

MINUTES
Approved by Council
Legislative Council
Friday, June 05, 2020
8:30 A.M.
WW02 Lincoln Auditorium
Boise, Idaho

Speaker Bedke called the meeting to order at 8:30 a.m.; a silent roll call was taken.

Legislative Council (Council) members in attendance: Speaker Scott Bedke, Pro Tem Brent Hill, Senators Chuck Winder, Abby Lee, Carl Crabtree, Michelle Stennett, Cherie Buckner-Webb, and Grant Burgoyne; Representatives Mike Moyle, Clark Kauffman, Wendy Horman, Ilana Rubel, John McCrostie, and Sally Toone. Legislative Services Office (LSO) staff present: Director Eric Milstead, Terri Kondeff, and Shelley Sheridan.

Other attendees: Mary Sue Jones, Idaho Senate; Mary Lou Molitor and Carrie Maulin, Idaho House of Representatives.

Pro Tem Hill called for a motion to approve meeting minutes. **Representative Kauffman made a motion to approve the November 8, 2019 minutes; Senator Buckner-Webb seconded the motion. The motion passed by voice vote.**

DIRECTOR'S REPORT - Eric Milstead, Director, Legislative Services Office (LSO)

LSO Performance Survey

Director Milstead reported that LSO received close to 50 percent of the surveys and was pleased with the responses. LSO will focus on improving a couple areas as reported by members.

Office of Performance Evaluations (OPE)

Director Milstead referred to information provided by OPE Director Rakesh Mohan that highlighted four reports OPE will be working on in the upcoming months: (1) State response to Alzheimer's and related dementia, (2) Driver verification cards, (3) Systemic review of tax exemptions and deductions, and (4) Long-term planning postsecondary education. Additionally, OPE plans to release three evaluations in the next few months: (1) Investigating allegations of child neglect, (2) Preparedness of Idahoans to retire, and (3) County revenues.

2020 Interim Committee Appointments

Director Milstead reviewed interim committee member appointments for the Council's approval. He noted that the first four are standing committees and do not require approval.

Criminal Justice Reinvestment Oversight Committee (67-456 (2019)). Appointments do not require Council approval.

Sen. Todd Lakey, Co-Chair

Rep. Greg Chaney, Co-Chair

Sen. Patty Ann Lodge

Rep. James Holtzclaw

Sen. Jeff Agenbroad

Rep. Bryan Zollinger

Sen. Cherie Buckner-Webb

Rep. John McCrostie

Sen. Mark Nye

Rep. Melissa Wintrow

Idaho Council on Indian Affairs (67-4004 (1999)). Appointments do not require Council approval.

Sen. Jim Guthrie

Rep. Kevin Andrus

Sen. Cherie Buckner-Webb

Rep. Chris Abernathy

Child Protection Legislative Oversight Committee (16-1647 (2018)). Appointments do not require Council approval.

Sen. Abby Lee, Co-Chair

Rep. Mike Moyle, Co-Chair

Sen. Mary Souza

Rep. Jason Monks

Sen. Kelly Anthon

Rep. Bryan Zollinger

Sen. Cherie Buckner-Webb

Rep. Melissa Windtrow

Natural Resources Interim Committee HCR 012

Sen. Steve Bair, Co-Chair

Rep. Marc Gibbs, Co-Chair

Sen. Jim Patrick

Rep. Scott Bedke

Sen. Lee Heider

Rep. Mike Moyle

Sen. Bert Brackett

Rep. Terry Gestrin

Sen. Michelle Stennett

Rep. Ilana Rubel

Sen. Maryanne Jordan (Ad Hoc)

Rep. Megan Blanksma (Ad Hoc)

Rep. Britt Raybould (Ad Hoc)

Pacific Fisheries Legislative Task Force (67-452)

