

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 30, 2019

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, and Nye.

Representatives Co-chairman Youngblood, Horman, Anderson, Amador, Kauffman, Raybould, Syme, Troy, Wintrow, and Toone.

**ABSENT/
EXCUSED:** None

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

**AGENCY
PRESENTATION:** **DEPARTMENT OF ADMINISTRATION**

**AGENCY
PRESENTER:** **Bryan Mooney, Director, Department of Administration (Department)**
The Department of Administration provides central business management and support services to state government agencies and policymakers. The Department procures goods and services at the best price, provides health, dental and life insurance for state employees, adjudicates claims for disability arising from workplace injury, and delivers Statehouse mail. In addition, the Department helps state agencies design, construct and remodel facilities under appropriate codes, including the Department of Corrections, Capitol Mall, Chinden Campus, and state office buildings in Lewiston and Idaho Falls.

**LSO STAFF
PRESENTER:** **Jill Randolph, Analyst, Legislative Services Office (LSO)**
In FY 2018, the Department received a total appropriation of \$27,922,800 and reported expenditures of \$23,016,100. A total of 17.6 percent of their total appropriation was reverted.

In FY 2019, the Department received a total appropriation of \$23,698,200, and three supplemental appropriations: a transfer of \$158,500 from operating expenditures to personnel costs and the addition of 1.0 FTP for the Chinden Campus staff, project management software to manage property and casualty, and a postal increase.

For FY 2020, the Department requested a total of \$24,277,500 which included replacement computer equipment.

In answer to previous questions from the Committee, **Director Mooney** provided background on the Statewide Cost Allocation and Building Services space charges. The Permanent Building Fund Advisory Council voted to increase rental rates by 16.6% for those agencies in the Capitol Mall and state owned buildings in Lewiston and Idaho Falls. The increase will be used to address deferred maintenance costs of approximately \$22,200,000 at the Capitol Mall.

The Department also requested two line items: (1) eight additional FTPs, half immediately, and a net-zero transfer of \$477,200 from operating expenditures to personnel costs for maintenance staff at the Chinden Campus, and (2) three additional FTPs and \$234,800 from dedicated funds for contract administration personnel at the Division of Purchasing. **Director Mooney** described the Chinden Campus and its current and future tenants and needs. Director Mooney also addressed the need for three additional FTPs for the Division of Purchasing to provide dedicated contract duties. **Director Mooney** anticipated that these positions would also work in collaboration with the Office of Information Technology. **Sarah Hilderbrand**, Division of Purchasing, described the wide variety of complex service contracts and processes, some of which take years to develop, and the need for experts in contract administration. The Governor recommended the Purchasing staff positions and the Maintenance staff positions at Chinden.

For FY 2020, the Department requested \$24,512,300. The Governor recommended \$24,215,200.

Director Mooney and **Ms. Hildebrand** answered additional questions from the Committee concerning the Chinden Campus and contract administration. See [Presentation](#) and [Audio](#).

**AGENCY
PRESENTATION: BOND PAYMENT PROGRAM**

**LSO STAFF
PRESENTER: Jill Randolph, Analyst, LSO**

The Department of Administration's Bond Payments Program (Bond Program) consolidates payment of the state's bonded indebtedness for the construction of buildings. The bond-funded buildings include: Prison Complex (Idaho State Correctional Center); Department of Parks and Recreation headquarters; Idaho School and Hospital; Idaho State University Rendezvous Center; College of Western Idaho (formerly Boise State University Academic West); University of Idaho Learning Center; Lewis-Clark State College Activity Center; North Idaho College Health Building; College of Southern Idaho Fine Arts Building; Idaho State Police Post Academy; College of Eastern Idaho (formerly Eastern Idaho Technical College); Capitol Mall Parking Garage Number II; and the Idaho State Chinden Campus.

In 2018, the Bond Program received an appropriation of \$12,303,000 and expended \$11,409,300. The Bond Program reverted \$893,700 due to the difference in interest rates for certain bonds.

In 2019, the Bond Program received \$11,877,000 and had no line item requests.

For FY 2020, the Bond Program requested \$20,177,000, including \$8,300,000 from the Permanent Building Fund to pay the annual debt service to the Idaho State Building Authority for the Chinden Campus. Rental income from private tenants and state agencies is expected to cover the debt service. The Governor recommended this request.

