement energy efficiency, identifying and funding energy saving measures for public buildings, and low-cost loans to residential and commercial entities for energy saving installations.

OER has an FY 2015 supplemental request for \$246,000 in spending authority to implement a federal grant for regional energy planning. The Governor's FY 2016 recommended budget is \$1,515,000. There is a line item for \$343,500 requesting spending authority to implement the second year of a federal grant for regional energy planning. Since OER is a dedicated agency no General Funds are used.

PRESENTATION: DEPARTMENT OF WATER RESOURCES (IDWR)

PRESENTER: Gary Spackman, Director

To view the presentation, please click on the following link: [Spackman: Dept. of Water Resources](#)

The Governor's FY 2016 budget recommendation was \$19,821,200, a decrease of 8.5%, or \$1,846,000 from the previous year. The Director provided a budget comparison of IDWR's budget for FY 2015 and FY 2016 highlighting the differences in the General Fund, the Aquifer Planning and Management Fund and the Northern Idaho Adjudication appropriations. Regarding Decision Unit 2, the Department requested and the Governor recommended transferring \$716,000 from the Revolving Development Account to the Secondary Aquifer Planning, Management, and Implementation Fund for the purpose of aquifer monitoring, measurement and modeling of the Eastern Snake Plain Aquifer, Wood River Valley, Treasure Valley, Rathdrum Prairie, Palouse, Lewiston and some others areas. The Director also discussed the following decision units: 1) Additional equipment for \$10,000, 2) \$110,800, ongoing, in spending authority from the Miscellaneous Revenue Fund to provide water master services, 3) \$64,400 for a full-time Flood Plain Management position, 4) \$175,000 for a one-time increase to the General Fund for a comprehensive review of computer applications and business processes, and 5) moving 4.24 positions and \$394,500 to the continuously appropriated Secondary Aquifer Management, Planning, and Implementation Fund to better align actual duties with funding sources. The Director asked for lump sum spending for FY 2015.

Regarding legislative audit findings, a management review for FY 2011 through FY 2013 was conducted in April and May of 2014; the Department has not received the final report. The Director is planning to implement zero-base budgeting in order to: review statutory assignments and authorities, review and revise cost center rankings, identify legislative concepts to address priorities if necessary, and identify budget decision units to address priorities. **Spackman** also discussed the Water Center and rent expenses at IDWR'S regional offices.

PRESENTATION: **WATER ADJUDICATION**
SNAKE RIVER BASIN ADJUDICATION (SRBA)
COEUR D'ALENE-SPOKANE RIVER BASIN ADJUDICATION
(CSRBA)

PRESENTER: **The Honorable Eric J. Wildman, Presiding Judge**

To view the presentation, please click on the following link: [Judge Wildman: Water Adjudication Court](#)

Judge Wildman presented the following information on the SRBA: the Final Unified Decree was entered into on August 25, 2014. Claims are remaining in four groups: 1) 15 Interstate claims — source in Wyoming, 2) 16 claims in the Owyhee Federal Reserved Wild and Scenic area, 3) 8 Reservoir Refill claims (possibly 23 more), and 4) 2 miscellaneous claims. Post-adjudication procedure for deferrable domestic and stockwater claims is now in effect.

He also gave an update as of January, 2015 on the CSRBA. CSRBA includes Basins 91–95 with a total of 11,596 claims. In Basin 93, 553 claims were filed and 371 decrees have been issued. The projected filing date for the Director's report for Basin 92 with 905 claims is May, 2015; after that date the adjudication process will begin for that basin. Projected filing dates for the Director's report for Basin 91 with 606 claims filed is February, 2015; Basin 95 with 7,584 claims filed is July, 2016; and Basin 94 with 1,948 claims filed is November, 2015.

A summary of federal law claims filed were: Avista Corp., 2 claims; U. S. Forest Service, 9 claims; the Bureau of Indian Affairs on behalf of the Coeur d'Alene Tribe, 353 claims; there have been approximately 85,000 objections and the initial scheduling conference is February, 2015. He briefly mentioned the Palouse River Basin Adjudication and the Bear River Basin Adjudication.

PRESENTATION: **Idaho Water Resource Board**

PRESENTER: **Roger Chase, Board Chairman**

To view the presentation, please click on the following link: [Idaho Water Resource Board](#)

The FY 2015 appropriation provided \$20 million for the following projects: 1) \$15 million in one-time funds for recharge, storage, Mountain Home, northern Idaho, and the Water Supply Bank, and 2) \$5 million in ongoing funds from the Cigarette Tax for statewide aquifer stabilization with the first disbursement in July, 2015. The Eastern Snake Plain Aquifer (ESPA) is the first priority. Stabilization of the ESPA is essential to: 1) preventing future groundwater versus surface water user conflicts, and 2) meeting the State's obligation to provide minimum stream flows in the Snake River at the Murphy Gage near Swan Falls Dam. When flow at Milner Dam near Twin Falls is zero (the Milner zero flow principle) which it is for much of the irrigation season, there is still an obligation to maintain minimum flows in the Snake River 180 miles downstream at Swan Falls Dam which provides for a hydropower generation base. When the flow past Milner Dam is zero, the flow in the river is made up almost entirely of spring discharge from the ESPA through Thousand Springs. Aquifer storage and spring flow are directly correlated—as aquifer storage declines so does spring flow. Continued declines in aquifer storage and spring flows are jeopardizing the ability to meet minimum flow obligations under the Swan Falls agreement. Therefore, the ESPA must be managed to stabilize and rebuild aquifer levels and spring flows which means managed recharge needs to be increased to 250,000 acre feet per year to compensate for the 200,000 acre feet annual loss from the ESPA.

The Board has been working on a winter recharge program with canal company partners using an incentive plan so canal companies would willingly deliver water during the winter. There is enough water for recharge at Milner from November to March, and sometimes longer; above American Falls Reservoir it is limited to high-year spring run-offs due to water right priorities. Beginning the end of October, 2014, the recharge effort began by recharging 35,000 acre feet that otherwise would have spilled past Milner Dam. Even so, 130,000 acre feet went past Milner because there was no way to get the water out of the river and into the ground. The Board is working with canal companies to increase winter recharge capacity by 1) improving canal bank access roads to make them drivable during frozen/muddy conditions, 2) adding by-passes around in-canal hydro plants to keep water out of the plants during freezing conditions, 3) evaluating systems to keep ice off canal gates, 4) building out at Milepost 31 recharge basin and upgrading the concrete flume leading to the Shoshone recharge basin, and 5) working with canal companies above American Falls Reservoir to prepare for recharge deliveries if there is enough water. Also it is important to insure that both American Falls Reservoir and Lake Walcott fill and that 2700 cubic feet per second is going through the Minidoka powerplant before recharge can occur above American Falls.

Chase also discussed being able to reach a comprehensive settlement for the Hagerman Valley including the Rangen call. A professor at the University of Idaho estimated that proceeding with the Rangen Curtailment would cost Idaho's economy between \$200 million to \$300 million. The Board is proposing that groundwater users pay for below-the-rim mitigation projects while the State undertakes stabilization of the Eastern Snake River Plain Aquifer and spring flows. The IWRB assisted the groundwater users by: 1) providing a loan for \$1.26 million for the Magic Springs Pipeline to deliver replacement water to Rangen which should be online to meet the Court's February 7, 2015 deadline, 2) the Board has already acquired the Aqua Life Hatchery from the Parks and Recreation Department for a total cost of \$1.885 million; IWRB then leased the land to the ground water users on a long-term lease to provide a replacement to Seapac for pulling water away from Magic Springs to deliver it to Rangen, and 3) planning to finance several additional mitigation projects in the Hagerman Valley to address other water calls and water shortages.

The Board is: 1) working to develop a replacement water supply for Mountain Home Air Force Base in order to eliminate use of declining ground water, 2) completing the purchase of senior Snake River water rights from the Simplot Company (the State would stay in control of the water rights), and 3) discussing with the Air Force the best way to finance and build a delivery system. It is estimated that Mountain Air Force Base accounts for approximately \$1 billion of economic activity.

The IWRB has partnered with the Rathdrum Prairie Aquifer communities and the University of Idaho to determine future water needs from the aquifer which feeds the Spokane River. A water demands study will provide information needed to move forward with water right applications in advance of Washington's instream flow right. Another study determined that ground water pumping in Washington had the most impact on flows in the Spokane River.

\$5 million in ongoing funds from the Cigarette tax funds is to be used for statewide aquifer stabilization because the Board realizes other areas of the state have needs. The Board is working on an evaluation process and anticipating involvement in the Big Wood River, Treasure Valley and the Palouse in the next year. **Chase** also updated the Committee on the following storage projects: Weiser-Galloway, a new 750,000 AF reservoir; enlargement of Island Park Reservoir by 30,000 AF; and enlargement of Arrowrock Reservoir by 300,000 AF.

The Governor's office has requested the Water Board to 1) develop a water sustainability policy, 2) work to ensure water supplies are available for existing uses, for future growth, and for environmental purposes, and 3) research the trend of switching to higher water-use crops on existing acres.

ADJOURNED:

There being no further business, Senator Cameron adjourned the meeting at 11:06 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Thursday, February 05, 2015

| TIME | DESCRIPTION | PRESENTER |
|--------------------|--|---|
| 8:00-9:05a | Department of Administration Including H647, Intent Language Section 9 LBB Page 6-3 | <i>Teresa Luna, Director Dept. of Administration</i> <i>John Goedde, IEN Consultant Office of the Governor</i> |
| 9:05-9:50a | Permanent Building Fund LBB Page 6-25 | <i>Tim Mason, Administrator Division of Public Works</i> |
| 9:50-10:00a | Break | |
| 10:00-10:20a | Capitol Commission LBB Page 6-17 | <i>Eric Milstead, Director Legislative Services Office</i> |
| 10:20-10:50a | Idaho State Historical Society LBB Page 5-73 | <i>Janet Gallimore, Exec. Director</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

- DATE:** Thursday, February 05, 2015
- TIME:** 8:00 A.M.
- PLACE:** Room C310
- MEMBERS PRESENT:** Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
- Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
- ABSENT/ EXCUSED:** None
- CONVENED:** Chairman Bell called the meeting to order at 8:00 a.m.
- PRESENTER:** **Teresa Luna, Director, Department of Administration**
The Department of Administration: Including H647, Intent language Section 9 LBB Page 6-3
Director Luna began her presentation with a description of the organizational structure for the Department of Administration and included changes in the workforce and responsibility delegation. Director Luna further discussed the bond repayment program as well as specific line items for the FY 2016 Budget Recommendation. Director Luna's presentation also included information regarding Dependent Eligibility Verification, an employee insurance recap, medical reserve balances, and the Thrive Idaho Program's second year performance. [Department of Administration](#)
- PRESENTER:** **John Goedde, IEN Consultant, Office of the Governor**
Idaho Educational Network
Mr. Goedde stood for questions regarding the IEN lawsuit status, options for progress, and costs incurred. Mr. Goedde briefly mentioned the Governor recommends total FY 2016 funding for the IEN in the amount of \$10,539,500.
- PRESENTER:** **Tim Mason, Administrator, Division of Public Works**
Permanent Building Fund
Mr. Mason presented on the organizational chart regarding the Permanent Building Fund Advisory Council, funding sources and trend lines for recent Permanent Building Fund Projects including; the Dept. of Administration Parking Garage, the Renovation to Infrastructure of the Capitol Annex, the Idaho State Historical Society Reclamation Building and Recreation Hall, Idaho Fish and Game Office Building, BSU Classroom Renovations, University of Idaho Education Building, ISU Anatomy Lab, LCSC Administration building, DOC Medical Building, Dept. of Veterans Services Veteran's Home, and the Department of the Military Readiness Center in Emmett and Rigby, Idaho. Mr. Mason Concluded with the FY 2016 Budget Recommendation. [Permanent Building Fund](#)

PRESENTER: **Janet Gallimore, Executive Director, Idaho State Historical Society**
Idaho State Historical Society

Director Gallimore provided information on the Idaho State Archives and State Records Center, program implementation updates, and the State Historical Museum & Old Penitentiary. Director Gallimore further discussed space allocation for the expansion of the State Historical Museum and stood for questions regarding the Governor's Budget Recommendation. Director Gallimore and staff members of the Idaho State Historical Society displayed compelling artifacts including a hand-stitched banner, and the original signed purposed legislation supporting the Women's Right to Vote in the State of Idaho, dated November 3, 1896. [Idaho State Historical Society](#)

ADJOURN: There being no further business to come before the committee, Chairman Bell adjourned the meeting at 10:51 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Friday, February 06, 2015

| TIME | DESCRIPTION | PRESENTER |
|--------------------|--|--|
| 8:00-8:20a | Department of Administration Capitol Commission LBB Page 6-17 | <i>Eric Milstead, Director</i> <i>Legislative Services Office</i> |
| 8:20-8:50a | Industrial Commission LBB Page 5-35 | <i>Tom Limbaugh, Commissioner</i> |
| 8:50-9:20a | Department of Insurance LBB Page 5-41 | <i>Tom Donovan, Acting Director</i> |
| 9:20-9:50a | Self-Governing Agencies Division of Building Safety LBB Page 5-63 | <i>Kelly Pearce, Administrator</i> |
| 9:50-10:00a | Break | |
| 10:00-10:20a | State Lottery LBB Page 5-93 | <i>Jeff Anderson, Director</i> |
| 10:20-10:40a | Office of the Governor State Liquor Division LBB Page 6-93 | <i>Jeff Anderson, Director</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 06, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayne, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Senator Cameron called the meeting to order at 8:00 A.M.
STAFF PRESENT: Lockett, Bybee

PRESENTATION: **DEPARTMENT OF ADMINISTRATION
Idaho Capitol Commission**

PRESENTER: **Eric Milstead, Director, Legislative Services Office**

To view the presentation, please click on the following link: [Idaho Capitol Commission](#)

The Capitol Commission is chaired by Andy Erstad; other members are Mary Symms-Pollot, Joe Stegner, Lt. Governor Brad Little, Joy Richards, Rep. Linden Bateman, Eric Milstead, Janet Gallimore, and Teresa Luna. The responsibilities of the Commission are 1) to review the Capitol Building Master Plan and modify it when necessary, 2) review and approve all proposals to reconstruct, remodel or restore the Capitol Building, 3) review and approve all proposals involving art, memorials, statues in the Capitol Building, and 4) work cooperatively with the State Idaho Historical Society to preserve and protect the Capitol Building's furnishings, historic collections and exhibits.

Funding sources for the Commission are: 1) Capitol Permanent Endowment, current estimated balance is \$27.6 million, 2) Capitol Maintenance Reserve Fund, current estimated balance is \$3.0 million, and 3) Capitol Commission Operating Fund, current estimated balance is \$200,000. Milstead reviewed the Commission's funding history as follows: 1) in 2005 there was a 28 cent per pack tax on cigarettes to renovate the State Capitol Building and related Capitol Mall improvements, 2) in 2006 bonds were authorized to restore and construct two, 2-story wings — bonds issued totaled \$130 million, 3) in 2007 scope of project was revised to include restoration and construction of two one-story wings to the State Capitol Building totaling \$120 million with an additional \$5 million for furnishings and equipment, and 4) in 2008-09 the Capitol Restoration and Expansion project was completed on time and \$1 million under budget. Annual payments of \$20.1 million from the cigarette tax will end in FY 15 after seven years of payments.

The total budget request for FY 2016 is \$2,642,000 which will include: 1) \$142,000 in operating expenses for Capitol Building special projects, publications and administrative support, and 2) spending authority of \$2.5 million from the Capitol Maintenance Reserve Fund for possible major remodel and facility improvement projects and for management fees.

PRESENTATION: INDUSTRIAL COMMISSION

PRESENTER: Tom Limbaugh, Commissioner

To view the presentation, please click on the following link: [Industrial Commission](#)

The defined functions of the Commission as set forth under Title 72, Idaho Code, to administer worker's compensation law are to: decide contested cases, administer insurance requirements, approve settlement agreements, mediate worker's compensation disputes, provide no cost return-to-work services, decide unemployment insurance appeals, and administer the Crime Victims Compensation Program.

With the exception of the Crime Victims program, the primary source of funding for the Commission is the Worker's Compensation Premium Tax which is collected semi-annually; no General Funds are involved. This is the fourth year of a 20% temporary reduction in the premium tax. The Industrial Commission is sometimes mistaken for the State Insurance Fund; the Commission regulates worker's compensation issues but does not pay benefits. In FY 2014 34,042 accidents were reported with 33 fatalities; in calendar year 2013 sureties reported \$209 million paid in total benefits including \$128 million in medical and \$81 million in lost wages.

Limbaugh briefly explained each division's responsibilities. The Adjudication Division acts as an Administrative Court with exclusive jurisdiction over worker's compensation law; it decides disputed cases, resolves medical fee disputes, and provides final decisions on unemployment appeals from the Department of Labor. Last year 925 complaints were received, 81 hearings were held, and 1,078 settlements were approved. The Employer Compliance Division with 19 full-time employees including 7 compliance officers works to educate employers on Idaho's worker's compensation insurance requirements; last year the Division corresponded with 14,243 employers regarding their insurance coverage status; staff receives notice of registrations as well as insurance cancellations from the National Council of Compensation Insurance (NCCI). The Claims and Benefits Division collects and maintains status information on over 34,000 claims filed each year to ensure benefits are paid, conducts audits to ensure compliance, reviews and makes approval recommendations on lump sum settlement agreements, and provides training courses for industry professionals. The Rehabilitation Division works closely with employers, medical providers and sureties to facilitate medical recovery so injured workers return to gainful employment; in FY 2014 the Division received 2,369 referrals and returned 1,442 injured workers to the workforce.

The Industrial Commission has a 16-member Advisory Committee which provides assistance and advice on the worker's compensation system; subcommittees work on a variety of projects to discuss issues and generate recommendations.

The Crime Victims Compensation Program provides financial assistance to innocent victims of crime by helping to pay for medical, psychological, sexual assault forensic examinations, wage loss, death benefits and funeral expenses. Currently, 7,577 victims are actively receiving services from the program. Funding for the program comes from fines imposed on offenders convicted of crimes and the Victims of Crime Act of 1984 (VOCA) federal grant award. In FY 2014, \$2,052,458 was paid to innocent victims of crime.

The Division of Building Safety implements the Logging and Industrial Safety Bureaus all funded through the workers compensation premium tax. Since 1917 the Commission has had authority over workplace safety; however, Idaho Code does not conform to OSHA because the statute is unclear about safety inspections of state and local governments. Since FY 1989 the Industrial Commission has provided funding for safety inspection of buildings and the logging training program through fund shifts without statutory authority. Senate Bill 1001, introduced this legislative session, should clarify the scope of State safety inspections and programs as well as transfer all related responsibilities from the Industrial Commission to the Division of Building Safety.

The Governor's recommended budget for FY 2016 is \$15,968,500 which is a 1.7% increase in spending authority in dedicated funds.

PRESENTATION: DEPARTMENT OF INSURANCE

PRESENTER: Tom Donovan, Acting Director

To view the presentation, please click on the following link: [Department of Insurance](#)

Idaho has regulated insurance since 1901 and the Department of Insurance was recognized as one of the 20 executive departments in 1974. The Department is organized into two primary divisions: the State Fire Marshall and the Insurance Regulation Division which has three regulatory bureaus consisting of the Company Activities Bureau, Consumer Services Bureau, and the Product Review Bureau. The State Fire Marshall Division provides assistance to local fire agencies statewide focusing on fire prevention education and investigation and helps manage consistent reporting of fire incidents.

The Department of Insurance is a dedicated fund agency whose operations are funded by premium taxes, fines and penalties (73.9%), regulatory fees and licenses and interest (25.7%) and a small federal grant (0.4%) used in the Senior Health Insurance Benefit Advisors (SHIBA) program. SHIBA provides 1) impartial advice to Medicare beneficiaries throughout Idaho, 2) focuses on recruiting volunteers, and 3) partners with other entities throughout the state. The premium tax that insurers pay on premiums written in Idaho does not fund the operations of the Department, the majority of those proceeds is transferred to the General Fund.

In FY 2014, DOI authorized or licensed 2,261 entities as insurance carriers or other registered entities, such as purchasing groups, surplus lines insurers, self-funded health plans, rating organizations, and advisory groups. DOI also received 20,813 new producer licensing applications, an increase of about 15% of which approximately 3,200 were Idaho residents. During that time there were 30,894 policy forms and rates filed, an increase of 35%. In addition, there were 791 new consumer complaints received in FY 2014.

Every five years the Department of Insurance undergoes an in-depth review of its laws, procedures, and issues involving solvency regulation of insurance companies. The review is done by the National Association of Insurance Commissioners, and that review is underway at this time. The review helps insure a predictable and more uniform system of insurance regulation throughout the United States and it also reduces regulatory burdens on companies transacting insurance in more than one state.

Donovan commented two anticipated changes: 1) the provision in Idaho Code providing for a portion of the premium tax revenue being allocated to the Individual High Risk Pool and the CHIP access card is scheduled to sunset on October 1, 2015, so the transfer at the end of FY 2015 is expected to be the last, and 2) the Immunization Dedicated Vaccine Fund and related provisions is scheduled to sunset on July 1, 2015; there is discussion about extending the sunset regarding the immunizations issue.

Recently the Legislative Audits Division of the Legislative Services Office recently issued a management report with two findings, both of which have been addressed. The first finding concerned receivables for vaccine assessments not being submitted to the Controller's Office for FY 11, 12, and 13. The issue occurred because some carriers had authorized extensions so they paid after the June 15 deadline. DOI emphasized that funds were properly collected and transferred. The second finding related to documentation of adherence to internal policies and IDAPA rules not being available for the procurement of a contract for marketing services. The policy has been revised by awarding examiner contracts via an RFP.

DOI'S staff consists of 73.5 full-time positions and 4 seasonal positions (during Medicare open enrollment). There has been significant turnover in 2014 with five retirements and difficulty in recruiting, particularly with financial positions; salary has been an issue.

The Governor's recommended budget for FY 2016 is \$9,028,500. There is an increase in benefit costs of \$47,000, replacement items totaling \$159,400, \$15,200 increase in statewide cost allocation, and \$128,700 for Change in Employee Compensation (CEC). Also included is an object transfer from operating to personnel cost in the amount of \$42,600.

PRESENTATION: SELF-GOVERNING AGENCIES
Division of Building Safety

PRESENTER: Kelly Pearce, Administrator

To view the presentation, please click on the following link: [Division of Building Safety](#)

The mission of the Division is to safeguard the citizens of Idaho through responsible administration of building and construction-related safety and licensure standards while promoting a positive business climate. The Division has the following seven boards under its direction: Building Code Board, Electrical Board, Heating, Ventilation and Air Condition Board, Plumbing Board, Manufactured Housing Board, and the Public Works Contractors License Board. In 2014 the Division issued 38,767 licenses, 37,500 permits and completed 62,689 inspections.

Pearce gave a brief oral/power point tour of what his Division accomplished in 2014 throughout the State: 1) trained 2,150 loggers, 2) annually inspected 2,853 K-12 school buildings, 3) inspected 2,435 State buildings annually, 4) inspected 3,167 elevators/lifts/escalators, 5) provided contract support to local government, 6) in agriculture, over 750 pivots permitted annually involving 4 licenses (1 general electrical and 3 specialty licenses), 7) involved with Tribal contracts, and 8) completed over 5,000 in-plant inspections annually for modular/manufactured housing.

The Governor's FY 2016 budget recommendation is for \$113,86,100, a 2% increase from the previous year. Pearce provided statistics for the Division's operating budget by fund category and by object of expenditure.

The Legislative Audits Division of the Legislative Services Office performed an FY 2011- 13 audit with no findings or recommendations.

**PASSED THE
GAVEL:**

**Senator Cameron, Chairman, passed the gavel to Senator Keough, Vice
Chair.**

**PRESENTATION: SELF-GOVERNING AGENCIES
State Lottery**

PRESENTER: Jeff Anderson, Director

To view the presentation, please click on the following link: [State Lottery](#)

The Lottery's mission is to responsibly provide entertaining games with a high degree of integrity to maximize the dividend for Idaho Public Schools and the Permanent Building Fund and the goal is to become the highest performing jurisdiction in North America. Idaho's Lottery was recognized as having the highest growth in dividends to good causes among lotteries in the United States and Canada. The Lottery Director is appointed by the Governor and confirmed by the Senate and is accountable to citizens through the Lottery Commission which has five members. The Lottery is a dedicated fund agency that receives no General Fund dollars; its beneficiaries are Idaho Public Schools, the Permanent Building Fund and the Bond Levy Equalization Fund. As responsible stewards and through efficient management of resources the Lottery has been able to return some spending authority; in FY 2014 lottery activities generated an additional \$1 million to the General Fund.

Anderson informed the Committee that the lottery may not meet its \$49.5 million dividend forecasted at the beginning of the fiscal year. The lottery industry, including Idaho, is experiencing a challenging year. The sales forecast for FY 2015 was \$220,400,000; however, that appears to be potentially unattainable due to a severe drop in sales of the two big jackpot games, Powerball and Mega Millions. Nationally, combined sales of those two games have never experienced a decrease of this magnitude. A 40% decline in Powerball sales for the first half of FY 2015 is occurring simultaneously with a 25% decline in Mega Million sales which means FY 2015 Multi State draw game sales may close with a significant decline. Fortunately, Idaho so far this fiscal year has outperformed the industry, only down 27% on Powerball and 14% on Mega Millions.

Per Idaho Code there are limits on certain expenses; administrative expenses for FY 2016 are forecast to be 6% of sales, well below the 15% cap; expenses that are variable based on sales are continuously appropriated—retailer commissions at 6% and marketing continues to be in the 1.8% range, well below the statutory cap. For FY 2016 the sales goal has been revised from \$220,600,000 to \$216,300,000 and the dividend goal, from \$51,000,000 to \$48,000,000. The Director wants to be sure the Lottery can deliver as forecast, thus the revised numbers. Successful changes to the Powerball game along with new products may help overachieve but Anderson feels it is better to be safe than sorry.

**PRESENTATION: OFFICE OF THE GOVERNOR
Idaho State Liquor Division (ISLD)**

PRESENTER: Jeff Anderson, Director

To view the presentation, please click on the following link: [Idaho State Liquor Division](#)

ISLD is a dedicated fund agency whose mission 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. The executive team is made up of the Director and three deputies. The goal of the Idaho State Liquor Division is to be the most respected and highest performing purveyor of distilled spirits in the United States. Distilled spirits are offered in 170 locations throughout Idaho with 66 retail stores and 104 contract stores; the contract stores offer products in communities where a state store is not feasible. ISLD ships over 1,000,000 9-liter cases annually via a private sector trucking partner, Diamond Lines. Sales this year are forecast to be \$174 million which would be an increase of 3.2%.

ISLD is citizen owned for the benefit of all, including those who choose not to consume beverage alcohol. Distributions are set in Idaho Code, Title 23, Section 404. FY 2014 set another record distribution of \$63 million, an increase of 4.8% on a sales increase of 3.4%. Per capita consumption of distilled spirits in Idaho is well below the national average and even less when cross-border sales to Washington State consumers are factored out. It is estimated that 7% of Idaho's business is attributable to cross-border sales. (The 7% number has increased since Washington State dismantled their model of spirits distribution and replaced it with the license state model that included significant new taxes and fees on spirits products.) Idaho has only 15 retail outlets per 100,000

residents offering distilled spirits; access matters in curtailing over consumption and abuse of this legal product.

Growth over time has been predictable due to the nature of consumer choices with spirits continuing to capture a growing share of beverage alcohol consumption. Since 2010 ISLD'S forecast sales for FY 2015, including Washington are up 27%, distributions are up 36% and volumes are up only 15%. The Division's plan of convenient but limited access and getting more out of the stores in operation by focusing on customers and their interest in premium and super-premium products is working. Growth in sales and profit per FTP as well as sales and profit per store continues to improve. Recently the state store in Weiser was converted to a contractor and ISLD plans to move that store allocation into the Treasure Valley where population and customer need is growing. The plan is to work toward customer care and getting more out of store allocations rather than adding more state stores. The forecast for FY 2016 is to increase 3% in sales, net income, and distributions.

The Governor's recommended budget for FY 2016 is \$18,413,200, an increase of 4.1 % in spending authority. Decision units (DU) are described as follows: 1) DU #1 - planning four remodels/relocations in Coeur d'Alene, Moscow, Caldwell and Boise, 2) DU #2 — relocation of Weiser store, 3) DU #5 - one-time costs for additional labor to set up four stores and opening the relocated store in Weiser, 4) DU #3 — Capital outlay for wireless access points in 66 stores to allow for improved efficiency in auditing inventory as well as in-bound freight receiving, 5) DU #4 — convert six group to full-time positions — convert temporary clerks to benefitted, classified clerks, and 6) DU #6 — convert ISLD second floor storage area to office and conference space. (The roof on this building is scheduled to be replaced in FY 2016 with \$180,000 in funds from the Permanent Building Fund Advisory Council since it is a state building.)

ADJOURNED: There being no further business, Vice Chair Keough adjourned the meeting at 10:00 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

Senator Keough
Vice Chair

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Monday, February 09, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------------|--|---|
| 8:00-8:30a | Secretary of State LBB Page 6-159 | <i>Lawerence Denney</i> <i>Secretary of State</i> |
| 8:30-9:00a | State Treasurer LBB Page 6-165 | <i>Ron Crane</i> <i>State Treasurer</i> |
| 9:00-9:20a | State Independent Living Council LBB Page 2-107 | <i>Dean Nielsen, Chair</i> <i>State Independent Living Council</i> |
| 9:20-9:30a | <i>Break</i> | |
| 9:30-10:00a | Joint Millennium Fund Committee Recommendation LBB Page 6-173 | <i>Co-chair, Rep Stephen Hartgen</i> <i>Acting Co-chair, Sen Dan Johnson</i> |
| 10:00-10:30a | Self-Governing Agencies Medical Boards LBB Page 5-99 | <i>Jared Tatro</i> <i>Principal Budget & Policy Analyst</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 09, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey

Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

**ABSENT/
EXCUSED:** None

CONVENED: Chairman Bell called the meeting to order at 8:00 a.m.

PRESENTER: **Lawrence Denney, Secretary of State**
Office of the Secretary of State
Secretary Denney presented the Budget Recommendation for the Office of the Secretary of State. Secretary Denney further discussed the FY 2015 original appropriation, election related funds, and explained the requested Line Items; Blue Book Publication and fulfillment of the vacancy for a Deputy Secretary of State for Commercial Affairs and IT development. Secretary Denney concluded with the FY 2016 Budget Recommendation and stood for questions. For reference material please see the following link: [Audio Recording](#)

PRESENTER: **Ron Crane, State Treasurer**
Office of the State Treasure
Treasurer Crane began by listing the following responsibilities delegated to the Office of the Treasurer: The Office of the Treasurer receives all state agency cash and investment, oversees all state banking operations and credit cards, controls accounting functions for all agency deposits, oversees investment for; the General Fund, Idle Agency Funds, and the Local Government Investment Pool, manages the Millennium Fund and Millennium Income Fund, oversees the Unclaimed Property Division, and the Issuance of Tax Anticipation Notes. Treasurer Crane further expressed support of the 3% CEC increase to keep compensation competitive, and concluded with the FY 2016 Budget Recommendation.

For reference material please view the following: [Presentation Notes, JFAC Requested Information](#), and [Legislative Audit Information](#)

PRESENTER: **Dean Nielsen, Chairman, State Independent Living Council**
State Independent Living Council
Chairman Nielsen presented the FY 2016 Budget Recommendation for the State Independent Living Council. Chairman Nielsen further discussed the Rehabilitation Act, SILC Funding, Voting and Non-Voting Membership, and SILC Responsibilities. Chairman Nielsen expressed support for the 3% increase to CEC and stood for question regarding the Supplemental Requests. [State Independent Living Council](#)

PRESENTER: **Representative Steven Hartgen Co-Chair and Senator Dan Johnson Acting Co-Chair, Joint Millennium Fund Committee**
Joint Millennium Fund
Representative Hartgen, presented the committee’s recommendation for use of the millennium funds; this included a little over \$2 million to be returned to the Permanent Endowment Fund. **Senator Johnson** followed with information regarding the history of the Millennium Fund to be found in the Legislative Budget Book.

UNANIMOUS CONSENT: On Request by **Senator Cameron**, seconded by **Mortimer**, granted by unanimous consent, the Millennium Fund Assessment Committee Report was accepted.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis**
Self-Governing Agencies: Medical Boards **Mr. Tatro** presented the overview and Budget Requests for Medical Boards; Board of Dentistry, overseen by **Susan Miller**, Executive Director; Board of Medicine Overseen by **Nancy Kerr**, Executive Director; Board of Nursing overseen by **Sandra Evans**, Executive Director; Board of Pharmacy overseen by **Mark Johnston**, Executive Director; and the Board of Veterinary Medicine overseen by **Jodie Ellis**, Executive Director. [Self-Governing Agencies: Medical Boards](#)

ADJOURN: There being no further business to come before the committee, Chairman Bell adjourned the meeting at 10:21 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Tuesday, February 10, 2015

| TIME | DESCRIPTION | PRESENTER |
|--------------|---|---|
| | Office of the Governor | |
| 8:00-8:40a | Military Division LBB Page 6-99 | <i>Major General Gary Saylor Adjutant General</i> |
| | Special Hearing | |
| 8:40-9:10a | Proposal to Prepay Lease Costs of Mountain Top Locations on Endowment Lands for State and Federal Communications System Equipment LBB Page 6-107 Line Item 16 | <i>Major General Gary Saylor Adjutant General Director Tom Schultz Department of Lands</i> |
| 9:10-10:10a | Office of the Attorney General LBB Page 6-31 | <i>Lawrence Wasden Attorney General</i> |
| 10:10-10:20a | Break | |
| | Self-Governing Agencies | |
| 10:20-10:50a | State Appellate Public Defender LBB Page 5-115 | <i>Sara Thomas State Appellate Public Defender</i> |
| 10:50-11:10a | Public Defense Commission LBB Page 5-107 | <i>Ian Thomson, Executive Director</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, February 10, 2015

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

ABSENT/ EXCUSED: None

CONVENED: Senator Cameron convened the meeting at 8:00 A.M.

STAFF PRESENT: Burns, Houston, Hoskins

PRESENTATION: **OFFICE OF THE GOVERNOR**
Military Division

PRESENTER: **Major General Gary Sayler, Adjutant General for the State of Idaho**

To view the presentation, please click on the following link: [Military Division](#)

The Military Division has five critical priorities: 1) to maintain and sustain a relevant National Guard force structure in Idaho, 2) to coordinate statewide disaster prevention preparedness, response, and recovery, 3) to recruit, train, and retain quality soldiers, airmen, and state employees, 4) to construct and maintain facilities for the Idaho National Guard and Idaho Bureau of Homeland Security, and 5) to provide adolescents who have dropped out of high school a second chance to acquire the values, life skills, education, and self-discipline necessary to succeed as productive citizens.

An update was given on the Idaho Youth ChalleNge (IDYCA), a volunteer program for 16 to 18 year old at-risk teenagers; the goal of the program is to give teens a second chance to become responsible, productive citizens by helping them improve their life skills, education levels and employment potential. IDYCA is a 22-week in-resident program with a 12-month mentorship. To date two classes have graduated a total of 152 students; the first class had an 81% placement rate which included education, employment, military or volunteer work. The second class increased the Test of Adult Basic Education (TABE) assessment by 2.9 grades (equivalent to three school years). During the 22 weeks, the two inaugural classes provided over 5,800 hours of community service at different north Idaho locations. Idaho's program received an "Excellent" rating from the National Guard during a 2014 on-site review and has been touted as one of the best programs in the country with many noted best practices.

Several renovation projects have been completed or partially completed at Readiness Centers, also referred to as Armories, throughout the state including Emmett, Rexburg, Moscow, Rexburg and Wilder. The projects represent a total of \$6.2 million in renovations with the State Division of Public Works contributing \$3 million and the federal government contributing \$3.3 million.

The Governor has recommended an FY 2016 budget of \$6,321,900 in General Fund dollars, which represents an increase of \$700,100 from the previous year. Only 9% of total funding comes from the General Fund, 82% from federal grants and cooperative agreements and the remaining 9% from dedicated funds. Last year, Idaho received \$22.3 federal dollars for every state dollar spent. There is an FY 2015 supplemental request for \$25,000 to cover inauguration expenses. FY 2016 maintenance items total \$1,607,500, only \$432,200 from the General Fund. Line items totaled \$876,800 of which \$476,800 was from the General Fund. The Governor has also recommended that \$1,300,800 be transferred from the General Fund to the endowment funds to cover the cost of a 20-year lease of mountaintop communication sites. The Military Division FY 2016 budget allows for 317.80 FTPs; currently there are no vacant positions.

There are two pieces of legislation being presented during this legislative session: 1) House Bill 52 removes a sunset date on the Youth Challenge program, and 2) House Bill 53 is a revision to the Idaho Code of Military Justice (ICMJ).

SPECIAL HEARING

PRESENTATION: **Proposal to Prepay Lease Costs of Mountain Top Locations on Endowment Lands for State and Federal Communications System Equipment**

PRESENTER: **Major General Gary Saylor, Adjutant General for the State of Idaho**

To view the presentation, please click on the following link: [Endowment Lands Lease Costs Proposal](#)

The Idaho Military Division, Public Safety Communications (PSC) currently manages communication sites on six endowment trust properties. These communication sites provide critical communication services to a variety of public safety agencies. The sites have been authorized for use until August, 2015 through a Land Use Permit; when the permit expires, the fees for the sites will increase from \$5,732 to \$81,632 in the first year. The base rent fee schedule was approved on June 15, 2010; from that date rental rates were scheduled to increase at a rate of 3% per year. The Governor recommended that the Idaho Department of Lands (IDL) issue a 20-year lease for the six sites to PSC for \$1,300,800; the fee is based on a current fee schedule according to net present value and length of lease, calculated with a 6% discount rate.

The Idaho Constitution mandates that the Land Board obtain, at a minimum, a market rate of return regardless of whether the lessee is a private person or a governmental entity. Fees collected by PSC are used to pay for upkeep and operational maintenance of the sites. State agencies using these sites include: Idaho Transportation Department, Idaho State Police, Fish and Game, Department of Land, Department of Correction, Idaho Bureau of Homeland Security, Orofino Corrections, and Idaho Emergency Medical Services. Federal agencies using the sites include U.S. Forest Service, Bureau of Land Management, Federal Bureau of Investigation and the National Oceanic and Atmospheric Administration. Municipalities impacted would be Franklin County and Jerome County.

PSC does not typically pay fees for communication sites located on federal property because of reciprocal agreements with the federal government not to charge each other for the sites. If Idaho began charging federal agencies for the six sites on state land, the federal government could charge the state for the 43 federal sites used which could cost Idaho close to \$1 million per year.

Although there have been many advances in communication technology in recent years, there is indication that the mountain sites will be necessary for at least the next 20 to 30 years, if not longer.

The five sites on Public Schools endowment land are: Packer John, Sedgewick, Teakean, Flattop, and Brownlee; Woodrat Mountain is on State Hospital South endowment land.

PRESENTER:

Tom Schultz, Director, Idaho Department of Lands (IDL)

To explain *why* IDL collects rent from other State agencies to pay themselves, the Director explained that the Idaho Constitution mandates the Land Board to obtain a market rate of return regardless of whether the lessee is a private person or a governmental entity. The fact that the use of the land is for a “public purpose” does not override the constitutional mandate.

On June 15, 2010, the Land Board established the Communication Site Rental Rates that are currently in effect. Those rates were determined by contacting ten western state trust land offices and surveying their rental rates for each of the various communication use types (cell phone, microwave, etc.) Base rates were set as the average of the top one-third of rental rates being charged by those surveyed (outliers eliminated). The survey results also showed that most states charge a co-locator fee of 25% of the rental rate. Annual rental rate increases were set at 3% per year, the 20–year average for the Consumer Price Index (CPI). The previous schedule was adopted on May 27, 1998, and was based on information gathered from a market rent appraisal completed by the Bureau of Land Management in 1991 with annual CPI adjustments.

Rates were calculated for the \$1.3 million price by using the current rate schedule and adjusting the schedule for CPI (3%) annually through the 20–year period and applying the 25% co-locator rate where applicable. A 6% discount rate was applied to arrive at the Net Present Value of \$1,300,800.

By entering into a long-term agreement with a lump sum payment, the charge for the sites can be based upon the current rates (which risk potential increases beyond the 3% inflationary adjustments) and can be discounted 6% as those funds are immediately available to be invested. The Endowment Fund Investment Board (EFIB) predicts a 6% to a 6.5% rate of growth in the Permanent Fund for the endowment beneficiaries. Since the Idaho Military Division has communicated a clear need to utilize these sites for at least the next 20 years, it would be wise to pay the fees upfront rather than an annual appropriation resulting in a significantly higher overall dollar amount.

PRESENTATION

OFFICE OF THE ATTORNEY GENERAL

PRESENTER:

Lawrence Wasden, Attorney General (AG)

To view the presentation, please click on the following link: [Office of the Attorney General](#)

The Attorney General's Office offers the best possible and most cost effective legal representation for state agencies—legal counsel that is accurate, objective, and grounded in state and federal law. His office advises clients on what they *need* to hear rather than what they *want* to hear.

Wasden said his office has brought in more dollars than has been appropriated to run his office. He indicated that his office has returned \$2.52 for every dollar spent and reviewed some highlights of the previous year: 1) a lawsuit with Standard and Poor's Financial Services recovered \$21.5 million (Idaho's portion) which is the second largest recovery in Idaho history, and 2) in April of 2014 Idaho received over \$27 million from the State's tobacco settlement bringing the overall total received to more than \$382 million. The tobacco industry continues to challenge Idaho's annual payments under the Master Settlement Agreement (MSA). In each of the last seven years, they have withheld millions of dollars and want to avoid their obligation to pay millions more in future payments. In the last five years Wasden's office has spent hundreds of thousands of dollars and countless hours protecting Idaho's tobacco payments. Each year's settlement dollars are deposited into Idaho's two Millennium Funds to support public health projects such as youth courts, anti-smoking ads, the Governor's Meth Project, etc.)

Last year money was appropriated for the Internet Crimes Against Children (ICAC) unit which allowed the AG's office to remodel existing space for the program. The ICAC investigators are committed to protecting the lives of all Idaho children. From May through December, 2014, the ICAC unit received 181 cyber tips, executed 78 search warrants, and launched 33 child enticement investigations and 148 child pornography investigations. It takes six months to a year to bring cases to trial but generally conviction rates are around 90% to 98% for both enticement and child pornography cases. There are nine investigators and two forensic investigators.

Last year the Legislature expanded the AG's role in investigating and prosecuting public corruption. The Special Prosecutions Unit now has 3 prosecutors and 4 investigators; citizens can file complaints against elected county officials suspected of wrongdoing. The office has received 58 complaints—30 declined, 16 pending, and 12 have been recommended for additional investigation. The workload is overwhelming and some requests to take the lead on conflict cases from county prosecutors must be declined.

After 27 years, 2014 will be remembered as the year Idaho completed the Snake River Basin Adjudication (SRBA) which began in 1987. More than 158,000 water rights claims have been resolved—which works out to be one claim every 90 minutes. Last month's settlement was reached on 23 reservoir fill claims in the Snake River Basin above Milner Dam. This optimizes the fill of the federal reservoir system while maintaining state control over Idaho's most precious resource—water. Attorneys are shifting their focus on more than 12,000 water rights claims filed in the North Idaho Adjudication.