Sen. Lee Heider

Rep. Laurie Lickley

Sen. Michelle Stennett

Rep. Sally Toone

Study of Intrastate Commercial Air Service in the State of Idaho - SCR 125

Sen. Dan Johnson, Co-Chair

Rep. Caroline Troy, Co-Chair

Study of the Idaho Content Standards - SCR 132

Sen. Steven Thayn, Co-Chair

Rep. Gary Marshall, Co-Chair

Sen. Lori Den Hartog

Rep. Dorothy Moon

Sen. Jim Woodward

Rep. Ryan Kerby

Sen. Dave Lent

Rep. Paul Amador

Sen. Janie Ward-Engelking

Rep. John McCrostie

Study Property Taxes and Property Tax Revenue Expenditures - SCR 134

Sen. Jim Rice, Co-Chair	Rep. Jim Addis, Co-Chair
Sen. Jim Guthrie	Rep. Mike Moyle
Sen. Kelly Anthon	Rep. Jason Monks
Sen. Scott Grow	Rep. Rod Furniss
Sen. Grant Burgoyne	Rep. Lauren Necochea
	Rep. John Vander Woude (Ad Hoc)

Study of Occupational Licensing and Certification Laws Committee (Regulatory Reform) - HCR 037

Sen. Todd Lakey, Co-Chair	Rep. Gayann DeMordaunt, Co-Chair
Sen. Fred Martin	Rep. Randy Armstrong
Sen. Lori Den Hartog	Rep. Julianne Young
Sen. Grant Burgoyne	Rep. Elaine Smith

Pro Tem Hill made a motion to approve the committees as appointed. Representative Moyle recommended replacing Representative Zollinger with Representative Chaney on the Child Protection Legislative Oversight Committee. Senator Buckner-Webb advised her retirement would impact her appointments. Senator Stennett clarified that members remain legislators through the summer and until November elections. Speaker Bedke may add an Ad Hoc member to the Intrastate Commercial Air Committee, as is their prerogative. Representative Rubel requested minority representation on the Intrastate Commercial Air Committee. Speaker Bedke asked for direction from SCR 125. Director Milstead clarified that SCR 125 authorized the Council to appoint a committee composed of one voting member appointed by the Pro Tem, one voting member appointed by the Speaker, nine non-legislative voting members appointed by the co-chairs of the committee to include: one from the Transportation Department, three from the business community, two from the public, one from the commercial airline industry, and 2 Idaho airport directors. Senator Stennett stated that Senate floor discussion was that it was the prerogative of the Pro Tem and Speaker; however, that was not stated in SCR 125. Senator Burgoyne supported the co-chairs adding Ad Hoc members and suggested addressing the issue in the next session by adding a new resolution to broaden the committee and scope. Senator Winder recounted that the Senate floor discussion was about the involvement of operators and stakeholders, not making it a partisan issue, and that SCR 125 limited the co-chairs' actions. Representative Rubel requested guidance from Director Milstead as to the authority of the Council to appoint an additional Ad Hoc legislative member. Director Milstead responded that SCR 125 was the governing document, which was approved by both bodies, and the Speaker and Pro Tem had appointing power to determine legislative membership. Senator Burgoyne noted opposition with the lack of minority representation and that it should be corrected by the co-chairs or during the next legislative session. He urged appointing the committee, however, so it could start addressing the issues. Senator Winder added that the committee was meant to be comprised of stakeholders, not by political party. Speaker Bedke restated the motion to approve the interim committees. He added that the concerns of Representative Rubel and Senator Burgoyne were well noted and believed the exclusion was unintentional on part of the sponsors. **The motion passed by voice vote.**

2020 Standing Committee Appointment

Joint Legislative Oversight Committee

Sen. Mark Harris, Co-Chair
Sen. Dan Johnson
Sen. Michelle Stennett
Sen. Cherie Buckner-Webb

Rep. Ilana Rubel, Co-Chair
Rep. Caroline Nilsson Troy
Rep. Paul Amador
Rep. Elaine Smith

