

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, January 17, 2019

TIME: 8:00 A.M.

PLACE: Room C310

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

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

**ABSENT/
EXCUSED:** None

CONVENED: **Chairman Youngblood** called the meeting to order at 8:00 am.

State Board of Education

AGENCY **Small Business Development Centers (SBDC)**

PRESENTATION: **Doug Covey, Executive Director**

Executive Director Covey introduced his team and gave an overview of his program. He shared that the Small Business Development Center opened in 1986 with their first office at Boise State University, they now have six offices. Executive Director Covey continued the Idaho Small Business Development Centers (SBDC) provide counseling, training, research, and technical support services to small businesses and entrepreneurs.

LSO STAFF PRESENTATION: **Janet Jessup, LSO Budget & Policy Analyst**, reviewed the FY 2018 actual expenditures, FY 2019 budget appropriations and **Executive Director Covey** discussed the one line item for the Small Business Development of \$53,500. Ms. Jessup continued reviewing the Historical Summary, which is a three year look of expenditures and what the Governor's request is for the current fiscal year. In the Comparative Summary, there was one line item that was not included in the Governor's recommendation. The SBDC did have one transfer of \$350,000 from personnel costs to operating expenditures. Moneys were used for salary and benefits through contracts with the regional offices with Boise State University. Ms. Jessup continued with FY 2020 stating there was one line item request for SBDC and TechHelp (TH) for 1.00 FTP and this was not recommended by the Governor.

In response to Committee questions, **Ms. Jessup** stated the Opportunity Scholarship is recommended by the Governor and is part of the Scholarship and Grants program. The Opportunity Scholarship sits under the umbrella of the Office of State Board of Education, but it is treated as a separately budgeted program.

To listen to this presentation please [click here](#).

AGENCY **TechHelp**

PRESENTATION: **Steve Hatten, Executive Director**

Executive Director Hatten provided an overview of his program. He continued by stating the mission of the TechHelp organization is to provide assistance to Idaho's small and medium size manufacturing companies. They hope to help them grow their revenues and increase their productivity, performance, and strengthen their global competitiveness. Since 1996 the TechHelp team has achieved this mission with the partnership of Boise State University, Idaho State University and the University of Idaho. The TechHelp team is made up of 24 individuals, 12 full-time and 12 part-time. TechHelp uses their state funding to cover part of the salary and benefits of their state wide team.

**LSO STAFF
PRESENTATION:**

Janet Jessup, LSO Budget & Policy Analyst, reviewed the actual expenditures of FY 2018, noting there was one General Fund reversion, she continued with FY 2019 JFAC action, noting there was one line item, for TechHelp, Business Development in the amount of \$188,000. **Executive Director Hatten** commented that TechHelp has not yet completed the hiring of the two manufacturing specialist. Ms. Jessup continued with the Historical Summary, which is a three year look of expenditures and what the Governor's request is for the current fiscal year. Ms. Jessup stated the Small Business Development Centers (SDBC) and TechHelp (TH), in collaboration, are requesting 1.00 FTP and \$137,000 from the General Fund for a cybersecurity specialist and the funding for this position would be split equally between SBDC and TH. This was not recommended by the Governor.

To listen to this presentation please [click here](#).

**AGENCY
PRESENTATION:**

Career-Technical Education
Dwight Johnson, Administrator

Administrator Johnson introduced the staff members who were present. He continued that 2019 marks the 100th year anniversary of Career Technical Education (CTE) in Idaho. Administrator Johnson continued that the mission of CTE is to prepare adults for high skilled in demand careers, support CTE programs in high schools across Idaho and in the colleges.

**LSO STAFF
PRESENTATION:**

Janet Jessup, LSO Budget & Policy Analyst, reviewed the actual expenditures of FY 2018, noting there was a General Fund reversion. **Administrator Johnson** reviewed just a portion of FY 2019 JFAC action line items: 1) Postsecondary Capacity Expansion 2) CTE Middle School Quality Program 3) Program Alignment 4) Online CTE Course Development. Ms. Jessup continued with the review of the Comparative Summary, which shows the agency request and the Governor's recommendations. Ms. Jessup highlighted the replacement items stating the Governor has recommended all the items the agency requested. Administrator Johnson touched briefly on the following FY 2020 line items the Governor recommended: 1) Program Alignment 2) Middle School CTE 3) Nuclear Energy and Adv Reactor Adjust 4) Perkins Federal Grant 5) Offset of Projected Shortfall

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**AGENCY
PRESENTATION:**

Office of the Governor
Don Drum, Director
PERSI

Director Drum began his presentation by stating the Public Employee Retirement System (PERSI) ended the fiscal year 2018 with a 91.2% funded status and a 13.9 year amortization period. He continued the market has been volatile and the board made the decision in October to allow the 1% contribution rate that was proposed in 2016 to take effect July 01, 2019 and the cost-of-living (COLA) was postponed.