Ms. Randolph noted a listing of all bonds currently paid through the Bond Program. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: PERMANENT BUILDING FUND

PRESENTER: Jan Frew, Administrator, Division of Public Works

The Permanent Building Fund is dedicated to building needed structures, renovations, repairs, and remodeling of existing structures at the several state institutions and agencies. The Division of Public Works administers the Permanent Building Fund. The division also includes the statewide leasing program and Capitol Mall Facilities group that operates and maintains the Capitol Mall buildings, state office buildings in Idaho Falls and Lewiston, and the State of Idaho Chinden Campus.

LSO STAFF

PRESENTER: Jill Randolph, Analyst, LSO

Seven statutory sources of revenue fund the Permanent Building: (1) tax returns, (2) Sales Tax Fund, (3) cigarette tax revenue, (4) beer tax, (5) state lottery earnings, (6) interest earned from the Permanent Building Fund, and (7) interest earnings from the Budget Stabilization Fund. Funds for the Permanent Building Fund are continuously appropriated since projects span more than one year.

In FY 2018, the Permanent Building Fund received a total appropriation \$118,671,000. Expenditures were \$31,414,400 and reappropriation to FY 2019 was \$87,256,600.

In FY 2019, the Permanent Building Fund received \$77,772,000 which included nine line items:

- (1) IDOC waste water lagoon upgrade,
- (2) CSI Canyon building remodel,
- (3) Division of Military's MWR facility,
- (4) New Public Safety Communications site,
- (5) IDOC community re-entry center,
- (6) General Fund for capital projects,
- (7) CWI Nampa Health Sciences building,
- (8) Nuclear seed potato facility, and
- (9) IDOC facility expansions.

Ms. Frew detailed progress on each of these line items.

For FY 2020, the Permanent Building Fund Advisory Council requested three line items:

- (1) Department of Agriculture Pathology Lab: \$8,000,000 to construct a new lab building for the Idaho State Department of Agriculture animal health lab, plant pathology lab and dairy lab. The Governor recommended this line item.

(2) Division of Military TFRC Site Utilities: \$1,200,000 to install electric, gas, data, water and sewer utilities at the future Twin Falls Readiness Center. The Governor recommended this line item.

(3) Public Safety Mica Peak Communication Site: \$630,000 to replace and upgrade the building and communication tower at the Mica Peak site in Coeur d'Alene.

In addition, the Governor recommended three line items:

(4) IDOC Wastewater Lagoon Repair of \$1,904,800;

(5) 12,200,000 for a IDOC North Idaho reentry Center; and

(6) \$7,400,000 for IDOC St. Anthony facility expansion.

The Governor recommended \$21,504,800 to be transferred from the General Fund to the Permanent Building fund to cover the cost of the three additional recommended projects. **Administrator Frew** detailed the line item projects.

For FY 2020, the Permanent Building Fund Council requested a total appropriation of \$48,773,700. The Governor recommended \$70,370,500.

Ms. Frew and **Ms. Randolph** answered questions from the Committee. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: **CAPITOL COMMISSION**

PRESENTER: **Andy Erstad, Chairman**

The Capitol Commission (Commission) was established in 1998 to develop a master plan for the restoration and refurbishment of the Capitol. Design and construction took place from 2007, and the Capitol was rededicated in 2010. Today, the Commission oversees the preservation and use of the Capitol. Funding for maintenance is provided from endowment land funds and investments.

LSO STAFF

PRESENTER: **Jill Randolph, Analyst, LSO**

In FY 2018, the Commission received a total appropriation of \$2,484,000. Expenditures totalled \$435,000, and the Commission reverted \$2,048,700.

In FY 2019, the Commission received a total appropriation of \$2,484,000.

For FY 2020, the Commission requested a total appropriation of \$2,484,000. The Governor recommended the same amount. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: **IDAHO PUBLIC TELEVISION**

PRESENTER: **Ron Pisaneschi, General Manager**

Idaho Public Television (IPTV), a state agency under the Board of Education, operates the only statewide television network and reaches 99.7 percent of households in Idaho. IPTV features a robust online presence on virtually all new devices. Staying current requires a major undertaking, and in the future, state funding will be needed to address changing technologies. While the majority of ITPV's funding comes from private contributions and grants, IPTV is absolutely dependent on funding from the General Fund.

IPTV divides its operations into two main areas: (1) the transmission side, including online distribution, which is funded largely by the General Fund; and (2) the content side which is funded from private contributions and grants. Other areas, such as administration, are funded from a combination of general and dedicated funds.