The dispute over endowment land rentals has been resolved for residential homes around Payette and Priest Lakes; the Land Board is selling the properties at public auction. In 2014 over 80 college sites were auctioned for almost \$33 million for the endowment fund. **Wadsen** projected that over 200 additional sites will be auctioned in the next three years and estimated that 60% of the cottage sites will be privately owned by 2018. These actions will ultimately benefit the beneficiaries of endowment trust lands

Deputies in the AG's office also defended the State regarding two Public Utilities Commission (PUC) rulings: 1) a lawsuit brought by the Federal Energy Regulatory Commission (FERC) was withdrawn saving Idaho ratepayers an estimated \$500 million over a 20-year period, and 2) PUC deputies successfully resolved a series of solar power cases that will save ratepayers about \$31 million over a 20-year span.

Wadsen also discussed the merits and frequency of hiring outside counsel. There are unique cases when it makes sense to hire outside expertise but it is time that more of the state's legal work be brought into the Office of the Attorney General. His attorneys and staff perform at the highest level of the profession and do so without charging exorbitant hourly rates when they defend Idaho's laws and Constitution, enforce settlement payments and reimbursements, and protect Idaho's children, citizens and consumers. The Office of Performance Evaluation just issued its findings on the use of outside counsel and the advantages of assigning more to the AG's office. Two examples were given regarding attorneys' fees for outside counsel for: 1) risk management issues at \$150 per hour versus \$67 to \$86 per hour for inhouse counsel, and 2) an Idaho Transportation Department condemnation case at \$268 per hour for outside counsel versus \$93 per hour inhouse.

The Governor's FY 2016 recommended budget is for \$22,421,700 including \$374,700 to establish a Medicaid Administrative Hearing staff (the Governor recommended \$373,800); the objective is to recognize administrative appeals related to Medicaid and the state-based marketplace in order to meet current legal requirements. **Wadsen** also requested: 1) the transfer of \$185,000 to Personnel within the ICAC program, 2) additional money for the Special Litigation Fund, and 3) Lump Sum Authority which allows the Attorney General to allocate resources where they are needed most.

SELF-GOVERNING AGENCIES

PRESENTATION: **STATE APPELLATE PUBLIC DEFENDER (SAPD)**

PRESENTER: **Sara Thomas, State Appellate Public Defender**

To view the presentation, please click on the following link: [State Appellate Public Defender](#)

The work of the State Appellate Public Defender's office fulfills constitutional and statutory obligations for Idaho that include the following: 1) the right to effective assistance of counsel in an appeal from a felony conviction, and 2) the right to counsel in a post-conviction action. Idaho Code, Section 19-868 regarding legislative intent in creating the SAPD recognizes the cost of representing indigent defendants on appeal is an extraordinary burden on counties.

The Capital Crimes Defense Fund (CCDF) was created in 1998 and is managed by a seven-member Board of Directors elected by the counties. The CCDF acts like an insurance program whereby: 1) counties pay an annual premium based on population, and 2) counties pay a \$10,000 deductible per case and the Fund covers additional defense costs. SAPD has an administrative staff, a Capital Litigation Unit and an Appellate Unit for a total of one part-time and 23 full-time employees.

The Appellate Unit handles direct appeals, Habeas Corpus appeals, and post-conviction appeals. The average workload exceeded the national standard by more than 100% (the national standard workload is 22 points per attorney per year. Workloads dropped with the addition of a new attorney position. Capital Unit case types include post-conviction proceedings in District Court and Consolidated Appeals. The status of capital cases has a direct effect on budget requests. There are parts of a case which require the expenditure of operating funds and other times where the need for operating funds is at a minimum, such as during an appeal in the Idaho Supreme Court. Current capital cases include: Azad Abdullah, Timothy Dunlap, Erick Virgil Hall, and Darrell Payne.

The Governor's budget recommendation for FY 2016 is \$2,490,100. The SAPD is a General Fund appropriation agency. **Thomas** requested spending authority for the Idaho Criminal Justice Commission (ICJC) dedicated fund so she could manage the funds within her own office. Thomas has also requested an increase of \$91,900 in order to have the SAPD's compensation more closely aligned with what counterparts are paid in the Attorney General's office. An example of the disparity occurs when comparing the average SAPD'S Appellate Unit attorney salary of \$26.81 an hour or \$55,763.46 annually with the average Appellate Unit attorney at the AG's office which is \$34.48 an hour or \$71,723.60 annually. Increasing deputy SAPD salaries is key to being able to recruit qualified applicants.

PRESENTATION: STATE PUBLIC DEFENSE COMMISSION (PDC)

PRESENTER: Ian H. Thomson, Executive Director

To view the presentation, please click on the following link: [Public Defense Commission](#)

The Public Defense Commission was created by statute in 2014. Pursuant to Section 19-849, Idaho Code, the commission consists of seven members: two members of the Legislature, one from each chamber; one person appointed by the Chief Justice of the Idaho Supreme Court; and four people appointed by the Governor to include representatives from the Idaho Association of Counties, Office of the State Appellate Public Defender, Juvenile Justice Commission and an attorney experienced defending indigent persons.

Currently there are 44 different public defender systems in Idaho, one in each county; there is no uniformity, no training or qualification standards, and the general consensus is that the current system is inadequate. The Commission is charged with promulgating administrative rules regarding training and continuing legal education requirements for defending attorneys and uniform data reporting requirements for the annual reports required under Idaho Code. The Commission is to serve as a clearinghouse of information for relevant stakeholders, and inform the Legislature on Sixth Amendment issues and make recommendations.

Because the PDC was just organized a few months ago, anticipated program expenses are still uncertain. The Commission will seek other revenues, such as grants, and continue to identify additional expenses. The Governor recommended an FY 2016 budget of \$304,300.

ADJOURNED: There being no further business, the meeting was adjourned at 10:20 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Wednesday, February 11, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------------|--|---|
| 8:00-8:40a | Special Hearing: Justice Reinvestment Implementation, Status, Cost Savings, and Use of FY 2015 Appropriations | <i>Patti Tobias, Consultant</i> <i>Idaho Supreme Court</i> <i>Kevin Kempf, Director</i> <i>Idaho Department of Correction</i> <i>Sandy Jones, Exec Director</i> <i>Comm for Pardons and Parole</i> |
| 8:40-9:40a | Department of Correction Management Services LBB Page 3-9 State Prisons LBB Page 3-15 County and Out-of-State Placements LBB Page 3-29 Correctional Alternative Placement Program (CAPP) LBB Page 3-33 | <i>Kevin Kempf, Director</i> |
| 9:40-9:50a | Break | |
| 9:50-10:20a | Community Corrections LBB Page 3-37 Education and Treatment LBB Page 3-43 Medical Services LBB Page 3-47 | |
| 10:20-11:20a | Commission for Pardons and Parole LBB Page 3-53 | <i>Sandy Jones, Executive Director</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, February 11, 2015

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey

Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

ABSENT/ EXCUSED: None

CONVENED: Representative Bell called the meeting to order at 8:00 a.m.

PRESENTER: **Patti Tobias, Consultant, Idaho Supreme Court**
Kevin Kempf, Director, Department of Correction
Sandy Jones, Executive Director, Commission on Pardons & Parole Special Hearing:
Justice Reinvestment Initiative (JRI), LBB Page 3-53
Ms. Tobias opened her presentation with a discussion on Idaho prison population drivers, the JRI policy framework (S1357), the fiscal impact of those policies, and projected outcomes. Ms. Tobias further discussed the judiciary perspective on JRI, with an emphasis on evidence-based practices, and ensuring manageable caseloads and training for probation and parole officers. **Director Kempf** and **Executive Director Jones** followed with a status report on moneys received and expended in implementing the provisions of S1357. Ms. Tobias concluded with the FY 2016 Budget Recommendation and stood for questions. [Special Hearing: Justice Reinvestment](#)

PRESENTER: **Kevin Kempf, Director, Department of Correction**
Management Services, LBB Page 3-9
Director Kempf presented a thorough and passionate review of the Idaho Department of Correction. Director Kempf briefly spoke about the Manage Services Supplemental Request, emphasizing Balla legal fees and the Idaho Law Enforcement Telecommunication System (ILETS). This system is a dedicated data communications network that links local, state, and federal criminal justice agencies to state records and files, and also to the National Crime Information Center (NCIC).
State Prisons, LBB Page 3-15
Director Kempf spoke with great emphasis on the officer training fund, with new training programs for the development and retention of skilled parole officers. Motivational interviewing, and Community-Based Resources specifically web-based reporting for more accurate managing of offenders, will all be apart of the new officer training and development for security retention of Idaho state prisons. A web-based reporting system is to be completed in the month of March, creating two positions in IT development.

Private Prisons, LBB Page 3-25

Director Kempf further discussed the Idaho State Correctional Center and Institutional Management. He spoke in support of the Governor's Recommendation for the Expenditure Adjustment (ISCC) and base adjustments to management services. Director Kempf provided information regarding contracts developed for the food service, medical treatment, and inmate management services.

County and Out-of-State Placements, LBB Page 3-29

Director Kempf spoke on the capacity of Idaho and out-of-state correctional facilities with a firm expression of keeping Idaho inmates in Idaho prisons. He presented the ISCC Staffing first-annual swearing-in ceremony, and the population increase of Idaho inmates.

Correctional Alternative Placement Program (CAPP), LBB Page 3-33

Director Kempf provided information about the Correctional Alternative Placement Program (CAPP) and the rate increase on the Budget Recommendation.

Community Corrections, LBB Page 3-37

Director Kempf focused next on Community Corrections; Idaho Probation and Parole Population fiscal years 2009–2014, concluding average supervision costs of \$3.79 each day (this includes interstate compact). Director Kempf further discussed line items concerning uniform replacement for Idaho Parole Officers, and costs related to the sex-offender management electronic monitoring.

Education and Treatment, LBB Page 3-43

Director Kempf briefly spoke on educational and rehabilitation opportunities through the Idaho Correctional Industries and expressed gratitude for the partnerships that make these meaningful opportunities possible.

Medical Services, LBB Page 3-47

Director Kempf concluded the entirety of his presentation with an explanation of the Medical Services and the line items associated with medical treatment to Idaho's inmates. Director Kempf then stood for questions regarding the IMIS Service and Hepatitis C Treatment to inmates. Please refer to the following link for inquiry on any of the above topics. [Department of Correction](#)

PRESENTER: **Sandy Jones, Executive Director, Commission on Pardons & Parole**
Commission for Pardons and Parole, LBB Page 3–53

Director Jones Presented the FY 2016 Budget Recommendation for the Idaho Commission for Pardons and Parole. She provided statistical support to illustrate the department improvements and programs including; parole consideration criteria, medical parole, and Parole Hearings by Commissioners. Director Jones further discussed the two major changes to parole violations under **SB 1357** (20–219, section 7B) and **SB 1357** (20–29B, section 17), and illustrated increase in workload for administrative employees and hearing officers. Director Jones then stood for question regarding the Budget Recommendation. [Commission for Pardons and Parole](#)

ADJOURN: There being no further business to come before the committee, Chairman Bell adjourned the meeting at 10:33 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Thursday, February 12, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------------|--|---|
| 8:00-8:40a | Judicial Branch LBB Page 3-57 | <i>Former Chief Justice Linda Copple Trout Interim Administrative Dir of the Courts Idaho Supreme Court</i> |
| 8:40-8:50a | Judicial Council | |
| 8:50-9:35a | Dept of Juvenile Corrections LBB Page 3-65 | <i>Sharon Harrigfeld, Director</i> |
| 9:35-9:45a | Break | |
| 9:45-10:30a | State Controller LBB Page 6-39 | <i>Brandon Woolf, State Controller</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, February 12, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/EXCUSED: None
CONVENED: Senator Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Burns, Lockett

PRESENTATION: **JUDICIAL BRANCH
IDAHO SUPREME COURT**
PRESENTER: **Former Chief Justice Linda Copple Trout, Interim Administrative Director of the Courts**

To view the presentation, please click on the following link: [Judicial Branch](#)

The mission of the Idaho Courts is to provide access to justice through the timely, fair and impartial resolution of cases. The values of the Courts are integrity, fairness, independence, respect, excellence, and innovation. Idaho has a unified court system meaning that all levels of courts are part of a single system that is administered and supervised by the Idaho Supreme Court. There are two levels of appellate courts—the Supreme Court and the Court of Appeals, and two levels of trial courts—District and Magistrate. The 44 counties are divided into seven judicial districts, each with a district court and a magistrate division. At least one magistrate judge must reside in each county. There are a total of 89 magistrate judges, 45 district judges and 134 trial judges in Idaho.

In FY 2015 the Legislature appropriated \$66.3 million for the Judicial Branch: \$40.9 million in General Funds, the majority of which was for statutorily set salaries of justices and judges, and the other \$25.4 million from Dedicated and Federal Funds which provided for problem-solving court coordinators, drug testing, substance use disorder treatment, family court services, computer software and hardware, and more. The counties also play a critical role in funding the courts. By statute, counties are responsible for facilities, staff, supplies, and other expenses of the district court such as clerks, jurors, court security, interpreters, law clerks, staff attorneys, and misdemeanor and juvenile probation officers. When court costs, fees, and fines are ordered by judges, the Idaho Code provides the method by which those amounts are processed by county court clerks and then distributed to various accounts.

The Court's priority is to recruit and retain highly qualified judges to the bench and will continue to monitor retention and recruitment efforts and will make a proposal for the next legislative session. This year the Court does seek to increase compensation for non-judicial court personnel in order to attract and retain highly qualified people; the Court supports the 3% CEC increase recommended by the Governor.

Last year the Legislature approved the Court's 5-year business plan for court technology to replace the statewide case management system (put in place 27 years ago) and transition to electronic filing and storage of court documents for all appellate and trial courts. The new case management system, Odyssey, will serve a number of critical functions including case management, financial management, a judicial workbench, a supervision module, and a jury application. From remote locations parties and attorneys will be able to electronically file new cases and court documents 24 hours per day, 7 days a week, with any court in Idaho. Once the new system is in place, the Court expects traffic to increase significantly.

The Governor's recommended FY 2016 budget is \$65,534,400. The Justice briefly discussed the following budget decision units: 1) implementation of the technology 5-year business plan with the second of five one-time General Fund appropriations in the amount of \$2.18 million; a second source of revenue for this project is the Technology Fund created last year with the passage of HB 509 that increased civil filing fees, 2) completion of the renovated Capitol Annex known as the Idaho Law and Justice Learning Center (ILJLC) to be occupied this summer will incur one-time tenant improvements associated with occupancy in the amount of \$151,300, 3) \$549,000 in one-time funds to upgrade the Idaho Supreme Court building, 4) requesting \$117,700 for 9 months for a new magistrate judge in the first judicial district to be chambered in Kootenai County; the ongoing cost will be \$154,400 annually, 5) requesting \$163,100 in ongoing General Funds for 400 senior judge days for retired judges who continue their service on a temporary basis and are paid at 85% of the daily rate for a full-time judge, 6) \$374,000 for the Judicial Excellence and Education Program as well as \$80,300 to support the continuation and enhancement of 3 major judicial education programs, and 7) increase the appropriation for the Guardian ad Litem (GAL) by \$40,000 to recruit and train additional volunteers who advocate for abused and neglected children.

One of the Judiciary's highlights of the past year was the signing of the final decree of the Snake River Basin Water Adjudication in August 2014. Almost 160,000 claims were processed in the last 27 years. No other state in the nation has been able to accomplish what Idaho has in fully adjudicating all of those water rights. It marked a tremendous accomplishment and partnership between the Legislature, Executive Branch, and the Judiciary.

PRESENTATION: **Idaho Judicial Council**

PRESENTER: **James D. Carlson, Executive Director**

To view the presentation, please click on the following link: [Idaho Judicial Council](#)

Members of the Idaho Judicial Council are: Chief Justice Roger S. Burdick; Honorable Thomas J. Ryan, District Judge, Honorable Thomas H. Borresen, Adjunct Magistrate member,; J. Philip Reberger; Steven A. Tuff; Joel P. Hazel; Elizabeth S. Chavez; Kathy Simpson; and James D. Carlson, Executive Director. The Council is empowered by statute to nominate persons to the Governor for appointment to vacancies on the Supreme Court, Court of Appeals, and District Courts and to make recommendations to the Supreme Court for the removal, discipline, and retirement of judicial officers.

The process to select candidates is as follows: 1) notice is given to all Idaho attorneys, 2) background investigation on each applicant includes reports on criminal, credit report, Idaho State Bar, criminal case records check, and Idaho State Tax Commission, 3) surveys are sent to all attorneys and are available to members of the public at each county clerk's office, 4) each applicant has a personal interview with the Idaho Judicial Council, and 5) the names of two to four candidates are forwarded to the Governor. In 2014 there were nominations for two judicial openings: four applications were received in the Second Judicial District, the names of three nominees were sent to the Governor, and Jay P. Gaskill was appointed to the position; also in the Second Judicial District there were six applicants, three nominations sent to the Governor and Gregory FitzMaurice was appointed. Over the years, the trend has been downward as to the number of complaints received; in 2014, out of 500,000 cases there were only 87 complaints filed.

Over the years the number of complaints has been decreasing; in 2014 out of about 500,000 cases there were only 87 complaints filed. Judicial education and training has helped in moving that trend downward. The Idaho Judicial Council responded to more than 40 requests for ethics opinions from judges in 2014.

PRESENTATION: IDAHO DEPARTMENT OF JUVENILE CORRECTIONS (IDJC)

PRESENTER: Sharon Harrigfeld, Director

To view the presentation, please click on the following link: [Department of Juvenile Corrections](#)

The Department of Juvenile Corrections, celebrating 20 years, was created in 1995 when the juvenile justice system was reformed. The new model was based on the following principles: accountability, community protection, and competency development. In other words, a juvenile within the corrections system would be held accountable for his actions, receive a sentence that would protect the community, and be assisted in developing skills to become a contributing member of society. Adolescence is a distinct, yet transient, period of development between childhood and adulthood characterized by increased experimentation and risk taking, heightened sensitivity to peers and other social influences, and the formation of personal identity. Today's system continues to build on legislation enacted in 1995 to incorporate advances in the science of adolescent development.

The legislative intent is to: 1) provide humane, disciplined confinement to a juvenile offender who presents a danger to the community, 2) strengthen opportunities for the juvenile offender's development of competency and life skills, 3) hold juvenile offenders accountable for their delinquent behavior, 4) invoke the participation of the juvenile offender's parent or legal guardian, 5) develop efficient and effective juvenile correctional programs, 6) provide a diversity of innovative and effective programs, 7) assist counties in developing meaningful programs for juvenile offenders, 8) provide programs to increase public awareness of the mission of the juvenile corrections system, and 9) develop and maintain a statewide juvenile offender system.

The Governor's FY 2016 budget recommendation is \$52,659,300 and includes a base amount of \$49,779,800 plus \$1,418,800 in maintenance adjustments; \$135,200 for two additional juvenile service coordinators; \$270,500 for four additional instructor specialists; and one-time funding of \$1,055,000 from the Millennium Fund.

Juveniles committed to IDJC go through an assessment process to define the level of care necessary to assure community safety and yet be responsive to the risk and needs of the juvenile. Today there are 280 juveniles in State custody but that number has decreased steadily over time which means more juveniles are getting the services they need in their communities. However, this also means the juveniles in IDJC care have higher risks and needs—the issues are more complex.

All three of the schools, located in St. Anthony, Lewiston, and Nampa, are accredited. Teachers not only receive their POST certification but also have to maintain their teaching credentials. With additional teachers and juvenile service coordinators, the continuum of care is strengthened. IDJC believes in the human capacity to change, that every person matters and that every interaction is an opportunity for positive intervention. The recidivism rate remains about 30%; therefore, 70% do not commit additional crimes within a year of their release. This is due, in large part, to increasing their educational opportunities, connecting them to their communities and strengthening their health and well being.

The Millennium funding of \$1,055,000 is to be used to prevent and reduce the use of tobacco and other substances. The beneficiaries are juvenile offenders, families and Idaho communities. These community-based programs give IDJC the ability to identify, assess, place and treat status offenders and first-time minor offenders in appropriate programs based on their individual risks and needs. Throughout the continuum of care the agency works to keep families engaged in the process to make reintegration, work and school a smoother transition for juveniles into productive adults. Families have a major influence on their children's achievements.

IDJC continuously evaluates efficiencies and effectiveness of their programs. There are three levels of review and monitoring; the Quality Improvement Team conducts reviews with the help of other professionals in the field to meet evidence-based guidelines. Juveniles have intense programming from 6:30 a.m. until 9:00 p.m. weekdays and 12 hours daily on the weekends. One of the core functions of the system is to prevent juveniles from reoffending. IDJC's programming is evidenced based and addresses the needs defined in the assessments; all programs are reviewed to assure they maintain fidelity to their treatment model through quality assurance.

In 2014 the Juvenile Justice Substance Use Disorder (SUD) system utilized \$2,864,796 for community-based treatment for justice involved juveniles. A total of 1,481 juveniles received SUD services; some received services in more than one level of care throughout their treatment. The Department and POST Academy have continued to partner in the training and certification of juvenile justice workers. Counties receive tobacco tax and General Fund dollars to support their community-based programs.

The Department works to increase public awareness of the mission of the juvenile corrections system and to encourage public participation in developing an effective system designed to reduce juvenile crime in Idaho. With IDJC's data management system (dashboard) the agency has been able to obtain very specific information about juveniles: where they are, what their treatment plans are, who their contacts are, etc. so staff can have instant access to critical performance information. They have also developed an interactive recidivism tool that allows the agency to display recidivism rates for juveniles from any region or statewide, males/females, their age of commitment, sex offending behavior and if there are mental health or substance use issues. In addition the Department is identifying the best path for each juvenile based on how similar juveniles did in the past five years. Using data, research, and predictive analysis to inform decision making and support professional discretion improves outcomes for youth and reduces future victimization and maximizes effective and efficient resources.

PRESENTATION: OFFICE OF THE STATE CONTROLLER (SCO)

PRESENTER: Brandon Woolf, Controller

To view the presentation, please click on the following link: [Office of the State Controller](#)

The State Controller is a constitutional officer and a member of Idaho's Executive Branch of government. His office is organized into the following four divisions: Administration, Statewide Accounting, Statewide Payroll, and the Computer Service Center. An essential function within the Administration Division is the management of Idaho's Section 218 Social Security Agreement which governs public employee participation in Social Security. The Accounting Division produces Idaho's Comprehensive Annual Financial Report (CAFR) which is a financial report bond rating agencies use to help evaluate Idaho's credit worthiness. The Payroll Division processes payroll for about 25,000 state employees. The Computer Service Center provides IT services and operates the state's largest data center providing a wide range of technology services to state agencies. The Controller discussed the two environments in the Computer Service Center: a mainframe environment and

an open systems environment; applications run on either one environment or the other.

Woolf reported the progress of some ongoing initiatives. First, he explained that the Mainframe Migration Project is not the Systems Modernization study. Information Services Group (ISG) recently completed an independent systems modernization study that provided recommendations for modernizing the State's financial, HR, and payroll applications. The Controller has not endorsed any particular course of action. He informed the Committee that some partner-agencies that use the Controller's mainframe environment have decided to move their applications elsewhere. After evaluating the most cost effective course of action for the Controller's Office, he has determined to move the statewide accounting and payroll applications out of the mainframe environment into an open systems environment. In FY 2014 the Legislature provided the first installment of funding for the migration project which involves the participation of staff, specialized IT vendors and the cooperation of state agencies that currently have applications that reside in the mainframe environment. The Idaho Business Intelligence System (IBIS) is the statewide data warehouse which is a powerful reporting tool that allows agencies to mine financial and payroll data on a near real-time basis. IBIS has enabled the Controller's Office to extend the lives of legacy statewide accounting and payroll applications. The State Controller is the administrator for the Social Security Section 218 Agreement which requires managing the agreement for not only state but local government positions.

The Controller's Office has an FY 2015 supplemental request for \$250,000 in ongoing General Funds to comply with the federal Affordable Care Act (ACA). The ACA imposes an unfunded mandate on all employers with fifty or more employees that they report certain information to the IRS about their workforce and the healthcare coverage made available to full-time employees, which the federal government defines as those who work 30 or more hours per week. This employee-level reporting requires certification that the state's full-time employees have been offered affordable coverage that meets the federal requirements. This will require the Controller's Office to: 1) program its payroll application to capture and store said data, 2) create and populate the forms the IRS requires, and 3) report this data to both the federal government and state employees annually. A challenge is that the federal government is requiring the Controller's Office to meet guidelines that are still being defined within a regulatory framework that is changing rapidly. The reporting requirements went into effect in January of 2015.

The Governor's FY 2016 budget recommendation is for \$18,012,900. This is a 53.5% increase over the previous year's General Fund budget due to some factors outside Woolf's control. He also briefly discussed the following information regarding the FY 2016 budget recommendation: 1) capital outlay totaling \$64,500 for replacement of personnel computer workstations and hardware, 2) carryover authority for the Computer Service Center to continue work on multi-year projects—this is their highest priority item, 3) requested \$3.5 million ongoing General Fund for costs associated with processing Statewide Accounting and Payroll transactions in the open systems environment, 3) requested \$77,300 in personnel funds, 1 FTP, and \$10,000 of ongoing operating funds to meet federally mandated compliance under Section 218 of the Social Security Act, and 4) requested \$40,000 one-time

General Fund appropriation to cover programming costs to interface PERSI's IRIS system with the Division of Statewide Payroll's application.

The Controller said an upcoming challenge in FY 2017 will be the impact of a 27th pay period for public and private employers who pay bi-weekly; this anomaly only occurs every eleven years.

ADJOURNED:

There being no further business, the meeting was adjourned at 10:25 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Friday, February 13, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------------|---|--|
| 8:00-8:30a | Office of the Governor Division of Human Resources LBB Page 6-89 | <i>David Fulkerson</i> <i>Interim Administrator</i> |
| 8:30-9:00a | Self-Governing Agencies Commission for Libraries LBB Page 5-85 | <i>Ann Joslin</i> <i>State Librarian</i> |
| 9:00-9:20a | Office of the Governor Commission on the Arts LBB Page 6-57 | <i>Michael Faison</i> <i>Executive Director</i> |
| 9:20-9:30a | <i>Break</i> | |
| 9:30-10:00a | Department of Finance LBB Page 5-29 | <i>Gavin Gee</i> <i>Director</i> |
| 10:00-10:30a | Department of Labor LBB Page 5-47 | <i>Ken Edmunds</i> <i>Director</i> |
| 10:30-11:00a | Self-Governing Agencies Regulatory Boards | |
| | Brief Explanation of Regulatory Boards | <i>Keith Bybee, Principal Analyst</i> <i>Budget & Policy Analysis</i> |
| | Professional Engineers and Land Surveyors LBB Page 5-111 | <i>Keith Simila</i> <i>Executive Director</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 13, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Chairman Bell called the meeting to order at 8:00 a.m.

PRESENTER: **David Fulkerson, Interim Administrator, Office of the Governor Division of Human Resources**
Division of Human Resources; LBB Page 6-89

Mr. Fulkerson, acting director for the Division of Human Resources brought a presentation on the FY 2014 performance highlights and projects for the Idaho Division of Human Resources. Mr. Fulkerson spoke on the academy training highlights and the I-Perform standardized reporting system.

The FY 2015 Projects include; a statewide needs assessment, total compensation review, IT reclassification study, and enhancements for the performance evaluation system, and the Application Tracking System (ATS) Mr. Fulkerson concluded with the FY 2016 Budget Recommendation, and stood for questions. [The Division of Human Resources](#)

PRESENTER: **Ann Joslin, State Librarian, Self-Governing Agencies**
Commission for Libraries; LBB Page 5-85

Idaho State Librarian **Ann Joslin** presented the FY 2016 Budget Recommendation for the Idaho Commission on Libraries. She illustrated how the online resources provide professional development for library staff, develop and scale library programs, leverage national initiatives, and carry out ongoing community projects for the State of Idaho.

Challenges in the work force due to insufficient funding have left two vacancies in the library staff unfilled. Alternative funding is a regular challenge to support reading grants and programs such as; Idaho Learns, Early Literacy, Summer Reading Outreach, and Read to Me. Ms. Joslin further discussed how librarians are being asked for a greater amount of knowledge base with the ever evolving context of the digital age. She concluded with the Governor's Budget Recommendation and stood for questions. [Commission for Libraries](#)

PRESENTER: Michael Faison, Executive Director, Office of the Governor Commission on the Arts
Idaho Commission on the Arts LBB Page 6-57

Director Faison delivered a presentation in support of the Governor's Budget Recommendation for FY 2016 for the Idaho Commission on the Arts. The zero-based budgeting plan still guides the Commission on the Arts as they pursue the priorities of the agency services. At present, slightly more than 50% of the Commission's Budget comes from the National Endowment for the Arts (NEA) a federal grant fund. The balance is derived from the JFAC appropriation. From 2008 to 2015 the appropriation decreased 26% necessitating increased reliance on the NEA partner. Changes with the NEA partner now require the Commission on the Arts as well as all other State Art agencies, to fully match the partnership agreement with funds that are directly under the control of the agency.

The Commission endeavors to make the arts part of our children's structured education, for eleven years the Commission in partnership with the State Department of Education, has offered the Arts-Powered Schools Summer Institute, coordinating up to 100 teachers, administrators and teaching-artists annually, for a week of exploration in the creative process, and the acquisition of valuable curricular resources to enrich their teaching practice, in support of Idaho Humanities Content Standards and Idaho Core English Language Standards. Director Faison stood for questions regarding the FY 2016 Budget Recommendation. [Commission on the Arts](#)

PRESENTER: Gavin Gee, Director, Department of Finance
Idaho Department of Finance; LBB Page 5-29

Director Gee presented the FY 2016 Budget Recommendation for the Idaho Department of Finance. The Department of Finance administers the following 23 laws; the Idaho Bank Act, the Bank Holding Company Act, the Interstate Banking Act, the Interstate Branching Act, the International Banking Act, the Trust Company Act, the Saving Bank Act, the Business and Industrial Development Corporation Act (BIDCO), the Credit Union Act, the Money Transmitters Act, the Credit Code, the Mortgage Company, the Collection Agency Act, the Uniform Securities Act, the Residential Mortgages Practices Act, the Business Combination Act, the Control Share Acquisition Act, the Idaho Commodity Code, the Endowment Care Cemetery Act, the Continuing Care Disclosure Act, Idaho Escrow Act, Financial Fraud Prevention Act, and the Idaho Loan Broker Statutes. Director Gee then displayed the DOF 2011 Legislative Audit for years 2009–2011, where no findings and no recommendations were reported.

He explained the DOF plays a critical role in preserving local financial institutions and works with bank officials during on-site examinations and off-site monitoring to enhance the Idaho State Charter and promote economic development. Director Gee further discussed the Community Banking Initiatives including; 35% of Agriculture and small business loans, holding place for State and National Town Hall Meetings, and keeping local money in local institutions. Director Gee concluded with a report on Maximum Leverage from IT, he spoke on the need for appropriation to increase cybersecurity, Federal Bank and Credit Union Examination Software, and Specialized Internal Programs including VM Ware, a cost-saving virtual servers.

Director Gee briefly spoke on the Financial Education Initiatives, and stood for questions regarding the Governors Budget Recommendation. [Department of Finance](#)

**PRESENTER: Ken Edmunds, Director, Department of Labor
Idaho Department of Labor; LBB Page 5-47**

Director Edmunds opened his presentation with a statistical illustration of Idaho Economic Activity; since the depth of the recession in 2009, Idaho products are up 48% to 7.4 billion, Wages and Salaries are up 15% to 26.2 billion, Gross product is up 15% to 62.2 billion, Idaho Exports are up 49% to 5.8 billion, and State Unemployment Benefit Payments are down 69% to 126.3 million.

The challenge ahead for the Idaho Dept. of Labor will be the Workforce Gap. As shown by Director Edmunds, the Workforce Gap illustrates the difference between the projected Job growth in the State of Idaho versus the Workforce available to meet demand. A startling difference of 95, 230 position are projected to remain vacant. Director Edmunds further discussed the Idaho Dept. of Labor's resource and staffing needs, unemployment insurance, employment services including; Career Information Systems, Human Rights Commission, and Disability Determination Services, and initiatives regarding the FY 2016 Budget Recommendation. [Department of Labor](#)

PRESENTER: Keith Bybee, Principal Analyst, Budget & Policy Analysis and Keith Simila, Executive Director, Professional Engineers and Land Surveyors, Self-Governing Agencies Regulatory Boards

Mr. Bybee presented information covering the organization of the Regulatory Boards. They are comprised of the Board of Accountancy, Board of Professional Engineers and Land Surveyors, Bureau of Occupational Licenses (which houses 29 boards and commissions), the Outfitters and Guides Board, and the Real Estate Commission.

Director Simila further discussed, the four permanent full-time equivalent positions on staff, there is no changes to the number of employees in the agency, and no vacancies. The board members are appointed by the Governor, and currently report a clean legislative audit. All funding for the board's operations are dedicated funds and no General Funds are requested or used. Revenues accrue from licensing fees and penalties whereas all unused funds are reverted back to the dedicated fund. Director Simila introduced a legislative proposal to increase the number of board members from 5 to 7, and a board salary stipend adjustment request in the amount of \$4,000. Another legislative proposal adds a \$400 fine in lieu of discipline for first time violators of Continuing Professional Development rules with an anticipated annual revenue increase of \$4,000 to the dedicated fund and decrease of \$2,000 to the General Fund. Fee increases to licensees (except late fees) are not anticipated. Director Simila and Mr. Bybee concluded the presentation and stood for questions regarding the FY 2016 Budget Recommendation. [Regulatory Boards](#)

ADJOURN: There being no further business to come before the committee, Chairman Bell adjourned the meeting at 9:53 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Monday, February 16, 2015

PRESIDENT'S DAY

| TIME | DESCRIPTION | PRESENTER |
|-------------|--|--|
| 8:15-8:45a | Department of Commerce LBB Page 5-21 | <i>Jeffery Sayer, Director</i> |
| 8:45-9:45a | Idaho Transportation Department LBB Page 5-129 | <i>Brian Ness, Director</i> |
| 9:45-10:00a | Change in Employee Compensation CEC Committee Recommendation | <i>Senator John Tippetts and Representative Neil Anderson, CEC Committee Co-chairs</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 16, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: Bair
CONVENED: Senator Cameron convened the meeting at 8:17 A.M.
STAFF PRESENT: Bybee, Lockett

PRESENTATION: DEPARTMENT OF COMMERCE

PRESENTER: Jeff Sayer, Director

To view the presentation, please click on the following link: [Department of Commerce](#)

The Department of Commerce is dedicated to creating jobs, generating economic growth, creating economic opportunities and advancing the well being and prosperity of Idaho citizens. This past year Idaho reached the \$60 billion mark in Gross Domestic Product (GDP)—Project 60 met its goal. The Department of Commerce also looked at real GDP which adjusts for inflation. Idaho was one of the ten hardest hit states in the economic downturn from 2008 through 2010. The Department also reviewed annual growth rate by industry sector to see which areas were most affected, specifically looking at those industries experiencing more than two years of decline; they found that more than 60% of the industry sectors were affected. Idaho has a small, diverse economy. By 2013 things were turning around. One chart showed a moment in time, where Idaho had the 5th highest growth rate, manufacturing had the 8th highest growth rate and Idaho had the 6th lowest unemployment rate and outpaced the nation in 10 of 15 industry categories. Last year Idaho had over \$6 billion in exports. Another leading indicator the Department looked at was the lodging tax because it is an indication of growth through increased tourism and business travel; this number drives revenue that helps the Commerce Department market Idaho.

For the next economic strategy to replace Project 60, the Department chose “Accelerate Idaho” a theme which indicates they need to move forward at an accelerated rate by focusing on the following three things: advance individuals through earning capabilities, help industries be more successful, and strengthen communities to help them prepare for growth. One area of the Department’s organization chart emphasizes a group that is forward and outward looking and another sector within the Department is focused on community development.

Sayer discussed the many grants distributed through his office and presented a map of Idaho that showed how grants were spread geographically throughout the state. He gave examples of how the Idaho Opportunity Funds were used. He is requesting that another \$3 million be put in the Opportunity Fund. Another tool the Commerce Department is using to open doors is the Tax Reimbursement Incentive. Since July 1, 2014, through that program 9 projects were approved which will do the following over the life of the projects: create 1,710 jobs with a capital investment of \$317 million, pay \$573 million in wages with \$12 million in tax credits, and bring \$75 million in new revenue to the State.

The Governor's FY 2016 recommended budget is \$36,109,900. The Department requested a transfer of \$38,000 from personnel costs to operating expenditures and would also reduce the FTP cap by one by contracting for IT support with the Department of Administrations Chief Information Office. There is a request for additional funding of \$2,213,600 from the Tourism and Promotion Fund which would be used to support enhanced statewide promotion of tourism; there is a 2% hotel tax assessed statewide that comes into this dedicated fund that has strict guidelines: 10% of the funds would be used for administration, 45% used for marketing, and the remaining 45% would be distributed back to the various regions of the state to be used as grants. In addition, there is also a request for a one-time transfer of \$3 million from the General Fund to the Idaho Opportunity Fund; the Department is willing to remove an ongoing appropriation of \$400,000. The net effect would be an additional \$2,600,000 in General Fund dollars to be used only for infrastructure with a focus on rural communities.

Sayer also discussed Workforce Development Funds available through the Department of Labor which would be a one-time transfer of \$5 million; the fund is used to provide or expand training and retraining opportunities for Idaho's workforce through industry sector grants..

PRESENTATION: IDAHO DEPARTMENT OF TRANSPORTATION (ITD)

PRESENTER: Brian Ness, Director

To view this presentation, please click on the following link: [Idaho Department of Transportation](#)

The Director thanked the seven-member Transportation Board and the Governor for their leadership and challenge to make ITD the best transportation department in the nation. When he came to Idaho six years ago, his philosophy was that government needed to serve its citizens, layers of democracy needed to be removed and the work culture needed to change by measuring performance; all of these changes have occurred. Today's presentation will focus on the Governor's budget recommendations, accomplishments in 2014 and the Department's primary areas of focus for 2015.

The Governor's FY 2016 recommended budget is \$555,517,100; FTPs will be reduced by 28 to 1,698.7. The three fund sources are state General Funds for \$257.1 million, Federal Funds totaling \$293.8 million, and other funds including fees and local matching funds totaling \$4.6 million.

The majority of the revenue, 88%, is used for the highway system, paying for contract construction, highway operations, and debt service for high-priority projects. Federal Funds are allocated by the funding bill known as MAP-21 which was a two-year federal bill that expired last September but was extended until May 31, 2015. Unless Congress acts, the trust fund cannot operate after that date. MAP-21 will have an average \$17 billion annual shortfall through 2015 according to the Congressional Budget Office. To resolve the situation, Congress will need to raise revenue, reduce funding to the states, or develop a combination of the two. MAP-21 has reduced Idaho's federal funding by \$20 million per year and funding could be cut by as much as an additional \$100 million annually if Congress does not increase revenue.

The Governor's budget recommendation includes reducing ITD's FTP count by 28 positions. The savings will be used to reinvest in employees and pilot new efficiencies to increase performance. Transportation technicians make up one-third of ITD's workforce and their pay is currently 16% below surrounding states and 21% below Idaho counties. The plan is to reward employees as they increase their skills and abilities. When adjusting staffing levels, staff is cut more than necessary and then performance measures are used to gauge what the optimum staffing level should be. Once the most efficient staffing level is reached, it is always with fewer employees. Employee-driven innovations are producing better service to taxpayers and helping reduce the FTP count. The Department is losing many experienced employees; 50% are eligible to retire in a five-year period. Before those employees are replaced, ITD needs to know what job skills are required to meet Idaho's future transportation needs for the next 10 to 20 years. Therefore, each position is scrutinized to determine what the needs for that position will be in the future or if the position can be eliminated. ITD's future workforce will not look the way it has for the past 60 years—it will be smaller, more highly skilled, motivated and provide better service.

ITD has received major national recognition because of innovation. In 2013 ITD received more awards in one year than any state in the 100-year history of the American Association of State Highway and Transportation Officials (AASHTO). In 2014 ITD earned two of the highest national honors: the Idaho Freight Study Team received the AASHTO President's award for Research as well as the Alfred E. Johnson Award, for a unique system that is changing the way winter maintenance is done around the world.

Ness discussed some additional FY 2016 requests within the budget. There is a request for \$3 million ongoing spending authority increase in Highway Operations, \$372,900 for registration renewal notices, \$198,600 for maintenance on weigh-in motion scales at the busiest ports of entry, \$62,100 for DMV equipment to help county offices meet growing needs, \$52,500 in one-time spending authority for CDL updates to bring Idaho into compliance with federal CDL requirements, and 2.7 FTP's to convert long-term, part-time positions to permanent. Audit findings for FY 2014 have not yet been released by the Legislative Services Office.

The Director then discussed Idaho's continued reliance on federal funding. In 1996 federal funds made up 45% of Idaho's budget, by 2014 54% of funds came from the federal government, making Idaho even more reliant. The national average for federal transportation funding per state is 24%. Donor states are exerting pressure to get a greater portion of highway trust funds. Idaho is a donee state, meaning Idaho receives more federal funds than it pays into the system.

In 2013, Idaho had 20% fewer highway fatalities (third best in the nation) than in 2006, despite a 4% increase in miles traveled. GARVEE projects show much higher reductions in crashes and fatalities than the statewide average.

Transportation investments also improve mobility because they modernize the infrastructure and mobility is tied to predictability. Idaho-based companies rely on ITD to provide a predictable system so they can ship and receive products on time to keep Idaho's economy moving.

Innovations have also improved the way ITD manages its budget. In studying the bonding situation, ITD discovered a way to save \$40 million by restructuring payments. In the last five years, ITD created \$39.5 million in salary savings because of ITD's award-winning realignment and also added an additional \$180 million worth of projects to the five-year plan. Selection of highways projects by ITD is very innovative—selection is based on the impact they will have on system condition, safety, and the state's economy. ITD works closely with the Departments of Commerce, Labor and Agriculture as well as the State Police to develop tools to measure and maximize the impact of investments.

ITD has three focus areas for 2015: continue to improve operations, employment development, and most important, address the state's growing infrastructure needs. Currently Idaho does not have enough funding to support the needs of its aging infrastructure. The Governor's Task Force on Modernizing Transportation Investments found that Idaho has a \$543 million annual shortfall, and \$262 million is needed annually just to preserve the system in the condition it is in today. Costs are continually increasing and several examples were given about the price of items in 1996 versus today; however, the fuel tax has remained at the same level. In 1996 the gas tax was 25 cents per gallon and has remained flat since that time with no adjustment for inflation.