Director Drum continued with the following FY 2020 request. 1) Oracle Database Upgrade, this would allow for encryption of data at rest. This is recommended by the Governor, 2) Comprehensive Annual Financial Reports (CAFR) Software, is for an ongoing operating expenditures from the PERSI Administrative Fund for annual licensing costs of software to produce the agency's annual financial report. This is recommended by the Governor.

To listen to this presentation please [click here](#).

AGENCY

Office of the Governor

PRESENTATION: Brandon Woolf, State Controller

State Controller Woolf stated his office has four divisions: Administration, Statewide Accounting, Statewide Payroll, and the Computer Service Center. He continued they are in the final stages of hiring for the position of statewide payroll lead. State Controller Woolf continuing stating there were no findings for the FY 2017 Comprehensive Annual Financial Report. He continued he appreciates the focus and commitment the legislature is placing on employees total compensation through the work of the CEC because employees are the most important asset in his agency. State Controller Woolf stated he likes to leave a couple of things for the future and they are as follows: 1) to ensure there is transparency on how tax dollars are spent across the state, 2) as we move closer to the go live dates for the Luma project in fiscal year 2022 and fiscal year 2024 a hard look will be needed to review the resources needed for ongoing operations of the new centralized systems, and 3) every eleven years the state is faced with the budgetary need to cover the fiscal calendar years 27 pay periods versus the typical fiscal year 26 pay periods. The next instance occurs in fiscal year 2028.

LSO STAFF

PRESENTATION

Maggie Smith, LSO Budget & Policy Analyst, reviewed the actual expenditures of FY 2018, the budget for FY 2019, and the budget requests and the Governor's recommendations for FY 2020. For FY 2018, the total appropriation was \$16,158,600. In FY 2019 JFAC action there was one line item funded. She continued her review of the Historical Summary, which gives a three year look at appropriation, expenditures, the agency request and what the Governor's recommendation is for the next fiscal year. For FY 2020, there was one line item, the GOV TECH 1. Network Equip Replacement.

To listen to this presentation please [click here](#).

AGENCY

Office of the Governor

PRESENTATION: Janice McGeachin, Lieutenant Governor

Lieutenant Governor McGeachin stated the Office of the Lieutenant Governor's budget allows for three budgeted positions which includes the Lieutenant Governor. Lieutenant Governor McGeachin continued she has only filled one of the two positions because she would like to get a better understanding of her role and the demands of her job before hiring the second position.

Lieutenant Governor McGeachin reviewed her FY 2020 budget with the following information: 1) GOV TECH 1. Network Equip Replacement, the Governor recommends onetime funding for the replacement of the state's core network equipment and this amount reflects this agency's share of the cost, 2) GOV TECH 2. Mobile Device Security, the Governor recommends onetime funding to provide security of state information that is used on mobile technology, 3) GOV TECH 4. Modernization — Admin Billing, the Governor recommends ongoing funding for agency billings from the Office of Information Technology Services, and 4) Budget Law Exemptions, LUMP SUM: this allows for the lump sum spending authority.

To listen to this presentation please [click here](#).

AGENCY Office of the Governor
PRESENTATION: Office of Energy and Mineral Resources
John Chatburn, Administrator

Administrator Chatburn gave a brief overview of the Office of Energy and Mineral Resources stating they coordinate the energy and mineral planning policy development for the State of Idaho. They coordinate the comments on Federal environmental impact statements Federal National Environmental Policy Act processes and bring all the state agencies together.

LSO STAFF **Maggie Smith, LSO Budget & Policy Analyst** reviewed the organizational
PRESENTATION: chart, then moved into FY 2018 actual expenditures noting the Office of Energy and Mineral Resources does not receive any General Fund money and is funded entirely from dedicated fund sources. They receive a Federal grant for this department.

To listen to this presentation please [click here](#).

ADJOURN: There being no further business to come before the Committee, **Chairman Youngblood** adjourned the meeting at 10:37 am.

Representative Youngblood
Chair

Donna Warnock
Secretary