Over the past five years, IPTV has focused in three major areas: (1) enhanced local productions; (2) expanded service for teachers, students and parents; and (3) ensuring that content is available on all new technologies.

The 2020 budget request includes operation funding for these efforts from private, dedicated funds. The capital replacement request includes \$155,000 for a new camera package to upgrade editing equipment. ITPV is engaged in five major education initiatives and was recently notified that it received a competitive grant to hire an additional education outreach position to work with parents to help them prepare their children for school. The Governor has recommended funding for this new line item. Following an FCC decision to auction TV stations 34–68, ITPV continues to spend a significant amount of time and resources to repackage its broadcast transmitters and translators into a smaller number of TV channels.

**LSO STAFF
PRESENTER:**

Jill Randolph, Analyst, LSO

In FY 2018, ITPV received a total appropriation of \$9,633,100, consisting of approximate 34 percent from the General Fund and approximately 65 percent from dedicated funds. ITPV received non-cognizable increase of \$238,800 in federal funds for the FCC repackaging of its stations. ITPV reverted eight percent of its total appropriation.

Mr. Pisaneschi reported on the 2016 and 2017 audit findings. Both findings were minor and have been corrected.

In FY 2019, received appropriation for four line items. **Mr. Pisaneschi** reported that the 1.0 FTP for an FCC engineer has been difficult to fill. A year-long search only produced one viable candidate who then accepted another position for 35 percent higher salary. ITPV has had success with training recent military veterans and is now working with the Idaho Department of Labor to fill the position. The Office of Special Education and Rehabilitation Services Grant, Idaho Experience Grant, and American Graduate Grant show great progress.

For FY 2020, ITPV requested an inflationary adjustment for a 12.2% rental increase at the its Boise Headquarters. ITPV also requested \$1,032,900 in replacement items. The Governor recommended \$839,000 for these items.

FY 2020 line items included (1) Education Outreach; (2) Digital Media Technician; and (3) Federal Video Production Grant. The Governor recommended the production grant, and added an additional recommendation of 1.0 FTP and \$66,900 in personnel costs for a limited service education specialist position to provide community literacy resources for children age 3–5 years through a Public Broadcasting Service grant.

For FY 2020, ITPV requested a total appropriation of \$9,806,200. The Governor recommended \$9,565,500.

Mr. Pisaneschi answered questions from the Committee. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: COMMISSION ON HISPANIC AFFAIRS

PRESENTER: Margie Gonzalez, Executive Director

The Idaho Commission on Hispanic Affairs (Commission) was established in 1987 as an independent entity of state government to serve as a link between the Hispanic community and government entities to improve Hispanic work life quality. The Hispanic population represents approximately 13 percent of Idaho's total population and approximately 18 percent of total public K-12 enrollment. The Commission's work focuses on narrowing the academic achievement gap between Hispanics and non-Hispanic students as measured by graduation rates, and use of health care as measured by greater access, insurability and reduced incidences of at risk behavior. Ms. Gonzalez reported that the Commission 2017 audit contained one finding which has been corrected.

LSO STAFF

PRESENTER: Jill Randolph, Analyst, LSO

In FY 2018, the Commission received a total appropriation of \$337,600 which included a shift of \$26,000 and 0.30 FTP from federal funds to the General Fund. Through a net object transfer of \$4,000, the Commission's three FTPs are now fully funded from the General Fund. The Commission reverted 12.1 percent of their total appropriation.

In FY 2019, the Commission received a total appropriation of \$330,600 which included one line item for statewide outreach efforts, and a fund shift and reduction which reduced the appropriation by \$8,000.

For FY 2020, the Commission requested a total appropriation of \$333,200. The Governor's recommended \$339,700 which included onetime funding for GOV TECH 1, 2 and 3.

Ms. Gonzales answered questions from the Committee. See [Presentation](#) and [Audio](#).