Ness discussed more detail about Idaho's infrastructure needs. Bridges were designed to last 40 to 60 years but at the rate Idaho funds it bridges they will need to last over 100 years. There are hundreds of old bridges and it is an uphill battle to replace them because of funding. The Department is scheduled to replace 16 bridges in 2016 but an additional 59 will become over 50 years old. Between 2014 and 2019, 87 bridges will be replaced but another 147 will become 50 years old. By 2019 nearly half of the bridges (908) on the state highway system will be more than 50 years old. For public safety reasons as the bridges deteriorate, they will become restricted. Pavements are also aging and will continue to decline. Depending on traffic loads and weather a new highway will last approximately 20 years if it is well maintained. ASSHTO has found that for every \$1 invested when roads and bridges are in good repair, it costs \$6 to \$14 to repair or replace them when they are in poor condition. The annual estimated shortfall of \$262 million could become 3.6 billion.

Reinvesting in transportation will help grow Idaho's economy, put contractors back to work and remove restricted bridges. ITD has realigned itself, streamlined its workforce and is in a better position to serve the users of Idaho's transportation system.

**PRESENTATION: JOINT CHANGE IN EMPLOYEE COMPENSATION (CEC)
COMMITTEE
Committee Recommendations**

PRESENTERS: Senator John Tippetts and Representative Neil Anderson, Co-Chairs, Joint CEC Committee

The Joint Change in Employee Compensation (CEC) Committee completed its hearings and deliberations after receiving many reports, recommendations from both the Division of Human Resources and the Division of Financial Management, as well as hearing public testimony. The CEC Committee offered the following recommendations: 1) recommended that the minimum pay rate on the compensation schedule be moved from 68% of policy to 70% of policy (with the exception of Pay Grade D which would remain at \$7.25 per hour) and that the policy change be fully funded, 2) recommended that the state maintain the job classifications that currently have a payline exception to address specific recruitment or retention issues, 3) accepted the Governor’s recommendation for an ongoing three percent (3%) in funding for a merit-based increase for state employees with flexibility allowed for agency heads in distribution, and 4) accepted the Governor’s recommendation for the State, as the employer, to fund the total increased cost of health insurance premiums for FY 2016 (equates to a fixed appropriation of \$650 for the employer for each of its employees). The Committee does support the continued use of salary savings within an agency’s personnel budget and that any remaining funds be reverted to the State.

UNANIMOUS CONSENT: On request by Bell, granted by unanimous consent, the Joint Change in Employee Compensation Committee report was accepted.

ADJOURNED: There being no further business, the meeting was adjourned at 9:58 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Tuesday, February 17, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------|---|---|
| 8:00-8:30a | Office of the Governor Office of Drug Policy LBB Page 6-69 | <i>Elisha Figueroa, Director</i> |
| 8:30-9:20a | Idaho State Police LBB 3-73 | <i>Colonel Ralph Powell, Director</i> |
| 9:20-9:50a | Supplemental Idaho Education Network | <i>Paul Headlee, Deputy Manager Robyn Lockett, Principal Analyst; Budget and Policy Analysis, Legislative Services Office</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, February 17, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: Senator Bair
CONVENED: Chairman Bell called the meeting to order at 8:00 a.m.
PRESENTER: **Elisha Figueroa, Director, Office of the Governor**
Office of Drug Policy; LBB Page 6-69

Director Figueroa opened her presentation with the FY 2015 appropriation to the Office of Drug Policy. The Office of Drug Policy has been able to award 48 Direct Service Providers with the Substance Abuse Block Grant, 11 Idaho Communities the Strategic Prevention Framework State Incentive Grant (SPF SIG), and supported the “Lock your Meds” campaign. She further discussed Strategic Prevention Framework (SPF), the organization and advisory council, and the mission for media campaign effectiveness to positively change attitudes, beliefs, and behaviors regarding anti-marijuana messages. Director Figueroa concluded with the FY 2016 Budget Recommendation. [Office of Drug Policy](#)

PRESENTER: **Colonel Ralph Powell, Director, Idaho State Police**
Idaho State Police; LBB 3-73

Col. Powell presented the 75th anniversary of the Idaho State Police and the Governor’s Budget Recommendation for FY 2016. He presented information regarding the Alcohol Variance Program, referencing sales, distribution, and manufacturing of products with underage compliance operations. Col. Powell took a moment to recognize the state’s Detective Force and the ISP life saving awards. Col. Powell further discussed commercial safety, criminal interdiction, and CDL licensing in Pocatello and Boise, Idaho. He also spoke on the continued partnership efforts of the ISP and the National Criminal Identification Center (NCIC), including the Amber Alert system. Col. Powell continued with information on Idaho’s Fusion Center, Forensic Services, and Racing Commission.

The Governor's Recommendation contains a one time replacement capital, to cover the expressed items in need of replacing. Also, Col. Powell stood in request of an additional 92 Troopers, a store keeper position, and 2 full-time analyst positions in the Fusion Center. IT and digital evidence support, mobile forensics, and a Uniform Criminal Reporting System were also line items requested. ISP currently does not have to reclassify promotion and the need for this reclassification. Col. Powell

concluded and stood for questions regarding the FY 2016 Budget Recommendation.
[Idaho State Police](#)

IDAHO EDUCATION NETWORK

PRESENTER: Paul Headlee, Deputy Manager and Robyn Lockett, Principal Analyst; Division of Budget & Policy Analysis
Idaho Education Network

Deputy Manager Paul Headlee and Principal Analyst Robyn Lockett presented the Idaho Education Network Supplemental Appropriation. In this supplemental appropriation, in the amount of \$3,640,500 [one time] from the General Fund, will provide the Superintendent of Public Instruction uninterrupted broadband connectivity for the remainder of fiscal year 2015 and one month into FY 2016. The funding is intended to be provided by the Superintendent to schools for the purpose of procuring broadband connectivity sufficient for a transition from the broadband service provided by the Idaho Education Network. Funding is not intended for payments to vendors for broadband service previously received through the Idaho Education Network.

UNANIMOUS CONSENT: On Request by Malek, granted by unanimous consent, the Fiscal Year 2015 budget for the State Board of Education, Superintendent of Public Instruction, was reopened.

CARRIED: **Original Motion**

State Board of Education
Superintendent of Public Instruction

Supplemental
Original Motion

Moved by Malek, seconded by Mortimer, to approve for introduction \$3,640,500 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$3,640,500 with FTP of 0.00

Ayes: 17

Cameron, Keough, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Youngblood, Horman, Malek, Monks, Burtenshaw, King

Nays: 1

Gannon

Ab/Ex: 2

Bair, Miller

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Schmidt**, granted by unanimous consent, the fiscal year 2015 budget for the State Board of Education, the following legislative intent language was accepted:

Section 1. It is a legislative intent to maintain broadband services and ensure minimal interruption of such services to Idaho schools by providing direct funding to schools for the remainder of the 2014-2015 school year. This funding is intended to protect Idaho's schoolchildren and their education from disruption in the current school year while the state works on a longer-term solution to pay for internet-based curriculum and connectivity. Funding is provided for the state match and the equivalent of E-rate funding previously used to support the Idaho Education Network beginning on February 11, 2015, through June 30, 2015.

UNANIMOUS CONSENT: On request by **Mortimer**, and granted by unanimous consent, the following legislative intent language was accepted:

Section 3. Use of Funds: It is the intent of the Legislature that the funding provided in Section 2 of this act, is for schools to purchase broadband services in an amount equivalent to what was provided through the Idaho Education Network as of February 1, 2015.

a) The superintendent of public instruction shall require school districts to provide documentation, as determined by the superintendent, to support all funds distributed.

b) The superintendent shall have the authority to make advances of the money appropriated in Section 2 of this act to school districts as the superintendent deems adequate, as determined by past usage and of sufficiency to minimize financial difficulties by the school districts while procuring services.

c) The superintendent shall target the resources necessary for students currently relying on online curriculum by coordinating with the Idaho Digital Learning Academy and other providers of online education to identify barriers to completing their courses and finding appropriate solutions. The superintendent shall prioritize assistance to those students who are scheduled to graduate in the spring or winter of 2015.

d) This is a fixed appropriation and any surplus shall revert back to the General Fund on July 31, 2015. School districts are cautioned that funding from the state for fiscal year 2016 is not included in this act. However, it is the intent of the Legislature to provide funding for these services for fiscal year 2016 as soon as it is practicable.

UNANIMOUS CONSENT: On request by **Horman**, granted by unanimous consent, the following legislative intent language was accepted:

Section 4. Law Governing Procurement for School Districts: It is the intent of the Legislature that school districts shall have the power to procure telecommunication services, including high-bandwidth connectivity, internet access, and purchases of equipment, and other related services, as necessary to provide for the continuation of services formerly provided by the Idaho Education Network, with the funds appropriated in Section 2 of this act. All procurement shall be in accordance with Idaho Code governing procurement for an emergency pursuant to Section 67-2806 (1) (b). Provided however, that when a school district determines that the dollar limitations provided for in Section 67-2806 (2), Idaho Code apply, the school district

may apply the provisions of Sections 67-2806 (1) (a) through (e), Idaho Code, allowing certain exemptions for an emergency under Section 67-2806 (1) (b) when the school district finds that conditions exist that make it impractical or impossible to delay contracting for services or to engage multiple bidders.

Although not limiting, the following school districts most likely to make such a determination, due to the projected cost of the services, are the following: Boundary County School District, Coeur d'Alene School District, Fremont County Joint School District, Garden Valley School District, Lake Pend Oreille School District, Mountain View School District, Lakeland School District, Post Falls School District, Salmon River Joint School District, and Teton County School District.

UNANIMOUS CONSENT: On request by **Gibbs**, granted by unanimous consent, and the following legislative intent language was accepted.

Section 5. Reporting Requirements: The superintendent shall collect information from the school districts and report back to the Legislature and to the Governor as to the level of service purchased with the funds provided for in Section 2 of this act, the dollar amounts distributed to each of the school districts, a list of the school districts using the emergency procurement procedures authorized in Section 4, and information relating to students, by school district, who will be able to continue online classes through the current school year, of which classes were previously offered through the Idaho Education Network or any other online providers. This information shall be provided to the Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Education Committees, the Chairmen of the Joint Finance-Appropriations Committee, and to the Governor, at the end of each month beginning in March through July 2015.

UNANIMOUS CONSENT: On Request by **Mortimer**, granted by unanimous consent, the Fiscal Year 2015 budget for the Department of Administration, Department of Administration, was reopened.

CARRIED: **Original Motion**

Department of Administration
Idaho Education Network

Rescission

Moved by **Mortimer**, seconded by **Schmidt**, to approve for introduction \$(5,052,000) General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$(5,052,000) with FTP of 0.00

Ayes: 19

Cameron, Keough, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Bair

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

ADJOURN: There being no further business to come before the committee, **Chairman Bell** adjourned the meeting at 9:54 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Wednesday, February 18, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------------|---|--|
| 8:00-8:15a | Dept of Revenue and Taxation Board of Tax Appeals LBB Page 6-145 | <i>Steven Wallace, Director</i> |
| 8:15-9:00a | Tax Commission LBB Page 6-151 | <i>Richard Jackson, Chairman</i> |
| 9:00-9:30a | Office of the Governor Public Employee Retirement System (PERSI) LBB Page 6-109 | <i>Don Drum, Executive Director</i> |
| 9:30-9:40a | Lieutenant Governor LBB Page 6-139 | <i>Lieutenant Governor Brad Little</i> |
| 9:40-9:50a | Break | |
| | Germane Committee Reports | |
| 9:50-10:05a | Senate Education | <i>Chairman Dean Mortimer</i> |
| 10:05-10:20a | Senate Health and Welfare | <i>Chairman Lee Heider</i> |
| 10:20-10:35a | Senate and House Transportation | <i>Senate Chairman Bert Brackett House Chairman Joe Palmer</i> |
| 10:35-11:00a | Legislative Branch Office of Performance Evaluations LBB Page 6-135 | <i>Rakesh Mohan, Director</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, February 18, 2015

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayne, Guthrie, Schmidt, Lacey

Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

**ABSENT/
EXCUSED:** None

CONVENED: Senator Cameron convened the meeting at 8:00 A.M.

STAFF PRESENT: Holland-Smith, Headlee, Bybee, Lockett, Hoskins

**PRESENTATION: DEPARTMENT OF REVENUE AND TAXATION
Board of Tax Appeals (BTA)**

PRESENTER: Steven Wallace, Director

To view the presentation, please click on the following link: [Board of Tax Appeals](#)

The Board of Tax Appeals provides taxpayers the opportunity to appeal their ad valorem assessed valuations from a county board of equalization or tax decisions from the Idaho State Tax Commission. The largest percentage of these appeals involve local property tax assessments. The State Tax Commission (STC) appeals can concern income taxes, sales and/or use tax, and circuit breaker benefits.

The Board consists of three citizen members who act as impartial administrative judges who work up to 80 days each per year (or 240 days collectively). The Board is well balanced with a member from north Idaho, east Idaho and southwest Idaho. They work out of their own homes and drive their own vehicles. Board members are compensated at the rate of \$200 per day and are reimbursed for necessary expenses. The Board of Tax Appeals has a total of five staff, all living in the Boise area. Two staff hearing officers, along with a Board member, travel throughout the state to conduct hearings. Occasionally the Board will send more than one individual, sometimes the full three-member Board, in special cases.

A chart was provided showing the number of appeals by year from 2003 through 2013, noting a sharp decline. In 2009 there were a total of 1,035 appeals versus 277 in 2013. Most of the adjudication work for 2013 appeals occurred during FY 2014. Another pie chart depicted a five-year history of decision outcomes.

The Governor's FY 2016 budget recommendation was for \$534,400 from the General Fund including a \$5,500 fiber line-service upgrade for network access.

PRESENTATION: IDAHO STATE TAX COMMISSION (STC)

PRESENTER: Richard W. Jackson, Chairman

To view the presentation, please click on the following link: [State Tax Commission](#)

Jackson introduced the other three Tax Commissioners: Ken Roberts, Tom Katsilometes, and Elliot Werk (newly appointed) as well as other members of the Executive Leadership Team. STC's biggest accomplishment has been the upgrade of GenTax which is the Commission's core operating system. Thousands of hours were invested to define, develop and test the system which expands online services for taxpayers and tax preparers. The Commission also published a Taxpayer Rights brochure, designed data collection methods and reporting systems, and expanded education and outreach efforts. Jackson presented some graphs for FY 2014 which showed the total gross revenue collected was \$3,564.8 million, and net to the General Fund collected was \$2,685.6 million. Another chart showed the growth in revenues and the growth in items processed from FY 2003 through FY 2014. The cost of collection remains low—just over a penny for each dollar taken in.

The Governor's FY 2016 recommended budget is \$39,092,500 with 449 FTP's. Nearly 75% of the budget is for personnel costs and only about 25% is for operating expenses. Replacement items total \$870,300, with \$416,000 of that amount for the revenue deposit imaging equipment. The largest line item is for \$122,200 which will provide two positions in the Audit Division to help prevent taxpayer identity theft and refund fraud.

Jackson discussed in more detail the challenges the Commission is having with identify theft and tax fraud. Identity theft occurs when someone knowingly and wrongfully obtains and uses another person's personal data in some way that involves fraud or deception for economic gain or benefits. Tax fraud occurs when tax returns are filed with the intent to receive monetary gain to which a person is not entitled. Statistics show a steady increase in identity theft cases. In FY 2014 approximately 352 of the 685 identity theft cases involved tax fraud. During 2014, Commission employees identified 1,115 confirmed tax fraud returns and saved approximately \$1.4 million from getting paid to fraudsters who have become very persistent. Fraud schemes go beyond withholding (W-2's), now target the grocery credit and 1099's, and perhaps other things not yet identified. The Commission continues to improve processes and infrastructure by: 1) validating taxpayer identities to prevent disclosure, 2) tightening return edits and reviews, 3) giving returns a score based on potential for fraud, 4) training staff in fraud detection, 5) participating in a national suspicious filer working group, 6) partnering with states, the IRS, and software developers, and 7) maintaining flexibility/awareness of new schemes.

**PRESENTATION OFFICE OF THE GOVERNOR
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERSI)**

PRESENTER: Don Drum, Executive Director

To view the presentation, please click on the following link: [Public Employee Retirement System \(PERSI\)](#)

Drum discussed PERSI's strengths and funded status, contribution rates, cost of living adjustment (COLA), membership, funds PERSI manages, and the FY 2016 budget. At the end of the last fiscal year, June 30, 2014, the value of the Fund was \$14,686,583,096 (an all-time high) with a funded status of 93.9% and a year-to-date return of 17.2%. Figures were also provided as of December 31, 2014, showing the funded ratio had declined to 90.5% because: 1) the Board proposed a COLA that was incorporated and 2) the portfolio's underperformance. He also provided a chart that indicated that PERSI's unfunded liability peaked in FY 2009 and as of FY 2014 year end the amortization period was 5.5 years. According to Idaho Code, the Board must act if the amortization period for the Fund's unfunded actuarial liability (UAAL) exceeds 25 years.

Contribution rate increases scheduled to go into effect on July 1, 2015 and July 1, 2016 were permanently withdrawn due to the 17.2% annual return and the 90.5% funded ratio/status. The Board approved a 2014 Cost of Living Adjustment (COLA) for retirees as follows: 1% mandatory, .7% left from Consumer Price Index for Urban Workers (CPI-U) and 2.3% retro (restoration of purchasing power) equal to 4.0% to be divided among eligible retirees based on time of retirement. PERSI membership increased to 135,272 by the end of FY 2014. The number of retirees and annuitants has also steadily increased and is now 40,776.

PERSI manages the following funds: PERSI Total Return Fund, the Sick Leave Insurance Fund, the Firefighters' Retirement Fund (has 22 employers) and the Judges' Retirement Fund.

The Governor recommended an FY 2016 budget of \$7,469,400 with 65.00 FTPs. Included in the request was one FTP and \$62,100 to cover the increased workload of administering the Judges' Retirement Fund which was moved to PERSI as of July 1, 2014.

PRESENTATION: LIEUTENANT GOVERNOR

PRESENTER: Brad Little, Lt. Governor

The Lt. Governor serves as the presiding officer of the Idaho State Senate and as Acting Governor when the Governor is absent from the State. He also serves as the Governor's chief appointment officer and facilitates economic development. The Governor recommended an FY 2016 budget of \$164,300 (lump sum) with 3 FTPs

PRESENTATION: GERMANE COMMITTEE REPORTS

Senate Education Committee

PRESENTER: Senator Dean Mortimer, Chairman

On behalf of the Senate Education Committee, Senator Mortimer as Chairman, presented the following priority list recommended by his committee: 1) a significant increase in salary-based appropriation for educational staff, 2) discretionary spending; flexibility is a necessity for school districts because districts know where spending should be concentrated, 3) professional development is necessary for the continued growth in teacher knowledge and skill, 4) district IT staffing and classroom technology which enhances the learning environment and curriculum; broadband services are necessary to administer and manage the educational process, 5) advanced opportunities to take college courses through dual and concurrent enrollment, and 6) college and career counseling to provide career guidance and mentoring needed to encourage students to complete high school and prepare for the future.

Education is vital to Idaho and needs to be a priority. There is a delicate balance to be performed by the budget committee; there are many ways to appropriate funds—from people, to buildings, to programs. Students are our future.

Senate Health and Welfare Committee

PRESENTER: Senator Lee Heider, Chairman

The Chairman supported the Department of Health and Welfare's budget for Behavioral Health Centers, one in each region of Idaho. So far one has been built in Idaho Falls; he would like to allocate funding for another center, perhaps in northern Idaho as well as appropriate funding for the Allumbaugh House in Boise. Heider supports the proposed \$680 million budget for FY 2015 and \$696 million for FY 2016.

The Chairman has concerns with Optum; the company seems to be setting and defining its own best practices and expressed a desire to do away with programs such as PSR and CBRS. He is working with Optum to try to resolve some of the issues. He does not believe Medicaid expansion will occur this year but it will leave people between 100 to 138% of the federal poverty level without many viable options. Those who could qualify for a policy under Your Health Idaho need to enroll. The Chairman is supportive of the State Insurance Exchange due to Your Health Idaho's great success. Idaho has received a \$40 million SHIP grant for the Healthcare Delivery System, and hopefully, funds will be placed in the right programs within the state. The patient-centered Medical Home Model should be implemented; providers and patients are becoming aware of its benefits.

Idaho should review other models for the healthcare delivery system such as Health Savings Accounts, Medicaid and/or Direct Primary Care. The Governor's Healthcare Task Force recommendations should be implemented. By working together and wisely allocating funds within the Department of Health and Welfare's purview, healthcare for all Idahoans will improve.

House Transportation Committee

PRESENTER: Representative Joe Palmer, Chairman

Palmer has introduced a bill in House Transportation to fund transportation through increased registration fees as well as an increased gas tax which would raise about \$200,000,000. Idaho is short on money; there are a lot of ideas, but nothing is definite yet. When asked about funding alternative modes of transportation, the Chairman said everything is on the table but alternative modes of transportation require a lot of money. He thought rather than having a transportation package deal, there could be several bills.

Senate Transportation Committee

PRESENTER: Senator Bert Brackett, Chairman

Brackett applauded House Chairman Palmer for getting the transportation funding bill printed. He is optimistic it will result in a revenue package. The last two years have been spent educating legislators and the public about critical transportation needs and there is growing support to address the transportation funding problem. The challenge is to transform that support into a viable proposal and generate votes to get it passed.

The Senate Chairman mentioned the voter opinion poll conducted by the McClure Center for Public Policy Research at the University of Idaho which found that 71 percent of likely voters indicate roads and bridges are very important to Idaho's economy. Other key findings that indicate support to improve Idaho's roadway infrastructure are: 1) voters generally view roads and bridges as adequate today but not in ten years, 2) most likely voters see a relationship between the economy and roads and bridges, and 3) about half of likely voters say that increased funding for roads and bridges should be among the Legislature's top three priorities.

**PRESENTATION: LEGISLATIVE BRANCH
Office of Performance Evaluations (OPE)**

PRESENTER: Rakesh Mohan, Director

To view the presentation, please click on the following link: [Office of Performance Evaluations \(OPE\)](#)

The Office of Performance Evaluations is a nonpartisan legislative office that promotes accountability and confidence in state government. OPE staff works under the direction of the Joint Legislative Oversight Committee (JLOC) which consists of an equal number of legislators from both political parties and both houses. OPE carries out its mission by evaluating state policies and programs, answering questions about efficiency, effectiveness, and compliance, and by making recommendations for program improvements and policy changes. Success depends on the types of work assigned and whether the finished products are useful.

Examples of completed projects are: 1) Use of Salary Savings to Fund Employee Compensation, completed in January, 2015, 2) the State's Use of Legal Services, completed in February, 2015, 3) the K-12 Longitudinal Data System (ISEE), completed in February, 2015, and 4) a 2009 transportation study. If results and recommendations had been followed on some studies, such as the ISIMS project in 2006, the results could have been different. The credibility of OPE's work is dependent on: 1) independence and objectivity, 2) thoroughness and attention to detail, and 3) responsiveness.

The Director shared global partnerships OPE has been involved with, such as dialogue on a blog involving the European Evaluation Society, being a guest blogger on Evaluation Capacity Development Group (ECDG), a guest post by Mohan for Evaluspheric Perceptions and other similar platforms. The Director will also be speaking at a conference for the Journal of the American Evaluation Association on March 2, 2015.

The agency requested an FY 2016 budget for \$819,400.

ADJOURNED: There being no further business, the meeting was adjourned at 10:40 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Thursday, February 19, 2015

| TIME | DESCRIPTION | PRESENTER |
|-------------|--|--|
| | Germane Committee Reports | |
| 8:00-8:15a | House Agricultural Affairs | <i>Chairman Ken Andrus</i> |
| 8:15-8:30a | Senate Agricultural Affairs | <i>Chairman Jim Rice</i> |
| 8:30-8:45a | House Health and Welfare | <i>Chairman Fred Wood</i> |
| 8:45-9:00a | Senate Judiciary and Rules | <i>Vice Chairman Marv Hagedorn</i> |
| 9:00-9:15a | House Judiciary, Rules and Admin | <i>Chairman Rich Wills</i> |
| 9:15-10:10a | Statewide Budget Decisions- JFAC Adjusted | <i>Cathy Holland-Smith, Manager Budget & Policy Analysis</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, February 19, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Chairman Bell called the meeting to order at 8:00 a.m.
LSO STAFF: Ray Houston, Jared Tatro, Jared Hoskins

GERMANE COMMITTEE REPORTS

HOUSE AGRICULTURAL AFFAIRS

PRESENTER: **Ken Andrus, Chairman, House Agricultural Affairs**
Germane Committee Report: House Agricultural Affairs

Chairman Andrus presented briefly on the increase in demand for Idaho beef and the result of which, has caused an increase in cost per pound of Idaho beef from seventy cents to two dollars. The agricultural industry has a budget requirement and our leaders are doing very well to meet all demands. Chairman Andrus discussed further how hay and grain growers are also doing very well as a result of the agricultural prosperity. A request to maintain the agricultural research funding was expressed as efforts to achieve optimum efficiency continue. Chairman Andrus then stood for questions regarding the Budget Recommendation.

SENATE AGRICULTURAL AFFAIRS

PRESENTER: **Jim Rice, Chairman, Senate Agricultural Affairs**
Germane Committee Report: Senate Agricultural Affairs

Chairman Rice briefly spoke on the performance of the farmgate receipts in the last few years. Driven by growth in animal agriculture, we are the 3rd largest provider for dairy in the US. There has been some downturn in the west coast ports due to labor disputes, as a result we have seen a downturn in exports to Asia. Ongoing research is very important to the agricultural community, and while the agricultural industry in the State of Idaho could be considered recession-proof, it is important attention is paid to the amount borrowed by our farmers. Chairman Rice further discussed how the industry is healthy, and how Idaho's transportation system is absolutely critical to the success agricultural industry and other sectors of our economy. Chairman Rice then stood for questions regarding the Budget Recommendation.

HOUSE HEALTH AND WELFARE

PRESENTER: Fred Wood, Chairman, House Health and Welfare
Germane Committee Report: House Health and Welfare

Chairman Wood presented information on the Joint Public Hearing offered by the Senate and House Health and Welfare committees regarding complaints about lack of health care due to inability to afford it. He addressed the following eleven areas of the Budget Recommendation for the Idaho Department of Health and Welfare:

1. Fully Fund Crisis Center: Behavioral Health Center
2. Catastrophic Center
3. Children and Adult mental health
4. Increase in
5. Allumbaugh House
6. Immunizations
7. Food Stamp issuance
8. Legal Services vs. outside private Counsel
9. Pay increase
10. Surveys and License
11. SHIP planning Grant and Received

Chairman Wood expressed support for Idaho families involved in programs for Mental Health and Substance Abuse. He then stood for questions regarding the FY 2016 Budget Recommendation.

SENATE JUDICIARY AND RULES

PRESENTER: Marv Hagedorn, Vice Chairman, Senate Judiciary and Rules
Germane Committee Report: Senate Judiciary and Rules

Senator Hagedorn expressed support for competitive salaries for Idaho's correctional officers. He discussed the unacceptable turnover rate and for correctional officers, and briefly mentioned the Justice Reinvestment and Idaho's recovering economy. Senator Hagedorn shared how Idaho simply cannot afford to continue to hire and train members of this workforce just to them lose them to a more competitive compensation. Senator Hagedorn drew attention to the high level of performance from the new director in the Department of Correction, and spoke quickly in favor of funding all line items in the FY 2016 Budget Recommendation.

HOUSE JUDICIARY AND RULES

PRESENTER: Rich Wills, Chairman, House Judiciary Rules and Administration
Germane Committee Report: House Judiciary, Rules and Administration

Chairman Wills spoke on the SB 1357, the Justice Reinvestment Initiative and expressed excitement about where the program is headed. Chariman Wills briefly mentioned Mental Health issues and citizens who need rehabilitation rather than just criminal correction. Chairman Wills expressed excitement about the redesign of associated with SB 1357. Chairman concluded by standing for questions regarding the Budget Recommendation.

STATEWIDE BUDGET DECISIONS-JFAC ADJUSTED

PRESENTER: Cathy Holland-Smith, Manager, Division of Budget and Policy Analysis
Proposal JFAC Adjusted for FY 2016

SUBJECT: FY 2015 General Fund Revenue for Budget Setting

UNANIMOUS CONSENT: On request by **Mortimer**, and granted by unanimous consent, that the Joint Finance-Appropriations Committee adopt and use the Governor's and Economic Revenue Assessment Committee's (EORAC) recommended General Fund revenue projection of \$2,964,497,000, a 5.3% increase, for the purpose of setting and modifying State agency Budgets for FY 2015.

SUBJECT: FY 2016 General Fund Revenue for Budget Setting

UNANIMOUS CONSENT: On request by **Schmidt**, and granted by unanimous consent, that the Joint-Finance Appropriations Committee adopt and use the Governor's and Economic Outlook and Revenue Committee's (EORAC) recommended General Fund revenue projection of \$3,127,644,000, a 5.5% increase, for the purpose of setting and modifying state agency budgets for FY 2016.

UNANIMOUS CONSENT: On request by **Johnson**, granted by unanimous consent, to accept the following language:

SECTION 1. BENEFIT CHANGES:

It is legislative intent to include \$650 increase for health insurance per eligible full-time FTP by agency as recommended by the Governor and the CEC Committee, adjustments in variable benefit costs, and fund shifts to the General Fund as recommended by the Governor of \$5,799,500 General Funds, \$4,064,300 Dedicated Funds, \$1,656,600 Federal Funds for a total of \$11,520,400

UNANIMOUS CONSENT: On request by **Lacey**, granted by unanimous consent, to accept the following language:

SECTION 2. INFLATIONARY ADJUSTMENTS:

It is legislative intent not to include the agency's request or the Governor's recommendation for money from the General Fund, dedicated funds, or federal funds for inflationary adjustments in the JFAC Adjusted. Committee members may, at their discretion, add back funding in their motions on a case-by-case basis.

UNANIMOUS CONSENT: On request by **Nuxoll**, granted by unanimous consent, to accept the following language:

SECTION 3. REPLACEMENT ITEMS:

It is legislative intent not to include the agency's request or the Governor's recommendation for [one time] funding for replacement operating expenditures and capital outlay from the General Fund, dedicated, or federal funds. Committee members may, at their discretion, add funding in their motions on a case-by-case basis.

UNANIMOUS CONSENT: On request by **Cameron**, granted by unanimous consent, to accept the following language.

SECTION 4. STATEWIDE COST ALLOCATION (SWCAP):

It is legislative intent to include the Governor's recommendation for adjustments for Attorney General fees, risk management fees, State Controller fees, and State Treasurer fees. Approved for introduction, \$(912,100) General Funds, \$(617,600) Dedicated Funds, \$(159,500) Federal Funds for a total of \$(1,689,200) to SWACP.

UNANIMOUS CONSENT: On request by **Schmidt**, granted by unanimous consent, to accept the following language:

SECTION 5. ANNUALIZATIONS:

It is the intent of the legislature to include the Governor's recommendation for elected officials salary increases of \$15,600, and not the increase recommended in Health & Welfare for the SHIP supplemental because it has not been acted upon. Approved for introduction is \$15,600 General Funds, for a total of \$15,600 for Annualizations.

UNANIMOUS CONSENT: On request by **Lacey**, granted by unanimous consent to accept the following language:

SECTION 6. CHANGE IN EMPLOYEE COMPENSATION (CEC):

It is the intent of the legislature to include funding for a 3% pay increase for permanent employees for state agencies and institutions, as recommended by the Governor and the CEC Committee. This includes the Governor's recommended fund shifts for CEC. Approved for introduction \$16,740,200 General Funds, \$12,026,400 Dedicated Funds, \$4,503,900 Federal Funds for a total of \$33,270,500 to CEC 3% increase.

UNANIMOUS CONSENT: On request by **Malek**, granted by unanimous consent to accept the following language:

SECTION 7. MOVE MINIMUMS ON THE PAY SCHEDULE 2% FROM 68% TO 70% OF POLICY: It is the intent of the legislature to include funding for agencies for the cost of moving employees on the pay schedule to the new minimum salary as recommended by the CEC Committee. Approved for introduction \$54,200 General Funds, \$42,200 Dedicated Funds, \$42,200 Federal Funds for a total of \$138,600 to Move Minimums on Pay Schedule 2%, from 68% to 70% of Policy per CEC committee.

UNANIMOUS CONSENT: On request by **Gibbs**, granted by unanimous consent to accept the following language:

SECTION 8. ELECTED OFFICIALS PAY INCREASE:

It is the intent of the legislature to include funding for pay raises for elected officials approved during the 2014 legislative session. Approved for introduction \$4,400 General Funds, totaling \$4,400 to Elected Officials Pay Increase.

UNANIMOUS CONSENT: On request by **Horman**, granted by unanimous consent to accept the following language:

SECTION 9. NONDISCRETIONARY ADJUSTMENTS:

It is the intent of the legislature to include staff recommendation for statutorily driven changes in Public Schools with 167 new support units, instead of 87 support units in the Governor's recommendation, include the Governor's recommendation for enrollment workload growth in Higher Education and Professional-Technical Education, and caseload, utilization, and federal match rate adjustments as recommended by the Governor in Health & Welfare (including Medicaid). Approved for introduction \$51,516,000 General Funds, \$2,514,000 Dedicated Funds, \$19,767,600 Federal Funds for a total of \$73,797,600 for Nondiscretionary Adjustments.

UNANIMOUS CONSENT: On request by **Keough**, granted by unanimous consent to accept the following language:

SECTION 10. ENDOWMENT ADJUSTMENTS:

It is the intent of the legislature to include the Governor's recommendation for changes in spending in the Endowment Funds in Public Schools, Colleges and Universities, and the Department of Health & Welfare. Approved for introduction \$(1,283,200) General Funds, \$2,483,400 Dedicated Funds, for a total of \$1,200,200 for Endowment Adjustments.

ADJOURN: There being no further business to come before the committee, Chairman Bell adjourned the meeting at 9:46 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
LINCOLN AUDITORIUM WW02
Friday, February 20, 2015

Public Hearing on Budget Related Issues

PUBLIC TESTIMONY ON IDAHO'S BUDGET FOR FISCAL YEAR 2015

Those interested in providing testimony may sign in as early as 7:00 a.m.

Testimony will be heard on a first-come, first-served basis; with some exceptions at the call of the Chair, in consideration of geographic distance.

An individual wishing to testify must be physically present to sign in; a designee may not sign in on behalf of another individual unless said individual is disabled and also present.

Testimony will be limited to three minutes each.

You are welcome to submit written testimony upon signing in.

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 20, 2015

TIME: 8:00 A.M.

PLACE: LINCOLN AUDITORIUM WW02

MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey

Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, King, Gannon

**ABSENT/
EXCUSED:** Bair, Burtenshaw

CONVENED: Senator Cameron convened the meeting at 8:03 A.M.

STAFF PRESENT: Holland-Smith, Burns, Houston, Headlee, Bybee, Lockett, Tatro, Hoskins

PUBLIC HEARING: **PUBLIC LISTENING HEARING ON BUDGET-RELATED ISSUES**

Penni Cyr, representing the Idaho Education Association, said Idaho must take significant action in order to be able to attract and retain high-quality teachers. To meet this goal, she suggested the following: 1) pay teachers a professional wage that is competitive with surrounding states and other industries, 2) increase discretionary funding—because of funding shortfalls, programs have been cut, there are larger class sizes, outdated technology and buildings in disrepair, and 3) allocate funds for professional development so teachers get the best possible continuing education—collaboration and mentoring are important; everyone benefits when teachers share ideas and techniques. Idaho has seen an increase of more than 100 classroom units since 2009 which has caused public education to pay a steep price. The State needs to be on a course that benefits teachers, students, schools and communities.

Phil Homer, representing the Idaho Association of School Administrators, listed three priorities for education in public schools: 1) restore discretionary funding, 2) compensate the teaching staff and provide professional development and technology—he urged the legislators to move as quickly as possible to pay teachers at the \$40,000 level, and 3) support the Idaho Digital Learning Academy (IDLA).

Kendra Wisenbaker, President of the Meridian Education Association, said giving money to schools will help them be more successful because: 1) it will enable school districts to purchase land and build more schools to house the increasing student population, 2) current overcrowding limits a teacher's ability to work with students individually, 3) schools need to pay teachers more in order to retain them so they will not leave the district or state due to inadequate salaries, and 4) it will provide professional development so teachers will be better prepared to assist students. The students' basic needs must be met in order for them to take advantage of educational opportunities.

Donna Yule, Executive Director of the Idaho Public Employees Association, requested that the Committee not fund more tax breaks but fund state needs, especially by increasing salaries for state employees. She provided recent research from the Idaho Center for Fiscal Policy entitled, "Is Idaho's Budget Balanced?" The report concluded that now revenues are rebounding, lawmakers are in a good position to better fund schools and to address the neglected infrastructure. The proposed budget leaves Idaho short on the funds needed to deliver the services that businesses and residents expect. Additional cuts to revenue could jeopardize goals including education investment.

Susan Perkins, representing the Idaho Counseling Association, said jails and prisons are the number one place to find mental health patients. She suggested that people think of their worst day when they were not productive; many people live most days of their lives that way if they have a mental illness or suffer with depression. It would be much more cost effective to spend money on prevention rather than putting people in jail. Depression is the biggest reason people miss work. Money needs to be spent on prevention.

Karen Echeverria, Executive Director for the Idaho School Boards Association, said her association has three funding priorities: 1) restoring operational funds, 2) funding to ensure continuing broadband in the schools, and 3) increasing teachers' salaries.

Sylvia Chariton, representing the American Association of University Women (AAUW) spoke in support of Pre-K programs and indicated that Idaho is one of only eleven states without a Pre-K program. School districts do provide programs if these younger children have developmental disabilities but low-income families should be provided educational Pre-K opportunities also.

ADJOURNED: There being no further business to come before the Committee, the meeting was adjourned at 8:30 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

Substance Abuse Treatment & Prevention

p.14 No.14 *Access to Recovery Grant*

*Jared Tatro
Principal Analyst*

Division of Medicaid

p.11 No.11 *Hospital Settlements Fund Shift*

p.11 No.10 *Sovaldi Hep-C Drug Payments*

Services for the Developmentally Disabled

p.8 No.7 *FTP Transfers*

Division of Welfare LBB 2-83

Benefit Payments Program

Child Care Support Program

Indirect Support Services LBB 2-35

Purchase Replacement Items Early

DEPARTMENT OF ADMINISTRATION

P.24 No.33 *Federal Surplus Freight*

*Robyn Lockett
Principal Analyst*

Permanent Building Fund

p.24 No.34 *Capitol Annex Improvements*

STATE CONTROLLER

p.25 No.35 *IRS Healthcare Reporting Requirements*

PUBLIC SCHOOL SUPPORT

Children's Programs

p.5 No.1 *Increase Federal Spending Authority*

*Paul Headlee
Dep Div Manager*

STATE BOARD OF EDUCATION

Superintendent of Public Instruction

p.7 No.5 *Additional Appropriation for Grants*

SELF-GOVERNING AGENCIES

Office of State Appellate Public Defender

P.22 No.30 *Extraordinary Litigation & Investigation Costs*

*Jared Hoskins
Senior Analyst*

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 23, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

**ABSENT/
EXCUSED:** None

CONVENED: Chairman Bell called the meeting to order

SUPPLEMENTALS

SUBJECT: **DEPARTMENT OF FISH AND GAME: One-Time Projects**

PRESENTER: **Mr. Houston** read before the committee, background information following programs:

FISHERIES PROGRAM

These projects include \$93,700 from federal Dingell-Johnson moneys and \$31,300 from state license money to purchase property for Campbell's Pond; \$100,000 from federal NOAA Mitchell Act moneys for fish screen maintenance; \$35,200 from US Fish and Wildlife Service (USFWS) moneys for Clearwater Fish Hatchery Improvements; \$6,100 from USFWS and \$3,800 from Idaho Power Company for the fish health program; \$55,000 from Idaho Fish and Wildlife Foundation moneys for stream-bank habitat improvements to Sheep Creek in the Southeast region; \$8,600 from Quantitative Consultants for salmon and steelhead habitat improvement effectiveness monitoring; \$721,000 from the Office of Species Conservation for habitat improvements; and \$47,200 from Idaho Power Company for Chinook salmon and steelhead monitoring and evaluation. Fisheries projects total \$1,101,900 of which \$31,300 is for match to the Campbell's Pond purchase from Potlatch. [One-time]

WILDLIFE PROGRAM

These projects include \$92,200 in operating expenditures and \$2,215,700 in capital outlay from federal Pittman-Robertson moneys to acquire the 10,400 acre Rock Creek property in Blaine County. The acquisition will conserve important wildlife habitat while preserving grazing uses for livestock producers. The total value of the property exceeds \$13.4 million, with \$7.4 million being contributed through the Rinker family and \$3.8 million through a Grassland Reserve Program easement. Leaving \$2.2 million for fee-title acquisition plus operating costs necessary for appraisal, title search, property survey, and closing costs to the department, bringing the request for this project to \$2,307,900. [One-time]

COMMUNICATIONS PROGRAM

These projects include \$65,000 in operating expenditures from Pittman-Robertson moneys to enhance the statewide hunter recruitment and retention program. Moneys

will be used to conduct trapper education, purchase non-firing training rifles, and for program supplies. The intent is to teach hunting skills that will encourage graduates to become life long hunters and trappers. [One-time]

WILDLIFE MITIGATION AND HABITAT CONSERVATION PROGRAM

These projects include \$3,510,000 in federal Bonneville Power Administration (BPA) moneys to be used for erosion control actions and to restore wildlife habitat in the Clark Fork delta of Lake Pend Oreille; \$174,200 from a Department of Environmental Quality settlement to provide for mitigation for loss of wetlands associated with the expansion of the Page repository in northern Idaho; and \$250,000 in federal BPA moneys for noxious weed control, habitat planting, and fence repairs in the southern part of the state. The Governor's recommendation for this program totals \$3,934,200. [One-time]

UNANIMOUS CONSENT On Request by Miller, granted by unanimous consent, the Fiscal Year 2015 budget for the Department of Fish and Game, was reopened.

CARRIED: Original Motion

**Department of Fish and Game
Wildlife Mitigation and Habitat Conservation
One-Time Projects**

Supplemental

Moved by **Miller**, seconded by **Lacey**, to approve for introduction \$1,041,100 Dedicated Funds, \$6,367,900 Federal Funds for a total of \$7,409,000

Ayes: 19

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 1

Nuxoll

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

DEPARTMENT OF CORRECTION

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

UNANIMOUS CONSENT: On request by **Youngblood**, granted by unanimous consent, the Fiscal Year 2015 budget for the Department of Correction, was reopened.

SUBJECT: Management Services: ILETS Fee Increase

Ongoing funding is requested to cover an increase in Idaho Law Enforcement Telecommunications System (ILETS) fees that were approved last legislative session. Based on the new rate, the department's fee will increase to an estimated \$33,750, which is an increase of \$22,500 above the FY 2014 a fee of \$11,250.

CARRIED: **Original Motion**

Department of Correction
Management Services
ILETS Fee Increase

Supplemental

Moved by **Youngblood**, seconded by **Lacey**, to approve for introduction \$22,500 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$22,500 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

SUBJECT: **Management Services: Balla Legal Fees**

The department is requesting \$223,100 in [one time] legal fees associated with the Walter D. Balla et al. vs. Idaho State Board of Correction court case. Pending before the U.S. District Court is a petition for the award of interim attorney fees and costs. The fees and costs were incurred by attorneys appointed by the court for the specific purpose of monitoring the injunctive relief of the Balla cases. The attorneys have incurred costs in monitoring compliance, bringing motions when there was a need for clarification, and ensuring that injunctive relief was being complied with by the department at the Idaho State Correctional Institution.