Director Milstead requested the Council approve the appointment of Representative Ilana Rubel as the new co-chair of the Joint Legislative Oversight Committee. **Senator Stennett made a motion to approve the Joint Legislative Oversight Committee; Representative Horman seconded the motion. The motion passed by voice vote.**

HJR4 - Approval of Statement of Meaning & Purpose and Arguments Pro & Con

Elizabeth Bowen, LSO Principal Drafting Attorney, stated that Idaho Code Section 67-453 requires the Council to submit a Statement of Purpose and arguments for and against the proposed amendment. The purpose was to permanently set the number of senators in the Legislature and number of legislative districts at 35, which could not be changed during redistricting. Ms. Bowen highlighted the pros and cons of the proposed amendment. Senator Burgoyne recommended more neutral wording in one of the statements for the proposed amendment relating to rural residents being added to urban districts. Pro Tem Hill asked if the number of House members per district was also specified in the constitution. Ms. Bowen responded that the constitution states that there can be as many as two representatives per senator, but does not require such. Prop Tem Hill noted that the amendment only addressed the Senate. Senator Stennett recommended clarifying language to state "both" or "either," and Representative Horman suggested adding language to address the impact of the amendment to the House. Director Milstead responded that LSO would provide revised language before the Council adjourned. Speaker Bedke deferred approval until later in the agenda.

Discussion of Advance Planning: Interim Committees; New Member Orientation; 2020 Organizational Session; 2021 Session

Director Milstead reviewed advance planning for the 2021 session in response to COVID-19. He acknowledged differing perspectives by members and that options for conducting business could be considered by the Legislature. Director Milstead reported that the work group consisted of LSO staff, the Senate Secretary, and Chief Clerk of the House; Senator Winder and Representative Harris were appointed as legislative liaisons.

Director Milstead stated that information was gathered from other states and various organizations, and included participation by Idaho Public Television, to ensure electronic public viewing, and the Department of Administration, to consider the Chinden Campus to accommodate social distancing. He added that LSO was performing on-site testing to bring technology up to speed. Director Milstead stated that the focus was on preparing for interim committee meetings and the organizational session. Director Milstead reviewed three potential approaches to conducting the upcoming legislative session, first being fully remote. Senator Winder advised that the Senate planned to remain in the Capitol with social distancing. The second was a remote hybrid approach, which presents the most challenges and includes the same questions raised in a fully remote approach, plus the social distancing aspect. The third was to remain in the Capitol with social distancing. He suggested utilizing committee rooms and chamber floors as meeting rooms and videoconferencing for public testimonies.

Director Milstead stated that providing public access was a priority and that there was a constitutional prohibition to holding sessions in secret. He added that utilizing the Chinden Campus would require advance notice to purchase or rent furniture and install data. Director Milstead also recommended that the Council consider adopting emergency related rules governing their work processes.

Senator Winder stated that rules were being drafted for the organizational session in December and that the Legislature would have to decide if rule changes were necessary. He requested the Council provide LSO guidance so a path and estimate could be prepared. Speaker Bedke responded that rules could not be changed until the legislative session and asked if it was in order for the organizational session. Director Milstead responded that the Legislature would be on very shaky ground to pass legislation but might have latitude with rules; additional legal review would be necessary to determine if appropriate. Senator Winder noted that the Senate traditionally adopts rules in the organizational session. Speaker Bedke recommended a checklist and that a special session may be a way to address rules. Speaker Bedke recognized Carrie Maulin, Chief Clerk of the House, who reported that research of House and Senate journals back to 1969 revealed that adopting rules was acceptable; however, voting for bills and statutes were not.

