

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 10, 2023

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, and Just

Representatives Co-Chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, and Nash

**ABSENT/
EXCUSED:** None

CONVENED: **Co-Chairman Grow** called the meeting of the Joint Finance-Appropriations Committee (Committee or JFAC) to order at 8:01 a.m.

PRESENTATION: **Co-Chairman Horman** read a letter from the Committee co-chairs dated February 10, 2023 (see attachment 1).

LSO STAFF PRESENTATION: **GENERAL FUND BUDGET UPDATE; Keith Bybee, Division Manager, Legislative Services Office (LSO) Budget and Policy Analysis**

Mr. Bybee presented the February 9, 2023 General Fund Budget Update for fiscal year (FY) 2023, summarizing the beginning balance and total revenue available (see attachment 2). He detailed the specific revenues, estimated expenditures, and FY 2024 original and estimated appropriations. He discussed the ongoing General Fund comparison of the FY 2023 original appropriation to the Governor's Recommendations and JFAC action taken.

LSO STAFF PRESENTATION: **IDAHO DEPARTMENT OF WATER RESOURCES (IDWR) ANALYST OVERVIEW; Janet Jessup, Principal Budget and Policy Analyst, LSO Budget and Policy Analysis**

Ms. Jessup informed about the two distinct entities under IDWR, the Idaho Department of Water Resources and the Idaho Water Resources Board, both of which are in this agency's budget. She reviewed the agency's FY 2022 expenditures by expense class, noting two thirds of which is for personnel, and discussed the personnel distribution between budgeted programs (see attachment 3). **Ms. Jessup** explained the Idaho Water Resources Board is responsible for formulating and implementing the comprehensive state water plan requiring long term planning. It also provides financial assistance to water development and conservation projects throughout the state utilizing three continuously appropriated funds. She noted the Water Management Fund experienced a sizable increase in FY 2022 since the Legislature acted in FY 2021 to transfer General Funds for water projects throughout the state. **Ms. Jessup** informed the Committee IDWR has one open audit finding.

AGENCY PRESENTATION: IDWR; Gary Spackman, Director

Mr. Spackman presented the history of the IDWR, its mission, and its focus on building projects to sustain water resources for the future. It also adjudicates water rights, considers new water use proposals, administers water use in times of shortage, constructs surface and underground water storage, and protects stream channels and proper well construction. He summarized the responsibilities of both the IDWR and the Idaho Water Resource Board, two separate entities with distinct missions. **Mr. Spackman** reviewed the FY 2023 line item enhancements and their background (see attachment 4). He referred to the November 2020 audit finding and that it has been resolved; IDWR is awaiting the final audit for closure of the finding. He discussed a FY 2023 proposed supplemental from the General Fund, one time, to be used by the Water Board for water sustainability and aging infrastructure projects. He touched on the Bear River Adjudication being a multi-year project that is estimated to take 10 to 15 years to complete, with the employees continuing to work on the project until completion. **Mr. Spackman** detailed the FY 2024 Governor’s Recommendation, budget base adjustments, and line items. He summarized continuously appropriated funds and American Rescue Plan Act of 2021 (ARPA) funds that have been deposited in the Board’s accounts and dedicated for specific water sustainability projects.

DISCUSSION: In response to Committee questions, **Mr. Spackman** provided further detail of full time equivalent positions (FTP) needed, and how IDWR manages water projects for sustainability.

Jeff Raybould, Chairman of the Idaho Water Resource Board, discussed the list of high priority projects in the state to deal with growth and more variability in the water supply to meet demand. He reminded that a lot of the water works are over 100 years old and need updated.

LSO STAFF PRESENTATION: IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ) ANALYST OVERVIEW; Janet Jessup, Principal Budget and Policy Analyst, LSO Budget and Policy Analysis

Ms. Jessup informed the Committee that DEQ was created by the Idaho Environmental Protection and Health Act, and the department administers state programs to meet requirements of federal environmental protection law, in many cases in lieu of federal agencies. The agency is also responsible for administering a number of state specific programs to maintain the health of Idaho's water, air, and lands. She summarized the agency’s original appropriation and expenditures from FY 2014 through FY 2023, noting the expenditures have consistently been less than the appropriated amount by about 25 percent, based on a number of different sources that DEQ has to draw from and varies from year to year (see attachment 5). **Ms. Jessup** discussed the appropriation by fund source for FY 2022 and 2023, pointing out the increase in federal funding from the ARPA State Fiscal Recovery Fund to address cleanup of contaminated sites, and water infrastructure funding. She highlighted four continuously appropriated funds within the agency as they support DEQ’s work. She informed the Committee there were no open audit findings.

AGENCY PRESENTATION: DEQ; Jess Byrne, Director

Mr. Byrne discussed DEQ’s mission, vision, and strategic plan, placing an emphasis on compliance, assistance, and customer service. He provided specific updates regarding enhancements provided in FY 2023, one of which was making necessary crucial improvements and upgrades to drinking water and wastewater systems, using ARPA funding assistance (see attachment 6). **Mr. Byrne** presented details and background about eight specific budget supplementals requests: Electronic Document Management System (EDMS); waste management; Central Treatment Plant; drinking water and wastewater projects; agriculture Best Management Practices; air monitors; the Coeur d’Alene Basin match; and a tire disposal deficiency warrant (see attachment 7). He reviewed the FY 2024 budget request and details for what each line item in the budget would support, filling critical needs within the agency and to build upon last year's success. DEQ will continue to make investments in infrastructure projects that will have impact for generations.

DISCUSSION: In response to Committee questions, **Mr. Byrne** discussed the EDMS, the Bunker Hill Superfund site project status, ARPA funding deadlines, and current open FTEs.

LSO STAFF PRESENTATION: **REVIEW OF FY 2023 AND FY 2024 GENERAL FUND REVENUE FOR BUDGET SETTING AND STATEWIDE DECISIONS; Keith Bybee, Division Manager, LSO Budget and Policy Analysis**

Mr. Bybee presented that statewide decisions historically focus on the maintenance of current operations, they are statewide decisions that affect every agency's budget. He reviewed the proposed JFAC adjustments for FY 2024 for: benefit changes, statewide cost allocation, annualizations, change in employee compensation, Division of Human Resources consolidation, and recommendations for revenue numbers. He advised on the specifics for other items in the maintenance budget that is not considered statewide, such as: inflationary adjustments; replacement items; nondiscretionary adjustments; and endowment adjustments (see attachment 8).

ADJOURNED: There being no further business before the Committee, Co-Chairman Grow adjourned the meeting at 9:57 a.m.

Senator Grow
Chair

Erin Miller
Secretary