CARRIED: **Original Motion**

Department of Correction
Management Services
Balla Legal Fees

Supplemental

Moved by **Youngblood**, seconded by **Lacey**, to approve for introduction \$223,100 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$223,100 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without

objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **State Prisons: ICIO Litigation Settlement**

Former employees of the Idaho Correctional Institution at Orofino filed a class-action lawsuit in the United States District Court for the District of Idaho, entitled Morehouse, et al. vs. Idaho Department of Correction, et al. During the course of the litigants' employment, certain disputes arose between them and the Department of Correction, concerning the circumstances and conditions of their employment. In May, 2014, all parties entered into a settlement agreement "to fully and finally and forever settle any and all claims relating to the terms and conditions of the litigants' employment at the department". While all parties to the settlement did not make any admission of liability or damages, plaintiffs were awarded a monetary settlement payment of \$340,000. Of that amount, Risk Management paid \$190,000 as called for under the terms and conditions of the settlement. [one time] funding is now requested to cover the remaining balance due of \$150,000 plus \$3,000 in interest payments.

CARRIED: **Original Motion**

State Prisons
ICIO Settlement
Supplemental
Original Motion

Moved by **Youngblood**, seconded by **Lacey**, to approve for introduction \$153,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$153,000 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **State Prisons: Agriculture Worker Program**

S1374a, of 2014 authorized the use of inmate labor to work for private employers in the production, harvesting, and processing of perishable Idaho agricultural food products. This legislation did not have a General Fund impact because of deductions to be made from inmate pay that would offset transportation, security, and other costs associated with this new program. In addition, deductions will be made to satisfy court ordered restitution, fines, and other legal judgments such as child support, with remaining funds placed in a reentry fund and in the inmate's personal commissary fund. Funding is requested from the Inmate Labor Fund to hire two correctional officers in support of the Correctional Industries Ag Worker program. Of the amount requested, \$154,700 is ongoing, and \$2,200 is [one time].

CARRIED: **Original Motion**

SICI Ag Worker Program

Supplemental

Moved by **Lacey**, seconded by **Youngblood**, to approve for introduction \$0 General Funds, \$156,900 Dedicated Funds, \$0 Federal Funds for a total of \$156,900 with FTP of 2.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, Gannon

Nays: 1

King

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Community Corrections: Community Supervision Shortfall**

Currently, the department estimates that it has a FY 2015 budgetary shortfall of \$214,000 in the Community Supervision Program, but expects that number to go down based on recent projections. Big ticket items include \$41,000 to cover additional space required for community-based substance abuse services staff that has been added to district offices around the state; \$66,000 for uniforms and vest replacement, \$52,000 for postage; and \$39,100 for expenses related to district office fire, flooding, and Mercury Spill not fully covered by insurance. The department is requesting a one-time supplemental in the amount of \$200,000 from the Cost of Supervision Fund to help alleviate this shortfall.

CARRIED: **Original Motion**

Department of Correction
Community Supervision

Shortfall

Supplemental

Moved by **Lacey**, seconded by **Youngblood**, to approve for introduction \$0 General Funds, \$200,000 Dedicated Funds, \$0 Federal Funds for a total of \$200,000.

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

RECISSIONS

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Medical Services Program**

The current appropriation for the Medical Services Program is \$40,389,600, but current estimates show a need for \$38,782,900, which is \$1,606,700 less than the appropriated amount. At the time the appropriation was set, it was assumed that per diem would go from \$15.31 to \$15.77 per inmate day, beginning January 1, 2015. Instead, the new contract actually went down in July 2014, from \$15.31 to \$14.66 with an upward adjustment to \$15.10 in January 2015.

CARRIED: **Original Motion**

Department of Correction
Medical Services

Rescission

Moved by **King**, seconded by **Youngblood**, to approve for introduction \$(1,606,700) General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$(1,606,700) with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without

objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **State Prisons: ISCC Personnel Cost Savings**

The state assumed operation of the privately-operated Idaho Correctional Center (ICC) on July 1, 2014. At that time, ICC was renamed the Idaho State Correctional Center, which received a lump sum appropriation of \$25,412,500. Of that amount, the department allotted \$5,920,000 to operating expenditures, and \$19,492,500 to personnel costs in order to hire 350 new employees as authorized by the Governor. In reconciling the personnel cost appropriation to estimated need, it is calculated that ISCC is over appropriated in personnel costs by \$888,900, or by 4.6%. This is after factoring in the cost of all positions, shift differential, and holiday over-time.

CARRIED: **Original Motion**

Department of Correction
State Prisons
Idaho State Correctional Center
ISCC Personnel Cost Savings

Rescission

Moved by **Bair**, seconded by **Youngblood**, to approve for introduction \$(442,000) General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$(442,000) with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Correctional Alternative Placement Program (CAPP): Contract Savings**

The current appropriation assumed per diem would go from \$45.69 per inmate day to \$47.06 for the first 388 offenders. Instead, per diem increased to \$46.10. Anything above 388 offenders assumed per diem would go from \$26.42 to \$27.21. The rate increased to \$26.66

CARRIED: **Original Motion**

Department of Correction
Correctional Alternative Placement Program:

Rescission

Moved by **Malek**, seconded by **Lacey**, to approve for introduction \$(159,900) General Funds, for a total of \$(159,900).

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Community Corrections & Community Supervision: Probation and Parole officer Training**

As part of the Justice Reinvestment Initiative, the Department of Correction was appropriated \$500,000 from the General Fund for FY 2015 to train probation and parole officers. Of that amount, about \$338,700 is estimated to be expended in the current fiscal year.

CARRIED: **Original Motion**

Department of Correction
Community Supervision
Probation and Parole Officer Training

Rescission

Moved by **Gannon**, seconded by **Bair**, to approve for introduction \$(161,300) General Funds, for a total of \$(161,300).

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

RESUMED SUPPLEMENTALS

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: Office of the Governor:
Military Division, Inauguration Expenses

UNANIMOUS CONSENT: On Request by **Youngblood**, granted by unanimous consent, the Fiscal Year 2015 budget for the Office of the Governor, Military Division, was reopened.

CARRIED: Original Motion

Office of the Governor
Military Division: Inauguration Expenses

Supplemental

Moved by **Youngblood**, seconded by **Horman**, to approve for introduction \$25,000 General Funds, for a total of \$25,000.

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 1

Schmidt

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

DEPARTMENT OF HEALTH AND WELFARE

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget and Policy Analysis**

UNANIMOUS CONSENT: On Request by **Schmidt**, granted by unanimous consent, the Fiscal Year 2015 budget for the Department of Health and Welfare, was reopened.

SUBJECT: **Dept. of Health and Welfare: State Healthcare Innovation Plan (SHIP)**

Mr. Tatro read through the background information regarding the State Healthcare Innovation Plan (SHIP). This program will transform Idaho's healthcare system by changing the standard of practice, delivering primary care through the patient-centered medical home (PCMH), integrating primary care with the broader medical neighborhood of hospitals and ancillary providers, and shifting payment incentives from volume to paying for improved health outcomes.

This has been developed with the statewide stakeholder input led by the Idaho Healthcare Coalition (IHC) during 2013 and 2014. The IHC was established through executive order 2014-02 in February, 2014, with the charge to lead Idaho's healthcare system transformation. Members of the IHC include primary care providers, hospital leaders, public and private payers, policy-makers, employers, community members and provider associations. The plan is designed to achieve improved patient care, improved patient health, and reduced overall healthcare system costs.

Broad goals for implementing SHIP include building 165 PCMH primary care practices with 850 primary care providers, improving care coordination through adoption and use of electronic health records (EHRs), establishing a regional collaborative to support integration of PCMHs into the broader "medical neighborhood", improving rural patient access to PCMH by developing virtual

PCMHs, building a statewide data analytic system, and aligning payment mechanisms across private and public payers to transform payment methodologies from volume to value. More specifically, SHIP focuses on improving healthcare delivery in rural and frontier communities by developing tele-health services and the role of community health workers, as methods of extending care to rural communities.

CARRIED: **Original Motion**

Department of Health and Welfare

Indirect Support Services: SHIP

Supplemental

Moved by **Schmidt**, seconded by **Malek**, to approve for the creation of the Health Care Policy Initiatives Program, and \$3,479,800 Federal Funds for a total of \$3,479,800 with FTP of 7.00.

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Thayn**, and granted by unanimous consent the following Legislative intent language was accepted.

INTENT LANGUAGE:

It is the intent of the legislature to require reporting on the implementation of the SHIP grant. The Healthcare Policy Initiative Program (SHIP) shall report on an annual basis, the status of the State Healthcare Innovation Plan, or SHIP, to the Legislative Services Office and the Division of Financial Management. The report shall include comments and suggestions from private insurers, private providers, and other active stakeholders on the process of moving from the current fee-for-service medical model to a capitated model of health care delivery. The report should also include results of any performance metrics required by the grant, in addition to updates on potential solutions for the State of Idaho. This report shall be submitted no later than December 31, 2015.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: Department of Health and Welfare: Eliminate Medically Indigent Administration Program

Mr. Tatro explained further to the committee the Governor's recommendation for the Healthcare Policy Initiatives Program to be created this fiscal year. In support of this new program the Governor recommends to transfer 1.0 FTP and to eliminate this program. The proposed program will house the State Healthcare Innovation Plan (SHIP) grant if funding is approved by the Legislature. SHIP is a \$40 million federal grant to transform the healthcare system in Idaho. Detailed information on SHIP can be found in the supplemental request in Indirect Support Services. [Ongoing]

CARRIED: Original Motion

**Department of Health and Welfare
Medically Indigent Administration**

Rescission

Moved by **Schmidt**, seconded by **Malek**, to approve for introduction (\$57,800) General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of (\$57,800) with FTP of (1.00)

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis

SUBJECT: Eligibility for Health Insurance Subsidy: Indirect Support Services:

Mr. Tatro discussed in relation to the Indirect Support Services, the Self-Reliance Program Eligibility for Health Insurance Subsidy.

Idaho's ability to operate a state-based exchange is dependent upon a fully functional eligibility determination system. In addition to Medicaid eligibility determination, performed by the department, the Advanced Payment Tax Credit (APTC) is determined using the same criteria. Idaho received Medicaid Readiness funding in FY 2012 through FY 2014 to enhance the Medicaid eligibility system. As a result the federal government will not fund a second eligibility system for Your Health Idaho (YHI), the state-based exchange. The department entered into a Memorandum of Understanding with YHI and began work on this project in May 2014.

Funding for FY 2015 will be provided from a contract with YHI, as generated from an operational grant between YHI and CMS. Funding for FY 2016 will be provided from YHI, and generated from the 1.5% fee that is charged to the enrollee for each transaction that is secured through the exchange. Additional programming to the department's benefit eligibility system is needed to account for all criteria in determining both Medicaid eligibility and the APTC.

Programming changes will be used for application processing, case management, required federal and state verifications, eligibility support, an online application portal, an eligibility system of record, complaint resolution for eligibility decisions, information transfers to the marketplace, eligibility renewals, eligibility data migration from the federal marketplace, and eligibility-related customer service by phone. [Ongoing] The department requests \$8,124,500 in new appropriation from dedicated funds, a fund shift of \$3,605,700 from federal to dedicated funds, and 15.0 FTP be transferred from the Southwest Idaho Treatment Center, to determine eligibility for the (APTC) subsidies for the YHI state-based exchange.

CARRIED: **Original Motion**

Department of Health and Welfare

Division of Welfare

Self-Reliance Operations

Supplemental

Original Motion

Moved by **Malek**, seconded by **Schmidt**, to approve for introduction \$0 General Funds, \$8,124,500 Dedicated Funds, \$0 Federal Funds for a total of \$8,124,500 with FTP of 15.00

Ayes: 15

Cameron, Keough, Bair, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, King, Gannon

Nays: 5

Mortimer, Nuxoll, Thayn, Monks, Burtenshaw

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

CARRIED: **Original Motion**

Department of Health and Welfare

Indirect Support Services

Supplemental

Moved by **Malek**, seconded by **Schmidt**, to approve for introduction \$0 General Funds, \$3,605,700 Dedicated Funds, \$(3,605,700) Federal Funds for a total of \$0 with FTP of 0.00

Ayes: 15

Cameron, Keough, Bair, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, King, Gannon

Nays: 5

Mortimer, Nuxoll, Thayn, Monks, Burtenshaw

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without

objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Mental Health Services: Jeff D. Lawsuit Attorney Fees**

Mr. Tatro provided background information regarding the Jeff D. Lawsuit to the committee. The department requests \$615,000 from the General Fund to pay the plaintiff attorneys in the Jeff D. federal class-action lawsuit against the state, as ordered by the District of Idaho and 9th Circuit Court of Appeals.

In 2007, the Jeff D. lawsuit was dismissed by the District of Idaho. This decision was subsequently overturned in 2011 by the 9th Circuit Court of Appeals. Once remanded back to the District Court, Judge Winmill directed the state and plaintiffs to follow a meet-and-confer process that led to the parties entering into mediation to negotiate a resolution to the lawsuit. This mediation is expected to result in a settlement agreement that the state hopes will lead to a mutual request for dismissal. The requested amount is a placeholder until the final mediation is complete, at which point the agreement will go before the judge for final approval. Mediation is expected to be completed and a settlement amount known by the time the legislative session convenes. [One time]

CARRIED: **Original Motion**

Department of Health and Welfare

Mental Health Services

Jeff D Lawsuit Fees

Supplemental

Moved by **Johnson**, seconded by **Malek**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$0 with FTP of 0.00 \$615,000 GF OE Childrens (\$615,000) GF T&B Adult

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Substance Abuse Treatment and Prevention: Access to Recovery Grant**
The department was awarded a three-year Access to Recovery Grant for \$7,866,700 through the Substance Abuse and Mental Health Services Administration, to increase access to substance abuse treatment and recovery support services including transportation and temporary housing.

The grant will aim to serve:

- (1) veterans with a substance use disorder who have committed a crime and are on supervised probation
- (2) child welfare families participating in child welfare court as a result of an addiction
- (3) homeless individuals

Intended outcomes of the grant are to eliminate drug use, expand access to services, and build sustainable behavior. [Ongoing]

CARRIED: **Original Motion**

Department of Health and Welfare
Substance Abuse Treatment & Prevention
Access to Recovery Grant

Supplemental

Moved by **Nuxoll**, seconded by **King**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$796,700 Federal Funds for a total of \$796,700 with FTP of 2.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Division of Medicaid: Hospital Settlements Fund Shift**

The Centers for Medicare and Medicaid (CMS) made changes requiring the most current data to be used when calculating the Federal Upper Payment Limit (UPL). Therefore, Medicaid must use costs from the current Medicare cost reports, ultimately forcing the calculation of interim cost settlements with hospitals. The division estimates that it will process two to three times as many cost settlements in FY 2015 as compared to FY 2014. As a result of this change there is a fund shift that increases dedicated funds by \$59 million, reduces the General Fund by \$17.1 million, and reduces federal funds by \$41.9 million. [Ongoing]

CARRIED: **Original Motion**

Department of Health and Welfare
Division of Medicaid
Hospital Settlements Fund Shift

Supplemental

Original Motion

Moved by **Schmidt**, seconded by **Malek**, to approve for introduction (\$17,110,000) General Funds, \$59,000,000 Dedicated Funds, (\$41,890,000) Federal Funds for a total of \$0 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Division of Medicaid: Sovaldi Hep-C Drug Payments**

The department requests ongoing funding to pay for a new medication for the treatment of Chronic Hepatitis-C, known as Sovaldi, or Sofosbuvir. The drug would be a component of an antiviral treatment regimen and/or for those awaiting a liver transplant. The drug would only be used with eligible participants 18 years of age and older, subject to specific requirements to receive treatment. Estimates for the average cost per client after pharmaceutical rebates for the 12-week treatment are approximately \$74,000 and for the 24-week treatment the after-rebate cost will be \$143,600. This drug protocol has received national attention due to its high cost. [Ongoing]

The department submitted a revised request for a new, all funds, amount of \$2,739,000 with \$794,300 from the General Fund. This is the result of good negotiations and being able to generate a better rebate amount from the manufacturer.

CARRIED: **Original Motion**

Department of Health and Welfare
Division of Medicaid
Enhanced Medicaid Plan
Sovaldi Hep-C Drug Payments

Supplemental

Moved by **Malek**, seconded by **Johnson**, to approve for introduction \$0 General Funds, \$3,761,000 Dedicated Funds, \$0 Federal Funds for a total of \$3,761,000 with FTP of 0.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey,

Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 1

Nuxoll

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis

SUBJECT: Services for the Developmentally Disabled: FTP Transfers

The department requests that 25.0 FTP from SWITC be transferred to four other department programs in the current year to help meet the FTP needs of four supplemental funding requests:

- 1) 15.0 FTP to Welfare to determine eligibility for the state exchange.
- 2) 7.0 FTP to Health Care Policy Initiatives for the State Healthcare Innovation Plan.
- 3) 2.0 FTP to Substance Abuse and Prevention for the Access to Recovery Grant.
- 4) 1.0 FTP to Physical Health Services to assist with several new federal grants. This is an ongoing reduction in FTP at SWITC. [Ongoing]

CARRIED: Original Motion

**Department of Health and Welfare
Services for the Developmentally Disabled
Southwest Idaho Treatment Center
SWITC Reduction in FTP**

Supplemental

Original Motion

Moved by **Malek**, seconded by **Schmidt**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$0 with FTP of (25.00)

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis

SUBJECT: Division of Welfare: Benefits Payment & Child Care Support Program

As the department completed its 2nd quarter budget review, it realized that the division of Welfare, Benefits Program will need an additional \$3.2 Million in federal fund trustee & benefit appropriation to cover increased spending in the Idaho Child Care Program (ICCP). With the economy improving and people going back to work, the department has seen an increase in the number of families receiving child care services as demonstrated in the Self Reliance Forecast published with caseload increases through December 2014.

Child Care subsidies are provided to individuals that have an annual income up to 130% of the federal poverty level. These subsidies allow people to work or attend an accredited college while having a safe place for their children to go. In fiscal year 2014, the program served almost 7,100 participants per month and provided nearly \$22.5 million of support.

CARRIED: Original Motion

Department of Health and Welfare

Benefit Payments

Child Care Support Payments

Supplemental

Moved by **Nuxoll**, seconded by **Johnson**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$3,236,300 Federal Funds for a total of \$3,236,300 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis

SUBJECT: Indirect Support Services: Purchase Replacement Items Early

The department over the last few years has been able to realize savings for their General Funds because the federal government has provided an enhanced earned revenue rate to the department for IT related costs. As a result the department has been able to use their existing General Fund Appropriation to meet other department needs without requesting new funding, and when applicable, the department has reverted any remaining General Funds back to the state. The department does not anticipate having these enhanced federal dollars beyond the current fiscal year.

CARRIED: **Original Motion**

Department of Health and Welfare
Indirect Support Services
Purchase Replacement Items Early
Supplemental
Original Motion

Moved by **Malek**, seconded by **Schmidt**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$2,600,000 Federal Funds for a total of \$2,600,000 with FTP of 0.00

GF Object Transfer: (\$1,300,000) PC; \$300,000 OE; \$1,000,000 CO

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

DEPARTMENT OF ADMINISTRATION

PRESENTER: **Robyn Lockett, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Department of Administration: Federal Surplus Freight**

Ms. Lockett provided the committee with the following background information regarding the Federal Surplus Freight:

The Governor recommends additional ongoing spending authority for freight costs in the federal surplus program. The program donates surplus federal property to local jurisdictions at no charge. The state pays for the inbound transportation and then sells the equipment to state and public agencies at a price to recover the logistics cost. The Federal Surplus Property Program serves customers from state agencies, counties, cities, school districts, irrigation districts, fire districts, charter schools, non-profit health care facilities, and some small businesses. Cost avoidance savings in FY 2014 totaled \$1,300,000 and this program has provided items for more than 78% below market value, on average, in FY 2015.

The program has increased its volume over the past four years which has enabled the department to increase its services to customers. With increased volume, they are able to bring in more property while keeping the pricing structure the same. For example, in FY14 the program donated property with an acquisition value of approximately \$6 million for \$379,000 in service and handling fees.

Regarding the Governor's Recommendation: The Governor recommends additional ongoing spending authority for freight costs in the federal surplus program.

The program, which donates surplus federal property to local jurisdictions, has provided items for more than 78% below market value on average in FY 2015. Cost avoidance savings in FY 2014 totaled \$1,300,000. This funding will better align the appropriation with customer needs and revenues as the Federal Surplus Property Program continues to grow and serve more public agencies. No change

in the service fee structure will result from this appropriation because new revenue from customers will cover the costs.

UNANIMOUS CONSENT: On Request by **Thayn**, granted by unanimous consent, the Fiscal Year 2015 budget for the Department of Administration, Department of Administration, was reopened.

CARRIED: **Original Motion**

Department of Administration
Purchasing
Federal Surplus Freight
Supplemental
Original Motion

Moved by **Thayn**, seconded by **Youngblood**, to approve for introduction \$0 General Funds, \$100,000 Dedicated Funds, \$0 Federal Funds for a total of \$100,000 with FTP of 0.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Schmidt

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Robyn Lockett, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Permanent Building Fund: Capital Annex Improvements**

The Governor recommends \$1,150,000 be transferred from the General Fund to the Permanent Building Fund to complete refurbishing of the Capitol Annex. Additional funding is necessary due to an increase in costs of material and labor, as well as the need for increased energy efficient technology to address concerns about the finite resources in the geothermal pool beneath Boise.

The Capitol Annex has been under renovation for five years and appropriations totaling \$6 million have been made in order to make the former Ada County Courthouse ready for occupancy. Funds have paid for elevator rehabilitation, plus domestic water, electrical, and heating and cooling upgrades, including converting the heat source to geothermal by connecting the Annex to the Capitol Mall heating and cooling system.

CARRIED: **Original Motion**

Department of Administration
Permanent Building Fund
Capitol Annex Improvements

Supplemental

Moved by **Lacey**, seconded by **King**, to approve for introduction \$0 General Funds, \$1,150,000 Dedicated Funds, \$0 Federal Funds for a total of \$1,150,000 with FTP of 0.00

Ayes: 12

Cameron, Keough, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King

Nays: 8

Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Monks, Gannon

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

STATE CONTROLLER

PRESENTER: **Robyn Lockett, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **State Controller: IRS Healthcare Reporting Requirements**

Ms. Lockett read the following background information regarding the State Controller requests \$250,000 in ongoing operating expenditures from the General Fund to pay for additional reporting necessary to meet federal requirements under the Affordable Care Act (ACA). The state has an obligation under the ACA that requires Applicable Large Employers (ALE), with 50 or more full-time equivalent employees, to report information to the IRS about the workforce and healthcare coverage made available to full-time employees, and to issue individual statements to full-time employees showing the information reported to the IRS for that individual.

These new reporting requirements became effective January 2015 with the first reports due January 2016. Additional programming modifications are necessary to capture the data, and to create and populate the IRS forms used for reporting this information to the federal government, as well as the state's full-time employees. Initial funding is needed in FY 2015 to perform programming modifications in order to begin the data collection required for compliance. Existing staff within the Controller's Office is expected to complete the programming work. If not funded, the state will not be in compliance with these reporting requirements. The IRS penalties for failure to report is \$50 per employee, per instance regarding the information return to the IRS, up to \$250,000 per year; and \$50 per employee return, up to \$100,000 per year; both subject to higher penalties for failure due to intentional disregard

Further explanation revealed to the committee that the Controller is being required to report to the IRS about our state workforce and our associated healthcare coverage. Because we are under obligation by the Affordable Care Act that requires Idaho to issue individual reporting statements to its full-time employees, as well as submit electronic information about the healthcare options those employees have, I

recognize that additional programming modifications are necessary, so therefore, the funds to make those modifications are also necessary.

UNANIMOUS CONSENT: On Request by **Mortimer**, granted by unanimous consent, the Fiscal Year 2015 budget for the State Controller, State Controller, was reopened.

CARRIED: **Original Motion**

State Controller
Statewide Payroll
IRS Healthcare Reporting Requirements
Supplemental

Moved by **Mortimer**, seconded by **Keough**, to approve for introduction \$250,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$250,000 with FTP of 0.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 1

Nuxoll

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PUBLIC SCHOOL SUPPORT

PRESENTER: **Paul Headlee, Deputy Division Manager, Division of Budget & Policy Analysis**

UNANIMOUS CONSENT: On Request by **Thayn**, granted by unanimous consent, the Fiscal Year 2015 budget for the Public School Support, was reopened.

SUBJECT: **Children's Programs: Increase Federal Spending Authority**

This request is for a supplemental FY 2015 appropriation, in the amount of \$50,000,000 ongoing from federal funds. This request was recommended by the Governor.

This supplemental request is to increase the federal spending authority in the Children's Programs Division from \$200 million up to \$250 million. The request for this additional \$50 million appropriation is driven by increases in current federal grants, new federal grants, and how frequently school districts request reimbursement from the 34 different entitlement and grant programs. Individual grants are often spread over three fiscal years. In FY 2014, the State Department of Education delayed distribution of \$15.1 million in June 2014 because the districts' requests for reimbursement of funds exceeded the department's requested spending authority. Upon further review and analysis by LSO Budget & Policy staff with the State Department of Education, the necessary supplemental amount for FY 2015 is \$49,115,000. This amount addresses the \$15 million delayed in FY 2014, \$15 million needed as ongoing for FY 2015, and an additional \$19.115 million, or 7.2% of spending authority, for unanticipated increases in program awards and/or draw downs by school districts.

As shown in the table below, \$49,115,000 would be appropriated as Lump Sum. Spending authority not used would revert back to the federal fund on June 30, 2015. This funding would increase the amount of federal funds in the Children's Programs Division from \$200,000,000 to \$249,115,000.

Further discussion showed this supplemental addresses the gap in spending authority in FY 2014, the ongoing amount for FY 2015, and provides room for unanticipated increases in federal funds. The federal funds are primarily driven by formula, and as the number of students increase, so do the funds. The last time federal funds were increased for this program was in FY 2008, in the amount of \$40 million. The largest federal programs with funding increases include the food and nutrition block grant programs (school lunches) and programs related to the Individuals with Disabilities Education Act (IDEA, Part B).

CARRIED: **Original Motion**

Public School Support
Children's Division
Increase Fed Spending Authority by \$50 Million
Supplemental
Original Motion

Moved by **Thayn**, seconded by **Mortimer**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$49,115,000 Federal Funds for a total of \$49,115,000 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

STATE BOARD OF EDUCATION: Superintendent of Public Instruction

PRESENTER: **Paul Headlee, Deputy Division Manager, Division of Budget & Policy Analysis**

UNANIMOUS CONSENT: On Request by **Thayn**, granted by unanimous consent, the Fiscal Year 2015 budget for the State Board of Education, Superintendent of Public Instruction, was reopened.

SUBJECT: **Superintendent of Public Instruction: Additional Appropriation for Grants**
This request is for a supplemental FY 2015 appropriation, in the amount of \$201,600 ongoing from dedicated funds and a decrease of \$201,600 ongoing in federal funds. This request was recommended by the Governor.

This request is for an increase in dedicated spending authority of \$201,600 from the Public Instruction Fund (Fund 0325). This fund receives revenue from 30+ sources and received increased funding in FY 2014 and FY 2015 for the following existing programs:

- 1) Health & Welfare Physical Education/Nutrition Assessment (Fund 0325-20)
- 2) State Tribal Education Partnership (Fund 0325-23)
- 3) J.A. and Kathryn Albertson Foundation funds for the GEAR UP grant program (Fund 0325-24)
- 4) Council of Chief State School Officers (CCSSO) for the Network for Transferring Educator Preparation (Fund 0325-08).

There is also a requested decrease in federal spending authority of \$201,600 that is unrelated to the increase in dedicated funding. Based on recent communication with the Superintendent's office, a decrease of \$300,000 would be feasible. However LSO staff will continue to work with State Department of Education staff to determine the appropriate amount of federal spending authority and may recommend additional action when the FY 2016 budget is set, which is scheduled for March 9. As shown in the table below, dedicated spending authority would be increased by \$201,600 and federal spending authority would be decreased by \$301,600, netting to a decrease of \$100,000.

CARRIED: **Original Motion**

State Board of Education
Superintendent of Public Instruction
Increase in Dedicated Funds and Decrease in Federal Funds

Supplemental

Original Motion

Moved by **Thayn**, seconded by **Mortimer**, to approve for introduction \$0 General Funds, \$201,600 Dedicated Funds, \$(301,600) Federal Funds for a total of \$(100,000) with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

SELF-GOVERNING AGENCIES:

PRESENTER: **Jared Hoskins, Senior Analyst, Division of Budget & Policy Analysis**

SUBJECT: Self-Governing Agencies: Office of the State Appellate Public Defender

UNANIMOUS CONSENT: On Request by **Keough**, granted by unanimous consent, the Fiscal Year 2015 budget for the Self-Governing Agencies, Office of State Appellate Public Defender, was reopened.

CARRIED: Original Motion

Self-Governing Agencies
Office of State Appellate Public Defender
Extraordinary Litigation and Investigation Costs
Supplemental
Original Motion

Moved by **Keough**, seconded by **Youngblood**, to approve for introduction \$94,900 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$94,900 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Keough**, granted by unanimous consent, the fiscal year 2015 budget for the Self-Governing Agencies, Office of State Appellate Public Defender accepted the following intent language:

CAPITAL REPRESENTATION COSTS:

Of the amount appropriated in Section 1 of this act, \$94,900 from the General Fund, or so much thereof as is necessary, shall be used solely for costs directly related to the provision of representation in capital cases and only to the extent such costs are exclusive of, and can be identified and accounted for separately and distinctly from, the operating, personnel, and capital outlay costs of the Office of the State Appellate Public Defender Program. Such costs may include, but are not limited to, consultation with experts; travel, lodging, and per diem for expert and lay witnesses; depositions; investigation; employee travel associated with witness interviews; court reporting and transcription services; expert witness fees; conflict counsel; and preparation of trial exhibits. Any remaining unexpended and unencumbered amounts not so used shall revert to the General Fund.

ADJOURN: There being No further business to come before the committee, Chairman Bell adjourned the meeting at 9:54 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Tuesday, February 24, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|-----------------------|--|--|
| | <i>Supplemental:</i> Department of Labor p.21 No.28 <i>Additional IT Equipment</i> p.22 No.29 <i>iUS Labor Exchange Shift</i> | <i>Keith Bybee</i> <i>Principal Analyst</i> |
| LBB 5-29 | Department of Finance | |
| LBB 6-93 | Office of the Governor Liquor Division | |
| LBB 5-111 LBB 5-93 | Self-Governing Agencies Regulatory Boards State Lottery | |
| LBB 4-29 | Board of Land Commissioners Endowment Fund Investment Board | <i>Ray Houston</i> <i>Principal Analyst</i> |
| LBB 6-75 | Office of the Governor Office of Energy Resources | |
| LBB 5-55 | Public Utilities Commission | |
| LBB 4-59 | Department of Parks and Recreation Lava Hot Springs Foundation | |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, February 24, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/EXCUSED: None
CONVENED: Senator Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Bybee, Houston
SUPPLEMENTALS: **FY 2015 SUPPLEMENTAL APPROPRIATIONS**

DEPARTMENT OF LABOR
Employment Services

PRESENTER: **Keith Bybee, Principal Budget and Policy Analyst, Legislative Services Office**
Additional IT Equipment

Includes \$190,000 in one-time capital outlay for switch replacements necessary to maintain network system. This request is to keep switch replacements on a five-year rotation ensuring there are no problems with the network due to technology. This request was inadvertently left out of the FY 2015 budget request.

Unanimous Consent Request

On request by Mortimer, granted by unanimous consent, the FY 2015 budget for the Department of Labor was reopened.

CARRIED: **Original Motion**

Moved by Mortimer, seconded by Keough, to approve for introduction \$0 General Funds, \$190,000 Dedicated Funds, \$0 Federal Funds for a total of \$190,000 with FTP of 0.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and

without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

iUS/Labor Exchange Fund Shift and Increase

This request shifts \$3 million in operating expenditures from the Unemployment Security Special Administration Fund (Special Admin Fund) to the Unemployment Penalty and Interest Fund (P&I Fund), and requests an additional \$3 million from the Unemployment Penalty and Interest Fund to support the iUS project and activities related to the Wagner-Peyser Grant. iUS cost overruns and diminishing long-term interest income have depleted the cash balance in the Special Admin Fund and requires a shift to the P&I Fund, which has a sufficient cash balance, to cover those ongoing activities.

CARRIED:

Original Motion

Moved by Mortimer, seconded by Keough, to approve for introduction \$0 General Funds, \$3,000,000 Dedicated Funds, \$0 Federal Funds for a total of \$3,000,000 with FTP of 0.00
reduce Special Admin Fund by 3M and increase Penalty and Interest Fund by 6M

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

BUDGET SETTING:

SETTING FY 2016 APPROPRIATIONS

DEPARTMENT OF FINANCE

PRESENTER:

Keith Bybee, Principal Budget and Policy Analyst, Legislative Services Office

Disclosure and Possible Conflict of Interest

Pursuant to Senate Rule 39(H), Senators Mortimer and Cameron disclosed they have a possible conflict of interest under applicable law; they do plan to vote on the issue currently before the Committee.

MOTIONS:

Original Motion

Moved by Youngblood, seconded by Gibbs, to approve for introduction \$0 General Funds, \$7,750,000 Dedicated Funds, \$0 Federal Funds for a total of \$7,750,000 with FTP of 64.00

FAILED:

Substitute Motion

Moved by Johnson, seconded by Guthrie, to approve for introduction \$0 General Funds, \$7,479,600 Dedicated Funds, \$0 Federal Funds for a total of \$7,479,600 with FTP of 64.00

Ayes: 3

Nuxoll, Johnson, Guthrie

Nays: 15

Cameron, Keough, Bair, Mortimer, Thayn, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Ab/Ex: 2

Schmidt, Malek

CARRIED

Vote on Original Motion

Ayes: 17

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 1

Guthrie

Ab/Ex: 2

Schmidt, Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**INTENT
LANGUAGE:**

Legislative Intent Language

The Department of Finance is hereby granted continuous appropriation authority for reimbursement of persons to whom an Idaho court awards actual damages resulting from acts constituting violations of the Idaho Residential Mortgage Practices Act by a mortgage broker, mortgage lender or mortgage loan originator who was licensed or required to be licensed, per Section 26–31–109, Idaho Code.

**UNANIMOUS
CONSENT:**

On request by Youngblood, granted by unanimous consent, the legislative intent language shown above was accepted.

OFFICE OF THE GOVERNOR

State Liquor Division

PRESENTER:

Keith Bybee, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED

Original Motion

Moved by Gibbs, seconded by Lacey, to approve for introduction \$0 General Funds, \$18,593,200 Dedicated Funds, \$0 Federal Funds for a total of \$18,593,200 with FTP of 212.00

Ayes: 16

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Burtenshaw, King, Gannon

Nays: 1

Nuxoll

Ab/Ex: 3

Schmidt, Malek, Monks

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

SELF-GOVERNING AGENCIES

PRESENTER:

Keith Bybee, Principal Budget and Policy Analyst, Legislative Services Office

Regulatory Boards

CARRIED:

Original Motion

Moved by Miller, seconded by Bell, to approve for introduction \$0 General Funds, \$6,831,100 Dedicated Funds, \$0 Federal Funds for a total of \$6,831,100 with FTP of 64.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

CARRIED:

State Lottery

Original Motion

Moved by Gibbs, seconded by Keough, to approve for introduction \$0 General Funds, \$5,696,000 Dedicated Funds, \$0 Federal Funds for a total of \$5,696,000 with FTP of 45.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

INTENT LANGUAGE:

Legislative Intent Language

It is legislative intent that amounts necessary to pay prizes, retailer commissions, advertising and promotional costs, and gaming supplier vendor fees based on sales shall be continuously appropriated to the State Lottery under the provisions of Section 67-7428, Idaho Code.

UNANIMOUS CONSENT:

On request by Gibbs, granted by unanimous consent, the legislative intent language shown above was accepted.

BOARD OF LAND COMMISSIONERS

Endowment Fund Investment Board

PRESENTER: Ray Houston, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED: Original Motion
Moved by Monks, seconded by Nuxoll, to approve for introduction \$0 General Funds, \$644,500 Dedicated Funds, \$0 Federal Funds for a total of \$644,500 with FTP of 3.70

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

INTENT LANGUAGE:

Legislative Intent Language

SECTION 3. The Endowment Fund Investment Board is hereby granted continuous appropriation authority for consulting fees, bank custodial fees, and portfolio-related external costs for the period July 1, 2015, through June 30, 2016.

SECTION 4. LEGISLATIVE INTENT. It is the intent of the legislature that for fiscal year 2016, the Endowment Fund Investment Board transfer \$56,473,200 as follows: \$32,758,800 from the Public School Earnings Reserve Fund to the Public School Income Fund; \$1,288,800 from the Agricultural College Earnings Reserve Fund to the Agricultural College Income Fund; \$4,500,000 from the Charitable Institutions Earnings Reserve Fund to the Charitable Institutions Income Fund; \$3,608,400 from the Normal School Earnings Reserve Fund to the Normal School Income Fund; \$1,872,000 from the Penitentiary Earnings Reserve Fund to the Penitentiary Income Fund; \$3,866,400 from the Scientific School Earnings Reserve Fund to the Scientific School Income Fund; \$4,562,400 from the Mental Hospital Earnings Reserve Fund to the Mental Hospital Income Fund; and \$4,016,400 from the University Earnings Reserve Fund to the University Income Fund.

UNANIMOUS CONSENT:

On request by Monks, granted by unanimous consent, the legislative intent language as shown above was accepted.

OFFICE OF THE GOVERNOR

Office of Energy Resources

PRESENTER: Ray Houston, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED:

Original Motion

Moved by Miller, seconded by Monks, to approve for introduction \$0 General Funds, \$787,600 Dedicated Funds, \$727,400 Federal Funds for a total of \$1,515,000 with FTP of 8.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

PUBLIC UTILITIES COMMISSION

PRESENTER:

Ray Houston, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED:

Original Motion

Moved by King, seconded by Keough, to approve for introduction \$0 General Funds, \$5,856,100 Dedicated Funds, \$307,600 Federal Funds for a total of \$6,163,700 with FTP of 52.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

DEPARTMENT OF PARKS AND RECREATION

Lava Hot Springs Foundation

PRESENTER:

Ray Houston, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED:

Original Motion

Moved by Burtenshaw, seconded by Lacey, to approve for introduction \$0 General Funds, \$1,968,700 Dedicated Funds, \$0 Federal Funds for a total of \$1,968,700 with FTP of 13.80

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

ADJOURNED:

There being no further business, the meeting was adjourned at 9:14 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Wednesday, February 25, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|-----------------------------------|--|--|
| LBB 2-99 | Public Health Districts | <i>Jared Tatro</i> <i>Principal Analyst</i> |
| LBB 5-121 LBB 5-99 | Self-Governing Agencies Division of Veterans Services Medical Boards | |
| LBB 6-69 | Office of the Governor Office of Drug Policy | |
| LBB 6-89 LBB 6-109 LBB 6-57 | Office of the Governor Division of Human Resources PERSI Arts Commission | <i>Robyn Lockett</i> <i>Principal Analyst</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, February 25, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: **Chairman Bell** called the meeting to order at 8:00 a.m.
PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget and Policy Analysis
Public Health District**
SUBJECT: **Public Health Districts**

Mr. Tatro read through the line items pertaining to the Budget Request and Recommendation for Idaho's Public Health Districts. Starting with the JFAC Base: an additional \$74,800 for the change in employee benefits, \$6,500 for medical inflationary adjustments, a reduction in statewide cost allocation by \$10,600, and \$179,300 for the change in employee compensation, and for FY 2016: \$8,719,200 from the General Fund to the Idaho Public Health Districts.

Further discussion revealed that this motion reflects the Governor's Recommendation with the additional \$500 for employee compensation for Southeast Health District #6, to bring all staff to 70% of the compensation policy. While this motion shows a 6.1% reduction from the appropriation in FY 2015, the difference is with the Millennium Fund grant and funding for that grant will be voted on with Millennium Fund budget setting on Monday, March 2. If JFAC accepts the Joint Millennium Fund Committee recommendation then the Public Health Districts Budget will increase 2.0% from the 2015 Original Appropriation.

CARRIED: **Original Motion**

Public Health Districts

Appropriation

Moved by **Nuxoll**, seconded by **Schmidt**, to approve for introduction \$8,719,200 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$8,719,200 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

SELF-GOVERNING AGENCIES

PRESENTER: Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis

SUBJECT: Self-Governing Agencies: Division of Veteran's Services

Mr. Tatro read through the following line items regarding the Division of Veteran's Services. The JFAC Adjusted Base, with an additional \$197,900 for benefit costs, \$493,200 for inflationary adjustments, \$1,405,200 for replacement items, remove \$15,800 for statewide cost allocation, and add \$420,000 for the change in employee compensation. Then \$218,500 and 3.0 full-time equivalent positions as requested in line item #1, and additional \$25,600 for temporary staff benefit increases as requested in line item #2, \$666,000 for new capital outlay and operating expenditures as requested in line item #3, \$100,600 for ongoing IT needs as requested in line item #4, \$400,000 for uses outlined in line item #5 from the Veterans Recognition Fund, and \$100,000 for the Idaho Suicide Hotline as requested in line item #6.

Fiscal Year 2016, 331.0 full-time equivalent positions, \$987,400 from the General Fund, \$16,001,800 from dedicated funds, and \$15,179,500 from federal funds for a total of \$32,168,700.

Further discussion revealed that this motion reflects the Governor's Recommendation with the addition of the third FTP and associated funding as requested in line item #1. This additional position will provide administrative support to the new veterans service officer that will be located in the Magic Valley. Currently, Veterans in the Magic Valley rely on a service officer that is located in Boise. This motion also includes \$900,000 for various alteration and repair projects that were requested through the Permanent Building Fund.

The Permanent Building Fund Advisory Council recommended \$450,000 for the division for several alteration and repair projects. However, with cash balances hovering around 25% of the agencies annual operating budget, or about \$8 million, it is the intent of the legislature that the division continue using its existing internal resources for one more year. The additional appropriation provided for in this motion will allow the division to address more needs in the coming year without the use of state funds. Currently, the cash balances for the dedicated and federal funds are slightly increased from the beginning of the fiscal year, which means the division continues to maintain a healthy unencumbered cash balance and is receiving revenue slightly faster than the division is spending.

CARRIED: **Original Motion**

Self-Governing Agencies
Division of Veterans Services

Moved by **Keough**, seconded by **Malek**, to approve for introduction \$987,400 General Funds, \$16,001,800 Dedicated Funds, \$15,179,500 Federal Funds for a total of \$32,168,700 with FTP of 331.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Self-Governing Agencies: Medical Boards**

Mr. Tatro presented to the committee, line items regarding the Medical Boards Budget Recommendation. Starting with the JFAC Base: add an additional \$29,200 for benefit costs, \$1,200 for inflationary adjustments, \$70,300 for replacement items, \$6,400 for statewide cost allocation, and \$72,900 for the change in employee compensation.