Senator Lee recommended adopting a plan for working entirely remotely, while preserving the public's right to participate. She acknowledged the need for fiscal resources. Director Milstead stated that LSO could develop the framework of an entirely remote approach, but did not have the staff to commit to all related IT issues, as well as preparing for social distancing. Representative Horman recommended adopting rules sooner than later in case there was a spike in COVID-19 cases and that the Legislature had a constitutional obligation to hold meetings for the public's benefit. Representative Toone expressed concern with an entirely remote approach, specifically for people in rural areas, like herself, where internet connection and cell coverage was unstable. She recommended the plan include procedures for handling outages. Director Milstead requested the Council provide a preferred approach so LSO could work on a framework of how an entirely remote approach would work, including potential shortcomings.

Senator Buckner-Webb recommended research into bandwidth of providers. Senator Lee stated that public's access was critical and that members should determine their own needs for working remotely. Pro Tem Hill suggested researching federal funding to help finance contractors to implement technology. Director Milstead responded that LSO received COVID-19 related funding. Director Milstead reported that the work group's recommendation included conducting business in the Capitol with social distancing, preparing an estimated cost of construction for the Chinden Campus, and re-configuring the Senate floor and splitting the House chamber into two locations. Senator Crabtree emphasized the need to focus on completing the people's business and not further isolate themselves using technology. Senator Burgoyne agreed and noted the importance of representing the people and maintaining a connection. He encouraged the Council to not let the crisis pass without changing the future by addressing infrastructure problems like the need for hotspots. Senator Burgoyne stated that both a plan A and plan B were needed and encouraged legislator involvement.

Senator Winder asked whether federal funds were available to cover costs. Director Milstead confirmed that federal funds were received to cover costs through the end of 2020, with potential additional funding available in 2021. Director Milstead added that LSO was also working with the Capitol Commission to address technology upgrades, and aside from staffing, LSO appeared to be in good shape for the near future. Senator Winder asked about the State of the State address. Representative Horman asked if there was a backup plan for the organizational session. Director Milstead responded that the plan was to prepare the Capitol for social distancing. Senator Burgoyne suggested preparing for members participating remotely. Director Milstead confirmed a few members could be accommodated for videoconferencing. Senator Winder added that a hybrid approach may be needed to accommodate members who wish to participate elsewhere in the Capitol. Senator Lee expressed reservations with resources for the Chinden Campus since a remote plan would include those provisions. Director Milstead clarified that the work group's recommendation was to estimate a cost to equip the Chinden Campus, not to expend resources. Senator Winder suggested the Council come to a consensus to allow LSO to continue their work.

Representative Horman asked if facilities in downtown Boise were considered. Senator Hill added the School of Law as a potential site. Director Milstead will look into both locations.

Request by Health District 4 - Permission to Procure Outside Auditor

Director Milstead advised that Health District 4 was requesting an outside audit, which was currently a function of the LSO Audit Division. Idaho Code Section 39-414A provides that such audit shall be made under the direction of the Legislative Council. April Renfro, LSO Audit Division Manager, reported that health district audits were completed biennially, which six of the seven districts were doing. An annual audit would be difficult for the Audit Division to accommodate due to limited office resources. She stated that audits were prioritized according to Idaho Code Section 67-702, and in light of due dates for the statewide financial audit (December 31) and single audit (March 31). Management reviews and other audits were completed throughout the summer with 20 auditors available to complete them.

Russell Duke, Director, Public Health District 4, reported that the health district was not a state agency, but received 20% of their budget from the state, their remaining budget came from counties, the federal government, and fee revenues. Mr. Duke reported that its annual budget was a little over \$11 million and that a biennial audit was required, which the district will continue. Mr. Duke stated that the health district board requested a private firm as a result of a delay in the completion of its fiscal year 2015 and 2016 audit. He stated that three informal bids were received that were less than half the cost of LSO. The bids also indicated that audits would be completed in half the time. Mr. Duke stated that since 2005, the district had never had a finding, but timing would be an issue if there were findings. He concluding that the decision was based on efficiency and cost.

