

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, March 07, 2016
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS: Senators Co-chairman Keough, Bair, Mortimer, Brackett, Nuxoll, Johnson, Thayn, Guthrie, Schmidt, Lacey
Representatives Co-chairman Bell, Gibbs, Miller, Youngblood, Horman, Malek, Monks, Burtenshaw, King, Gannon
**ABSENT/
EXCUSED:** None
CONVENED: **Chairman Bell** called the meeting to order at 8:00 AM.
PRESENTER: **Jared Hoskins, Senior Analyst, Division of Budget and Policy Analysis**
State Treasurer
Mr. Hoskins presented to the budget committee the FY 2017 budget request and recommendation for the State Treasurer. Specific line items include an appropriation to enlist a third party to audit financial statements for the various investment pools managed by the State Treasurer and intent language to be adopted.
CARRIED: **Original Motion**
State Treasurer
Appropriation

Moved by **Guthrie**, seconded by **Youngblood**, to approve for introduction \$1,405,600 General Funds, \$2,630,200 Dedicated Funds, \$0 Federal Funds for a total of \$4,035,800 with FTP of 26.00

Ayes: 19
Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, 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 Bell**.

**UNANIMOUS
CONSENT:**

On request by **Guthrie**, granted by unanimous consent, the legislative intent language shown below was accepted:

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 2016, to be used for nonrecurring expenditures, for the period July 1, 2016, through June 30, 2017.

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, in-kind 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.

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 service fees for the period July 1, 2016, through June 30, 2017.

**UNANIMOUS
CONSENT:**

On request by **Guthrie**, granted by unanimous consent, the legislative intent language shown below was accepted:

MITIGATION OF BANK SERVICE FEES. The State Treasurer shall continue to 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. On or before September 1, 2016, the State Treasurer shall report to the Legislature regarding the specific efforts made to reduce or eliminate bank service fees; the outcomes of those efforts; an estimate of the savings realized, or expected to be realized, as a result of those efforts; and a plan on how the State Treasurer will continue to make all efforts reasonably necessary to reduce or eliminate bank service fees.

PRESENTER:

Jared Hoskins, Senior Analyst, Division of Budget and Policy Analysis

Self-Governing Agencies: State Appellate Public Defender

Mr. Hoskins explained to the budget committee the FY 2017 budget request for the Office of the State Appellate Public Defender. The Office of the State Appellate Public Defender Program accounts for the general operating, personnel, and capital outlay costs of the office.

This request contains two line items specific to the FY 2017 budget.

1) \$39,500 from the General Fund to cover an increase in office space lease costs. The agency issued a request for proposals to seek new office space and eventually executed a ten-year sublease with the Department of Water Resources on June 15, 2015 to rent 6,600 square feet in the Water Center. The initial annual cost of the sublease is \$17.50 per square foot, per year (\$115,500) with annual increases of \$1,650. The SAPD has \$76,000 in the 2017 Base for office space lease costs and this line item represents the additional amount needed for the Water Center sublease.

2) \$5,000 in one-time operating expenditures from the General Fund to cover the cost of a one-time licensing fee for Voice Over Internet Protocol (VOIP) software. VOIP systems, which have become the industry standard, enable the use of the Internet as a transmission medium for telephone calls rather than traditional circuit transmissions. The Department of Administration's phone system utilizes VOIP and the SAPD has opted in to the department's system. The department has already provided the SAPD with refurbished phones at no cost, leaving only the licensing fee to be paid by the SAPD.

Mr. Hoskins then stood for questions regarding the Governor's Recommendation.

CARRIED:

Original Motion

Self-Governing Agencies

Office of the State Appellate Public Defender

Appropriation

Moved by **Gannon**, seconded by **Youngblood**, to approve for introduction \$2,636,600 General Funds, \$25,000 Dedicated Funds, \$0 Federal Funds for a total of \$2,661,600 with FTP of 23.00

Ayes: 19

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, 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 Bell**.

**UNANIMOUS
CONSENT:**

On request by **Gannon**, granted by unanimous consent, the legislative intent language shown below was accepted:

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 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 outlay 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.

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 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; outside counsel in the event of a conflict of interest; and preparation of trial exhibits.

STATE BOARD OF EDUCATION

PRESENTER: **Paul Headlee, Deputy Division Manager, Division of Budget and Policy Analysis**
Colleges and Universities

The College and Universities Division includes the following five programs: Boise State University (BSU), Idaho State University (ISU), University of Idaho (UI), Lewis-Clark State College (LCSC), and the System-wide Program, which includes funding for programs and efforts that benefit all four institutions.

The Legislature appropriates both general and dedicated funds to this division. Dedicated funds include endowment funds and revenue from tuition and fees. Federal funds and other "local funds" from specific user fees are not appropriated by the Legislature.

Original Motion

Moved by **Gannon**, seconded by **King**, to approve for introduction \$285,864,800 General Funds, \$270,271,000 Dedicated Funds, \$0 Federal Funds for a total of \$556,135,800 with FTP of 4,386.83. Carryover for previous non-General Fund moneys

CARRIED:

Substitute Motion
State Board of Education
College and Universities
Appropriation

Moved by **Horman**, seconded by **Mortimer**, to approve for introduction \$279,546,500 General Funds, \$276,589,300 Dedicated Funds, \$0 Federal Funds for a total of \$556,135,800 with FTP of 4,386.83
Carryover authority for previous non-General Fund moneys

Ayes: 16

Keough, Johnson, Bair, Mortimer, Brackett, Thayn, Guthrie, Schmidt, Lacey, Bell, Gibbs, Miller, Youngblood, Horman, Malek, Burtenshaw

Nays: 4

Nuxoll, 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 Bell**.