Then add \$6,500 and 0.2 full-time equivalent positions as requested in line item #1; add \$14,900 for the Board of Medicine executive director vacation payoff as requested in line item #2; add \$13,500 for a fingerprint card scanner as requested in line item #3; \$24,000 for increased enforcement costs as requested in line item #4; \$100,000 for nursing workforce development as requested in line item #5; \$20,600 for Nursing associate director pay increases as requested in line item #6; and add 0.50 full-time equivalent positions and \$24,400 for additional part-time staff with the Board of Veterinary Medicine.

Further discussion revealed that this motion reflects the Governor's Recommendation for all five medical boards, with the addition of:

- 1) A replacement vehicle for the Board of Pharmacy to be used in Southwest Idaho.
- 2) Additional pay increases for the Board of Nursing as requested by the agency.
- 3) The addition of part-time resources for the Board of Veterinary Medicine.

While the board did not officially request the additional part-time staff, the need has been evident for the past couple years and will not be resolved without legislative action. This motion equates to a 1.0% increase from fiscal year 2015.

FAILED: **Substitute Motion**

Appropriation
Self-Governing Agencies
Medical Boards

Moved by **Nuxoll**, seconded by **Guthrie**, to approve for introduction \$0 General Funds, \$5,480,500 Dedicated Funds, \$0 Federal Funds for a total of \$5,480,500 with FTP of 45.10

Ayes: 9

Cameron, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Monks, Gannon

Nays: 11

Keough, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King

Ab/Ex: 0

CARRIED: **Original Motion**

Self-Governing Agencies
Medical Boards

Appropriation
Original Motion

Moved by **Miller**, seconded by **King**, to approve for introduction \$0 General Funds, \$5,534,000 Dedicated Funds, \$0 Federal Funds for a total of \$5,534,000 with FTP of 45.10

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: Office of the Governor: Office of Drug Policy

Mr. Tatro read through the line items listed in the budget recommendation for the Office of Drug Policy. Starting with the JFAC Base: plus an additional \$4,000 for benefit costs, \$600 for statewide cost allocation, and \$12,000 for the change in employee compensation.

Then add \$609,500 to pay grant recipients faster as outlined in line item #1; transfer \$12,000 from operating expenditures to personnel costs as provided in line item #2; and add \$15,000 to retain and pay for the use of the federal prevention fellow as provided in line item #3.

Finally, 6 full time equivalent positions, \$303,000 from the General Fund, \$18,500 from dedicated funds, and \$3,933,100 from federal funds for a total of \$4,254,600 for the Office of Drug Policy for fiscal year 2016. This reflects the Governor's Recommendation and is a 17.7% increase from fiscal year 2015.

CARRIED: Original Motion

**Office of the Governor
Office of Drug Policy**

Appropriation

Moved by **Youngblood**, seconded by **Schmidt**, to approve for introduction \$303,000 General Funds, \$18,500 Dedicated Funds, \$3,933,100 Federal Funds for a total of \$4,254,600 with FTP of 6.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: Robyn Lockett, Principal Analyst, Division of Budget & Policy Analysis

SUBJECT: Office of the Governor: Office of Human Resources

Ms. Lockett explained to the committee, that this budget reflects a maintenance of current operations requests. Additionally, the CEC Committee has recommended the minimum amounts on the pay schedule to be moved from 68% to 70% of policy, and that the language reflect that intent.

CARRIED: **Original Motion**

Office of the Governor
Division of Human Resources

Appropriation

Moved by **Gannon**, seconded by **Lacey**, to approve for introduction \$0 General Funds, \$1,732,800 Dedicated Funds, \$0 Federal Funds for a total of \$1,732,800 with FTP of 12.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Gannon**, granted by unanimous consent, the legislative intent language was accepted:

INTENT LANGUAGE: It is the intent of the legislature that of the moneys appropriated in section 1, of this act, the Division of Human Resources shall pay the Division of Professional-Technical Education for the cost of providing statewide management and human resources training. The payment amount shall be equal to the Miscellaneous Revenue Fund expenditures in fiscal year 2016 within the Related Services Program of the Division of Professional-Technical Education, less any unencumbered balance remaining on June 30, 2015.

EMPLOYEE COMPENSATION: It is the intent of the Legislature to progress toward the goal of funding a competitive salary and benefit package that will attract qualified applicants, retain employees committed to public service excellence, motivate employees to maintain high standards of productivity, and reward employees for outstanding performance. Consequently, the Division of Human Resources shall adjust the minimum amounts on the compensation schedule to 70% of policy in order to move the salary structure closer to market rates. The Division shall also continue the job classifications that are currently on payline.

PRESENTER: **Robyn Lockett, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Public Employee Retirement System (PERSI)**

Ms. Lockett explained to the committee how this budget reflects the JFAC adjusted numbers and the line item related to the funding from the Judge's Retirement Fund. This motion included the majority of the replacement items requested including; 1 scanner and 8 new servers. This will be adequate for the agency to create a solid replacement schedule for future server replacement. Motion also included funding for FTP.

CARRIED: **Original Motion**

Office of the Governor
Public Employee Retirement System

Appropriation

Moved by **Monks**, seconded by **Schmidt**, to approve for introduction \$0 General Funds, \$7,384,500 Dedicated Funds, \$0 Federal Funds for a total of \$7,384,500 with FTP of 65.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Gannon**, granted by unanimous consent, the legislative intent language was accepted:

INTENT LANGUAGE: It is the intent of the Legislature, notwithstanding Section 59-1311(4)(d), Idaho Code, moneys appropriated in Section 1 of this act for the Portfolio Investment Program are for administrative costs of the Portfolio Investment Program as provided in Section 59-1311(3), Idaho Code. Amounts necessary to pay all other investment expenses related to the Portfolio Investment Program are perpetually appropriated to the Public Employee Retirement System Board as provided in Section 59-1311 (4)(a), (b), and (c), Idaho Code.

PRESENTER: **Robyn Lockett, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Office of the Governor: Commission on the Arts**
Ms. Lockett explained to the committee how this budget request reflects a maintenance of current operations, plus ongoing increase of \$100,000 to support arts education programs. The Arts Commission was established in 1966 and Idaho Code states that it be “the policy of the state to encourage the development of our artistic and cultural life and to join with all persons and institutions concerned with the arts to insure that the role of the arts in our communities will grow and play an evermore significant part in the welfare and educational experience of our citizens.”

CARRIED: **Original Motion**

Office of the Governor
Commission on the Arts

Appropriation

Moved by **Horman**, seconded by **King**, to approve for introduction \$759,400 General Funds, \$106,100 Dedicated Funds, \$1,040,200 Federal Funds for a total of \$1,905,700 with FTP of 10.00

Ayes: 17

Cameron, Keough, Bair, Mortimer, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King, Gannon

Nays: 2

Nuxoll, Thayn

Ab/Ex: 1

Monks

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

ADJOURN: There being no further business to come before the committee, chairman Bell adjourned the meeting at 9:06 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Thursday, February 26, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|----------------|---|--|
| LBB 6-99 | Office of the Governor Military Division | <i>Richard Burns</i> <i>Principal Analyst</i> |
| LBB 3-65 | Department of Juvenile Corrections | |
| LBB 6-139 | Lieutenant Governor | <i>Jared Hoskins</i> <i>Senior Analyst</i> |
| LBB 6-159 | Secretary of State | |
| LBB 2-107 | State Independent Living Council | |
| | Special Hearing Review of the Wi-Fi Program in Public Schools | <i>April Renfro, Manager</i> <i>Audits Division</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, February 26, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

**ABSENT/
EXCUSED:** None

CONVENED: Senator Cameron convened the meeting at 8:00 A.M.

STAFF PRESENT: Burns, Hoskins, Headlee

**BUDGET
SETTING:** SETTING FY 2016 APPROPRIATIONS

OFFICE OF THE GOVERNOR

Military Division

PRESENTER: **Richard Burns, Principal Budget and Policy Analyst, Legislative Services Office**

CARRIED: Original Motion

Moved by Bair, seconded by Youngblood, to approve for introduction \$6,340,900 General Funds, \$6,231,500 Dedicated Funds, \$55,341,000 Federal Funds for a total of \$67,913,400 with FTP of 317.80

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**UNANIMOUS
CONSENT:**

On request by Bair, granted by unanimous consent, the legislative intent language shown below was accepted.

**INTENT
LANGUAGE:**

Legislative Intent Language

FLAT TOP BUTTE. Of the amount appropriated to the Military Division from the Administration and Accounting Services Fund in Section 1 of this Act, \$18,000 in one-time spending authority is included to pay the Department of Lands for back rent due on the Flat Top Butte communication site that is located on endowment trust property. It does not include funding for any interest or penalties that may have been assessed, due, and owing; and the Department of Lands shall not bill the Military Division for such amounts.

CONTINUOUS APPROPRIATION. The Military Division is hereby granted continuous appropriation authority for the Bureau of Homeland Security's Miscellaneous Revenue Fund for the period July 1, 2015, through June 30, 2016, for the purpose of covering incurred costs arising out of hazardous substance incidents.

DEPARTMENT OF JUVENILE CORRECTIONS

PRESENTER:

Richard Burns, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED:

Original Motion

Moved by Miller, seconded by Youngblood, to approve for introduction \$39,861,500 General Funds, \$7,735,200 Dedicated Funds, \$3,857,600 Federal Funds for a total of \$51,454,300 with FTP of 410.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

LIEUTENANT GOVERNOR

PRESENTER:

Jared Hoskins, Senior Budget and Policy Analyst, Legislative Services Office

CARRIED

Original Motion

Moved by Thayn, seconded by Gibbs, to approve for introduction \$163,600 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$163,600 with FTP of 3.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Bell

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

SECRETARY OF STATE

PRESENTER: Jared Hoskins, Senior Budget and Policy Analyst, Legislative Services Office

Moved by Monks, seconded by Thayn, to approve for introduction \$2,159,300 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$2,159,300 with FTP of 27.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Bell, Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

STATE INDEPENDENT LIVING COUNCIL

PRESENTER: Jared Hoskins, Senior Budget and Policy Analyst, Legislative Services Office

CARRIED: Original Motion

Moved by Gibbs, seconded by Thayn, to approve for introduction \$100,000 General Funds, \$335,700 Dedicated Funds, \$173,400 Federal Funds for a total of \$609,100 with FTP of 4.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Bell, Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

SPECIAL HEARING:

REVIEW OF THE WI-FI PROGRAM IN PUBLIC SCHOOLS

PRESENTER: April Renfro, Manager, Audits Division, Legislative Services Office

To view the presentation, please click on the following link: [Review of the Wi-Fi Program in Public Schools](#)

House Bill 643 passed during the 2014 Legislative Session and included legislative intent which required the Idaho State Department of Education (SDE) to collaborate with the Legislature in performing service audits to determine compliance and district satisfaction with the wireless technology infrastructure offered through a statewide contract. On July 17, 2014, Legislative Audits Division of the Legislative Services Offices entered into a contract with Eide Bailly, LLP to complete a procedures report for the years ended June 30, 2013 and 2014. The report was intended to provide information to address questions raised during the budget process of the 2014 Legislative Session regarding House Bill 643; the report was not to provide an opinion about the sufficiency of any procedures completed. The procedures completed included: 1) understanding and documenting the project specifications, participation process, and vendor payment plan, 2) evaluating participant compliance with standards as established by the State Department of Education, and 3) surveying technology directors for Idaho school districts to gather information about participation and satisfaction with the Wi-Fi project.

The program was designed to help provide Idaho high schools with high-speed wireless internet access for students, teachers, and administrators. Districts could choose to opt in or out of the Wi-Fi program by completing forms and submitting them to the State Department of Education (SDE) by the end of June prior to the upcoming school year.

SDE contracted with Education Networks of America (ENA) to provide and manage the infrastructure required to establish a wireless network for Idaho Schools. ENA was to provide, maintain, install and service all equipment necessary to facilitate a wireless network at each location and retain ownership in said assets at the end of the contract. The total proposed annual cost from ENA for managed wireless and content filtering services was \$2,111,655 per year based on total users of 100,555 as listed in the Request for Proposal (RFP). (Additional services outside the scope or in addition to those proposed in the contract were billed at a fixed price as per the cost schedule included in the ENA proposal.)

For the 2014/2015 academic year the Legislature authorized a reimbursement of \$21.00 per student for school districts that chose to install their own wireless networks; the districts had to meet all the standards and requirements established for wireless technology and have their network certified by the Department of Education to be eligible. Districts that had previously opted into the ENA provided wireless solution were also allowed to opt out and install their own wireless networks to receive the \$21 per student reimbursement for certified networks.

For the 2013/2014 school year, 93 school districts and 19 charter schools, representing 183 schools in total or 76% of eligible schools (242) elected to participate in the program. There were 21 districts or charter schools, representing 59 schools that did not elect to opt in for that time period. For the 2014/2015 school year, there were 80 school districts and 21 charter schools, representing 178 schools that elected to opt in, representing 74% of the 242 eligible schools. Of the 178 schools that had opted in to the program, ENA had installed wireless networks in 175 with the installation for 3 schools on hold at the request of the school. (Of those districts opting out for 2014/2015, only 7 already had ENA installed and had to have that de-installed prior to installing their own solution.)

In evaluating compliance, the contractor reviewed requirements contained in Idaho Code for certified wireless networks and a certification form was completed by SDE when it was determined that installed networks met the requirements. There were no issues found when certifications were selected for review. However, one of the problems encountered was that the initial tracking form did not provide enough information to determine (1) which school districts or charter schools had not opted into the ENA-provided solution for 2013–14 and 2014–15 school years and were actively pursuing a self-installed solution and reimbursement, and (2) implementation/certification status for school districts or charter schools that opted in for 2013–14 but then opted out for 2014–15.

Seven school districts (Bonnevill, Filer, Hagerman, Jefferson County, Kellogg, Post Falls, and Wendell) that had opted in for 2013/2014 and had ENA-installed service, opted out for 2014/2015 and had service de-installed. Those seven districts with a combined total of 7,876 users, had pro-rated usage in FY 14 and then **pre-paid FY 15 usage in FY 14** totaling \$165,396.00.

District survey results showed that 48 of 147 individuals responded, or 32.7%, and 54% of respondents indicated they were satisfied with ENA services. Of those responding to the survey, 97% indicated they were utilizing ENA services rather than installing their own solution.

ADJOURNED: There being no further business to come before the Committee, Senator Cameron adjourned the meeting at 9:40 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Friday, February 27, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|-----------------------------------|--|--|
| LBB 1-85 LBB 1-109 LBB 1-79 | State Board of Education Health Education Programs Special Programs Office of the State Board of Education | <i>Paul Headlee</i> <i>Deputy Division Manager</i> |
| LBB 6-115 | Office of the Governor Office of Species Conservation | <i>Ray Houston</i> <i>Principal Analyst</i> |
| LBB 4-13 | Department of Fish and Game | |
| | Special Hearing Status Report on Implementation of H168- Continuation of Broadband Services to Public Schools in FY 2015 | <i>Will Goodman</i> <i>Chief Technology Officer</i> <i>State Department of Education</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 27, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Chairman Bell called the meeting to order at 8:00 a.m.

STATE BOARD OF EDUCATION

PRESENTER: Paul Headlee, Deputy Division Manager, Division of Budget & Policy Analysis
SUBJECT: State Board of Education: Health Education Program

Mr. Headlee read through the line items pertaining to the budget request for the State Board of Education: Health Education Programs. There are six line items in this appropriation.

Line item #1 provides \$186,300 ongoing from the General Fund for the third year of a five-year program, Targeted Rural Under-Served Track (TRUST) medical students approved in FY 2014.

Line item #2 provides \$186,300 ongoing from the General Fund for the second year of five-year program for medial students approved for FY 2015.

Line item #3 provides 1.0 FTP and \$287,000 from the General Fund to add five new first-year medical students in the WWAMI Program and for curriculum revisions. Of this amount, \$140,600 is ongoing for personnel costs, \$46,400 for operating expenditures, and \$100,000 is one-time for the curriculum revisions.

Line item #4, provides \$180,000 ongoing from the General Fund to Provide six additional residents to the Kootenai Health Family Medicine Residencies program.

Line item #5, provides 1.5 FTP and \$502,200 ongoing from the General Funds for Family Medicine Residencies. This funding provides the \$411,300 for the Family Medicine Residency of Idaho program and \$90,900 for the Idaho State University Family Medicine Residency Program.

Line item #6, provides \$36,400 ongoing from the General Fund to the Psychiatry Residencies Program for Personnel costs to place psychiatry residents in undeserved communities.

This appropriation would include carry over of unencumbered and unspent dedicated

funds from FY 2015 into FY 2016 for the Dental Education Program. This would also include exemptions object code transfer provisions of Idaho Code for dedicated funds.

CARRIED: **Original Motion**

State Board of Education
Health Education Programs

Appropriation

Moved by **Johnson**, seconded by **Horman**, to approve for introduction \$12,795,300 General Funds, \$303,500 Dedicated Funds, \$0 Federal Funds for a total of \$13,098,800 with FTP of 23.80
C/O Dental Ed

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King, Gannon

Nays: 1

Monks

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Paul Headlee, Deputy Division Manager, Division of Budget & Policy Analysis**

SUBJECT: **State Board of Education: Special Programs**

Mr. Headlee read through the line items pertaining to the budget request for the State Board of Education: Special Programs. Totals for this appropriation include 38.13 FTP, \$9,836,700 from General Fund and \$2,083,400 of federal funds for a total of \$11,920,100.

FAILED: **Substitute Motion**

State Board of Education
Special Programs

Appropriation

Moved by **Keough**, seconded by **Lacey**, to approve for introduction \$9,926,300 General Funds, \$0 Dedicated Funds, \$2,083,400 Federal Funds for a total of \$12,009,700 with FTP of 39.13

Ayes: 9

Cameron, Keough, Bair, Schmidt, Lacey, Bell, Youngblood, Malek, King

Nays: 11

Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Gibbs, Miller, Horman, Monks, Burtenshaw, Gannon

Ab/Ex: 0

CARRIED: **Original Motion**

State Board of Education
Special Programs

Appropriation

Moved by **Mortimer**, seconded by **King**, to approve for introduction \$9,836,700 General Funds, \$0 Dedicated Funds, \$2,083,400 Federal Funds for a total of \$11,920,100 with FTP of 38.13

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **King**, granted by unanimous consent, the legislative intent language was accepted.

INTENT LANGUAGE: **SECTION 4:** It is the Intent of the Legislature the moneys appropriated from the General Fund to the Scholarship and Grants Program for the period July 1, 2015 to June 30, 2016 that are unexpended and unencumbered shall be transferred to the Opportunity Scholarship Program Account created in Section 33-4303, Idaho Code.

PRESENTER: **Paul Headlee, Deputy Division Manager, Division of Budget & Policy Analysis**

SUBJECT: **State Board of Education: Office of the State Board of Education**

Mr. Headlee Read through the line items pertaining to the FY 2016 appropriation for the Office of the State Board of Education.

Line item #1, provides 1.5 FTP and \$129,400 ongoing from the General Fund for the Charter School Commission Program. Of this amount, \$104,900 is for personnel costs and \$24,500 is for operating expenses and travel costs.

Line item #2, provides \$20,800 ongoing from dedicated funds to the OSBE Administration Program for the personnel costs to support the State Authorization Reciprocity Agreement (SARA).

Also included in this appropriation is carryover authority for federal funds and the Charter School Authorizers Fund.

CARRIED: **Original Motion**

State Board of Education
Office of the State Board of Education

Appropriation

Moved by **Horman**, seconded by **Lacey**, to approve for introduction \$2,441,500 General Funds, \$688,500 Dedicated Funds, \$2,727,500 Federal Funds for a total of \$5,857,500 with FTP of 25.75

C/O Fed and Charter School Authorizers Fund

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

OFFICE OF THE GOVERNOR

PRESENTER: **Ray Houston, Principal Analyst, Office of the Governor**

SUBJECT: **Office of the Governor: Office of Species Conservation**

Mr. Houston read through the line items pertaining to the request for the Office of Species Conservation. Included with the JFAC Base is \$8,300 for benefit costs, a reduction of \$200 for statewide cost allocation, and \$24,900 for CEC. Also included, line item #1, a \$500,000 [one time] for sage grouse conservation. The Governor's Recommendation is \$1,004,800 from the General Fund, \$15,000 from dedicated funds, and \$12,785,700 from federal funds for a total \$13,805,500 to the Office of Species Conservation for FY 2016.

There was no request for replacement items or inflationary increases, and funding for the Governor's Greater Sage Grouse Conservation Initiative has been included. Mr. Houston further discussed how these efforts offer the best option for conserving sage grouse habitat and avoid the unnecessary listing of the species while taking land-use activities into account.

CARRIED: **Original Motion**

Office of the Governor
Office of Species Conservation

Appropriation

Moved by **Burtenshaw**, seconded by **Miller**, to approve for introduction \$1,004,800 General Funds, \$15,000 Dedicated Funds, \$12,785,700 Federal Funds for a total of \$13,805,500 with FTP of 12.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King,

Gannon
Nays: 0
Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

DEPARTMENT OF FISH AND GAME

PRESENTER: Ray Houston, Principal Analyst, Division of Budget and Policy Analysis

SUBJECT: Department of Fish and Game

Mr. Houston discussed the FY 2015 appropriation and FY 2016 budget request for the Department of Fish and Game. This motion is identical to the Governor's original Recommendation with three exceptions: First, the funding for health insurance to part-time employees is half of the requested amount to account for the lower than expected health insurance costs, a [one time] allocation for the Shooting Range Development, and \$5,400 to cover the rent increase to be paid to the Military Division for the communication sites shared by the Department of Fish and Game.

CARRIED: Original Motion

Department of Fish and Game

Appropriation

Moved by **Lacey**, seconded by **Miller**, to approve for introduction \$0 General Funds, \$51,991,100 Dedicated Funds, \$43,730,800 Federal Funds for a total of \$95,721,900 with FTP of 558.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Horman, Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

SPECIAL HEARING

PRESENTER: **Will Goodman, Chief Technology Officer, State Department of Education**

SUBJECT: **Mr. Will Goodman** provided the committee with a status, positive report, and update on the implementation of HB #168– The Continuation of Broadband Services to Public Schools

Webinars, personal phone calls, and technical assistance have been made available to public schools affected by **HB 168**. Efforts have been made to secure e-rate funding for each public school. Currently, there is only one district that does not have an alternative provider in place. Alternative broadband connectivity providers have been found and schools should be able to make the transition with as little interruption as possible. E-rate funding is being made available and schools are reporting back with details of what is happening in every district.

Mr. Goodman has dedicated 100% of his staff for this transition and has turned out a very impressive level of performance considering the weekly cost of the department.

ADJOURN: There being no further business to come before the committee, Chairman Bell adjourned the meeting at 9:13 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Monday, March 02, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|----------------------|---|--|
| LBB 2-39 LBB 2-83 | Department of Health and Welfare Medical Assistance Services (Medicaid) Division of Welfare | <i>Jared Tatro</i> <i>Principal Analyst</i> |
| LBB 6-49 | Office of the Governor Commission on Aging | |
| LBB 6-173 | State Treasurer Millennium Fund | |
| LBB 5-85 | Self-Governing Agencies Commission for Libraries | <i>Robyn Lockett</i> <i>Principal Analyst</i> |
| LBB 6-39 | State Controller | |
| | Salary Increase for Appointed Officials 3% Ongoing: Tax Commission, Industrial Commission, and Public Utilities Commission | <i>Keith Bybee</i> <i>Principal Analyst</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, March 02, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Senator Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Tatro, Lockett, Bybee

BUDGET SETTING: **SETTING FY 2016 APPROPRIATIONS**

DEPARTMENT OF HEALTH AND WELFARE

PRESENTER: **Jared Tatro, Principal Budget and Policy Analyst, Legislative Services Office**

Medical Assistance Services (Medicaid)

MOTIONS: **Original Motion**

Moved by Schmidt, seconded by Malek, to approve for introduction \$502,684,900 General Funds, \$269,519,100 Dedicated Funds, \$1,331,297,600 Federal Funds for a total of \$2,103,501,600 with FTP of 208.00

FAILED: **Substitute Motion**

Moved by Nuxoll, seconded by Mortimer, to approve for introduction \$501,814,900 General Funds, \$269,519,100 Dedicated Funds, \$1,331,297,600 Federal Funds for a total of \$2,102,631,600 with FTP of 208.00

Ayes: 3

Bair, Mortimer, Nuxoll

Nays: 17

Cameron, Keough, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Ab/Ex: 0

**ORIGINAL
MOTION
CARRIED:**

Ayes: 18

Cameron, Keough, Bair, Johnson, Thayne, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 2

Mortimer, Nuxoll

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**LEGISLATIVE
INTENT:**

Legislative Intent Language (Department-wide language)

GENERAL FUND TRANSFERS. As appropriated, the State Controller shall make transfers from the General Fund to the Cooperative Welfare Fund, periodically, as requested by the director of the Department of Health and Welfare and approved by the Board of Examiners.

TRUSTEE AND BENEFIT PAYMENTS. Notwithstanding the provisions of Section 67–3511, Idaho Code, funds budgeted in the trustee and benefit payments expenditure class shall not be transferred to any other expense class during fiscal year 2016.

PROGRAM INTEGRITY. Notwithstanding any other provisions of law, it is hereby declared to be the intent of the Legislature that the Department of Health and Welfare shall be required to provide those services authorized or mandated by law in each program, only to the extent of funding and available resources appropriated for each budgeted program.

**UNANIMOUS
CONSENT:**

On request by Schmidt, granted by unanimous consent, the legislative intent language shown above was accepted.

**LEGISLATIVE
INTENT:**

Legislative Intent Language

MEDICAID TRACKING REPORT. The Department of Health and Welfare, Medicaid Division and Indirect Support Services Division, shall deliver on a monthly basis to the Legislative Services Office and the Division of Financial Management a report that compares the Medicaid budget as appropriated, distributed by month for the year, to actual expenditures and remaining forecasted expenditures for the year. The report shall also include a forecast, updated monthly, of the next fiscal year's anticipated trustee and benefit expenditures. The format of the report, and the information included therein, shall be determined by the Legislative Services Office and the Division of Financial Management.

TRANSFER OF APPROPRIATIONS. Notwithstanding the provisions of Section 67-3511, Idaho Code, funding provided for the trustee and benefit payments expenditure class in the Medicaid Division may be transferred in excess of ten percent (10%) among the Coordinated Medicaid Plan, Enhanced

Medicaid Plan, Basic Medicaid Plan, and Medicaid Administration and Medical Management Program, but shall not be transferred to any other budgeted programs or expenditure class within the Department of Health and Welfare during fiscal year 2016.

MEDICAID MANAGED CARE IMPLEMENTATION. The Medicaid Division shall provide reports biannually to the Legislative Services Office and the Division of Financial Management, on progress in integrating managed care approaches into the state Medicaid system. The format of the report, and information contained therein, shall be determined by the Legislative Services Office and the Division of Financial Management. The first report shall be submitted no later than December 31, 2015 and the second report shall be submitted no later than June 30, 2016.

**UNANIMOUS
CONSENT:**

On request by Schmidt, granted by unanimous consent, the legislative intent language shown above was accepted.

**LEGISLATIVE
INTENT:**

Legislative Intent Language

REPORT ON FLEXIBLE RECEIPT AUTHORITY. The Medicaid Division shall provide a report annually, at time of budget submission, to the Legislative Services Office and the Division of Financial Management that describes the need for having additional dedicated receipt authority built into the budget. The additional dedicated fund appropriation is not to be considered when calculating the estimated need for ongoing Medicaid costs, but rather to be held in reserve and used in lieu of General Funds when noncognizable receipts are received by the department.

**UNANIMOUS
CONSENT:**

Unanimous Consent Request

On request by Schmidt, granted by unanimous consent, the legislative intent language shown above was accepted.

CARRIED:

Division of Welfare

Original Motion

Moved by Malek, seconded by Schmidt, to approve for introduction \$39,455,500 General Funds, \$8,241,500 Dedicated Funds, \$101,848,500 Federal Funds for a total of \$149,545,500 with FTP of 634.55

Ayes: 16

Cameron, Keough, Bair, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King, Gannon

Nays: 4

Mortimer, Nuxoll, Thayn, Monks

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**LEGISLATIVE
INTENT**

Legislative Intent Language

ACTUAL AND FORECAST DETAIL REPORTING. The Division of Welfare shall deliver the Self-Reliance Programs Forecast biannually to the Legislative Services Office and Division of Financial Management. The report shall include monthly caseload details for Temporary Assistance for Needy Families (TANF), Child Care, Medicaid, Advanced Premium Tax Credit (APTC), Aid to the Aged, Blind and Disabled, Food Stamps, and Child Support programs. The Self-Reliance Programs Forecast shall also include expenditure details for all of the named programs with the exception of Medicaid. The format of the report, and any additional information contained therein, shall be determined by the Legislative Services Office and Division of Financial Management. The first report shall be submitted no later than December 31, 2015 and the second report shall be submitted no later than June 30, 2016.

**UNANIMOUS
CONSENT**

On request by Malek, granted by unanimous consent, the legislative intent language shown above was accepted.

OFFICE OF THE GOVERNOR

Commission on Aging

PRESENTER:

Jared Tatro, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED:

Original Motion

Moved by Lacey, seconded by Gibbs, to approve for introduction \$4,494,700 General Funds, \$0 Dedicated Funds, \$7,997,700 Federal Funds for a total of \$12,492,400 with FTP of 13.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King

Nays: 1

Nuxoll

Ab/Ex: 1

Gannon

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**LEGISLATIVE
INTENT:**

Legislative Intent Language

MANAGEMENT REVIEW. As provided for in Idaho Code Section 67–702(c) the Audit Division of the Legislative Services Office will perform a management review of the Idaho Commission on Aging for state fiscal years 2014 and 2015. The review should evaluate compliance with budget laws and proper accounting procedures. This work can be done in coordination with work related to the Single Audit. In addition, the review will include an analysis of revenues and expenditures associated with the operations and management of the region 3 local planning and service area. Further, this review should evaluate the funding distribution formula used by the state to distribute state and federal funds received and identify the (1) potential impact of changing the funding formula; and (2) steps that would need to be taken to change the formula. At the discretion of the Audit Division the review of region 3 should be compared to other local planning and service areas in Idaho for compliance, consistency, and conformity to state and federal laws.

**UNANIMOUS
CONSENT:**

On request by Lacey, granted by unanimous consent, the legislative intent language shown above was accepted.

STATE TREASURER

Millennium Fund

PRESENTER

Jared Tatro, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED:

Original Motion

Moved by Johnson, seconded by Youngblood, to approve for introduction \$0 General Funds, \$10,561,600 Dedicated Funds, \$0 Federal Funds for a total of \$10,561,600 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**LEGISLATIVE
INTENT:**

Legislative Intent Language

Notwithstanding any other provision of law to the contrary, on June 30, 2016, or as soon thereafter as is practicable, any remaining unexpended and unencumbered balance of moneys appropriated in this act shall be reverted to the Idaho Millennium Income Fund.

Notwithstanding any other provision of law to the contrary, on June 30, 2016, or as soon thereafter as is practicable, the State Controller, at the request of the State Treasurer, shall transfer any remaining unexpended and unencumbered balance of moneys in the Idaho Millennium Income Fund to the Idaho Millennium Permanent Endowment Fund.

**UNANIMOUS
CONSENT:**

On request by Johnson, granted by unanimous consent, the legislative intent language shown above was accepted.

SELF-GOVERNING AGENCIES

Commission for Libraries

PRESENTER:

Robyn Lockett, Principal Budget & Policy Analyst, Legislative Services Office

MOTIONS:

Original Motion

Moved by King, seconded by Gannon, to approve for introduction \$3,683,400 General Funds, \$70,000 Dedicated Funds, \$1,607,700 Federal Funds for a total of \$5,361,100 with FTP of 37.50

CARRIED:

Substitute Motion

Moved by Gibbs, seconded by Lacey, to approve for introduction \$3,583,400 General Funds, \$70,000 Dedicated Funds, \$1,607,700 Federal Funds for a total of \$5,261,100 with FTP of 37.50

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, Gannon

Nays: 1

King

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

STATE CONTROLLER

PRESENTER: **Robyn Lockett, Principal Budget and Policy Analyst, Legislative Services Office**

CARRIED: **Original Motion**

Moved by Monks, seconded by Keough, to approve for introduction \$6,959,700 General Funds, \$7,504,500 Dedicated Funds, \$0 Federal Funds for a total of \$14,464,200 with FTP of 95.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

LEGISLATIVE INTENT:

Legislative Intent Language

SECTION _____. The moneys assessed by the Division of Financial Management in accordance with Section 67-3531, Idaho Code, for State Controller services shall be placed in the Indirect Cost Recovery Fund. On June 30, 2016, the State Controller shall transfer the amount assessed in the statewide cost allocation plan from the Indirect Cost Recovery Fund to the state General Fund.

SECTION _____. NON-GENERAL FUND REAPPROPRIATION AUTHORITY. There is hereby reappropriated to the State Controller any unexpended and unencumbered balances appropriated or reappropriated to the State Controller for the Computer Service Center program for fiscal year 2015 to be used for nonrecurring expenditures in that program for the period of July 1, 2015, through June 30, 2016.

UNANIMOUS CONSENT:

On request by Lacey, granted by unanimous consent, the legislative intent language shown above was accepted.

PUBLIC UTILITIES COMMISSION
STATE TAX COMMISSION
INDUSTRIAL COMMISSION

PRESENTER: **Keith Bybee, Principal Budget and Policy Analyst, Legislative Services Office**

RS23825

Commissioner Salary Increases for Appointed Officials

Keith Bybee introduced **RS23825** which authorizes and funds a three percent (3%) increase in the annual salary of each of the Public Utilities Commissioners, State Tax Commissioners, and Industrial Commissioners effective July , 2015. The salary of each of the three Tax Commissioners is raised to \$97,799 from \$94,950; the salary of each of the four Tax Commissioners is raised to \$90,669 from \$88,028, and the salary of each of the three Industrial Commissioners is raised to \$95,193 from \$92,420. This legislation provides a total of \$33,300 for ongoing salary increases.

CARRIED:

Original Motion Bell moved to print RS23825; Keough seconded the motion.

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion passed to print **RS23825**.

Funding for Salary Increases for Appointed Officials

The following motion provides the statutory changes to increase commissioner salaries 3% ongoing beginning July 1, 2015. Additionally, this legislation appropriates the necessary funding to the agencies by moving \$10,100 from the General Fund and \$23,200 from dedicated funds for a total of \$33,300.

CARRIED:

Original Motion

Moved by Keough, seconded by Youngblood, to approve for introduction \$10,100 General Funds, \$23,200 Dedicated Funds, \$0 Federal Funds for a total of \$33,300 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and

without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

ADJOURNED: There being no further business, Chairman Cameron adjourned the meeting at 8:55 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Tuesday, March 03, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|--------------------------------|--|--|
| LBB 1-45 LBB 1-91 | State Board of Education Ag Research and Extension Service Professional-Technical Education | <i>Paul Headlee</i> <i>Deputy Division Manager</i> |
| LBB 5-63 | Self-Governing Agencies Division of Building Safety | <i>Keith Bybee</i> <i>Principal Analyst</i> |
| LBB 5-35 | Industrial Commission | |
| LBB 5-41 | Department of Insurance | |
| LBB 5-47 | Department of Labor | |
| <u>RS23543</u> | Relating to Federal Fund Reporting | <i>Wayne Hoffman, President</i> <i>Idaho Freedom Foundation</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, March 03, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: **Chairman Bell** Called the meeting to order at 8:00 a.m.

BUDGET SETTING

PRESENTER: **Paul Headlee, Deputy Division Manager, Division of Budget & Policy Analysis**
SUBJECT: **Professional-Technical Education: Agricultural Research and Extension Services**

Mr. Headlee read through the line items pertaining to the budget request for the Agricultural Research and Extension Service; a department of the University of Idaho that receives its own legislative appropriation for the valuable analysis and research to the State of Idaho. This extensive work includes research on all major Idaho agricultural products and economic activities that apply to the state as a whole. There are 42 locations out of the 44 counties in the State of Idaho to maximize interstate cooperation. There are two line items included in the request:

Line item #1, provides 5.5 FTP and \$1,528,900 ongoing from the General Fund to fully fund existing technical support staff by shifting from temporary and one-time non-appropriated funds to the General Fund and additional moneys to hire new staff. This shift is to stabilize funding and to increase the productivity of the research faculty.

Line item #2, provides 2.0 FTP and \$200,000 ongoing from the General Fund to hire one Tenure-Track assistant or associate professor and one postdoctoral research associate to conduct research on the US Sheep Experiment Station (USSES) property near Dubois, Idaho. Of this amount \$175,000 is for personnel costs and \$25,000 is for operating expenditures. This will include exceptions to be transferred between object codes; and consistent with other higher education budgets, there is no FTP cap.

CARRIED: **Original Motion**
State Board of Education
Agricultural Research & Extension Service

Appropriation

Moved by **Bair**, seconded by **Horman**, to approve for introduction \$28,736,200 General Funds, \$25,600 Dedicated Funds, \$0 Federal Funds for a total of \$28,761,800 with FTP of 292.74

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Paul Headlee, Deputy Division Manager, Division of Budget & Policy Analysis**

SUBJECT: **State Board of Education: Division of Professional Technical Education**

Mr. Headlee summarized the FY 2016 Governor's Recommendation and JFAC adjusted delivering Professional-Technical Programs advanced manufacturing initiative. Specifics of the appropriation line-items discussion are as follows:

Line item #1, this provides 5.5 FTP. The funding for this line item is needed to bring current technical positions back from [one-time] non-appropriated funds onto stable funding, fund the 5.5 new positions, and provide research assistance stipends.

Line item #2, the Agricultural Science and Technology Program and the Agricultural Science/Mechanics Program would not receive additional funding because these programs received a 46.2% increase from FY 2014 to FY 2015.

Line item #4 provides \$325,000 one-time from the General Fund and \$325,000 of ongoing dedicated fund spending authority for the Idaho Quality Program Standards Incentive Grants Program and the Agricultural and Natural Resource Education Program Start-Up Grants Program.

Line item #5 provides \$505,700 of one-time federal spending authority for the federal Workforce Investment Act sub-grant from the Idaho Department of Labor. This funding would provide resources to complete the SkillStack certification effort and address integrated retention and completion projects for adult basic education.

Line item #6 provides 6.37 FTP and the transfer of \$102,600 from Operating Expenditures into Personnel Costs that results in a net zero fiscal impact.

Totals include: 523.46 FTP, \$56,204,600 from the General Fund, \$1,441,400 of Dedicated Funds, and \$9,282,800 of federal funds, for a total of \$66,928,800.

This will include carry-over authority of dedicated funds for the division and provide exceptions to budget laws that will allow funds to be transferred between object

codes for the Post-Secondary Program only. There is no FTP cap. Replacement items for the six technical colleges include; one simulation mannequin for CSI; one wheel balancer for CWI; two floor sweepers at EITC; six leader/phabrix multi-format signal analyzers and monitors at for ISU; one hydraulic metal brake for LCSC; and one hydraulic trainer for NIC.

CARRIED:

Original Motion

Division of Professional-Technical Education

Appropriation

Moved by **Guthrie**, seconded by **Johnson**, to approve for introduction \$56,204,600 General Funds, \$1,441,400 Dedicated Funds, \$9,282,800 Federal Funds for a total of \$66,928,800 with FTP of 523.46

Ayes: 19

ameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: Keith Bybee, Principal Analyst, Division of Budget & Policy Analysis

SUBJECT: Self-Governing Agencies: Division of Building Safety

Mr. Bybee presented the appropriation for the Self-Governing Agency: Division of Building Safety. This appropriation will include the Governor's Recommendation for benefit cost increases, replacement items, and statewide cost allocation. Also included, is the 3% CEC increase following the JFAC adjusted budget.

Mr. Bybee further discussed the \$40,000 fund shift in Line Item #2, from the dedicated fund to the general grant which now allows 1% of Agency overhead. Overall, this budget is a 3% increase above the FY 2015 appropriation.

CARRIED:

Original Motion

Self-Governing Agencies

Division of Building Safety

Appropriation

Moved by **Keough**, seconded by **Youngblood**, to approve for introduction \$0 General Funds, \$11,301,300 Dedicated Funds, \$85,300 Federal Funds for a total of \$11,386,600 with FTP of 121.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without

objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Keith Bybee, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Self-Governing Agencies: Industrial Commission**

Mr. Bybee presented the appropriation for the Self-Governing Agency: Industrial Commission. This appropriation will include the Governor's Recommendation for benefit cost increases, replacement items, and statewide cost allocation. Also included is the 3% CEC increase following the JFAC adjusted budget.

CARRIED: **Original Motion**
Industrial Commission

Appropriation

Moved by **Keough**, seconded by **Youngblood**, to approve for introduction \$0 General Funds, \$15,236,100 Dedicated Funds, \$800,000 Federal Funds for a total of \$16,036,100 with FTP of 138.25

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Keith Bybee, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Self-Governing Agencies: Department of Insurance**

Mr. Bybee read through the appropriation information and the line items pertaining to the appropriation for the Department of Insurance. This appropriation includes the Governor's Recommendation for the benefit cost increases, replacement items, and statewide cost allocation. It also includes the 3% CEC increase following the JFAC adjusted budget. There is one line item.

Line item #1, transfers \$42,600 from operating expenditures to personnel costs to pay for three position reclassifications. This budget is a 2.3% increase above FY 2015 appropriation.

CARRIED: **Original Motion**
Department of Insurance
Appropriation
Moved by **Youngblood**, seconded by **Lacey**, to approve for introduction \$0 General Funds, \$8,371,200 Dedicated Funds, \$657,300 Federal Funds for a total of \$9,028,500 with FTP of 73.50
Ayes: 19
Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon
Nays: 0
Ab/Ex: 1
Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Keith Bybee, Principal Analyst, Division of Budget & Policy Analysis**
SUBJECT: **Self-Governing Agencies: Department of Labor**
Mr. Bybee read through the information pertaining to the Budget Recommendation and appropriation for the Department of Labor.

CARRIED: **Original Motion**
Department of Labor
Appropriation
Moved by **Mortimer**, seconded by **Schmidt**, to approve for introduction \$320,700 General Funds, \$25,626,800 Dedicated Funds, \$66,631,400 Federal Funds for a total of \$92,578,900 with FTP of 700.00
Ayes: 17
Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King
Nays: 1
Gannon
Ab/Ex: 2
Thayn, Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Mortimer**, granted by unanimous consent, legislative intent language was accepted.
INTENT LANGUAGE: **Section 1.** It is the intent of the Legislature notwithstanding Section 72-519, Idaho Code, on July 1, 2015 or as soon thereafter as is practicable, the State Controller shall transfer the sum of three million dollars (\$3,000,000) from the Industrial Administration Fund to the Workforce Development Training Fund for the purpose of providing Industry Sector grants.

UNANIMOUS CONSENT: On request by **Mortimer**, granted by unanimous consent, the legislative intent language was accepted.

INTENT LANGUAGE: **Section 2.** Legislative Intent – It is the intent of the Legislature that during the time period July 1, 2015 to June 30, 2016, the Department of Labor shall maintain the same number of local offices and provide the same or similar level of service as provided on July 1, 2014. Further, the Department of Labor shall report to the Joint Finance Appropriations Committee, at the committee's 2015 fall interim meeting and detail the gap between necessary resources and the current level of service to maintain the same number of local offices. Additionally, the department report shall include recommendations to fund these services.