Representative Kauffman asked if the district would continue having a biennial audit plus an annual audit. Mr. Duke clarified that the district would continue having a biennial audit, but with a private firm in place of LSO. Senator Winder asked if the district sought competitive bids. Mr. Duke responded that the process was considered professional services; however, bids would be obtained. Senator Burgoyne asked what LSO charged other agencies for audits. Ms. Renfro confirmed that agencies with dedicated funding sources were billed. Representative Kauffman asked if Health District 1 was audited by a private firm. Ms. Renfro responded that LSO audited Health District 1 on an annual basis. Senator Stennett asked what the impact would be on the Audit Division to perform annual audits for the health districts. Ms. Renfro responded that the division's resources and scheduling would be impacted and that audits were scheduled in six-month blocks to meet due dates. She added that biennial audits eased the schedule. Senator Stennett asked if remaining as a biennial audit would be a burden. Ms. Renfro responded that it would be the same burden as it has been. She agreed that a two-year delay was too long and cited staffing issues that contributed to that. She added that tools have been implemented to prevent future delays and that audits were typically completed in six months. Director Milstead provided that resources were the primary issue and that an additional three staff members would be required to complete annual audits for all health districts. He added that the division accrued more overtime than the other divisions. Senator Stennett asked if the health districts outsourced financial statements. Ms. Renfro responded that Health District 4 outsourced its financial statements and that the last audit flowed well. Senator Hill asked how long after the district's year end was the audit completed. Ms. Renfro responded 15 to 16 months.

Senator Crabtree asked how many other quasi-state agencies were audited by LSO. Ms. Renfro responded Health Districts were the only quasi-state agencies audited. Senator Buckner-Webb asked if it was problematic for a private firm to audit Health District 4. Ms. Renfro responded that it was not problematic and that this decision was the Council's decision. Pro Tem Hill asked if the division would require more resources to audit Health District 4 more timely and annually. Ms. Renfro responded yes. Senator Buckner-Webb asked if a private audit would be more timely and cost effective. Ms. Renfro replied that the bids were cheaper, which the division could not meet.

Senator Burgoyne asked if the division would receive and review the audits. Ms. Renfro replied that the audits would be submitted to the division; however, resources and staffing would not allow a review. Representative Horman asked if and why Health District 4 wanted their audits completed in a five to six month timeframe. Mr. Duke responded that timeliness was important to address any issues and that a five to six month turnaround was quoted by the firms, not by request of the district. Senator Burgoyne stated that the audit function was an oversight function and voiced concern with audits not being reviewed. He stated that the division should be given the resources to enable timely audits. Senator Burgoyne would support an independent audit on a temporary or emergency basis and providing LSO prepare a cost of added resources.

Request by Health District 3 - Permission to Procure Outside Auditor

Ms. Renfro reported that Health District 3 was requesting an annual audit performed by an external firm. She stated that Health District 3 was on an alternate schedule from Health District 4 and was scheduled to be audited this summer; however, the district requested the audit be performed in September, which would make completing the audit more complicated. Ms. Renfro stated that if the Council authorized an outside audit, the division would request that it start with the district's fiscal year 2018 and 2019 audit.

Nikki Zogg, Director, Health District 3, reported that the district was requesting permission to secure a private audit firm for the following reasons: (1) to allow an annual audit so the district could meet funding opportunities, (2) the board felt it was best practice to conduct an annual audit, (3) timeliness, which would give the district the ability to take corrective action on findings, (4) to provide enhanced flexibility, and (5) to have a comparable audit for a competitive price.