**UNANIMOUS
CONSENT:**

On request by **Horman**, granted by unanimous consent, the legislative intent language shown below was accepted:

SECTION 3. LEGISLATIVE INTENT. It is the intent of the Legislature that of the amount appropriated in Section 1, Subsection V. of this act, the following amounts may be used as follows:

(1) An amount not to exceed \$902,600 may be used by the Office of the State Board of Education for systemwide needs that benefit all of the four-year institutions and promote accountability and information transfer throughout the higher education system.

(2) An amount of approximately \$1,960,500 may be used for the mission and goals of the Higher Education Research Council as outlined in State Board of Education policy III.W., which includes awards for infrastructure, matching grants, and competitive grants through the Idaho Incubation Fund program.

SECTION 4. LEGISLATIVE INTENT. It is the intent of the Legislature that the President of State Board of Education shall provide a written report to the Joint Finance-Appropriations Committee, the Senate Education Committee, and the House Education Committee on the implementation and effectiveness of the funding appropriated for the Complete College Idaho initiative. Reporting shall address the \$2,759,700 appropriated in fiscal year 2015, the \$2,033,800 appropriated in fiscal year 2016, and \$2,000,000 included in Section 1 of this act. 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, 2017.

SECTION 5. LEGISLATIVE INTENT. It is the intent of the Legislature that the cybersecurity lab that will be funded through the appropriation to Boise State University in Section 1 of this act will include collaboration with the

Idaho National Laboratory (INL) and that its assets will be available for further collaboration with the University of Idaho and Idaho State University by utilization of the Idaho Regional Optical Network (IRON), thereby taking advantage of computing resources at each institution and the INL.

PRESENTER: **Paul Headlee, Deputy Division Manager, Division of Budget and Policy Analysis**

Community Colleges

Mr. Headlee explained to the budget committee Idaho's community colleges and the program's budget request. Community colleges in Idaho provide two-year associate degrees and academic transfer programs; ensure adequate knowledge for those entering para-professional levels of the labor market; provide skills and knowledge to those seeking professional licenses; and provide adult education and community service programs.

Mr. Headlee read through each individual line item inside the budget request and stood for questions regarding the Governor's Recommendation.

CARRIED: **Original Motion
State Board of Education
Community Colleges**

Appropriation

Moved by **Miller**, seconded by **Keough**, to approve for introduction \$36,919,000 General Funds, \$600,000 Dedicated Funds, \$0 Federal Funds for a total of \$37,519,000 with FTP of 0.00

Ayes: 18

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

Nays: 2

Nuxoll, 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 **Horman**, granted by unanimous consent, the legislative intent language shown below was accepted:

SECTION 3. LEGISLATIVE INTENT. 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 systemwide needs including, but not limited to, projects to promote accountability and information transfer throughout the higher education system.

SECTION 4. LEGISLATIVE INTENT. It is the intent of the Legislature that for the \$1,227,400 appropriated from the General Fund in FY 2016 and the \$575,500 appropriated in Section 1 of this act for the Complete College Idaho initiative and CWI's Student Success effort, the president of the State Board of Education shall provide a written 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 2017 budget requests or develop other measures as necessary. Reporting to the Legislature should occur no later than February 1, 2017.

PRESENTER:

Paul Headlee, Deputy Division Manager, Division of Budget and Policy Analysis

State Board of Education: Superintendent of Public Instruction

Mr. Headlee presented the budget recommendation for the State Superintendent of Public Instruction and explained to the budget committee the purpose and requests specific to the FY 2017 budget. The State Superintendent of Public Instruction serves as the executive officer of the department and has the responsibility for carrying out policies, procedures, and duties authorized by law or established by the State Board of Education. The primary goals of the State Department of Education are to: 1) meet all statutory regulations as they relate to public schools; 2) provide services to the 115 school districts and 48 public charter schools in Idaho in terms of activities that will maintain or improve educational opportunities for children; and 3) provide leadership in all areas of public education to focus attention on and help resolve problems faced by education in Idaho.

After reading through each line item requested by the Superintendent of Public Instruction, **Mr. Headlee** then stood for questions regarding the Governor's Recommendation.

**UNANIMOUS
CONSENT:**

On request by **Mortimer**, granted by unanimous consent, the Fiscal Year 2016 budget for the State Board of Education, Superintendent of Public Instruction, was reopened.

CARRIED: **Original Motion**

Rescission

Moved by **Mortimer**, seconded by **Keough**, to approve for introduction \$(5,500,000) General Funds, \$0 Dedicated Funds, \$0 Federal Funds for a total of \$(5,500,000) with FTP of 0.00

Ayes: 20

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, 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**.

CARRIED: **Original Motion**

Appropriation

State Board of Education

Superintendent of Public Instruction

Moved by **Mortimer**, seconded by **Horman**, to approve for introduction \$14,184,800 General Funds, \$6,619,900 Dedicated Funds, \$17,386,100 Federal Funds for a total of \$38,190,800 with FTP of 142.00

Ayes: 20

Keough, Johnson, Bair, Mortimer, Brackett, Nuxoll, 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 **Mortimer**, granted by unanimous consent, the legislative intent language shown below was accepted:

SECTION 3. Notwithstanding any laws to the contrary, it is the intent of the Legislature that for the time period of July 1, 2016 through June 30, 2017, distributions of funds appropriated in Section 1 of this act for reimbursement of the non E-rate portion of self-procured broadband costs shall be made only to the following E-rate eligible entities: public schools grades K-12, the Idaho digital learning academy, the Idaho department of juvenile corrections education programs, and the school for the deaf and the blind.

ADJOURN:

There being no further business to come before the Committee, **Chairman Bell** adjourned the meeting at 9:47 AM.

Representative Bell
Chair

Christi Cox
Secretary