UNANIMOUS CONSENT: On request by **Mortimer**, granted by unanimous consent, the legislative intent language was accepted.

INTENT LANGUAGE: **Section 3.** Legislative Intent – It is the intent of the Legislature that during the 2nd regular session of the 63rd Idaho Legislature, the Department of Labor shall report to the Joint Finance Appropriations Committee on activities of the Workforce Development Training Fund. The report shall include results of employment for enrollees in the program, their wages before and after training, duration of employment, relation of training to field of employment, and detail how the money was expended.

FAILED: *Language*
Moved by **Gannon**, seconded by **King**, for unanimous consent to accept the following language, **failed**.

Section 4. Legislative Intent. It is the intent of the Legislature that any moneys used for the Industry Sector Grants only support partnerships between private industry and institutions of higher education that are funded in part by the state of Idaho General Fund.

PRESENTER **Wayne Hoffman, President, Idaho Freedom Foundation**

SUBJECT: **Establishing Annual Reporting Requirements for State Agencies Receiving Federal Funds**
As presented by **Mr. Hoffman**, this action would require state agencies, through the budget process, to identify not only available federal funds, but the potential impact of having those funds reduced and an agency's operating plan if there is a 10% or greater reduction in federal funding.

CARRIED: **Original Motion**
RS 23543
Motion to Print
Moved by **Bair**, seconded by **Mortimer**
Ayes: 19
Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, Gannon, King
Nays: 0
Ab/Ex: 1
Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

ADJOURN: There being no further business to come before the committee Chairman Bell adjourned at 9:24 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Wednesday, March 04, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|----------------|-----------------------------------|---|
| LBB 3-57 | Judicial Branch | <i>Richard Burns</i> <i>Principal Analyst</i> |
| | Idaho State Police | |
| LBB 3-81 | Brand Inspection | |
| LBB 3-85 | Division of Idaho State Police | |
| LBB 3-99 | POST Academy | |
| LBB 3-103 | Racing Commission | |
| | Office of the Governor | <i>Cathy Holland-Smith</i> <i>Division Manager</i> |
| LBB 6-85 | Executive Office of the Governor | |
| LBB 6-81 | Division of Financial Management | |
| | Legislative Branch | |
| LBB 6-131 | Legislative Services Office | |
| LBB 6-135 | Office of Performance Evaluations | |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, March 04, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek(Malek), Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Chairman Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Burns, Holland-Smith

BUDGET SETTING: **SETTING FY 2016 APPROPRIATIONS**

JUDICIAL BRANCH

PRESENTER: **Richard Burns, Principal Budget and Policy Analyst, Legislative Services Office**

MOTIONS: **Original Motion**
Moved by Lacey, seconded by King, to approve for introduction \$39,959,300 General Funds, \$23,712,200 Dedicated Funds, \$1,862,900 Federal Funds for a total of \$65,534,400, Lump Sum

Substitute Motion
Moved by Gibbs, seconded by Youngblood, to approve for introduction \$39,743,600 General Funds, \$23,712,200 Dedicated Funds, \$1,862,900 Federal Funds for a total of \$65,318,700, Lump Sum

FAILED **Amended Substitute Motion**

Moved by Nuxoll, seconded by Johnson, to approve for introduction \$39,841,600 General Funds, \$23,712,200 Dedicated Funds, \$1,862,900 Federal Funds for a total of \$65,416,700, Lump Sum

Ayes: 6

Mortimer, Nuxoll, Johnson, Thayn, Schmidt, King

Nays: 14

Cameron, Keough, Bair, Guthrie, Lacey, Bell, Gibbs, Miller, Youngblood,

Horman, Malek, Monks, Burtenshaw, Gannon
Ab/Ex: 0

**SUBSTITUTE
MOTION
CARRIED**

Ayes: 15

Cameron, Keough, Bair, Mortimer, Nuxoll, Thayn, Guthrie, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw

Nays: 5

Johnson, Schmidt, Lacey, King, Gannon

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

IDAHO STATE POLICE
Brand Inspection

PRESENTER: Richard Burns, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED: Original Motion

Moved by Burtenshaw, seconded by Lacey, to approve for introduction \$0 General Funds, \$2,761,000 Dedicated Funds, \$0 Federal Funds for a total of \$2,761,000 with FTP of 35.50

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Division of Idaho State Police

CARRIED:

Original Motion

Moved by Youngblood, seconded by Lacey, to approve for introduction \$25,597,800 General Funds, \$29,153,300 Dedicated Funds, \$8,101,900 Federal Funds for a total of \$62,853,000 with FTP of 494.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

POST Academy

CARRIED:

Original Motion

Moved by Burtenshaw, seconded by Lacey, to approve for introduction \$0 General Funds, \$4,250,300 Dedicated Funds, \$257,400 Federal Funds for a total of \$4,507,700 with FTP of 28.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Racing Commission

CARRIED:

Original Motion

Moved by Lacey, seconded by Youngblood, to approve for introduction \$0 General Funds, \$611,000 Dedicated Funds, \$0 Federal Funds for a total of \$611,000 with FTP of 3.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King

Nays: 1

Gannon

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

OFFICE OF THE GOVERNOR
Executive Office of the Governor

PRESENTER: Cathy Holland-Smith, Division Manager, Budget & Policy Analysis, Legislative Services Office

CARRIED: Original Motion

Moved by Gibbs, seconded by Burtenshaw, to approve for introduction \$2,032,600 General Funds, with FTP of 22.00. Lump Sum

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Division of Financial Management

CARRIED: Original Motion

Moved by Gibbs, seconded by Youngblood, to approve for introduction \$1,664,200 General Funds, \$42,800 Dedicated Funds, for a total of \$1,707,000 with FTP of 15.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

LEGISLATIVE BRANCH

Legislative Services Office

CARRIED:

Original Motion

Moved by Bair, seconded by Monks, to approve for introduction \$4,694,400 General Funds, \$2,479,000 Dedicated Funds, for a total of \$7,173,400 with FTP of 64.00. Lump Sum

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Office of Performance Evaluations

CARRIED:

Original Motion

Moved by Monks, seconded by Bair, to approve for introduction \$818,800 General Funds, with FTP of 8.00. Lump Sum.

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

ADJOURNED: There being no further business to come before the Committee, Senator Cameron adjourned the meeting at 8:48 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Thursday, March 05, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|----------------|---|--|
| LBB 1-127 | State Board of Education Division of Vocational Rehabilitation | <i>Jared Hoskins</i> <i>Senior Analyst</i> |
| LBB 6-63 | Office of the Governor Commission for the Blind and Visually Impaired | |
| LBB 6-31 | Attorney General | |
| LBB 5-107 | Self-Governing Agencies Public Defense Commission | |
| LBB 4-39 | Supplemental: Department of Lands No. 26 Asset Allocation and Governance Review | <i>Ray Houston</i> <i>Principal Analyst</i> |
| LBB 4-35 | Department of Lands | |
| LBB 4-65 | Department of Water Resources | |
| LBB 4-49 | Department of Parks and Recreation | |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, March 05, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek(Malek), Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: **Chairman Bell** called the meeting to order at 8:00 a.m.

BUDGET SETTING

PRESENTER: **Jared Hoskins, Senior Analyst, Division of Budget & Policy Analysis**
SUBJECT: **State Board of Education: Division Of Vocational Rehabilitation**
Mr. Hoskins read through the line items pertaining to the Budget Request for the Division of Vocational Rehabilitation. Additionally, the spending authority for federal grant funds is provided which will be dedicated solely to services and supports for the agency's customers. There is no need for matching General or Dedicated Funds associated with this Federal Fund Spending Authority.

CARRIED: **Original Motion**
State Board of Education
Vocational Rehabilitation
Appropriation
Moved by **Guthrie**, seconded by **King**, to approve for introduction \$7,557,800 General Funds, \$2,042,400 Dedicated Funds, \$15,843,500 Federal Funds for a total of \$25,443,700 with FTP of 152.50

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Hoskins, Senior Analyst, Division of Budget & Policy Analysis**

SUBJECT: Office of the Governor: Commission for the Blind and Visually Impaired
Mr. Hoskins presented to the committee the budget request and line items for the Commission for the Blind and Visually Impaired.

CARRIED: Original Motion
Office of the Governor
Commission for the Blind and Visually Impaired
Appropriation
Moved by **King**, seconded by **Youngblood**, to approve for introduction \$1,389,600 General Funds, \$376,400 Dedicated Funds, \$2,984,000 Federal Funds for a total of \$4,750,000 with FTP of 40.12

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Hoskins, Senior Analyst, Division of Budget & Policy Analysis**

SUBJECT: Attorney General
Mr. Hoskins presented to the committee the JFAC-adjusted maintenance items and replacement items as requested and recommended by the Governor. Members of the Attorney General's staff have represented that any remaining unexpended and unencumbered amounts not used from this appropriation will revert to the General Fund and will not be transferred to other programs, or for other uses within the agency.

CARRIED: Original Motion
Attorney General
Appropriation
Moved by **Keough**, seconded by **Gibbs**, to approve for introduction \$21,318,200 General Funds, \$384,900 Dedicated Funds, \$1,092,900 Federal Funds for a total of \$22,796,000 with FTP of 202.60

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Hoskins, Principal Analyst, Division of Budget & Policy Analysis**

SUBJECT: **Self-Governing Agencies: Public Defense Commission**

Mr. Hoskins presented the budget for the Public Defense Commission. This is a maintenance of current operations budget. It reflects the agency's request with JFAC adjustments.

CARRIED: **Original Motion**
Self-Governing Agencies
Public Defense Commission

Appropriation

Moved by **Johnson**, seconded by **Monks**, to approve for introduction \$304,300 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$304,300 with FTP of 1.50

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Schmidt

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Ray Houston, Principal Analyst, Division of Budget and Policy Analyst**

SUBJECT: **Department of Lands: Asset Allocation and Governance Review**

Mr. Houston read through the background information regarding this appropriation for the Department of Lands.

UNANIMOUS CONSENT: On Request by **Monks**, granted by unanimous consent, the Fiscal Year 2015 budget for the Board of Land Commissioners, Department of Lands, was reopened.

CARRIED: **Original Motion**
Board of Land Commissioners
Department of Lands

Appropriation

Moved by **Miller**, seconded by **Bair**, to approve for introduction \$5,473,100 General Funds, \$38,792,200 Dedicated Funds, \$6,376,500 Federal Funds for a total of \$50,641,800 with FTP of 283.12

Lump Sum: for the Forest and Range Fire Protection Program only

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Miller**, granted by unanimous consent, the legislative intent language was accepted.

INTENT LANGUAGE: **FLAT TOP BUTTE:** Of the amount appropriated to the Military Division from the Administration and Accounting Services Fund, \$18,100 in one-time spending authority is included to pay the Department of Lands for back rent due on the Flat Top Butte communication site that is located on endowment trust property. It does not include funding for any interest or penalties that may have been assessed, due, and owing; and the Department of Lands shall not bill the Military Division for such amounts.

PRESENTER: **Ray Houston, Principal Analyst, Division of Budget and Policy Analyst**

SUBJECT: **Department of Water Resources**
Mr. Houston discussed the line items pertaining to the budget request for the Department of Water Resources. Inflationary adjustments include funding for rent costs, general inflation, and increased costs for stream gage work contracted through the U.S. Geological Survey. Three previously unfunded positions will be responsible for implementing the water sustainability initiative.

CARRIED: **Original Motion**
Department of Water Resources
Appropriation
Moved by **Bair**, seconded by **Miller**, to approve for introduction \$12,161,700 General Funds, \$4,796,100 Dedicated Funds, \$3,725,400 Federal Funds for a total of \$20,683,200 with FTP of 152.00

Ayes: 20
Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon
Nays: 0
Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Bair**, granted by unanimous consent, the legislative intent language was accepted.

LEGISLATIVE SECTION 3.

INTENT: It is the intent of the Legislature that, in accordance with Section 42,1406B(1), the director of the Idaho Department of Water Resources file a petition with the adjudication court in Twin Falls, Idaho to commence a water rights adjudication of the Palouse River Basin.

SECTION 4.

Pursuant to Section 67-3514, Idaho Code, expenditures from the Secondary Aquifer Planning, Management and Implementation Fund for personnel costs shall not exceed the amount so appropriated in Section 1 of this act. Amounts necessary to pay all other expenses are continuously appropriated as provided in Section 42-1780(2), Idaho Code.

PRESENTER: **Ray Houston, Principal Analyst, Division of Budget and Policy Analyst**

SUBJECT: **Department of Parks and Recreation**

Mr. Houston read through the line items pertaining to the budget request for the Department of Parks and Recreation. Important to note, this budget includes fund shifts from the dedicated fund to the General Fund in the amount of \$15,800 for benefits and \$34,900 for the CEC increase.

CARRIED: **Original Motion**
Department of Parks and Recreation

Appropriation

Moved by **Lacey**, seconded by **Burtenshaw**, to approve for introduction \$3,407,700 General Funds, \$27,252,000 Dedicated Funds, \$4,948,100 Federal Funds for a total of \$35,607,800 with FTP of 150.39. Cash transfer \$3,393.77 from Econ Recovery Reserve Fund to Harriman Park Trust Fund.

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Lacey**, granted by unanimous consent, the legislative intent language was accepted.

**INTENT
LANGUAGE:**

SECTION 3.

EXEMPTIONS FROM PROGRAM TRANSFER LIMITATIONS. Notwithstanding Section 67-3511(1) and (2), Idaho Code, trustee and benefit payments appropriated for grants in the Management Services Program may be transferred to capital outlay in the Capital Development Program or to capital outlay in the Park Operations Program to reflect grants awarded to the Department of Parks and Recreation for the period July 1, 2015 through June 30, 2016. Legislative appropriations shall not be transferred from one fund to another unless expressly approved by the Legislature.

SECTION 4.

REAPPROPRIATION. There is hereby reappropriated to the Department of Parks and Recreation any unexpended and unencumbered balances appropriated or reappropriated to the Department of Parks and Recreation for the Capital Development Program for fiscal year 2015 to be used for nonrecurring expenditures in that program for the period July 1, 2015 through June 30, 2016.

SECTION 5.

CASH TRANSFER. On July 1, 2015, or as soon thereafter as is practicable, the State Controller shall transfer the balance remaining in the Department of Park and Recreation's Economic Recovery Reserve Fund (0150-01) amounting to \$3,393.77 to the Harriman State Park Trust Fund (0496-02).

ADJOURN:

There being no further business to come before the committee, **Chairman Bell** adjourned the committee at 9:19 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Friday, March 06, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|----------------|---|--------------------------|
| | Department of Health and Welfare | <i>Jared Tatro</i> |
| LBB 2-47 | Mental Health Services | <i>Principal Analyst</i> |
| LBB 2-55 | Psychiatric Hospitalization | |
| LBB 2-77 | Substance Abuse Treatment and Prevention | |
| LBB 2-13 | Child Welfare | |
| LBB 2-19 | Services for the Developmentally Disabled | |
| | | |
| LBB 5-129 | Idaho Transportation Department | <i>Robyn Lockett</i> |
| | | <i>Principal Analyst</i> |
| LBB 5-73 | Idaho State Historical Society | |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, March 06, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek(Malek), Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Senator Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Tatro, Lockett

BUDGET SETTING: **SETTING FY 2016 APPROPRIATIONS**

DEPARTMENT OF HEALTH AND WELFARE

PRESENTER: **Jared Tatro, Principal Budget and Policy Analyst, Legislative Services Office**

Mental Health Services

MOTIONS: **Original Motion**
Moved by Malek, seconded by Schmidt, to approve for introduction \$27,227,200 General Funds, \$873,700 Dedicated Funds, \$8,612,100 Federal Funds for a total of \$36,713,000 with FTP of 287.16

FAILED: **Substitute Motion**
Moved by Nuxoll, seconded by Thayn, to approve for introduction \$25,707,200 General Funds, \$873,700 Dedicated Funds, \$8,412,100 Federal Funds for a total of \$34,993,000 with FTP of 287.16

Ayes: 2

Nuxoll, Thayn

Nays: 16

Cameron, Keough, Bair, Mortimer, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Horman, Malek, Burtenshaw, King, Gannon

Ab/Ex: 2

Youngblood, Monks

CARRIED: Vote on Original Motion

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Horman, Malek, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Youngblood, Monks

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**UNANIMOUS
CONSENT:**

On request by Schmidt, granted by unanimous consent, the standard legislative intent language shown below was accepted.

**INTENT
LANGUAGE:**

Standard Intent Language for Mental Health Services

LIMITING TRANSFER OF LEGISLATIVE APPROPRIATIONS. Notwithstanding the provisions of Section 67- 3511, Idaho Code, Cooperative Welfare (General) Fund moneys appropriated to the Adult Mental Health Program and Children's Mental Health Program shall not be transferred to any other program outside of Mental Health Services without legislative approval.

LEGISLATIVE INTENT. It is the finding of the Legislature that the Department of Health and Welfare is responsible for the educational needs of school-age children placed in their custody by the courts for either child protective or for mental health issues. If the Department of Health and Welfare places a child in a licensed residential treatment facility that includes a non-public accredited school, and it is determined by the Department of Health and Welfare that it is in the best interests of the child to be educated at the residential treatment facility, then it is the responsibility of the Department of Health and Welfare to pay for such education at the rate of \$71.05 per student per educational day. This intent language does not preclude other Idaho state agencies from exercising their responsibility to ensure a free and appropriate education for these students within the requirements of federal disability law. The fiscal impact of this language is approximately \$690,000 from existing appropriations.

INTERAGENCY PAYMENT FOR JUVENILE DETENTION CLINICIANS CONTRACT. The Children's Mental Health Program shall, no later than July 16, 2015, make an interagency payment of \$327,000 from the Cooperative Welfare (General) Fund to the Department of Juvenile Corrections to be used for the purchase of contract clinician services with juvenile detention facilities in Idaho, for the period July 1, 2015, through June 30, 2016.

COURT SERVICES FUND TRANSFERS. As appropriated, the State Controller shall make transfers of the Court Services Fund to the Cooperative Welfare Fund

periodically, as requested by the director of the Department of Health and Welfare and approved by the Board of Examiners.

UNANIMOUS CONSENT: On request by Malek, granted by unanimous consent, the new intent language shown below was accepted.

New Mental Health Intent Language — Crisis Center

Behavioral Health Crisis Center Location. It is the intent of the Legislature that \$1,720,000 of the amount provided in section 1 of this act, is for a Behavioral Health Crisis Center, to be located in Health and Welfare Region 1 or Region 2. The communities have demonstrated the need for additional behavioral health services and the willingness to support a behavioral health crisis center. This center will be in addition to the first crisis center that was funded by the appropriation made in Section 1, Chapter 315, Laws of 2014.

Psychiatric Hospitalization

DISCLOSURE: **Disclosure of Possible Conflict of Interest**

Pursuant to Senate Rule 39(H), Senator Nuxoll disclosed she has a possible conflict of interest under applicable law; she does plan to vote on the issue currently before the Committee.

MOTIONS: **Original Motion**

Moved by Johnson, seconded by Thayn, to approve for introduction \$19,063,200 General Funds, \$10,074,300 Dedicated Funds, \$5,298,200 Federal Funds for a total of \$34,435,700 with FTP of 369.12

CARRIED: **Substitute Motion**

Moved by Nuxoll, seconded by Schmidt, to approve for introduction \$19,188,200 General Funds, \$10,046,800 Dedicated Funds, \$5,383,200 Federal Funds for a total of \$34,618,200 with FTP of 369.12

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 2

Johnson, Thayn

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Substance Abuse Treatment and Prevention

CARRIED: **Original Motion**

Moved by Schmidt, seconded by Johnson, to approve for introduction \$2,555,500 General Funds, \$1,186,200 Dedicated Funds, \$12,934,200 Federal Funds for a total of \$16,675,900 with FTP of 16.72

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Child Welfare

DISCLOSURE: **Disclosure of Possible Conflict of Interest**

Pursuant to House Rule 38, Representative Monks disclosed he has a possible conflict of interest under applicable law; he does plan to vote on the issue currently before the Committee.

CARRIED: **Original Motion**

Moved by Nuxoll, seconded by Malek, to approve for introduction \$20,153,400 General Funds, \$1,046,900 Dedicated Funds, \$42,331,400 Federal Funds for a total of \$63,531,700 with FTP of 389.50

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, King, Gannon

Nays: 0

Ab/Ex: 1

Burtenshaw

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

UNANIMOUS CONSENT: On request by Nuxoll, granted by unanimous consent, the legislative intent language shown below was accepted.

**INTENT
LANGUAGE:**

Child Welfare Standard Intent Language

LEGISLATIVE INTENT. It is the finding of the Legislature that the Department of Health and Welfare is responsible for the educational needs of school-age children placed in their custody by the courts for either child protective or for mental health issues. If the Department of Health and Welfare places a child in a licensed residential treatment facility that includes a non-public accredited school, and it is determined by the Department of Health and Welfare that it is in the best interests of the child to be educated at the residential treatment facility, then it is the responsibility of the Department of Health and Welfare to pay for such education at the rate of \$71.05 per student per educational day. This intent language does not preclude other Idaho state agencies from exercising their responsibility to ensure a free and appropriate education for these students within the requirements of federal disability law. The fiscal impact of this language is approximately \$690,000 from existing appropriations.

Services for the Developmentally Disabled

CARRIED: Original Motion

Moved by Malek, seconded by Schmidt, to approve for introduction \$12,463,400 General Funds, \$2,470,600 Dedicated Funds, \$15,382,400 Federal Funds for a total of \$30,316,400 with FTP of 308.71

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, King, Gannon

Nays: 0

Ab/Ex: 1

Burtenshaw

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

IDAHO TRANSPORTATION DEPARTMENT

PRESENTER: Robyn Lockett, Principal Budget and Policy Analyst, Legislative Services Office
Transportation Services

CARRIED: Original Motion

Moved by Youngblood, seconded by King, to approve for introduction \$0 General Funds, \$29,475,300 Dedicated Funds, \$1,155,900 Federal Funds for a total of \$30,631,200 with FTP of 204.70

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, King, Gannon

Nays: 0

Ab/Ex: 1

Burtenshaw

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Motor Vehicles

CARRIED:

Original Motion

Moved by Monks, seconded by Keough, to approve for introduction \$0 General Funds, \$31,465,400 Dedicated Funds, \$2,600,000 Federal Funds for a total of \$34,065,400 with FTP of 234.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Monks, King, Gannon

Nays: 0

Ab/Ex: 2

Horman, Burtenshaw

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Highway Operations

CARRIED:

Original Motion

Moved by Youngblood, seconded by Monks, to approve for introduction \$0 General Funds, \$157,634,700 Dedicated Funds, \$30,268,400 Federal Funds for a total of \$187,903,100 with FTP of 1,260.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Monks, King, Gannon

Nays: 0

Ab/Ex: 2

Horman, Burtenshaw

The majority having voted in the affirmative, the motion has passed and without

objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Contract Construction and Right-of-Way Acquisition

CARRIED: Original Motion

Moved by Monks, seconded by Gannon, to approve for introduction \$0 General Funds, \$38,420,100 Dedicated Funds, \$205,622,100 Federal Funds for a total of \$244,042,200 with FTP of 0.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Monks, King, Gannon

Nays: 0

Ab/Ex: 2

Horman, Burtenshaw

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

UNANIMOUS CONSENT: On request by Monks, granted by unanimous consent, the legislative intent language shown below was accepted.

INTENT LANGUAGE: Department-wide Legislative Intent Language

LEGISLATIVE INTENT - CONTINUOUSLY APPROPRIATED MONEYS. It is legislative intent that all moneys transferred to the Local Bridge Inspection Fund and to the Railroad Grade Crossing Protection Fund, as provided in Section 63-2412, Idaho Code, are hereby continuously appropriated to the Idaho Transportation Department for the stated purposes of those funds.

LEGISLATIVE INTENT - TOURISM AND PROMOTION FUND. There is hereby appropriated and the State Controller is directed to transfer \$25,000 from the State Highway Fund to the Tourism and Promotion Fund in the Department of Commerce during fiscal year 2016. This transfer will provide the matching fund support of the Gateway Visitor Centers.

REAPPROPRIATION AUTHORITY FOR THE CONTRACT CONSTRUCTION AND RIGHT-OF-WAY ACQUISITION DIVISION. There is hereby reappropriated to the Idaho Transportation Department any unexpended and unencumbered balance of money categorized as the State Highway Fund for the Contract Construction and Right-of-Way Acquisition program as appropriated or reappropriated for fiscal year 2015, to be used for nonrecurring expenditures, for the period July 1, 2015 through June 30, 2016.

REAPPROPRIATION AUTHORITY FOR AIRPORT DEVELOPMENT GRANTS. There is hereby reappropriated to the Idaho Transportation Department any unexpended and unencumbered balance of money categorized as the State Aeronautics Fund as appropriated or reappropriated for trustee and benefits payments to be used for Airport Development Grants for fiscal year 2015, to be used for nonrecurring expenditures, for the period July 1, 2015 through June 30, 2016.

REAPPROPRIATION AUTHORITY FOR AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING. There is hereby reappropriated to the Idaho Transportation Department any unexpended and unencumbered balance of money categorized as Title XII of the American Recovery and Reinvestment Act as appropriated or reappropriated for fiscal year 2015, to be used for nonrecurring expenditures, according to all the requirements of the federal act for the period July 1, 2015 through June 30, 2016.

BOND PAYMENT AUTHORIZATION. The federal GARVEE bond payment for fiscal year 2016 is approximately \$54,132,000. The Idaho Transportation Board is hereby authorized to transfer up to \$4,800,000 from within the State Highway Account to the GARVEE Debt Service Fund to pay the state match as required for federal funds committed to pay the annual scheduled debt service for fiscal year 2016.

SELF-GOVERNING AGENCIES

Idaho State Historical Society

PRESENTER: Robyn Lockett, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED: **Original Motion**

Moved by Schmidt, seconded by Gibbs, to approve for introduction \$2,775,900 General Funds, \$1,701,800 Dedicated Funds, \$1,415,200 Federal Funds for a total of \$5,892,900 with FTP of 49.02

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, King, Gannon

Nays: 0

Ab/Ex: 2

Monks, Burtenshaw

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

ADJOURNED: There being no further business to come before the Committee, Senator Cameron adjourned the meeting at 9:29 A.M

Senator Cameron
Chair

Peggy Moyer
Secretary

AMENDED AGENDA #1
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Monday, March 09, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|----------------|--|---|
| LBB 1-53 | State Board of Education College and Universities | <i>Paul Headlee</i> <i>Deputy Division Manager</i> |
| LBB 1-69 | Community Colleges | |
| LBB 1-117 | Superintendent of Public Instruction | |
| | HB168 IEN Supplemental: Superintendent of Public Instruction <i>Proposed Language Amendments</i> | |
| LBB 5-69 | Self-Governing Agencies Commission on Hispanic Affairs | <i>Jared Hoskins</i> <i>Senior Analyst</i> |
| LBB 5-115 | State Appellate Public Defender | |
| LBB 1-101 | State Board of Education Idaho Public Television | |
| LBB 6-167 | State Treasurer | |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, March 09, 2015

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Johnson, Guthrie, Schmidt, Lacey

Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon

ABSENT/EXCUSED: Senators Nuxoll, Thayn, Representative(s) Horman

CONVENED: **Chairman Bell** called the meeting to order at 8:00 a.m.

STATE BOARD OF EDUCATION

PRESENTER: **Paul Headlee, Deputy Director, Division of Budget & Policy Analysis**

SUBJECT: **State Board of Education: College and Universities**
Mr. Headlee Read through the line items for the budget request for the State Board of Education: College and Universities.

CARRIED: **Original Motion**
State Board of Education
College and Universities
Appropriation
Moved by **Lacey**, seconded by **Mortimer**, to approve for introduction \$258,776,400 General Funds, \$261,701,900 Dedicated Funds, \$0 Federal Funds for a total of \$520,478,300 with FTP of 4,212.77
C/O for non-GF

Ayes: 18
Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2
Nuxoll, Horman

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Lacey**, granted by unanimous consent, the legislative intent language was accepted.

LEGISLATIVE SECTION 4.

INTENT: It is the intent of the Legislature that of the amount appropriated from the General Fund in Section 1, Subsection V. of this Act, the following amounts may be used:

(1) An amount not to exceed \$140,000 may be used by the Office of the State Board of Education for system wide needs;

(2) An amount of approximately \$1,760,500 may be used for the mission and goals of the Higher Education Research Council as out lined in the State Board of Education policy III.W., which includes awards for infrastructure, matching grants, and competitive grants through the Idaho Incubation Fund program; and

(3) An amount not to exceed \$863,300 may be used by the State Board of Education for instructional projects designed to foster innovative learning approaches using technology, to promote accountability and information transfer throughout the higher education system including longitudinal student-level data and program/course transferability, and to promote the Idaho Electronic Campus.

SECTION 5.

It is the intent of the Legislature that the State Board of Education shall report to the Joint Finance-Appropriations Committee, the Senate Education Committee, and the House Education Committee on the implementation and effectiveness of the appropriations for the Complete College Idaho Initiative. Reporting shall address the \$2,759,700 appropriated in fiscal year 2015 and the \$2,033,800 appropriated in Section 1 of this act for Fiscal Year 2016. The Board may use the measures of effectiveness submitted by the institutions in their budget requests or develop other measures as necessary. Reporting to the Legislature should occur no later than February 1, 2016.

PRESENTER: Paul Headlee, Deputy Director, Division of Budget & Policy Analysis

SUBJECT: State Board of Education: Community Colleges:
Mr. Headlee read through the line items pertaining to the FY 2016 Community Colleges budget request. All funds are from the General Fund.

CARRIED: Original Motion
State Board of Education
Community Colleges
Appropriation
Moved by **Guthrie**, seconded by **Miller**, to approve for introduction \$33,961,000 General Funds, \$600,000 Dedicated Funds, \$0 Federal Funds for a total of \$34,561,000 with FTP of 0.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Nuxoll, Horman

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Guthrie**, granted by unanimous consent, the legislative intent language was accepted.

INTENT LANGUAGE: **SECTION 3.**
It is the intent of the Legislature that of the amount appropriated from the General Fund in Section 1, Subsections I. - III of this Act , an amount not to exceed \$70,000 may be expended by the Office of the State Board of Education for system wide needs including, but not limited to, projects to promote accountability and information transfer throughout the higher education system.

SECTION 4 .
It is the intent of the Legislature that for the \$1,227,400 appropriated from the General Fund in Section 1 of this act for the Complete College Idaho initiative, the State Board of Education shall report to the Joint Finance-Appropriations Committee, the Senate Education Committee, and the House Education Committee on the implementation and effectiveness of the individual institution's efforts. The Board may use the measures of effectiveness as submitted by the institutions in their FY 2016 budget requests or develop other measures as necessary. Reporting to the Legislature should occur no later than February 1, 2016.

PRESENTER: **Paul Headlee, Deputy Director, Division of Budget & Policy Analysis**

SUBJECT: **State Board of Education: Superintendent of Public Schools**
Mr. Headlee read through the requested line items of the Budget Recommendation for the FY 2016 State Board of Education: Superintendent of Public Schools.

CARRIED: **Original Motion**
State Board of Education
Superintendent of Public Instruction
Appropriation
Original Motion
Moved by **Mortimer**, seconded by **Cameron**, to approve for introduction \$15,745,900 General Funds, \$6,395,900 Dedicated Funds, \$17,071,500 Federal Funds for a total of \$39,213,300 with FTP of 142.00
Ayes: 18
Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Monks, Burtenshaw, King, Gannon
Nays: 0
Ab/Ex: 2
Nuxoll, Horman

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Mortimer**, granted by unanimous consent, the legislative intent language was accepted.

**INTENT
LANGUAGE:**

SECTION 2.

It is a legislative priority to provide funding to enable schools to procure broadband services during the 2015- 2016 school year. This funding is intended to protect Idaho's schoolchildren and their education from disruption while the state works on a longer term solution to pay for Internet-based curriculum and connectivity. Funding is provided for July 1, 2015, through June 30, 2016.

SECTION 3.

USE OF FUNDS: It is the intent of the Legislature that up to \$6,300,000 from the General Fund provided in Section 1 of this act shall be provided to schools to purchase broadband services in an amount equivalent to what was procured as of March 26, 2015.

(a) Schools shall have the power to procure telecommunication services, including high-bandwidth connectivity, Internet access, and purchase equipment, and other related services, as necessary to provide for the continuation of broadband-related functions so long as all purchases are conducted in accordance with Idaho Code governing procurement.

(b) The Superintendent of Public Instruction shall require school districts to provide documentation to support all funds distributed. Payments to schools for broadband and associated services shall be for the non-discounted portion of E-rate services, when applicable.

(c) Equivalent services shall be determined by the superintendent as the level of services necessary to meet the educational needs of the students and to provide and maintain necessary supporting equipment and infrastructure. When reimbursement is requested for this purpose, or as it relates to the expansion of services or for the purchase of equipment, then the superintendent may approve such requests after a cost/benefit analysis is conducted that justifies the expansion or purchase of equipment.

(d) The superintendent shall have the authority to make advances of the money appropriated for this purpose to schools as the superintendent deems adequate, as determined by the demonstrated need and of the cost of services to the school district.

(e) This is a fixed appropriation and any unexpended and unencumbered balance shall revert to the General Fund.

SECTION 4.

REPORTING REQUIREMENTS. The superintendent shall collect information from the school districts and report to the Legislature and to the Governor as to the level of service purchased. The superintendent shall also report the number of students using the services, including, but not limited to, the number of students using the internet, the number of students taking online courses, the number of students using online digital curriculum, and the number of students using other digital tools.

PRESENTER: Paul Headlee, Deputy Director, Division of Budget & Policy Analysis

SUBJECT: **HB 168 Supplemental for the Superintendent of Public Instruction:
Proposed Language Amendments**

Mr. Headlee spoke on **H168** and read through the changes include additional funding for services in Section C and Section 3; Use of Funds.

UNANIMOUS CONSENT: On Request by **Malek**, granted by unanimous consent, the Fiscal Year 2015 budget for the State Board of Education, Superintendent of Public Instruction, was reopened.

CARRIED: **Original Motion**
State Board of Education
Superintendent of Public Instruction
Language

Moved by **Malek**, seconded by **Mortimer**, Amend Section 3 of **H168** of 2015 by addition of subsection c as presented

Ayes: 18

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Nuxoll, Horman

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

INTENT LANGUAGE:

SECTION 3.

USE OF FUNDS. It is the intent of the Legislature that the funding provided in Section 2 of this act is for schools to purchase broadband services in an amount equivalent to what was provided through the Idaho Education Network as of February 1, 2015.

(a) The Superintendent of Public Instruction shall require school districts to provide documentation, as determined by the superintendent, to support all funds distributed.

(b) The superintendent shall have the authority to make advances of the money appropriated in Section 2 of this act to school districts as the superintendent deems adequate, as determined by past usage, and of sufficiency to minimize financial difficulties by the school districts while procuring services.

(c) The superintendent shall have the authority to make payments for additional costs incurred by schools, from the money appropriated in Section 2 of this act, if they became ineligible for E-rate reimbursement as a result of purchasing services on the now void Idaho Education Network contract. Once the superintendent determines that the appropriation provided for in Section 2 of this act is sufficient to pay for all costs to maintain broadband services and associated maintenance, then remaining funds may be paid to school districts. If the total remaining funds are insufficient to fully compensate eligible schools, then the superintendent shall prorate reimbursement based upon available funds.

(d) The superintendent shall target the resources necessary for students currently relying on online curricula by coordinating with the Idaho Digital Learning Academy and other providers of online education to identify barriers to completing their courses and finding appropriate solutions. The superintendent shall prioritize assistance to those students who are scheduled to graduate in the spring or winter of 2015.

(e) This is a fixed appropriation and any surplus shall revert back to the General Fund on July 31, 2015. School districts are cautioned that funding from the state for FY 2016 is not included in this act. However, it is the intent of the Legislature to provide funding for these services for FY 2016 as soon as is practicable.

EMERGENCY CLAUSE. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after its passage and approval.

SELF-GOVERNING AGENCIES

PRESENTER: Jared Hoskins, Senior Analyst, Division of Budget & Policy Analysis

SUBJECT: Self-Governing Agencies: Commission on Hispanic Affairs
Mr. Hoskins read through the line items pertaining to the budget request for the Commission on Hispanic Affairs.

CARRIED: Original Motion
Self-Governing Agencies
Commission on Hispanic Affairs
Appropriation

Moved by **Johnson**, seconded by **Gibbs**, to approve for introduction \$124,000 General Funds, \$102,100 Dedicated Funds, \$41,900 Federal Funds for a total of \$268,000 with FTP of 3.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Nuxoll, Horman

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: Jared Hoskins, Senior Analyst, Division of Budget & Policy Analysis

SUBJECT: Self-Governing Agencies: Office of the State Appellate Public Defender
Mr. Hoskins presented the line items pertaining to the budget request for the Office of the State Appellate Public Defender.

CARRIED: **Original Motion**
Self-Governing Agencies
Office of State Appellate Public Defender

Appropriation

Moved by **Gibbs**, seconded by **Keough**, to approve for introduction \$2,451,300 General Funds, \$25,000 Dedicated Funds, \$0 Federal Funds for a total of \$2,476,300 with FTP of 23.00. Also included in the motion was a transfer of \$137,500 in operating expenditures from the Office of the State Appellate Public Defender Program to the Capital and Conflict Representation Program. Further, the motion included a cash transfer of \$25,000 from the Miscellaneous Revenue Fund within the Department of Juvenile Corrections to the Miscellaneous Revenue Fund within the Office of the State Appellate Public Defender.

Ayes: 18

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Nuxoll, Horman

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**

**UNANIMOUS
CONSENT:**

On request by **Gibbs**, granted by unanimous consent, the legislative intent language was accepted.

**INTENT
LANGUAGE:**

SECTION 1.

OUTSIDE COUNSEL COSTS. Of the amount appropriated in Section 1 of this act, \$207,500 from the General Fund, or so much thereof as is necessary, shall be used solely to pay outside counsel for non-capital appeals in which a conflict of interest is identified in accordance with the Idaho Rules of Professional Conduct and only to the extent such costs are exclusive of, and can be identified and accounted for separately and distinctly from, capital representation costs and the operating, personnel, and capital out lay costs of the Office of the State Appellate Public Defender Program. Any remaining unexpended and unencumbered amounts not so used shall revert to the General Fund.

SECTION 2.

CAPITAL REPRESENTATION COSTS. Of the amount appropriated in Section 1 of this act, \$94,900 from the General Fund, or so much thereof as is necessary, shall be used solely for costs directly related to the provision of representation in capital cases and only to the extent such costs are exclusive of, and can be identified and accounted for separately and distinctly from, outside counsel costs of non-capital appeals and the operating, personnel, and capital out lay costs of the Office of the State Appellate Public Defender Program. Such costs may include, but are not limited to, consultation with experts; travel, lodging, and per diem for expert and lay witnesses; depositions; investigation; employee travel associated with witness interviews; court reporting and transcription services; expert witness fees; outside counsel in the event of a conflict of interest; and preparation of trial exhibits. Any

remaining unexpended and unencumbered amounts not so used shall revert to the General Fund.

STATE BOARD OF EDUCATION

PRESENTER: Jared Hoskins, Senior Analyst, Division of Budget & Policy Analysis

SUBJECT: State Board of Education: Idaho Public Television

Mr. Hoskins read through the line items pertaining to the budget request for Idaho Public Television. This reflects the JFAC Adjusted Budget with the inclusion of replacement items in the revised total amount recommended by the Governor as well as inflationary adjustments for property leases. It is a maintenance of current operations budget.

CARRIED: Original Motion
State Board of Education
Idaho Public Television

Appropriation

Moved by **Miller**, seconded by **King**, to approve for introduction \$2,314,000 General Funds, \$6,385,300 Dedicated Funds, \$0 Federal Funds for a total of \$8,699,300 with FTP of 60.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Nuxoll, Horman

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

STATE TREASURER

PRESENTER: Jared Hoskins, Senior Analyst, Division of Budget & Policy Analysis

SUBJECT: State Treasurer

Mr. Hoskins read through the line items pertaining to the budget request for the State Treasurer. This reflects the JFAC Adjusted Budget along with the inclusion of one line item recommended by the Governor. This line item will allow the State Treasurer to pay the full amount of bank service fees directly, as apposed to paying a portion directly and remainder from investment earnings. This simplifies the payment process and provides transparency regarding fee amounts and investment earnings.

CARRIED:

Original Motion

State Treasurer

Appropriation

Moved by **Monks**, seconded by **Youngblood**, to approve for introduction \$1,415,300 General Funds, \$2,413,400 Dedicated Funds, \$0 Federal Funds for a total of \$3,828,700 with FTP of 26.00

Ayes: 17

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 3

Nuxoll, Horman, Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

**UNANIMOUS
CONSENT:**

On request by **Monks**, granted by unanimous consent, the legislative intent language was accepted.

**INTENT
LANGUAGE:**

SECTION 1.

STATE TREASURER LGIP FUND REAPPROPRIATION AUTHORITY.

There is hereby reappropriated to the State Treasurer any unexpended and unencumbered balances of moneys in the State Treasurer Local Government Investment Pool Fund as appropriated for fiscal year 2015, to be used for nonrecurring expenditures, for the period July 1, 2015, through June 30, 2016.

SECTION 2.

CONFERENCE-RELATED ACTIVITIES. It is the intent of the Legislature that no more than \$10,000 from the General Fund, as appropriated in Section 1 of this act, shall be spent on various conference-related activities including, but not limited to, sponsorships, inkind donations, and information booths. No moneys appropriated in Section 1 of this act from dedicated funds shall be used for conference-related activities unless otherwise provided by Idaho Code; provided, however, that in no event shall more than a total of \$10,000 from any fund source or combination thereof be used for said conference-related activities.

SECTION 3.

PAYMENT OF BANK SERVICE FEES. Of the amount appropriated in Section 1 of this act, \$435,900 from the General Fund and \$192,400 from the Professional Services Fund or so much thereof as is necessary, is to be used solely and only for the payment of bank.

**UNANIMOUS
CONSENT:**

On request by **Monks**, granted by unanimous consent, the legislative intent language was accepted.

**INTENT
LANGUAGE:**

SECTION 4.

MITIGATION OF BANK SERVICE FEES. On July 1, 2015, or as soon thereafter as is practicable, the State Treasurer shall make all efforts reasonably necessary to reduce or eliminate bank service fees associated with the State Treasurer's bank accounts including, but not limited to, entering into competitive bidding for bank services. Said fees include, but are not limited to, those associated with processing warrants, merchant services, account maintenance, balance and compensation services, general account services, depository services, paper disbursement services, automated clearinghouse services, electronic data interchange payment services, wire and transfer services, file transmission, client analysis, image retrieval, account reconciliation, and other miscellaneous services.

SECTION 5.

STATE TREASURER INVESTMENT ADVISORY BOARD. It is the intent of the Legislature that the State Treasurer, as Chairman of the State Treasurer Investment Advisory Board (hereinafter, "the investment board"), shall consult with the investment board regarding the advisability, merits, necessity, scope, and funding of any private, third-party, or outside audit of, or preparation of financial statements related to, the investment of idle funds and other funds accepted for investment by the State Treasurer. On or before January 22, 2016, the investment board shall report to the Legislature regarding the outcomes and recommendations of said consultation and the frequency of meetings held pursuant to Section 67-1203A(2), Idaho Code.