JFAC ACTION ON SUPPLEMENTAL APPROPRIATIONS

DEPARTMENT OF HEALTH AND WELFARE

Public Health Services

LSO STAFF

PRESENTER: Jared Tatro, Analyst, LSO

The Physical Health Services Program requests a supplemental appropriation of 6.00 FTP and a net increase of \$5,850,000 in ongoing federal funds to administer 11 federal grants. The request includes an additional \$550,000 in ongoing personnel costs, an additional \$6,800,000 in operating expenditures, and a decrease of \$1,500,000 in trustee and benefit payments. The department is also requesting \$5,850,000 in program transfers, which will make the request net-zero for the department. The department-wide request for this supplemental appropriation is 6.00 FTP and \$0. Grants and associated FTP included in the request are for opioids (1.00 FTP), AIDS, oral health (1.00

FTP), physical activity and nutrition, chronic disease innovation (1.00 FTP), the National Violent Death Registry System (2.00 FTP), immunizations, sexual risk avoidance or abstinence (1.00 FTP), and for the maternal, infant and early childhood home visiting program. The six requested FTP will be limited service positions and will be requested for removal by the department upon completion of each associated grant.

Rather than requesting new appropriation, the department was able to identify existing appropriation amounts in several programs that are in excess of estimated needs. As a result, this department-wide request has an overall net-zero impact on the department's federal fund appropriation. The appropriation will increase in the Physical Health Services Program by 6.00 FTP and \$5,850,000. The appropriation will be reduced by \$5,850,000 in five programs and includes \$1,000,000 from Self-Reliance Operations, \$300,000 from Emergency Medical Services, \$3,100,000 from Healthcare Policy Initiatives, \$750,000 from the Southwest Idaho Treatment Center, and \$700,000 from Medicaid Administration.

CONSENT: On request by **Sen. Lee**, granted by unanimous consent, the FY 2019 budget for the Department of Health and Welfare, Public Health Services, was reopened.

CARRIED: Original Motion
Moved by **Sen. Lee** for the Department of Health and Welfare, for fiscal year 2019, the addition of \$5,850,000 for the Physical Health Services Program; a reduction of \$750,000 for the Southwest Idaho Treatment Center Program; a reduction of \$700,000 from the Medicaid Administration and Medical Management Program; a reduction of \$300,000 from the Emergency Medical Services Program; a reduction of \$1,000,000 from the Self-Reliance Operations Program; and a reduction of \$3,100,000 from the Healthcare Policy Initiatives Program, with all adjustments from the Cooperative Welfare (Federal) Fund and ongoing, seconded by **Sen. Agenbroad**.

DISCUSSION: **Sen. Lee** stated that the department has sufficient appropriation for these grants, just not in the correct object, and this action allows for the program to implement the grants without additional appropriation. This motion provides for a department-wide net-zero change of appropriation with the specifics of the motion reflected in the table. Further the department overall, has sufficient FTP authority and the ability to transfer those FTP between programs to implement the grants, therefore no additional FTP were added.

AYES: 19
Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, Nye, Youngblood, Horman, Anderson, Amador, Kauffman, Raybould, Syme, Troy, and Toone.

NAYS: 0

ABSENT/EXCUSED: 1 Rep. Wintrow

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 Bair**. See [Presentation](#) and [Audio](#).

DEPARTMENT OF REVENUE AND TAXATION
Board of Tax Appeals, New Lease-New Space

**LSO STAFF
PRESENTER**

Keith Bybee, Deputy Manager, LSO

This request is for a \$9,900 ongoing increase in operating expenditures to pay for the cost of a new lease in new office space located at 1673 W. Shoreline Dr., Suite 120 in Boise. There is an annualization for \$3,300 to cover the annual cost of the lease because the new landlord gave the board the first month of rent free.

CONSENT:

On request by **Rep. Kauffman**, granted by unanimous consent, the FY 2019 budget for the Department of Revenue and Taxation, Board of Tax Appeals was reopened.

CARRIED:

Original Motion

Rep. Kauffman moved for fiscal year 2019, for the Board of Tax Appeals, \$9,900 from the General Fund, seconded by **Rep. Amador**.

AYES: 19

Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, Nye, Youngblood, Horman, Anderson, Amador, Kauffman, Raybould, Syme, Troy, and Toone.

NAYS: 0

ABSENT/EXCUSED: 1 Rep. Wintrow

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 Bair**. See [Presentation](#) and [Audio](#).