Senator Lee asked how often the district needed an annual audit. Ms. Zogg responded that a copy of its last year's audit was requested when applying for a grant. The district would have to request for an exception. She stated that the district would like to remain competitive by assuring regular audits. Representative Horman asked if there was anything preventing the district from seeking an independent audit to accommodate the external funding requests while LSO maintained oversight and review. She expressed concern with the scope of external audits and that external audits should be the same as LSO. Ms. Zogg replied that there was nothing preventing the district; however, additional costs would be a drawback. Representative McCrostie asked if the arguments were the same for Health Districts 3 and 4. Ms. Renfro responded that the audit situations were very different audit situations. Senator Stennett asked if it was wise for the districts to obtain an external audit considering potential future delays related to COVID-19. Ms. Renfro responded that the districts' audits were already scheduled; however, an external audit may provide them more flexibility. Senator Crabtree asked what the cost was to allow a private audit allowing for LSO oversight. Ms. Renfro suggested the division work with the Council to determine cost and expectations of the oversight. Pro Tem Hill asked what the oversight should include. Ms. Renfro responded that LSO could follow-up on findings and if standards were followed. Pro Tem Hill asked if the independent firms would be required to file a list of findings and what were the recourses for not correcting findings. Ms. Renfro stated that federal agencies provide follow-up and could impose penalties. Senator Lee asked if external audits could be presented to JFAC for accountability, which would provide districts flexibility and cost savings while relieving LSO's burden. Ms. Renfro responded that the standards would be the same and that LSO could continue to provide JFAC with a report of open findings for entities that have external audits. Senator Lee noted that district boards provide oversight and local control. Representative Horman asked for the status of findings at Health District 3 and noted concern with the timing of changing auditors while there were open findings. Ms. Renfro replied that there were five open findings, and follow-up would occur in September. Representative Horman expressed concern with scoping and lack of legislative oversight and asked if the Legislature would have any recourse for uncorrected findings. Ms. Renfro responded that the Department of Health and Welfare was the contracting agency for federal grants, and the boards have scope oversight. She cautioned that the board's view of important items to

cover in the audit may differ from the Council's expectations. Representative Horman expressed concern having external and LSO audits and the potential for inconsistent audits and the lack of oversight and recourse. Representative Moyle expressed concern with lack of oversight since the Legislature was responsible for appropriating money. Ms. Renfro noted the differences between the types of audits and how they are performed, which would affect timeliness and cost. Pro Tem Hill asked if all audits required an evaluation of internal controls. Ms. Renfro responded that evaluation of internal controls was required, but the level of testing varied. Senator Lee noted that most of the general fund goes to education and asked if LSO audited school districts. Ms. Renfro replied that school districts receive external audits and LSO audits the Department of Education. Senator Lee asked if the same could be done for the Department of Health Welfare as it relates to the districts. She reminded the Council that districts had boards with expertise and were good stewards. Ms. Renfro replied that the Department of Health and Welfare was required to monitor the districts, and that the Council could request additional information from the department. Senator Winder asked if LSO would still perform compliance audits to meet federal requirements. Ms. Renfro responded that LSO would not perform compliance audits for the districts separate from the single audit.

Senator Crabtree made a motion to allow local audits subject to review by LSO, that review be recommended by LSO to the Council and voted on by plurality of the Council by mail. Senator Burgoyne suggested an end date of June 30, 2025, that independent audits be provided to LSO, that LSO follow up on findings and have the authority to review and bill the agency, for LSO to report to JFAC and the Council in the Spring 2021 on money and resources needed for LSO to undertake responsibilities and to the Council on December 31, 2024, on audits conducted and findings. Representative Horman asked if the motion applied to all health districts. Senator Crabtree clarified that it applied to any district choosing an external audit. Representative Horman asked if LSO and independent audits would be performed. Senator Crabtree replied that it was up to the districts and that the audit would be reviewed by LSO. Representative Horman asked if the motion included scope oversight by LSO. Senator Crabtree advised it did not and that the Council had the prerogative to ask for additional information. Pro Tem Hill noted that the districts were not getting the attention needed and did not have control over price and timing. He added that the Council would not have less oversight and that the audit standards would be the same. He stated that the Council could request additional testing or analysis by LSO and that independent audits would benefit LSO with regard to resources. Pro Tem Hill added that he supports the motion. Representative Moyle commented that the Council should control the audit because the Legislature oversees the districts' budget and that the scope of the audit mattered. Representative Moyle would be voting no. Senator Stennett agreed and stated that it was better to keep the districts uniform. Senator Burgoyne stated he could not support the motion as stated and that the public would want to know where the money was going and that maintaining oversight was important. He suggested the division report what resources were needed. Senator Crabtree stated that the motion could be changed in the future if needed. Senator Lee stated that partnering with the private sector would save money and resources and allow a faster turnaround. Representative Horman stated she could not support the motion because of lack of control and with unresolved findings, now was not the time to change auditors.