ADJOURN:

There being no further business to come before the committee, Chairman Bell adjourned the meeting at 9:02 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Tuesday, March 10, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|------------------------|---|--|
| LBB 6-145 LBB 6-151 | Department of Revenue and Taxation Board of Tax Appeals State Tax Commission | <i>Keith Bybee</i> <i>Principal Analyst</i> |
| LBB 5-21 | Department of Commerce | |
| LBB 5-5 | Department of Agriculture | <i>Ray Houston</i> <i>Principal Analyst</i> |
| LBB 5-15 | Soil and Water Conservation Commission | |
| LBB 4-3 | Department of Environmental Quality | |
| LBB 6-121 | Office of the Governor Wolf Depredation Control Board | |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, March 10, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/EXCUSED: None
CONVENED: Senator Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Bybee, Houston

BUDGET SETTING: SETTING FY 2016 APPROPRIATIONS

DEPARTMENT OF REVENUE AND TAXATION

PRESENTER: Keith Bybee, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED: Board of Tax Appeals
Original Motion
Moved by Keough, seconded by Gibbs, to approve for introduction \$534,400 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$534,400 with FTP of 5.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

State Tax Commission

CARRIED:

Original Motion

Moved by Youngblood, seconded by Thayn, to approve for introduction \$32,165,400 General Funds, \$6,938,400 Dedicated Funds, \$8,000 Federal Funds for a total of \$39,111,800 with FTP of 447.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

DEPARTMENT OF COMMERCE

PRESENTER: Keith Bybee, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED:

Original Motion

Moved by Horman, seconded by Thayn, to approve for introduction \$5,568,700 General Funds, \$14,176,000 Dedicated Funds, \$16,365,200 Federal Funds for a total of \$36,109,900 with FTP of 46.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 1

Nuxoll

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**UNANIMOUS
CONSENT
DENIED:**

There was an **objection** to the request by Horman for unanimous consent to transfer funds from the General Fund to the Idaho Opportunity Fund.

CARRIED: **Original Motion**
(Fund Transfer)

Moved by Horman, seconded by Schmidt, to approve for introduction \$1,750,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$1,750,000 with FTP of 0.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 1

Nuxoll

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

DEPARTMENT OF AGRICULTURE

PRESENTER: **Ray Houston, Principal Budget and Policy Analyst, Legislative Services Office**

CARRIED: **Original Motion**

Moved by Bair, seconded by Miller, to approve for introduction \$8,049,800 General Funds, \$22,648,200 Dedicated Funds, \$5,767,500 Federal Funds for a total of \$36,465,500 with FTP of 196.05

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Soil and Water Conservation Commission

CARRIED: Original Motion

Moved by Miller, seconded by Lacey, to approve for introduction \$2,590,100 General Funds, \$351,300 Dedicated Funds, \$0 Federal Funds for a total of \$2,941,400 with FTP of 17.75

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

UNANIMOUS CONSENT: On request by Miller, granted by unanimous consent, the legislative intent language shown below was accepted.

INTENT Legislative Intent Language

LANGUAGE: Section 4. LEGISLATIVE INTENT. It is the intent of the legislature that \$100,000 of the amount appropriated in section 1 of this act for trustee and benefit payments is to be distributed equally between the 50 soil and water conservation districts in addition to the amounts authorized under Section 22-2727, Idaho Code.

DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ)

PRESENTER: **Ray Houston, Principal Budget and Policy Analyst, Legislative Services Office**

CARRIED: Original Motion

Moved by Burtenshaw, seconded by Keough, to approve for introduction \$16,449,600 General Funds, \$10,738,000 Dedicated Funds, \$37,433,300 Federal Funds for a total of \$64,620,900 with FTP of 368.00. The motion includes the transfer of \$1.5 million from the Water Pollution Control Fund to the Environmental Remediation Basin Fund.

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

UNANIMOUS CONSENT: On request by Burtenshaw, granted by unanimous consent, the legislative intent language shown below was accepted.

INTENT LANGUAGE: **Standard Legislative Intent Language for DEQ**
Section 4. LEGISLATIVE INTENT. It is legislative intent that moneys deposited into the Environmental Remediation Basin Fund are to be used for remediation of the Coeur d'Alene Basin in accordance with the superfund contract with the Environmental Protection Agency. The Department of Environmental Quality shall file an annual report each year with the Governor, the Legislature, and the Coeur d'Alene Basin Environmental Improvement Project Commission on the remediation progress and the expenditures involved.

Section 5. LEGISLATIVE INTENT. It is legislative intent that the appropriation of moneys from the Water Pollution Control Fund in this act specifically supersedes the provisions of Section 39-3630, Idaho Code.

OFFICE OF THE GOVERNOR
Wolf Depredation Control Board

MOTIONS: **Original Motion**
(Fund Transfer)
Moved by Bair, seconded by Burtenshaw, to approve for introduction \$400,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$400,000 to be transferred to the Wolf Control Fund Other Moneys Subaccount.

FAILED: **Substitute Motion**
(Fund Transfer)
Moved by Lacey, seconded by Nuxoll, to approve for introduction \$270,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$270,000 with FTP of 0.00

Ayes: 6

Nuxoll, Johnson, Schmidt, Lacey, Monks, Gannon

Nays: 13

Cameron, Keough, Bair, Mortimer, Thayn, Guthrie, Bell, Gibbs, Miller, Youngblood, Horman, Burtenshaw, King

Ab/Ex: 1

Malek

CARRIED: **Vote on Original Motion**

Ayes: 17

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw

Nays: 2

King, Gannon

Ab/Ex: 1

Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

ADJOURNED: There being no further business to come before the Committee, Senator Cameron adjourned the meeting at 9:23 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Wednesday, March 11, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|----------------|---|--|
| LBB 2-89 | Department of Health and Welfare Medically Indigent Administration Healthcare Policy Initiatives | <i>Jared Tatro</i> <i>Principal Analyst</i> |
| LBB 2-73 | Service Integration | |
| LBB 2-3 | Catastrophic Health Care Program | |
| LBB 3-9 | Department of Correction Management Services | <i>Richard Burns</i> <i>Principal Analyst</i> |
| LBB 3-15 | State Prisons | |
| LBB 3-29 | County and Out-of-State Placement | |
| LBB 3-33 | Correctional Alternative Placement Program (CAPP) | |
| LBB 3-37 | Community Corrections | |
| LBB 3-43 | Education and Treatment | |
| LBB 3-47 | Medical Services | |
| LBB 3-53 | Commission for Pardons and Parole | |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, March 11, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/EXCUSED: None
CONVENED: **Chairman Bell** called the meeting to order at 8:00 a.m.

BUDGET SETTING

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget and Policy Analysis**
SUBJECT: **Medically Indigent Administration**
Mr. Tatro read through the line items pertaining to the elimination of the Indigent Administration. This program is no longer needed within the Department and is therefore being eliminated.

CARRIED: **Original Motion**
Department of Health and Welfare
Medically Indigent Administration
Appropriation
Moved by **Nuxoll**, seconded by **Schmidt**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$0 with FTP of 0.00 Eliminate the Medically Indigent Administration Program

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: Healthcare Policy Initiatives
Mr. Tatro read through the line items pertaining to the budget request for the Department of Health and Welfare: Healthcare policy initiatives. This provides the annualized amount that is needed to implement the first complete year of the SHIP grant. The annualized amount is the equivalent of about 7 months of grant implementation, as the other five months were provided for in the supplemental request.

CARRIED: Original Motion
Department of Health and Welfare
Healthcare Policy Initiatives
Appropriation
Moved by **Schmidt**, seconded by **Johnson**, to approve for introduction \$0 General Funds, \$0 Dedicated Funds, \$8,772,100 Federal Funds for a total of \$8,772,100 with FTP of 7.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Schmidt**, granted by unanimous consent, the legislative intent language was accepted.

INTENT LANGUAGE: **REPORTING ON IMPLEMENTATION OF THE SHIP GRANT**
The Healthcare Policy Initiatives Program shall report on an annual basis, the status of the State Healthcare Innovation Plan (SHIP) to the Legislative Services Office and the Division of Financial Management. The report shall include comments and suggestions from private insurers, private providers, and other active stakeholders on the process of moving from the current fee-for-service medical model to a capitated model of healthcare delivery. The report should also include results of any performance metrics required by the grant, in addition to updates on potential solutions for the State of Idaho. This report shall be submitted no later than December 31, 2015.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: Service Integration
Mr. Tatro read through the line items pertaining to the Department of Health and Welfare: Service Integration. This is simply a maintenance budget and is a 0.9% increase from FY 2015.

CARRIED: **Original Motion**
Department of Health and Welfare
Service Integration

Appropriation

Moved by **Johnson**, seconded by **Schmidt**, to approve for introduction \$718,700 General Funds, \$69,500 Dedicated Funds, \$5,098,200 Federal Funds for a total of \$5,886,400 with FTP of 36.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Johnson**, granted by unanimous consent, legislative intent language was accepted.

INTENT LANGUAGE: **HEAD START APPROPRIATION FROM TEMPORARY ASSISTANCE FOR NEEDY FAMILY FUNDS.**

At a minimum, the Department of Health and Welfare is directed to maintain Head Start appropriations paid from federal Temporary Assistance for Needy Families funds at the same level as was paid to the Head Start Program in fiscal year 2007.

PRESENTER: **Jared Tatro, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Catastrophic Healthcare Program**

Mr. Tatro read through the line items pertaining to the Catastrophic Healthcare Plan. This reflects a more conservative amount of ongoing funding that illustrates actual expenditures by the program for fiscal year 2014.

CARRIED: **Original Motion**
Catastrophic Health Care Program

Appropriation

Moved by **Schmidt**, seconded by **Nuxoll**, to approve for introduction \$27,000,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$27,000,000 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Schmidt**, granted by unanimous consent, the legislative intent language was accepted.

INTENT LANGUAGE: **GENERAL FUND REVERSIONS.**

It is the intent of the Legislature that any unexpended and unencumbered General Funds that were transferred to the Catastrophic Health Care Cost Fund be reverted back to the state General Fund on June 30, 2015, or as soon thereafter as is practicable. All funds received by the Catastrophic Health Care Program in the Catastrophic Health Care Cost Fund, which includes receipts, refunds and reimbursements as provided for in Sections 31-3510A and 49-673, Idaho Code, are to remain in the Catastrophic Health Care Cost Fund and are to be used in lieu of General Funds pursuant to Section 57-813, Idaho Code.

DEPARTMENT OF CORRECTION

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Management Services**

Mr. Burns presented to the committee the FY 2016 line items for the Department of Corrections Management Services.

FAILED: **Substitute Motion**
Department of Correction
Management Services

Appropriation

Moved by **Johnson**, seconded by **Nuxoll**, to approve for introduction \$12,989,800 General Funds, \$852,300 Dedicated Funds, \$0 Federal Funds for a total of \$13,842,100 with FTP of 134.00

Ayes: 4

Nuxoll, Johnson, Thayn, Monks

Nays: 16

Cameron, Keough, Bair, Mortimer, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King, Gannon

Ab/Ex: 0

CARRIED: **Original Motion**
Department of Correction
Management Services

Appropriation

Moved by **Youngblood**, seconded by **Lacey**, to approve for introduction \$13,059,800 General Funds, \$852,300 Dedicated Funds, \$0 Federal Funds for a total of \$13,912,100 with FTP of 134.00
\$70,000 one-time (SAUSA)

Ayes: 17

Cameron, Keough, Bair, Mortimer, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King, Gannon

Nays: 3

Nuxoll, Johnson, Monks

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Youngblood**, granted by unanimous consent, the legislative intent language was accepted.

INTENT LANGUAGE: **SPECIAL ASSISTANT UNITED STATES ATTORNEY (SAUSA) PROJECT.** Of the appropriation contained in Section 1 of this act for the Management Services Program, the distribution of \$70,000 from the General Fund for the Special Assistant United States Attorney Project is contingent upon the cities and counties of Northern and Eastern Idaho providing their share of funding for these positions per contractual agreement.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **State Prisons**
Mr. Burns read through the line items regarding the FY 2016 Budget Request for the Department of Corrections: State Prisons.

CARRIED: **Original Motion**
Department of Correction
State Prisons
Appropriation
Moved by **Gannon**, seconded by **Lacey**, to approve for introduction \$96,321,700 General Funds, \$9,517,100 Dedicated Funds, \$154,500 Federal Funds for a total of \$105,993,300 with FTP of 1,411.50

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **County and Out-of-State Placement**

CARRIED: **Original Motion**
Department of Correction
County & Out-of-State Placement

Appropriation

Moved by **Lacey**, seconded by **Youngblood**, to approve for introduction
\$15,233,300 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of
\$15,233,300 with FTP of 0.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt,
Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King

Nays: 1

Gannon

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without
objection will carry a DO PASS recommendation. There being no objection, it was
so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Correctional Alternative Placement Program (CAPP)**

CARRIED: **Original Motion**

Department of Correction

Correctional Alternative Placement

Appropriation

Moved by **Youngblood**, seconded by **Monks**, to approve for introduction
\$9,325,200 General Funds, \$200,000 Dedicated Funds, \$0 Federal Funds for a total
of \$9,525,200 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt,
Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King,
Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without
objection will carry a DO PASS recommendation. There being no objection, it was
so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Community Corrections**

CARRIED: **Original Motion**
Department of Correction
Community Corrections

Appropriation

Moved by **Gannon**, seconded by **Lacey**, to approve for introduction \$18,825,500 General Funds, \$8,819,400 Dedicated Funds, \$61,700 Federal Funds for a total of \$27,706,600 with FTP of 374.35

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Education and Treatment**

CARRIED: **Original Motion**
Department of Correction
Education & Treatment

Appropriation

Moved by **Lacey**, seconded by **Youngblood**, to approve for introduction \$10,483,100 General Funds, \$475,800 Dedicated Funds, \$1,046,900 Federal Funds for a total of \$12,005,800 with FTP of 53.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Medical Services**

CARRIED: **Original Motion**
Department of Correction
Medical Services

Appropriation

Moved by **Lacey**, seconded by **Youngblood**, to approve for introduction \$41,641,700 General Funds, \$135,000 Dedicated Funds, \$0 Federal Funds for a total of \$41,776,700 with FTP of 0.00

Hep C treatment costs one-time

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Horman, Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

COMMISSIONS FOR PARDONS AND PAROLE

PRESENTER: **Richard Burns, Principal Analyst, Division of Budget and Policy Analysis**

SUBJECT: **Department of Correction: Commission for Pardons and Paroles**

CARRIED: *Appropriation*

Department of Correction
Commission for Pardons & Parole

Carried

Original Motion

Moved by **Schmidt**, seconded by **Lacey**, to approve for introduction \$2,681,100 General Funds, \$70,700 Dedicated Funds, \$0 Federal Funds for a total of \$2,751,800 with FTP of 33.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

ADJOURN: There being no further business to come before the committee, **Chairman Bell** adjourned the meeting at 9:23 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Thursday, March 12, 2015

BUDGET SETTING

| SUBJECT | DESCRIPTION | PRESENTER |
|--|---|--|
| LBB 3-15 | Department of Correction <i>Correction to State Prisons</i> | <i>Richard Burns</i> <i>Principal Analyst</i> |
| LBB 6-5 LBB 6-17 LBB 6-21 LBB 6-25 | Department of Administration Department of Administration Capitol Commission Bond Payments Permanent Building Fund | <i>Robyn Lockett</i> <i>Principal Analyst</i> |
| LBB 2-29 LBB 2-25 LBB 2-93 LBB 2-65 | Department of Health and Welfare Indirect Support Services Independent Councils Licensing and Certification Public Health Services | <i>Jared Tatro</i> <i>Principal Analyst</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, March 12, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: Thayn
CONVENED: Senator Cameron convened the meeting at 8:00 A.M.

STAFF PRESENT: Burns, Lockett, Tatro

BUDGET SETTING: SETTING FY 2016 APPROPRIATIONS

DEPARTMENT OF CORRECTION
State Prisons

PRESENTER: Richard Burns, Principal Budget and Policy Analyst, Legislative Services Office

CORRECTION Technical correction to FY 16 budget for State Prisons

UNANIMOUS CONSENT: On request by Gannon, granted by unanimous consent, the FY 16 budget for the Department of Correction, State Prisons was reopened.

UNANIMOUS CONSENT: On request by Gannon, granted by unanimous consent, to add \$10,000 from the General Fund to the Department of Correction for State Prisons for FY 2016, in order to make a technical correction to the Original Motion that passed the Committee on Wednesday, March 11, 2015. With this technical correction the budget for State Prisons would read: to approve for introduction \$96,331,700 General Funds, \$9,517,100 Dedicated Funds, \$154,500 Federal Funds for a total of \$106,003,300.

DEPARTMENT OF ADMINISTRATION

PRESENTER: Robyn Lockett, Principal Budget and Policy Analyst, Legislative Services Office

CARRIED:

Original Motion

Moved by Guthrie, seconded by Gibbs, to approve for introduction \$3,393,700 General Funds, \$16,208,800 Dedicated Funds, \$0 Federal Funds for a total of \$19,602,500 with FTP of 139.50

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Thayn, Miller

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

CARRIED:

Original Motion

(Fund Transfer)

Moved by Guthrie, seconded by Keough, to approve for introduction \$0 General Funds, \$1,737,500 Dedicated Funds, \$0 Federal Funds for a total of \$1,737,500 with FTP of 0.00
elected official rent

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Thayn, Miller

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**UNANIMOUS
CONSENT:**

On request by Guthrie, granted by unanimous consent, the legislative intent language for the Department of Administration shown below was accepted.

**INTENT
LANGUAGE:**

Legislative Intent Language for the Department of Administration

1) NOTIFICATION OF CONTRACT RENEWALS OR EXTENSIONS. The director of the Department shall notify the Legislature prior to any contract extensions or renewals in excess of \$1,000,000. As part of the budget submission process, the Department shall submit a list of contracts due for renewal in the upcoming fiscal year that exceed \$1,000,000 on an annual basis. Further, the director shall notify the members of legislative leadership, the JFAC chairmen and the germane committee chairmen, in writing, of any proposed early contract renewal or extension at least 90 days prior to signing the contract.

2) HEALTH INSURANCE PREMIUM. The Office of Group Insurance shall maintain the current health insurance program structure and benefit package for state employees. The office shall also maintain the employer and employee cost sharing split recommended by the Governor and the Legislature's Joint Change in Employee Compensation Committee.

3) LEGISLATIVE INTENT REGARDING BROADBAND CONNECTIVITY. Notwithstanding Sections 67-5745D and 67-5745E, Idaho Code, money for broadband services for schools are provided for in the appropriation made to the Superintendent of Public Instruction for the period July 1, 2015, through June 30, 2016.

4) LEGISLATIVE INTENT REGARDING ISSUANCE OF CONTRACTS RELATING TO THE IDAHO EDUCATION NETWORK. Notwithstanding Sections 67-5745D and 67-5745E, Idaho Code, the Department of Administration shall not enter into any contracts relating to educational services previously provided under the Idaho Education Network until a longer-term policy direction is established by this Legislature in concert with the Governor.

5) EMERGENCY CLAUSE. An emergency existing therefor, which emergency is hereby declared to exist, Section ___ of this act shall be in full force and effect on and after its passage and approval.

6) LEGISLATIVE INTENT REGARDING ISSUANCE OF CONTRACTS RELATING TO BROADBAND FOR STATE AGENCIES. It is the intent of the Legislature that, prior to the expiration of the six-month emergency contract currently in place for broadband-related services at state agencies, the Department of Administration shall analyze and justify the cost, benefits, and flexibility of a statewide contract, as compared to individual contracts issued by state agencies, for the purchase of broadband and related services for state agencies. Said analysis and justification may include, but is not limited to, issuance of a Request for Information or Request for Proposal and the Department of Administration is hereby directed to issue contract(s) based on the results of said analysis. In addition, the Department of Administration shall not enter into any contract with an initial term, or a renewal option, that is longer than one year until a longer-term policy direction is established by this Legislature in concert with the Governor.

Capitol Commission

CARRIED:

Original Motion

Moved by Monks, seconded by Lacey, to approve for introduction \$0 General Funds, \$2,642,000 Dedicated Funds, \$0 Federal Funds for a total of \$2,642,000 with FTP of 0.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, King, Gannon

Nays: 0

Ab/Ex: 2

Thayn, Burtenshaw

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Capitol Commission
(Fund Transfer)

CARRIED:

Original Motion Moved by Monks, seconded by Lacey, to approve for introduction \$0 General Funds, \$200,000 Dedicated Funds, \$0 Federal Funds for a total of \$200,000 with FTP of 0.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, King, Gannon

Nays: 0

Ab/Ex: 2

Thayn, Burtenshaw

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**UNANIMOUS
CONSENT:**

On request by Monks, granted by unanimous consent, to include the following section of language in the Capitol Commission's Fiscal Year 2016 appropriation bill which provides carryover authority for the Commission's operating funds.

REAPPROPRIATION AUTHORITY. There is hereby reappropriated to the Department of Administration for the Idaho State Capitol Commission any unexpended and unencumbered balances of moneys categorized as dedicated funds in the Capitol Commission Operating Fund as appropriated for Fiscal Year 2015, to be used for nonrecurring expenditures in the Capitol Commission Operating Fund, for the period July 1, 2015, through June 30, 2016.

Bond Payments

CARRIED:

Original Motion

Moved by Gannon, seconded by Keough, to approve for introduction \$4,330,000 General Funds, \$7,973,000 Dedicated Funds, \$0 Federal Funds for a total of \$12,303,000 with FTP of 0.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Permanent Building Fund

Moved by Monks, seconded by Lacey, to approve for introduction \$0 General Funds, \$29,315,800 Dedicated Funds, \$0 Federal Funds for a total of \$29,315,800 with FTP of 0.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**UNANIMOUS
CONSENT:**

On request by Monks, granted by unanimous consent, the legislative intent language shown below was accepted.

**INTENT
LANGUAGE:**

Legislative Standard Intent Language for the Permanent Building Fund

ALLOCATION OF FUNDS FOR SPECIFIC PROJECTS. Moneys appropriated in Section ___ of this act, or so much thereof as in each case may be necessary, shall be used for the purpose of paying the cost of any land, building, equipment, or the rebuilding, renovation or repair of buildings, installations, facilities or structures at the places, institutions and agencies, or their successors, including those listed in this section. The Permanent Building Fund Advisory Council is hereby authorized and directed to anticipate revenues accruing to the Permanent Building Fund for the purpose of undertaking the construction, renovation, repair and acquisitions therein authorized, without delay, and to determine the priority of construction pursuant to which the work hereunder will be undertaken.

UTILIZATION OF MATCHING FUNDS. It is legislative intent that the moneys appropriated in this act may be made available for matching any allocation of moneys now in existence or hereafter made available by agencies of the United States and/or private donations; and it is further the express intention of the Legislature to authorize the Division of Public Works to expend, for the purpose of paying the cost of any land, building, equipment or the rebuilding, renovation or repair of buildings, moneys appropriated for public works to various agencies as part of the respective agency operating budgets; provided the express approval by the Permanent Building Fund Advisory Council is granted to make application for such moneys in each instance.

EXEMPTION OF APPROPRIATIONS FROM CERTAIN PROVISIONS. All appropriations made herein shall be exempt from the provisions of Chapter 36, Title 67, and Section 67-3516, Idaho Code, but shall be available for expenditure only after allotment in accordance with the other provisions of Chapter 35, Title 67, Idaho Code, and all appropriations made hereunder shall be subject to the provisions of Section 67-5711, Idaho Code, except as otherwise provided herein.

REALLOCATION OF PROJECT SAVINGS. It is the intent of the Legislature that the Division of Public Works have the flexibility to allocate any savings or unused appropriation from any capital, line-item project to any other requested and funded capital project. The reallocation of such appropriation must be approved by the Permanent Building Fund Advisory Council prior to the funds being spent.

DEPARTMENT OF HEALTH AND WELFARE

PRESENTER: **Jared Tatro, Principal Budget and Policy Analyst, Legislative Services Office**
Indirect Support Services

Moved by Schmidt, seconded by Johnson, to approve for introduction \$16,460,600 General Funds, \$4,507,100 Dedicated Funds, \$17,090,200 Federal Funds for a total of \$38,057,900 with FTP of 289.60

Ayes: 15

Cameron, Keough, Bair, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Malek, Burtenshaw, King, Gannon

Nays: 3

Mortimer, Nuxoll, Monks

Ab/Ex: 2

Thayn, Horman

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

UNANIMOUS CONSENT: On request by Schmidt, granted by unanimous consent, the legislative intent language shown below was accepted.

**INTENT
LANGUAGE:**

Standard Legislative Intent Language for Indirect Support Services

MEDICAID TRACKING REPORT. The Department of Health and Welfare, Medical Assistance Services Division and Indirect Support Services Division shall deliver on a monthly basis to the Legislative Services Office and Division of Financial Management a report that compares the Medicaid budget as appropriated, distributed by month for the year, to actual expenditures and remaining forecasted expenditures for the year. The report shall also include a forecast, updated monthly, of the next fiscal year's anticipated trustee and benefit expenditures. The format of the report, and the information included therein, shall be determined by the Legislative Services Office and Division of Financial Management.

MEDICAID PROGRAM INTEGRITY COLLECTIONS. It is the intent of the Legislature that the Indirect Support Services Division provide reports biannually to the Legislative Services Office and Division of Financial Management comparing the total costs from all funding sources used for the Medicaid Program Integrity Unit and the collections related to those efforts. The format of the report, and information contained therein, shall be determined by the Legislative Services Office and the Division of Financial Management. The first report shall be submitted no later than December 31, 2015 and the second report shall be submitted no later than June 30, 2016.

PROGRAM TRANSFER REPORT. The Department of Health and Welfare, Indirect Support Services Division shall provide, on a quarterly basis, to the Legislative Services Office and the Division of Financial Management a report that compares the Department budget as appropriated to the estimated expenditures of the Department for each budget unit to include transfers of FTP authority between and amongst budget units; transfers of appropriation, by fund, between and amongst budget units; and transfers of funds by expense class, between and amongst budget units.

Independent Councils

DISCLOSURE: Disclosure of Possible Conflict of Interest

Pursuant to House Rule 38, Representative Monks disclosed he has a possible conflict of interest under applicable law; he does plan to vote on the issue currently before the Committee.

CARRIED: Original Motion

Moved by Nuxoll, seconded by Schmidt, to approve for introduction \$121,500 General Funds, \$640,100 Dedicated Funds, \$8,236,800 Federal Funds for a total of \$8,998,400 with FTP of 9.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Thayn, Gibbs

The majority having voted in the affirmative, the motion has passed and without

objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

UNANIMOUS CONSENT: On request by Nuxoll, granted by unanimous consent, the legislative intent language shown below was accepted.

INTENT LANGUAGE: **Legislative Intent Language for the Domestic Violence Council**
REPORTING ON USE OF ADDITIONAL VOCA FUNDS. The Domestic Violence Council shall provide a report to the Legislative Services Office and the Division of Financial Management that describes the status of the additional Federal Victims of Crime Act (VOCA) funds that were appropriated in fiscal year 2016. These funds were provided to the council by the federal government with little notice and at an amount that more than doubled the normal distribution. The format of the report, and the information included therein, shall be determined by the Legislative Services Office and the Division of Financial Management. The report shall be provided no later than December 31, 2015.

Licensing and Certification

CARRIED: **Original Motion**
Moved by Malek, seconded by King, to approve for introduction \$1,663,900 General Funds, \$755,200 Dedicated Funds, \$3,887,100 Federal Funds for a total of \$6,306,200 with FTP of 67.90

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Thayn, Gibbs

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

UNANIMOUS CONSENT: On request by Malek, granted by unanimous consent, the legislative intent language shown below was accepted.

**INTENT
LANGUAGE:**

Legislative Intent Language for Licensing and Certification

REPORT ON FACILITY LICENSING AND CERTIFICATION WORKLOAD AND CASELOAD. It is the intent of the Legislature that the Department of Health and Welfare, Licensing and Certification Program, provide an annual report to Legislature Services Office and the Division of Financial Management, on the status of facility licensing and certifications, as well as staff workload and caseload issues. For the past several years the program has noted staffing issues related to retention which in turn has created a large backlog of facility inspections and licensures. The format of the report, and the information included therein, shall be determined by the Legislative Services Office and the Division of Financial Management. The report shall be submitted no later than December 31, 2015.

Public Health Services

MOTIONS:

Original Motion

Moved by Malek, seconded by Burtenshaw, to approve for introduction \$6,787,700 General Funds, \$41,009,300 Dedicated Funds, \$62,562,900 Federal Funds for a total of \$110,359,900 with FTP of 221.50

FAILED:

Substitute Motion

Moved by Johnson, seconded by King, to approve for introduction \$6,705,500 General Funds, \$41,009,300 Dedicated Funds, \$62,562,900 Federal Funds for a total of \$110,277,700 with FTP of 220.50

Ayes: 7

Cameron, Mortimer, Nuxoll, Johnson, Guthrie, Monks, King

Nays: 11

Keough, Bair, Schmidt, Lacey, Bell, Miller, Youngblood, Horman, Malek, Burtenshaw, Gannon

Ab/Ex: 2

Thayn, Gibbs

CARRIED:

Vote on Original Motion

Ayes: 14

Cameron, Keough, Bair, Johnson, Schmidt, Lacey, Bell, Miller, Youngblood, Horman, Malek, Burtenshaw, King, Gannon

Nays: 4

Mortimer, Nuxoll, Guthrie, Monks

Ab/Ex: 2

Thayn, Gibbs

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

UNANIMOUS CONSENT: On request by Malek, granted by unanimous consent, the legislative intent language shown below was accepted.

INTENT LANGUAGE: **Public Health Standard Intent Language**
LEGISLATIVE INTENT REGARDING TRICARE VACCINES. The Legislature continues to recognize the potential gap in coverage created by TRICARE's refusal to participate in the Idaho Immunization Program. The Legislature continues to support and encourage the executive branch in its efforts to negotiate a solution with TRICARE that does not rely on General Fund support. Further it is the intent of the Legislature that moneys appropriated to purchase TRICARE vaccinations are to be used solely for that purpose and any moneys not expended for TRICARE vaccines are to be reverted back to the General Fund at the close of the fiscal year or as soon thereafter as is practicable.

UNANIMOUS CONSENT: On request by Malek, granted by unanimous consent, the intent language shown below was accepted.

INTENT LANGUAGE: **Intent Language for Public Health Services**
REPORT ON ACCREDITATION STATUS. It is the intent of the Legislature that the Department of Health and Welfare, Division of Public Health Services, provide an annual report to Legislature Services Office and the Division of Financial Management, on the status of becoming an accredited state agency. The format of the report, and the information included therein, shall be determined by the Legislative Services Office and the Division of Financial Management. The report shall be submitted no later than December 31, 2015.

DEPARTMENT OF ADMINISTRATION
Permanent Building Fund

UNANIMOUS CONSENT: On request by Lacey, granted by unanimous consent, the FY 16 budget for the Department of Administration was reopened.

UNANIMOUS CONSENT: On request by Lacey, granted by unanimous consent, to remove \$1,737,500 from the Permanent Building Fund budget for a new total in Dedicated Funds of \$27,578,300; spending authority for the Elected Official Rent was already in the base budget for the Department of Administration in the Division of Public Works..

ADJOURNED: There being no further business to come before the Committee, Senator Cameron adjourned the meeting at 9:44 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Tuesday, March 17, 2015

| DESCRIPTION | PRESENTER |
|---|--|
| General Fund Budget Update | <i>Cathy Holland-Smith Division Manager Budget and Policy Analysis</i> |
| Special Hearing: Department of Labor Review of Funding Available to Support Local Offices | <i>Jay Engstrom Chief Operations Officer Department of Labor</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, March 17, 2015

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey

Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek,, King, Gannon

ABSENT/ EXCUSED: Monks

CONVENED: **Chairman Bell** called the meeting to order at 8:00 a.m.

PRESENTER: **Paul Headlee, Deputy Director, Division of Budget and Policy Analysis**

SUBJECT: **State Board of Education: Colleges and Universities**

UNANIMOUS CONSENT: On Request by **Lacey**, granted by unanimous consent, the Fiscal Year 2016 budget for the State Board of Education, College and Universities, was reopened.

UNANIMOUS CONSENT: On request by **Lacey**, granted by unanimous consent, the legislative intent language was accepted.

INTENT LANGUAGE: **Idaho Legislature, Joint Finance-Appropriations Committee Technical Corrections State Board of Education, College and Universities.**
Two technical corrections:

Line item #6 provides 8.0 FTP and \$1,261,100 ongoing from the General Fund for Boise State University's Computer Science Workforce Initiative. Of this amount, \$1,185,400 is ongoing and \$75,700 is one-time.

Line item #14 provides 4 1.0 FTP and \$209,700 ongoing from the General Fund for Lewis-Clark State College's work trial program. Funds would be used to compensate students through reduced tuition costs in exchange for working jobs on campus. These are technical corrections and the funding amounts in the original motion passed on 3-9-2015 are unchanged.

PRESENTER: **Cathy Holland-Smith, Director, Division of Budget and Policy Analysis**

SUBJECT: **General Fund Summary with JFAC Adjusted**
Ms. Holland-Smith briefed the committee on the General Fund, and appropriations passed thus far. For inquiry please refer to the link [General Fund Daily Update](#).

PRESENTER: Jay Engstrom, Chief Operations Officer, Department of Labor
SUBJECT: Idaho Department of Labor: Review of Funding Available to Support Local Offices:

Mr. Engstrom presented the Idaho Department of Labor’s review of funding made available to support local offices. After some operational review, challenges of the federal allocation have been discovered.

With the growing economy in Idaho, federal funding has decreased. More citizens are going back to work, and fewer citizens need the services of the Idaho Department of Labor. With the Access of technology to today’s citizens the need for brick and mortar facilities and the large staff that accompanies them seem to have less of a priority.

Idaho is the last state to consolidate the UI operations. Additional challenges to UI FY 2015 fiscal pending by program where no programs are being transferred. 17 staff members have been lost due to the decrease in funding, this will have considerable impact on funding to consider moving forward. Currently, there are no plans to close any existing offices rural or otherwise.

ADJOURN: There being no further business to come before the committee, **Chairman Bell** adjourned the committee at 9:17 a.m.

Representative Bell
Chair

Christi Cox
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Friday, March 27, 2015

BUDGET SETTING

| PAGE | DESCRIPTION | PRESENTER |
|-------------|--|----------------------------|
| | Public Schools Support | <i>Paul Headlee</i> |
| LBB 1-13 | Administrators | <i>Deputy Div Manager</i> |
| LBB 1-17 | Teachers | |
| LBB 1-21 | Operations | |
| LBB 1-25 | Children's Programs | |
| LBB 1-29 | Facilities | |
| LBB 1-33 | Central Services | |
| LBB 1-37 | Educational Services for the Deaf and Blind | |
| | FY 2015 Public Education Stabilization Fund | |
| | Trailer to H126: Salary-based Apportionment to Charter Schools | |
| | Public Schools, Teacher Division | |
| | Trailer to H190: Public Instruction Background Checks | |
| | Superintendent of Public Instruction | |
| | FY 2016 Deficiency Warrants for Fire Suppression | <i>Ray Houston</i> |
| | | <i>Principal Analyst</i> |
| | FY 2016 Secondary Aquifer Planning, Management and Implementation Fund | |
| | Department of Water Resources | |
| | FY 2015 Legislative Legal Fund | |
| | FY 2017 27th Payroll Expenses | <i>Cathy Holland-Smith</i> |
| | | <i>Division Manager</i> |
| | FY 2017 Budget Stabilization Fund Statutory Transfers | |
| | Trailer to S1066: Presidential Primary | <i>Jared Hoskins</i> |
| | Secretary of State | <i>Senior Analyst</i> |
| | Trailer to H181: Naturopaths; H152: Sign Language Interpreters; and S1080: Genetic Counselors | <i>Keith Bybee</i> |
| | Regulatory Boards, Bureau of Occupational Licenses | <i>Principal Analyst</i> |
| | Trailer to S1156: Investigational Drugs | <i>Jared Tatro</i> |
| | Dept. of Health and Welfare, Physical Health Services | <i>Principal Analyst</i> |

**Trailer to SCR102: Local Highway Tech Assistance
Council Evaluation**
Office of Performance Evaluations

*Robyn Lockett
Principal Analyst*

FY 2015 Supplemental
Department of Fish and Game

*Ray Houston
Principal Analyst*

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, March 27, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: Senator Cameron convened the meeting at 8:00 A.M.
STAFF PRESENT: Headlee, Houston, Holland-Smith, Hoskins, Tatro, Lockett

BUDGET SETTING: **SETTING FY 2016 APPROPRIATIONS**

PUBLIC SCHOOL SUPPORT

PRESENTER: **Paul Headlee, Deputy Division Manager, Budget & Policy Analysis, Legislative Services**

Administrators
Original Motion

Moved by Lacey, seconded by Horman, to approve for introduction \$83,290,600 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$83,290,600 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

UNANIMOUS CONSENT: On request by Lacey, granted by unanimous consent, the legislative intent language shown below was accepted.

**INTENT
LANGUAGE:**

Intent Language for Administrators Division, Public School Support Program
SECTION 4. That Section 33-1004E, Idaho Code, as amended in Section 8 of House Bill No. 296, as enacted by the First Regular Session of the Sixty-third Idaho Legislature, be, and the same is hereby amended to read as follows:

33-1004E. DISTRICT'S SALARY-BASED APPORTIONMENT. Each district shall be entitled to a salary-based apportionment calculated as provided in this section.

(1) To determine the apportionment for instructional staff, take the amounts indicated on the career ladder table plus the amounts associated with the additional education allocation amounts pursuant to section 33-1004B, Idaho Code, and calculate the weighted average. The amount so determined shall be multiplied by the district staff allowance for instructional staff determined as provided in section 33-1004(2), Idaho Code. Full-time instructional staff salaries shall be determined from a salary schedule developed by each district and submitted to the state department of education. No full-time instructional staff member shall be paid less than the minimum dollar amount on the career ladder residency compensation rung pursuant to section 33-1004B, Idaho Code, for the applicable fiscal year. If an instructional staff member has been certified by the national board for professional teaching standards, the staff member shall receive two thousand dollars (\$2,000) per year for five (5) years from the year in which national board certification was earned. The district staff allotment shall be increased by two thousand dollars (\$2,000) for each national board certified instructional staff person and pupil service staff member who earned national board certification; provided however, that no such awards shall be paid for the period July 1, 2010, through June 30, 2011, nor shall any liabilities accrue or payments be made pursuant to this section in the future to any individuals who would have otherwise qualified for a payment during this stated time period. The resulting amount is the district's salary based apportionment for instructional staff and pupil service staff. For purposes of this section, teachers qualifying for the salary increase shall be those who have been recognized as national board certified teachers as of July 1 of each year.

(2) To determine the apportionment for pupil service staff, first determine the district average experience and education index by placing all eligible district certificated pupil service employees on the statewide index pursuant to section 33-1004A, Idaho Code. The resulting average is the district index. The district pupil service staff index shall be multiplied by the instructional base salary of twenty-three thousand three hundred fifty-four dollars (\$23,354). The amount so determined shall be multiplied by the district staff allowance for pupil service staff determined pursuant to section 33-1004(3), Idaho Code. The pupil service staff salary allocation shall be further increased by the amount necessary for each full-time equivalent pupil service staff member placed on the experience and education index to be allocated at least the minimum salary mandated by this section. Full-time pupil service staff salaries shall be determined from a salary schedule developed by each district and submitted to the state department of education. The resulting amount is the district's salary-based apportionment for pupil service staff. No full-time pupil service staff member shall be paid less than thirty-one thousand seven hundred fifty dollars (\$31,750).

(3) To determine the apportionment for district administrative staff, first determine the district average experience and education index by placing all eligible certificated administrative employees on the statewide index provided in section

33-1004A, Idaho Code. The resulting average is the district index. Districts with an index above the state average index shall receive their actual index but not more than the state average plus.03 for the school year 1994-95, and shall receive their actual index but not more than the state average index plus.06 for the 1995-96 school year, and thereafter shall receive their actual district index. The district administrative staff index shall be multiplied by the base salary of thirty-two ~~three~~ thousand one hundred ~~fifty-one~~ sixteen dollars (~~\$32,151~~ 33,116). The amount so determined shall be multiplied by the district staff allowance for administrative staff determined as provided in section 33-1004(4), Idaho Code. The resulting amount is the district's salary-based apportionment for administrative staff.

(4) To determine the apportionment for classified staff, multiply nineteen thousand two hundred forty-nine dollars (\$19,249) by the district classified staff allowance determined as provided in section 33-1004(5), Idaho Code. The amount so determined is the district's apportionment for classified staff.

(5) The district's salary-based apportionment shall be the sum of the apportionments calculated in subsections (1), (2),(3) and (4) of this section, plus the benefit apportionment as provided in section 33-1004F, Idaho Code.

SECTION 5. LEGISLATIVE INTENT. It is the intent of the Legislature that notwithstanding Section 33-320, Idaho Code, the distribution to each school district and charter school for strategic planning and training shall be \$4,000 for the period July 1, 2015 to June 30, 2016.

Teachers

CARRIED:

Original Motion

Moved by Horman, seconded by Mortimer, to approve for introduction \$791,119,800 General Funds, \$0 Dedicated Funds, \$15,000,000 Federal Funds for a total of \$806,119,800 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**UNANIMOUS
CONSENT:**

On request by Horman, granted by unanimous consent, the legislative intent language for the Teachers Division, Public School Support Program as shown below was accepted.

**INTENT
LANGUAGE:**

Intent Language for the Teachers Division, Public School Support Program
SECTION 4. That Section 33-1004E, Idaho Code, as amended in Section 8 of House Bill No. 296, as enacted by the First Regular Session of the Sixty-third Idaho Legislature, be, and the same is hereby amended to read as follows:

33-1004E. DISTRICT'S SALARY-BASED APPORTIONMENT. Each district shall be entitled to a salary-based apportionment calculated as provided in this section.

(1) To determine the apportionment for instructional staff, take the amounts indicated on the career ladder table plus the amounts associated with the additional education allocation amounts pursuant to section 33-1004B, Idaho Code, and calculate the weighted average. The amount so determined shall be multiplied by the district staff allowance for instructional staff determined as provided in section 33-1004(2), Idaho Code. Full-time instructional staff salaries shall be determined from a salary schedule developed by each district and submitted to the state department of education. No full-time instructional staff member shall be paid less than the minimum dollar amount on the career ladder residency compensation rung pursuant to section 33-1004B, Idaho Code, for the applicable fiscal year. If an instructional staff member has been certified by the national board for professional teaching standards, the staff member shall receive two thousand dollars (\$2,000) per year for five (5) years from the year in which national board certification was earned. The district staff allotment shall be increased by two thousand dollars (\$2,000) for each national board certified instructional staff person and pupil service staff member who earned national board certification; provided however, that no such awards shall be paid for the period July 1, 2010, through June 30, 2011, nor shall any liabilities accrue or payments be made pursuant to this section in the future to any individuals who would have otherwise qualified for a payment during this stated time period. The resulting amount is the district's salary based apportionment for instructional staff and pupil service staff. For purposes of this section, teachers qualifying for the salary increase shall be those who have been recognized as national board certified teachers as of July 1 of each year.