Department of Revenue and Taxation, State Tax Commission, General Services; Additional Moving Costs

**LSO STAFF
PRESENTER:**

Keith Bybee, Deputy Manager, LSO

This request is for additional costs to move from the MK/WGI Plaza to the Chinden Campus. Of the request, \$175,000 is for an additional year of common area maintenance charges or "CAM" charges at MK/WGI. CAM charges are costs shared by tenants for items like utilities, facility maintenance, grounds upkeep, use of common areas, etc. Because the Chinden Campus was not completely available for the Tax Commission to move there, these costs are unanticipated for the current fiscal year as it requires an additional year of CAM charges at MK/WGI Plaza. Also included in this request is \$100,000 for servers, \$57,400 for front counter security, \$75,000 for additional furniture for new common auditorium space, \$125,000 for new cubicles, \$50,000 for badge readers, and \$80,000 for rolling files. [Onetime]

CONSENT:

On request by **Sen. Grow**, granted by unanimous consent, the FY 2019 budget for the Department of Revenue and Taxation, State Tax Commission was reopened.

CARRIED:

Original Motion

Moved by **Sen. Grow** for fiscal year 2019, for the State Tax Commission, in the General Services Program, \$500,000, onetime, from the General Fund, seconded by **Rep. Horman**.

DISCUSSION:

Sen. Grow stated that this motion provides the agency with additional appropriation to help with moving costs to the Chinden Campus. This motion reflects the Governor's recommendation for this supplemental request.

AYES: 19

Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, Nye, Youngblood, Horman, Anderson, Amador, Kauffman, Raybould, Syme, Troy, and Toone.

NAYS: 0

ABSENT/EXCUSED: 1 Rep. Wintrow

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 Bair**. See [Presentation](#) and [Audio](#).

Department of Revenue and Taxation, State Tax Commission, Property Tax, Trailer Appropriation for H492 of 2018

**LSO STAFF
PRESENTER:**

Keith Bybee, Deputy Manager, LSO

The agency requests 0.25 FTP, \$11,900 in personnel costs, and \$1,300 in operating expenditures for one quarter position to implement H492 of 2018 as directed in the fiscal note. H492 created an additional property tax reduction for disabled veterans. This legislation enabled disabled veterans to apply for property tax relief through the circuit breaker program. The agency requires an additional technical records specialist to process these applications in addition to alleviating other work that has increased in the Property Tax Program. In total this request is for 1.00 FTP, \$47,200 in personnel costs, and \$5,000 in operating expenditures for a total of \$52,200 from the General Fund if approved as a supplemental, and annualized for the other three-quarters of the position in FY 2020.

CARRIED:

Original Motion

Moved by **Sen. Grow** for fiscal year 2019, for the State Tax Commission, in the Property Tax Program, 0.25 FTP and \$13,200, ongoing, from the General Fund, seconded by **Rep. Horman**.

DISCUSSION:

Sen. Grow stated that this motion provides the agency with an additional FTP for the remainder of FY 2019. If this supplemental is approved, the full cost of the FTP will be added to the FY 2020 appropriation to the State Tax Commission for this purpose.

AYES: 19

Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, Nye, Youngblood, Horman, Anderson, Amador, Kauffman, Raybould, Syme, Troy, and Toone.

NAYS: 0

ABSENT/EXCUSED: 1 Rep. Wintrow

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 Bair**. See [Presentation](#) and [Audio](#).

Department of Revenue and Taxation, State Tax Commission, Property Tax, Property Tax Education

**LSO STAFF
PRESENTER:**

Keith Bybee, Deputy Manager, LSO

This request is to increase the appropriation from the Property Tax Education Fund to match the increased cash received in FY 2018. As the economy has improved, more county assessors are participating in the property tax education courses and the need to hire trainers has increased as a result. This training is a semi-annual event for county officials and employees who work with property assessments and valuations. Money is paid into this fund by the attendees to cover the cost of instructors, rented classrooms, materials, and other items necessary to conduct training.

CARRIED:

Original Motion

Moved by **Sen. Grow** fiscal year 2019, for the State Tax Commission, in the Property Tax Program, \$40,000, ongoing, from dedicated funds, seconded by **Rep. Horman**.

DISCUSSION:

Sen. Grow stated that this motion provides the agency with sufficient spending authority over the next few years to pay for trainings for county assessors.

AYES: 19

Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, Nye, Youngblood, Horman, Anderson, Amador, Kauffman, Raybould, Syme, Troy, and Toone.

NAYS: 0

ABSENT/EXCUSED: 1 Rep. Wintrow

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 Bair**. See [Presentation](#) and [Audio](#).

ADJOURNED:

Having no further business before the Committee, **Chairman Bair** adjourned the meeting at 10:28 a.m.

Senator Bair
Chair

Elaine Leedy
Secretary