Senator Crabtree's motion was repeated for the Council, which would allow Health Districts 3 and 4 to seek an independent audit, with the Audit Division's review and guidelines as provided by April Renfro. The motion was seconded by Senator Lee. A roll call vote was taken with 8 ayes, 5 nays, and 1 absent and the motion passed.

General Fund Update

Paul Headlee, LSO Budget and Policy Analysis Division Manager, provided a report on the General Fund at sine die for fiscal year 2020. He stated that JFAC used the Governor's estimated general fund forecast of 6.1% growth, approved a total appropriation of \$3.94 billion, leaving an estimated ending balance of \$55.6 million, and the bottom line included a one-time 1% rescission. Mr. Headlee stated that April's revenue numbers were down \$355.7 million below forecast. Due to the June 15

tax deadline, the state was now tracking at \$281.2 million. Mr. Headlee stated that June would be an important month for revenues, and that the Governor was asking agencies to maximize year-end reversions. Mr. Headlee reported that if the General Fund was still upside down in June, Senate Bill 1430 would allow the Board of Examiners to transfer funds from the Budget Stabilization Fund into the General Fund to balance the budget. Representative Moyle asked if the Governor enlisted Senate Bill 1430 when he transferred \$30 million from the tax relief fund and asked if the money was returned. Mr. Headlee responded that Senate Bill 1430 may not be needed because there was a chance that a transfer would not be needed. He added that the \$39.3 million transferred from the tax relief fund would be returned by June 30.

Mr. Headlee reported that for fiscal year 2021, the Legislature used an estimated General Fund forecast of 4.1% growth, approved appropriation of \$4.0 billion, leaving an estimated ending balance of \$54.9 million. He stated that the Division of Financial Management was predicting a significant decrease in revenue, \$349 - \$585 million. The Governor was expected to issue a 5% spending holdback, \$200 million at the beginning of fiscal year 2021, which the Legislature could make permanent in January. He reviewed other options for balancing the budget for fiscal year 2021 that include using carry-over funds, reserve funds, and one-time opportunities with CARES Act federal funding. Mr. Headlee reviewed estimated reserve fund balances of \$542.8 million at June 30, 2020 and \$596.4 after July 1, 2020 transfers.

Mr. Headlee reviewed CARES Act funding and reported that \$1.25 billion was available to Idaho and tribal governments for COVID-19 related activities. The Governor created the Coronavirus Financial Advisory Committee that allocated \$658 million at the state level, \$282 million to local and tribal, and \$310 million for small business and economic support. Mr. Headlee noted the \$1.25 billion are non-cognizable funds (funds that show up when the legislature is not in session). Speaker Bedke asked if the \$500 million non-cognizable funds in years past was approved by the Board of Examiners or by delegated authority. Mr. Headlee will research and report back to the Council. Senator Winder noted concern with the large amount of money being appropriated and asked if the Legislature could establish an amount without a special session being called. Mr. Headlee responded that the Legislature could amend Idaho Code Section 67-3516(2) to include a limit that would require additional action. Mr. Headlee stated that additional money was available through the CARES Act funding; this included \$244 million from three federal agencies, some of which was already moving through the process.