(2) To determine the apportionment for pupil service staff, first determine the district average experience and education index by placing all eligible district certificated pupil service employees on the statewide index pursuant to section 33-1004A, Idaho Code. The resulting average is the district index. The district pupil service staff index shall be multiplied by the instructional base salary of ~~twenty-three~~ four thousand ~~three hundred~~ fifty-four ~~five~~ dollars (\$~~23,354~~ 24,055). The amount so determined shall be multiplied by the district staff allowance for pupil service staff determined pursuant to section 33-1004(3), Idaho Code. The pupil service staff salary allocation shall be further increased by the amount necessary for each full-time equivalent pupil service staff member placed on the experience and education index to be allocated at least the minimum salary mandated by this section. Full-time pupil service staff salaries shall be determined from a salary schedule developed by each district and submitted to the state department of education. The resulting amount is the district's salary-based apportionment for pupil service staff. No full-time pupil service staff member shall be paid less than ~~thirty-one~~ two thousand seven hundred ~~fifty and three~~ dollars (\$~~31,750~~ 32,703).

(3) To determine the apportionment for district administrative staff, first determine the district average experience and education index by placing all eligible certificated administrative employees on the statewide index provided in section

33-1004A, Idaho Code. The resulting average is the district index. Districts with an index above the state average index shall receive their actual index but not more than the state average plus.03 for the school year 1994-95, and shall receive their actual index but not more than the state average index plus.06 for the 1995-96 school year, and thereafter shall receive their actual district index. The district administrative staff index shall be multiplied by the base salary of thirty-two thousand one hundred fifty-one dollars (\$32,151). The amount so determined shall be multiplied by the district staff allowance for administrative staff determined as provided in section 33-1004(4), Idaho Code. The resulting amount is the district's salary-based apportionment for administrative staff.

(4) To determine the apportionment for classified staff, multiply nineteen thousand two hundred forty-nine dollars (\$19,249) by the district classified staff allowance determined as provided in section 33-1004(5), Idaho Code. The amount so determined is the district's apportionment for classified staff.

(5) The district's salary-based apportionment shall be the sum of the apportionments calculated in subsections (1), (2),(3) and (4) of this section, plus the benefit apportionment as provided in section 33-1004F, Idaho Code.

SECTION 5. LEGISLATIVE INTENT. It is the intent of the Legislature that of the moneys appropriated in Section 3 of this act, \$10,625,000 shall be distributed for professional development, including, but not limited to, ongoing, job-embedded training, the ability for teachers to identify gifted and talented students, and to gain gifted education certification in Idaho to enable school districts to meet the requirements of Section 33-2003, Idaho Code. Funding shall be distributed by a formula prescribed by the Superintendent of Public Instruction.

SECTION 6. LEGISLATIVE INTENT. It is the intent of the Legislature for the purposes of this act, the term "distributed" means moneys that are transferred to school districts and public charter schools, with no funds withheld for any other contract or administrative costs.

Operations

MOTIONS:

Original Motion

Moved by Horman, seconded by Mortimer, to approve for introduction \$532,086,200 General Funds, \$39,758,800 Dedicated Funds, \$0 Federal Funds for a total of \$571,845,000 with FTP of 0.00

FAILED:

Substitute Motion

Moved by Gannon, seconded by King, to approve for introduction \$558,992,500 General Funds, \$39,758,800 Dedicated Funds, \$0 Federal Funds for a total of \$598,751,300 with FTP of 0.00

Ayes: 2

King, Gannon

Nays: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw

Ab/Ex: 0

CARRIED: **Vote on Original Motion**

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**UNANIMOUS
CONSENT:**

On request by Horman, granted by unanimous consent, the intent language shown below for the Operations Division, Public School Support Program, was accepted.

**INTENT
LANGUAGE:**

Intent Language for the Operations Division, Public School Support Program
SECTION 4. That Section 33-1004E, Idaho Code, as amended in Section 8 of House Bill No. 296, as enacted by the First Regular Session of the Sixty-third Idaho Legislature, be, and the same is hereby amended to read as follows:

33-1004E. DISTRICT'S SALARY-BASED APPORTIONMENT. Each district shall be entitled to a salary-based apportionment calculated as provided in this section.

(1) To determine the apportionment for instructional staff, take the amounts indicated on the career ladder table plus the amounts associated with the additional education allocation amounts pursuant to section 33-1004B, Idaho Code, and calculate the weighted average. The amount so determined shall be multiplied by the district staff allowance for instructional staff determined as provided in section 33-1004(2), Idaho Code. Full-time instructional staff salaries shall be determined from a salary schedule developed by each district and submitted to the state department of education. No full-time instructional staff member shall be paid less than the minimum dollar amount on the career ladder residency compensation rung pursuant to section 33-1004B, Idaho Code, for the applicable fiscal year. If an instructional staff member has been certified by the national board for professional teaching standards, the staff member shall receive two thousand dollars (\$2,000) per year for five (5) years from the year in which national board certification was earned. The district staff allotment shall be increased by two thousand dollars (\$2,000) for each national board certified instructional staff person and pupil service staff member who earned national board certification; provided however, that no such awards shall be paid for the period July 1, 2010, through June 30, 2011, nor

shall any liabilities accrue or payments be made pursuant to this section in the future to any individuals who would have otherwise qualified for a payment during this stated time period. The resulting amount is the district's salary based apportionment for instructional staff and pupil service staff. For purposes of this section, teachers qualifying for the salary increase shall be those who have been recognized as national board certified teachers as of July 1 of each year.

(2) To determine the apportionment for pupil service staff, first determine the district average experience and education index by placing all eligible district certificated pupil service employees on the statewide index pursuant to section 33-1004A, Idaho Code. The resulting average is the district index. The district pupil service staff index shall be multiplied by the instructional base salary of twenty-three thousand three hundred fifty-four dollars (\$23,354). The amount so determined shall be multiplied by the district staff allowance for pupil service staff determined pursuant to section 33-1004(3), Idaho Code. The pupil service staff salary allocation shall be further increased by the amount necessary for each full-time equivalent pupil service staff member placed on the experience and education index to be allocated at least the minimum salary mandated by this section. Full-time pupil service staff salaries shall be determined from a salary schedule developed by each district and submitted to the state department of education. The resulting amount is the district's salary-based apportionment for pupil service staff. No full-time pupil service staff member shall be paid less than thirty-one thousand seven hundred fifty dollars (\$31,750).

(3) To determine the apportionment for district administrative staff, first determine the district average experience and education index by placing all eligible certificated administrative employees on the statewide index provided in section 33-1004A, Idaho Code. The resulting average is the district index. Districts with an index above the state average index shall receive their actual index but not more than the state average plus.03 for the school year 1994-95, and shall receive their actual index but not more than the state average index plus.06 for the 1995-96 school year, and thereafter shall receive their actual district index. The district administrative staff index shall be multiplied by the base salary of thirty-two thousand one hundred fifty-one dollars (\$32,151). The amount so determined shall be multiplied by the district staff allowance for administrative staff determined as provided in section 33-1004(4), Idaho Code. The resulting amount is the district's salary-based apportionment for administrative staff.

(4) To determine the apportionment for classified staff, multiply nineteen thousand ~~two eight hundred forty-nine~~ twenty-six dollars (~~\$19,249~~ 19,826) by the district classified staff allowance determined as provided in section 33-1004(5), Idaho Code. The amount so determined is the district's apportionment for classified staff.

(5) The district's salary-based apportionment shall be the sum of the apportionments calculated in subsections (1), (2),(3) and (4) of this section, plus the benefit apportionment as provided in section 33-1004F, Idaho Code.

SECTION 5. Pursuant to the provisions of Section 33-1018, Idaho Code, for the period July 1, 2015, through June 30, 2016, it is estimated that the appropriation of state funds to the Public Schools Educational Support Program/Division of Operations will result in total discretionary funds of \$23,868 per support unit.

SECTION 6. Of the moneys appropriated in Section 3 of this act, \$2,500,000 shall

be distributed for public school information technology staff costs. Such moneys shall be distributed pursuant to a formula, with a minimum distribution per school district and public charter school, determined by the Superintendent of Public Instruction.

SECTION 7. Of the moneys appropriated in Section 3 of this act, \$13,000,000 shall be distributed for classroom technology that assists teachers and students in effective and efficient instruction or learning. Funding shall be distributed based on a formula prescribed by the Superintendent of Public Instruction.

SECTION 8. The Superintendent of Public Instruction shall distribute an amount not to exceed \$2,611,000 to school districts and charter schools based on the support units used to calculate salary-based apportionment. Moneys so distributed shall be used to implement and operate an instructional management system of their choice that meets the individual learning needs and progress of all students. An instructional management system must include individual student learning plans, monitoring of interventions, and analysis of student and classroom levels of learning. Funds shall not be distributed to districts or charter schools whose primary instructional management system is hosted by the State Department of Education.

SECTION 9. For the purposes of this appropriation, the term "distributed" means moneys that are transferred to school districts and public charter schools with no funds withheld for any other contract or administrative costs.

SECTION 10. For the period July 1, 2015, through June 30, 2016, the State Department of Education is hereby granted the authority to transfer appropriations between the Administrators, Teachers, Operations, Children's Programs, and Facilities Divisions of the Public Schools Educational Support Program budget, in any amount necessary, to comply with the public school funding provisions of appropriations and the Idaho Code.

Children's Programs

CARRIED

Original Motion

Moved by Thayn, seconded by Keough, to approve for introduction \$28,928,200 General Funds, \$4,031,400 Dedicated Funds, \$249,115,000 Federal Funds for a total of \$282,074,600 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**UNANIMOUS
CONSENT:
INTENT
LANGUAGE:**

On request by Thayn, granted by unanimous consent, the intent language for the Children's Programs Division, Public School Support Program, was accepted.

Legislative Intent Language for Children's Programs Division, Public School Support

SECTION 4. The Idaho Digital Learning Academy (IDLA), created pursuant to Chapter 55, Title 33, Idaho Code, shall utilize state appropriated funds for the period July 1, 2015, through June 30, 2016, to achieve the following:

(1) Tuition charged by IDLA to Idaho school districts and charter schools shall not exceed \$75 per enrollment.

(2) Provide remedial coursework for students failing to achieve proficiency in one or more areas of Idaho's standards-based tests.

(3) Pursuant to the fiscal impact statement for the State Board of Education rule, IDAPA 08.02.03, Docket Number 08-0203-0605, provide advanced learning opportunities for students.

(4) Pursuant to State Board of Education rule, IDAPA 08.02.03, Docket Number 08-0203-0605, work with institutions of higher education to provide dual credit coursework. The preceding list shall not be construed as excluding other instruction and training that may be provided by the Idaho Digital Learning Academy.

SECTION 5. Notwithstanding the provisions of any law to the contrary, of the moneys appropriated in Section 3 of this act, up to \$4,031,400 from funds determined by available tobacco, cigarette and lottery income tax revenues accruing, appropriated or distributed to the Public School Income Fund pursuant to Sections 63-2506, 63-2552A, 63-3035A and 63-3067, Idaho Code, for the period July 1, 2015, through June 30, 2016, shall be distributed to school districts and charter schools through a combination of a base amount of \$2,000 plus a prorated amount based on the prior year's average daily attendance. Such funds shall be used to develop and implement school safety improvements and/or to facilitate and provide substance abuse prevention programs in the public school system.

SECTION 6. Of the moneys appropriated in Section 3 of this act, \$5,790,000 shall be distributed for literacy programs, as outlined in Sections 33-1207A(2), 33-1614 and 33-1615, Idaho Code, and for remedial coursework for students failing to achieve proficiency on Idaho's standards-based achievement tests in dollar amounts determined by the Superintendent of Public Instruction. The superintendent shall report to the Joint Finance-Appropriations Committee and the Senate and House Education committees by no later than February 1, 2017, on the uses of funds and effectiveness of the programs and efforts.

SECTION 7. Pursuant to Section 33-1617, Idaho Code, of the moneys appropriated in Section 3 of this act, \$3,820,000 shall be distributed for support of programs for students with non-English or limited English proficiency, as follows:

(1) The Superintendent of Public Instruction shall distribute \$3,370,000 to school districts pro rata, based upon the population of limited English proficient students under criteria established by the department.

(2) The Superintendent of Public Instruction shall distribute \$450,000 for a competitive grant program to assist school districts in which the population of English language learners must meet Annual Measurable Achievement Objectives (AMAOs) in math or reading, as defined in federal law. This amount shall be

distributed annually to school districts in three-year grant cycles, contingent on appropriation and the ability of grantees to meet program objectives. (3) The superintendent shall develop the program elements and objectives governing the use of these funds and include a program evaluation component. The purpose of these funds is to improve student English language skills to allow for better access to the educational opportunities offered in public schools. The superintendent shall report to the Joint Finance-Appropriations Committee and the Senate and House Education committees by no later than February 1, 2017, on the program design, uses of funds, and program effectiveness.

SECTION 8. It is legislative intent that the Superintendent of Public Instruction shall compile information concerning the numbers of students enrolling in advanced opportunities courses according to the provisions of Chapter 46, Title 33, Idaho Code, whether coursework is successfully completed, and expenditures for fiscal year 2016. As nearly as possible, the report shall contain information about enrollment of this student population in post-high school education. A report containing such information shall be posted on the website of the State Department of Education no later than December 31, 2016.

SECTION 9. For the purposes of this appropriation, the term "distributed" means moneys that are transferred to school districts and public charter schools with no funds withheld for any other contract or administrative costs.

Central Services

CARRIED:

Original Motion

Moved by Horman, seconded by Mortimer, to approve for introduction \$14,395,700 General Funds, \$1,390,000 Dedicated Funds, \$0 Federal Funds for a total of \$15,785,700 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

**UNANIMOUS
CONSENT:**

On request by Horman, granted by unanimous consent, the intent language shown below for the Central Services Division, Public School Support Program, was accepted.

**INTENT
LANGUAGE:**

Intent Language for Central Services Division, Public School Support Program

SECTION 4. Of the moneys appropriated in Section 3 of this act, up to \$4,060,000 may be expended for the support of literacy programs, as outlined in Sections 33-1207A(2), 33-1614 and 33-1615, Idaho Code; intervention services for non-Title I schools that fail to achieve proficiency on Idaho's standards-based achievement tests; and math initiative programs. Of this amount, up to \$3,781,000 may be expended for operating costs and up to \$279,000 may be used for personnel costs. The superintendent of public instruction shall report to the Joint Finance-Appropriations Committee and the Senate and House Education committees, by no later than February 1, 2017, on the uses of funds and effectiveness of the programs and efforts.

SECTION 5. Of the moneys appropriated in Section 3 of this act, up to \$390,000 from funds determined by available revenues accruing, appropriated or distributed to the Public School Income Fund pursuant to Sections 63-2506, 63-2552A, 63-3035A and 63-3067, Idaho Code, notwithstanding, for the period July 1, 2015, through June 30, 2016, shall be expended by the Superintendent of Public Instruction for the Safe and Drug-Free Schools Program administration, technical assistance, training, and evaluation. Of this amount, up to \$300,000 shall be passed through, based on completed assessments, to the Division of Building Safety to conduct security assessments of approximately 150 schools. The security assessments shall identify and recommend voluntary improvements to school security.

SECTION 6. Pursuant to Section 33-1617, Idaho Code, of the moneys appropriated in Section 3 of this act, up to \$180,000 may be expended by the Superintendent of Public Instruction for evaluation and administration of the programs for students with non-English or limited English proficiency and for support staff costs to provide technical assistance to school districts receiving funds for these purposes.

SECTION 7. Of the moneys appropriated in Section 3 of this act, the Superintendent of Public Instruction may expend up to \$1,703,500 for the development or administration of student assessments, including a college entrance exam for 11th grade students, an exam for 10th grade students that provides preparation for the college entrance exam and end-of-course examinations for high school science subjects.

SECTION 8. Of the moneys appropriated in Section 3 of this act, the superintendent of public instruction may expend or distribute up to \$300,000 for professional development and training that promotes the effective and consistent evaluation of teacher and administrator performance, pursuant to standards established by the State Board of Education.

SECTION 9. Of the moneys appropriated in Section 3 of this act, \$2,063,200 of one-time moneys shall be expended or distributed as follows:

(1) Up to \$1,963,200 may be expended or distributed, in whole or pro rata, by the Superintendent of Public Instruction for the installation, repair, replacement and support of a wireless technology infrastructure, in each public school serving high school grades, of sufficient capacity to support utilization of mobile computing devices by all users in the following ways:

- (a) Expend for any current contracts entered into by the State Department of Education for wireless technology infrastructure; or
- (b) Distribute \$21.00 per student, certified staff, and administrative staff, to

school districts and charter schools that have wireless technology infrastructures that meet or exceed the standards established in Idaho Code and that opted, in fiscal year 2014, to not participate in the statewide contract for such services.

(2) An amount not exceed \$100,000 may be used by the Superintendent of Public Instruction for staffing to administer the wireless technology infrastructure program.

SECTION 10. Of the moneys appropriated in Section 3 of this act, the Superintendent of Public Instruction may expend up to \$2,700,000 for professional development, including administrative costs, and to develop a portal to track usage and effectiveness of professional development efforts at the state and local levels.

SECTION 11. Of the moneys appropriated in Section 3 of this act, the Superintendent of Public Instruction may expend an amount not to exceed \$985,000 of one-time moneys, for in-house system maintenance, staffing costs, professional development, operations, and self-hosting support of an instructional management system, to allow districts using the state-hosted system time to transition to a locally-hosted system.

SECTION 12. CONTENT AND CURRICULUM. Of the moneys appropriated in Section 3 of this act, up to \$1,554,000 may be expended for the purchase of content and curriculum that includes up to \$904,000 for digital content and up to \$650,000 to provide a statewide approach for credit recovery and an alternative pathway to graduation.

SECTION 13. CONTENT AND CURRICULUM. Of the funds appropriated in Section 3 of this act, an amount not to exceed \$1,000,000 of one-time moneys may be expended by the Superintendent of Public Instruction to contract for services that provide technology education opportunities and/or information technology certifications to students, including faculty, that prepare students for college, career or the workplace. Funding shall be awarded based on a request for proposal process administered by the Superintendent of Public Instruction that includes three or more of the following components:

- (1) Certification of skills and competencies;
- (2) Professional development for teachers;
- (3) Integration with curriculum standards;
- (4) Online access to research-based content and curriculum; or
- (5) Instructional software for classroom use.

The Superintendent of Public Instruction shall provide a progress re-port to the Joint Finance-Appropriations Committee and the Senate and House Education committees by February 1, 2016, and a final report by February 1, 2017.

SECTION 14. For the purposes of this appropriation, the term "dis-tributed" means moneys that are transferred to school districts and public charter schools with no funds withheld for any other contract or administrative costs. The term "expended" means moneys that pay for the cost of contracts that provide services to school districts, public charter schools or students, or pay for the State Department of Education's cost of administering the programs for which the moneys are allocated.

SECTION 15. If the funds that are appropriated and transferred to the Public School Income Fund and the funds appropriated from the General Fund in Section 1 of this act exceed the actual expenditures for the specified purposes, the difference shall be included in the year-end reconciliation used to calculate funding available to meet the requirements of Section 33-1018, Idaho Code, notwithstanding any laws to the

contrary. If the funding amounts specified in Section 7 and Section 9 of this act are insufficient to meet the actual expenditures, the difference shall be included in the year-end reconciliation used to calculate funding available to meet the requirements of Section 33-1018, Idaho Code, notwithstanding any laws to the contrary.

Educational Services for the Deaf and Blind

CARRIED:

Original Motion

Moved by Miller, seconded by Thayn, to approve for introduction \$8,378,500 General Funds, \$259,200 Dedicated Funds, \$223,500 Federal Funds for a total of \$8,861,200 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

FY 2015 FUND TRANSFER

Operations Division, Public Schools Support Program

SECTION 13. TRANSFER TO THE PUBLIC EDUCATION STABILIZATION FUND. There is hereby appropriated and upon passage and approval of this act, the State Controller shall transfer \$21,500,000 from the Consumer Protection Fund in the Office of the Attorney General to the Public Education Stabilization Fund.

SECTION 14. EMERGENCY CLAUSE. An emergency existing therefor, which emergency is hereby declared to exist, Section 13 of this act will be in full force and effect on and after its passage and approval.

CARRIED:

Original Motion

Fund Transfer from Consumer Protection Fund to Public Education Stabilization Fund

Moved by Mortimer, seconded by Horman, to approve for introduction the appropriation and transfer of \$21,500,000 from the Consumer Protection Fund to the Public Education Stabilization Fund for FY 2015.

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

FY 2016 TRAILER APPROPRIATIONS

Trailer Appropriation to H216

Teachers Division, Public Schools Support Program

H126 changed Section 33–1004, Idaho Code, to require the greater of the two support unit counts to be used to calculate the salary-based apportionment reimbursement from the state. Prior to H126, the mid-term unit count was used for salary-based apportionment and the full-term count was used for discretionary funds. Now, the greater of the two shall be used and it is estimated this will add 28 support units for FY 2016 at an estimated cost of \$1,720,400.

CARRIED:

Original Motion

Moved by Horman, seconded by Mortimer, to approve for introduction \$1,720,400 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$1,720,400 with FTP of 0.00

Ayes: 19

Cameron, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Keough

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

FY 2016 Trailer Appropriation to H190

Superintendent of Public Instruction

The trailer appropriation in the amount of \$121,000 ongoing from the General Fund would be provided to the Superintendent of Public Instruction to cover the costs of administering criminal history checks of all school district employees and others having direct contact with children in a K-12 setting. This system is required by Section 33–130, Idaho Code. Idaho Code had directed the State Department of Education to charge individuals a \$40.00 fee for this service. H190 amended Section 33–130, Idaho Code, to limit the amount the Department may charge to cover the net costs charged by the FBI and ISP for their services (fingerprint scans and access to criminal and sex offender databases), but not for the Department of Education costs to administer the system. The cost of an individual requiring a criminal history check will decrease to \$36.50. The fiscal impact of H190 is \$157,300 and based on \$11.00 per criminal history check. However, at this time the Superintendent

is requesting \$121,000 ongoing from the General Fund. The difference will be addressed with a dedicated fund balance that will be spent down in Fiscal Year 2016.

CARRIED: **Original Motion**

Moved by Horman, seconded by Thayn, to approve for introduction \$121,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$121,000 with FTP of 0.00

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

FY 2016 DEFICIENCY WARRANTS

PRESENTER: **Ray Houston, Principal Budget & Policy Analyst, Legislative Services Office**

IDAHO DEPARTMENT OF LANDS

Forest and Range Fire Protection

Fire Deficiency Warrants

The requested amount is \$27 million for FY 2016 wildfire suppression costs. Any unneeded amount to retire the deficiency at the end of the Fiscal Year 2015 will remain in the fund. Any shortfall will be addressed in next year's deficiency warrant request.

CARRIED: **Original Motion**
Fund Transfer

Moved by Keough, seconded by Burtenshaw, to approve for introduction the appropriation and transfer of \$27,000,000 from the General Fund to the Fire Suppression Deficiency Fund for FY 2016.

Ayes: 16

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Monks, Burtenshaw

Nays: 2

King, Gannon

Ab/Ex: 2

Horman, Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

FY 2016 APPROPRIATION AND FUND TRANSFERS

PRESENTER: Ray Houston, Principal Budget & Policy Analyst, Legislative Services Office

DEPARTMENT OF WATER RESOURCES

Idaho Water Resource Board

Aquifer Recharge

The development of a new type of groundwater pump in the 1950's combined with the availability of cheap rural electricity led many irrigators to begin using groundwater instead of surface water. As a result of this increased groundwater pumping, many aquifers have been dwindling at an alarming rate. The amount of water that may be extracted from an aquifer without causing depletion is primarily dependent upon the amount of groundwater recharge to that aquifer. This appropriation would transfer \$500,000 from the General Fund to the Secondary Aquifer Planning, Management and Implementation Fund for aquifer recharge for FY 2016.

CARRIED: **Original Motion**
Fund Transfer

Moved by Gibbs, seconded by Burtenshaw, to approve for introduction the appropriation and transfer of \$500,000 from the General Fund to the Secondary Aquifer Planning, Management and Implementation Fund for FY 2016.

Ayes: 12

Cameron, Keough, Bair, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw

Nays: 8

Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Monks, King, Gannon

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

FY 2015 APPROPRIATION AND FUND TRANSFER

IDAHO STATE LEGISLATURE

Legislative Legal Defense Fund for Sage Grouse Defense

Concerns about long-term declines in sage grouse populations have prompted efforts to conserve the species while maintaining predictable levels of land use activity. Despite these efforts, in March of 2010, the U.S. Fish and Wildlife Service (USFWS) designated the Greater sage-grouse as warranted for listing under the Endangered Species Act (ESA) throughout the eleven-state range of the species. Consequently, the USFWS must decide by September 30, 2015 whether or not to list the species. The U. S. Bureau of Land Management is currently undertaking a process to update their Resource Management Plans (RMPS) to address the needs of the sage grouse. \$1,050,000 would be transferred from the General Fund to the Legislative Legal Defense Fund for Fiscal Year 2015.

**CARRIED: Original Motion
Fund Transfer**

Moved by Gibbs, seconded by Burtenshaw, to approve for introduction the appropriation and transfer of \$1,050,000 from the General Fund to the Legislative Legal Defense Fund for Fiscal Year 2015. Of the total amount, \$1,000,000 shall be available to pay for legal expenses of the legislature including, but not limited to, the costs to defend against the potential endangered species listing of the Greater sage-grouse, and \$50,000 shall be available to serve as the state of Idaho's contribution toward a regional study regarding the potential economic impact of listing the Greater sage-grouse as an endangered species. Such moneys shall be used pursuant to Section 67-51A, Idaho Code.

Ayes: 17

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw

Nays: 2

King, Gannon

Ab/Ex: 1

Thayn

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

FY 2016 APPROPRIATION

PUBLIC SCHOOL SUPPORT

Facilities

PRESENTER: Paul Headlee, Deputy Division Manager, Budget & Policy Analysis, Legislative Services Office

CARRIED: Original Motion

Moved by Horman, seconded by Mortimer, to approve for introduction \$17,585,000 General Funds, \$28,750,000 Dedicated Funds, \$0 Federal Funds for a total of \$46,335,000 with FTP of 0.00

Ayes: 19

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw, King, Gannon

Nays: 1

Monks

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

YEAR-END APPROPRIATIONS AND TRANSFERS

PRESENTER: Cathy Holland-Smith, Manager, Budget & Policy Division, Legislative Services Office

Fund Transfer to the Economic Recovery Reserve Fund (ERRF)

27th Payroll

SECTION ____ . TRANSFERS TO THE ECONOMIC RECOVERY RESERVE FUND FOR THE 27TH PAYROLL. There is hereby appropriated and the State Controller shall transfer a total of \$20,000,000 from the General Fund to the Economic Recovery Reserve Fund in Fiscal Year 2016, to be designated for expenditures related to the 27th payroll in Fiscal Year 2017. The State Controller shall make the transfers in four (4) equal amounts of \$5,000,000 during September, December, March, and June of Fiscal Year 2016.

**CARRIED: Original Motion
Fund Transfer**

Moved by Bair, seconded by Bell, to approve for introduction the appropriation and transfer of \$20,000,000 from the General Fund to the Economic Recovery Reserve Fund for FY 2016.

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

Fund Transfer to the Budget Stabilization Fund

SECTION 1. TRANSFERS TO THE BUDGET STABILIZATION FUND FOR FISCAL YEAR 2017 DISTRIBUTIONS. There is hereby appropriated and the State Controller shall transfer a total of \$25,000,000 from the General Fund to the Budget Stabilization Fund in Fiscal Year 2016, to be designated for the estimated statutory distributions in Fiscal Year 2017 as provided for in Section 57-814 (2) (a), Idaho Code. The State Controller shall make the transfers in four (4) equal amounts of \$6,250,000 during September, December, March, and June of Fiscal Year 2016.

CARRIED: **Original Motion**
Fund Transfer

Moved by Bair, seconded by Bell, to approve for introduction the appropriation and transfer of \$25,000,000 from the General Fund to the Budget Stabilization Fund for FY 2016.

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

UNANIMOUS CONSENT: On request by Bair, granted by unanimous consent, to accept the language shown below limiting transfers to the Budget Stabilization Fund in Fiscal Year 2017.

SECTION 2. LIMITING TRANSFERS IN FISCAL YEAR 2017. Notwithstanding the provisions of Sections 57-814 (2) (1) and 57-814 (3), Idaho Code, the amounts authorized to be transferred in Fiscal Year 2017 shall be reduced by the amounts transferred in Section 1 of this act. This section shall be in full force and effect until June 30, 2017.

NOTE: If revenue drops in FY 2016 and the amount transferred is more than authorized in Section 57-814 (2), Idaho Code, as calculated at the end of FY 2016, then the cash will remain in the Budget Stabilization Fund.

FY 2016 TRAILER APPROPRIATIONS

PRESENTER: **Jared Hoskins, Senior Budget & Policy Analyst, Legislative Services Office**

SECRETARY OF STATE

FY 2016 Trailer Appropriation to S1066

S1066 contemplates using the date already utilized by counties to conduct bond and levy elections in March for a presidential primary in each presidential election years. The fiscal impact of S1066 is estimated to be \$2,000,000, one time, from the General Fund every four year. In 2012 the total cost of all 44 counties conducting May elections was \$2,840,470; the total cost of 29 counties conducting March elections was \$641,830. The following motion defrays the burden on the General Fund related to the presidential primary while also leaving approximately \$200,000 in the Consolidated Elections Fund to cover outstanding county expenditures for which reimbursement may be requested at a later date. In the event such reimbursements are not requested, or the Consolidated Election Fund is not otherwise exhausted, the remaining balance will revert to the General Fund on January 1, 2016.

CARRIED: **Original Motion**
Fund Transfer

Moved by Keough, seconded by Bell, to approve a cash transfer of \$780,000 from the Consolidated Election Fund to the General Fund.

Ayes: 14

Cameron, Keough, Bair, Mortimer, Nuxoll, Thayn, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw

Nays: 6

Johnson, Guthrie, Schmidt, Lacey, King, Gannon

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

The following motion provides the Secretary of State with the appropriation necessary to fund the additional election costs expected to be borne by counties for administering the presidential primary.

CARRIED: **Original Motion**
Appropriation

Moved by Keough, seconded by Monks, to approve for introduction \$2,000,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$2,000,000 with FTP of 0.00

Ayes: 14

Cameron, Keough, Bair, Mortimer, Nuxoll, Thayn, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw

Nays: 6

Johnson, Guthrie, Schmidt, Lacey, King, Gannon

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

NOT HEARD: Trailer to H181, Naturopaths; H152, Sign Language Interpreters; S1080, Genetic CounselorsRegulatory Boards, Bureau of Occupational Licenses

DEPARTMENT OF HEALTH AND WELFARE (DHW)

Physical Health Services

FY 2016 Trailer Appropriation for S1156

PRESENTER: **Jared Tatro, Principal Budget & Policy Analyst, Legislative Services Office**

Physical Health Services

FY2016 Trailer Appropriation to S 1156

The policy legislation that adds to existing law to authorize the Director of the Department of Health and Welfare to enter into certain agreements concerning investigational drugs. The bill allows the Department to administer an Expanded Access Program to treat severely ill children suffering from intractable epilepsy who do not respond to standard medications with a drug that has met Federal Drug Administration (FDA) requirements for safety in pre-clinical research while clinical trials take place, and to gather preliminary information for phased trials that will determine whether Epidiolex can reduce epileptic seizures more effectively than standard medications. The Expanded Access Program's oversight and dosing guidance is provided by neurologist licensed in the State of Idaho as well as monitoring of potential drug interactions and side effects. The program would be conducted in addition to any clinical trials that may be taking place within the state of Idaho.

\$223,500 in General Funds would be appropriated to DHW Physical Health Services annually for two to three years, depending on the FDA approval of the program, site and drug (anticipated to be a three-year maximum). The funds would provide for DHW to contract for the program site administration and enrollment of 25 children per year. The cost per enrollee will include all 7 required visits, laboratory tests, screening, diary review, education, and other clinical services, as required by the Expanded Access Program protocol. It is presumed costs for year two will be less as initial start-up fees will not recur. Clinical trial programs typically cost \$15,000 to \$20,000 per enrollee.

CARRIED: **Original Motion**

Moved by Nuxoll, seconded by Malek, to approve for introduction \$223,500 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$223,500 with FTP of 0.00 in OE

Ayes: 20

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

FY 2016 Trailer to SCR 102

PRESENTER: **Robyn Lockett, Principal Budget & Policy Analyst, Legislative Services Office**

FY 2016 Trailer to SCR 102

Local Highway Technical Assistance Council — Performance Evaluation Appropriation to the Office of Performance Evaluations (OPE), Legislative Services Office

The Local Highway Technical Assistance Council (LHTAC) was statutorily established twenty years ago. SCR 102 requests that the Joint Legislative Oversight Committee (JLOC) direct the Office of Performance Evaluations (OPE) to develop a scope of work and oversee an independent evaluation of the operational effectiveness of LHTAC's mission to assist Idaho's local highway jurisdictions. Contractor criteria, as well as specific performance areas to be addressed, are outlined within the resolution. OPE's findings concerning best practices, appropriate performance measures, and action item recommendations shall be submitted not later than the First Regular Session of the Sixty-fourth Idaho Legislature (January, 2017).

LHTAC was established to represent Idaho cities, counties and highway districts with transportation needs. LHTAC is funded by a small portion (less than 1%) of the local highway's share of the state's Highway Distribution Account, and is governed by equal representation of city, county and highway district elected officials from all regions of the state. It is estimated the impact to the General Fund will be \$250,000 (lump sum).

CARRIED: Original Motion

Moved by Nuxoll, seconded by Youngblood, to approve for introduction \$250,000 General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$250,000 with FTP of 0.00

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 2

Thayn, Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

FY 2015 SUPPLEMENTAL
DEPARTMENT OF FISH AND GAME

PRESENTER: Ray Houston, Principal Budget & Policy Analyst, Legislative Services Office
Fisheries, Wildlife Mitigation & Habitat Conservation
One-Time Projects

The appropriation provides for two one-time projects including \$1.5 million for erosion control actions in the Clark Fork Delta and \$100,000 from the Office of Species Conservation for salmon and steelhead riparian habitat restoration on key segments of the Potlatch River and its tributaries. The Department will find the appropriation in their existing budget to pay for the other one-time projects listed in the original request.

UNANIMOUS CONSENT On request by Miller, granted by unanimous consent, the FY 2015 budget for the Department of Fish and Game was reopened.

CARRIED: Original Motion
Supplemental

Moved by Miller, seconded by Gibbs, to approve for introduction \$0 General Funds, \$100,000 Dedicated Funds, \$1,500,000 Federal Funds for a total of \$1,600,000 with FTP of 0.00

Ayes: 17

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Monks, Burtenshaw, King, Gannon

Nays: 1

Guthrie

Ab/Ex: 2

Thayn, Malek

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by Chairman Cameron.

ADJOURNED: Senator Cameron adjourned the meeting at 10:35 A.M.

Senator Cameron
Chair

Peggy Moyer
Secretary

AGENDA
JOINT FINANCE-APPROPRIATIONS COMMITTEE
8:00 A.M.
Room C310
Thursday, April 02, 2015

BUDGET SETTING

| DESCRIPTION | PRESENTER |
|---|--|
| S1173: Reconsideration of Intent Language Department of Labor | <i>Keith Bybee</i> <i>Principal Analyst</i> |
| Trailer to: S1080aa, Genetic Counselors and Licensing Act and H152aaS, Sign Language Interpreters Licensing Occupational Licensing Bureau | |
| Trailer to H302: STEM Action Center <i>Science, Technology, Engineering and Math Action Center</i> | <i>Paul Headlee</i> <i>Deputy Div Manager</i> |

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, April 02, 2015
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Cameron, Keough, Mortimer, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Burtenshaw, Horman, Malek, Monks, King, Gannon
ABSENT/ EXCUSED: None
CONVENED: **Chairman Bell** called the meeting to order at 8:00 a.m.
PRESENTER: **Keith Bybee, Principal Analyst, Division of Budget & Policy Analysis**
SUBJECT: **S 1173 Reconsideration of Intent language and Appropriation for the Department of Labor:**

Mr. Bybee read before the committee the language changes recommended by the Governor. The Governor's office has requested the JFAC committee consider changes to section six of the Department of Labor's FY 2016 appropriation bill.

Below is the current language as written in **S 1173** followed by the changes the Governor's office has requested.

S 1173 Appropriation for the Department of Labor

It is the intent of the Legislature that during the time period July 1, 2015 to June 30, 2016, the Department of Labor shall maintain the same number of local offices and provide the same or similar level of service as provided on July 1, 2014. Further, the Department of Labor shall report to the Joint Finance-Appropriations Committee, at the committee's 2015 fall interim meeting and detail the gap between necessary resources and the current level of service to maintain the same number of local offices. Additionally, the department report shall include recommendations to fund these services.

Alternative Language Requested by Governor's Office

It is the intent of the Legislature that during the time period July 1, 2015 to June 30, 2016, the Department of Labor shall maintain the same number of local offices in the same communities as provided on July 1, 2014. Further, the Department of Labor shall report to the Joint Finance-Appropriations Committee, at the committee's 2015 fall interim meeting regarding the implementation of the department realignment and detail any gap between expected funding and resources needed to maintain the same number of local offices.

Jani Revier, with the Division of Financial Management offered an explanation of the Governor's concerns. The first concern addressed is the separation of powers, the Governor's office insists that the original language may not be made clear. Also, the

metrics used to define “same” or “similar level” of service remain ambiguous. FTP as a point of measurement was not the original intent of the Legislature, however if full-time equivalent positions are not to be used as a measuring unit, then a proper way to measure service remains unclear. The current intent is to keep wages where they are currently, and while there will be a reduction in square footage where most convenient, the computer services will still be made available. These concerns are what led the Governor’s office to the alternative language.

Jay Engstrom, with the Idaho Department of Labor provided an overview to the committee of what the current plan reveals about regional, satellite, and co-locate facilities. The current regional DOL facilities will remain the same; these are the offices that are owned. The other offices will consists of smaller satellite offices and the co-locate offices. Co-locate offices include mobile staff and computer equipment. This will help cut down the square footage cost, however maintain service to the more rural areas.

UNANIMOUS CONSENT DENIED: There was an **objection** to a request by **Cameron** for unanimous consent to reopen the Fiscal Year 2016 budget for the Department of Labor. **Schmidt** spoke in opposition.

CARRIED: **Original Motion**
Moved by **Cameron**, seconded by **Gibbs**, to reopen the FY 2016 budget for the Department of Labor.

Ayes: 18

Cameron, Keough, Bair, Mortimer, Nuxoll, Johnson, Thayn, Guthrie, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 2

Schmidt, Lacey

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed.

UNANIMOUS CONSENT: On request by **Cameron**, granted by unanimous consent, the legislative intent language shown below accepted.

INTENT LANGUAGE: **Alternative Language Requested by Governor's Office**

It is the intent of the Legislature that during the time period July 1, 2015 to June 30, 2016, the Department of Labor shall maintain the same number of local offices in the same communities as provided on July 1, 2014. Further, the Department of Labor shall report to the Joint Finance-Appropriations Committee, at the committee's 2015 fall interim meeting regarding the implementation of the department realignment and detail any gap between expected funding and resources needed to maintain the same number of local offices.

PRESENTER: **Keith Bybee, Principal Analyst, Division of Budget and Policy Analysis**

**SUBJECT: Bureau of Occupational Licenses:
Trailer to S 1080aa, Genetic Counselors and Licensing Act and H 152aaS, Sign Language Interpreter Licensing**

Mr. Bybee presented the trailer appropriation bill for S 1080aa and H 152aaS. These policy bills create additional professional licensing boards which will be housed in the Bureau of Occupational Licenses.

In **S 1080aa**, relating to genetic testing, this legislation creates a licensing system and licensing requirements for genetic counselors. The legislation provides a short title and defines the scope of practice for genetic counselors which includes interpreting family and medical histories to assess risk of disease, educating families about inheritance, genetic testing, disease management and prevention, and ensuring that genetic information is used appropriately in the delivery of medical care. It is the purpose of this Act to set standards of qualification, education, training, experience, and professional competence for those who engage in the practice of genetic counseling.

In **H 152aaS**, recognizing that sign language interpreters can profoundly affect the lives of people of the State of Idaho, this Act creates a licensing system and sets qualifications standards for those who engage in the practice of sign language interpreting.

There will be no fiscal impact on state or local funds for either S 1080aa or H 152aaS.

**CARRIED: Original Motion
Self-Governing Agencies
Regulatory Boards
Bureau of Occupational Licenses
Trailer to S 1080aa and H 152aaS: genetic counselor and sign language interpreter licensing boards**

Appropriation

Moved by **Keough**, seconded by **King**, to approve for introduction \$0 General Funds, \$127,000 Dedicated Funds, \$0 Federal Funds for a total of \$127,000 with FTP of 2.00

Ayes: 12

Cameron, Keough, Guthrie, Schmidt, Lacey, Bell, Gibbs, Youngblood, Malek, Burtenshaw, King, Gannon

Nays: 8

Bair, Mortimer, Nuxoll, Johnson, Thayn, Miller, Horman, Monks

Ab/Ex: 0

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

PRESENTER: Paul Headlee, Deputy Director, Division of Budget and Policy Analysis

SUBJECT: Office of the Governor: STEM Action Center
Mr. Headlee discussed the trailer appropriation to H 302. This appropriation created the Science, Technology, Engineering, and Mathematics (STEM) Action Center with the Office of the Governor. STEM is associated with increasing involvement and educational achievement in these disciplines. H 302 establishes this new center and identifies an administrator that will be the official designated to coordinate the implementation of the STEM programs. Board of Directors will include the Director of Commerce, the Director of Labor, a member from the State Board of Education, the Superintendent of Public Instruction, and five members appointed by the Governor.

CARRIED: Original Motion
Office of the Governor
Science Technology Engineering and Mathematics Action Center
STEM Action Center
Trailer to H 302

Appropriation

Moved by **Horman**, seconded by **Thayn**, to approve for introduction \$547,300 General Funds, \$100,000 Dedicated Funds, \$0 Federal Funds for a total of \$647,300 with FTP of 2.00

Ayes: 19

Cameron, Keough, Bair, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon

Nays: 0

Ab/Ex: 1

Mortimer

The majority having voted in the affirmative, the motion has passed and without objection will carry a DO PASS recommendation. There being no objection, it was so ordered by **Chairman Bell**.

UNANIMOUS CONSENT: On request by **Horman**, granted by unanimous consent, the legislative intent language was accepted.

INTENT SECTION 2.

LANGUAGE: It is the intent of the Legislature that to promote the expansion of student engagement in science, technology, engineering, and math (STEM) within Idaho schools the STEM Action Center will strive to coordinate with other agencies that receive moneys for STEM education, and where practicable, administer those moneys. Additionally, the STEM Action Center will encourage financial contributions from industry and other potential sources to accomplish its goals as outlined in Section 67-823, Idaho Code.

ADJOURN: There being no further business to come before the committee, **Chairman Bell** adjourned the meeting at 9:05 a.m.

Representative Bell
Chair

Christi Cox
Secretary