Mr. Headlee reviewed a timeline of actions since Sine Die:

March 13 and March 25: Governor Issues State of Emergency Proclamations

March 27: President Trump signs the CARES Act, Governor issues 1% holdback, Governor transfers \$39.3 from tax relief fund to disaster emergency account

April 7: Coronavirus Financial Advisory Committee created

April 21: Board of Examiners reduced public schools general fund appropriation by 1%

April 30: Board of Examiners approve non-cog of \$1.25 billion

May 7: DFM and LSO report that revenues through April are \$355.57 million below forecast

May 8 and May 13: DFM directs 1% holdback, 5% holdback for FY2021, revenue expected to miss by 8.6-14.4% for FY2021, and new line items unlikely for FY2022

May 20: Coronavirus Financial Advisory Committee views opportunities to use CARES Act funding, discusses returning funding for supplementals and transfer from tax relief fund

Speaker Bedke asked what account was designated to bridge the \$355.7 million forecast. Mr. Headlee responded that the state share of the \$1.25 billion, \$658 million. Speaker Bedke asked what

the amount of tax anticipation notes would be in a normal year. Mr. Headlee responded that those amounts are in the \$500-\$600 million range.

Representative Horman asked if the recommendation with regard to public schools by the Governor was only guidance until the Legislature returned. Mr. Headlee confirmed that the Governor's recommendation was guidance only and would require legislative action to make official.

HJR4 - Approval of Statement of Meaning & Purpose and Arguments Pro & Con(cont.)

Ms. Bowen reviewed the revised recommended language to the proposed amendment relating to HJR4. **Senator Burgoyne made a motion to approve the amendment to HJR4; seconded by Representative Horman. The motion carried by voice vote.**

Update on Redistricting

Elizabeth Bowen, LSO Drafting Attorney, reviewed the impact of COVID-19 on redistricting. She reported that the Census Bureau would not be sending data until July 31, 2021. The delay would not affect the appointments to the redistricting commission; however, further delays could impact the 2021 primary election. Ms. Bowen stated that Idaho Code Section 72-1505 requires the commission to hold meetings around the state to promote public participation and if data was not received in time for redistricting, the 2022 elections would be held under current districting laws. She added that if the commission meets but cannot develop a plan, there would not be enough time for another commission to meet and may require a court-ordered plan. Senator Winder asked if the Census Bureau provided updates on other office closures. Ms. Bowen replied that no other updates were provided and added that the suspensions were largely within field operations, which counts non-responders.

Keith Bybee, LSO Budget and Policy Analysis Deputy Division Manager, reported that redistricting was on track for commissioners to take seats in July 2021. He stated that phase 1 was the advise and consent piece and phase 2, which had never been created under one roof, included verifying and mapping all voting districts, or precincts. He stated the commission went slightly over its \$40,000 budget by \$8,000, which Director Milstead contributed from his budget. Mr. Bybee reported that phase 3 included procuring equipment to run the commission and employing a GIS contractor. He noted that the NCSL moved the DC seminar to April or May 2021 and that the Council could appoint four commissioners to the commission. Mr. Bybee reported that phase 3 would include setting up the backbone and that the contractor would focus on mapping split counties. He referenced the Supreme Court ruling that removed the commissioners' ability to split counties. Mr. Bybee concluded that \$444,900 was the authorized budget and an additional \$171,800 would be requested. He noted Utah's appropriation was over \$1 million. Representative Rubel asked if the NCSL September conference was still scheduled. Mr. Bybee replied that September's conference was cancelled and January's was to-be-determined. Representative Rubel asked if the rules would still be applicable in light of the Supreme Court's decision. Mr. Bybee could not respond. Pro Tem Hill expressed appreciation of Mr. Bybee's involvement since the last redistricting ten years ago.

Miscellaneous Announcements and Adjournment

There being no miscellaneous announcements, the Council adjourned at 1:15 p.m.