

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, February 05, 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: **MEDICAL BOARDS
Board of Dentistry**

LSO STAFF PRESENTATION: **Maggie Smith, Analyst, Legislative Services Offices (LSO)**
Medical Boards is comprised of five separate boards. While each has its own director, staff, revenues and expenses, Medical Boards are grouped together as one for budgeting purposes. See [Presentation](#) and [Audio](#) for all Medical Board Presentations.

AGENCY PRESENTER: **Susan Miller, Executive Director Board of Dentistry**
The Board of Dentistry (Board) protects the public through licensure, regulation and educational standards. Idaho currently licenses 3,544 dentists and dental hygienists.

Ms. Smith reported that in FY 2018, the Board received a total appropriation of \$573,400. It expended \$508,200 and reverted \$65,200, or about 11 percent.

In FY 2019, the Board received a total appropriation of \$567,200.

For FY 2020, the Board requested a total appropriation of \$569,800. The Governor recommended \$578,100.

Board of Medicine

AGENCY PRESENTER: **Anne Lawler, Executive Director**
The Board of Medicine (Board) was established in 1897 to protect and enhance public health safety by establishing and maintaining standards of excellence in medicine through licensure, discipline and education. Recognizing the rapid increase in Idaho population, the Board of Medicine is updating all of its rules to eliminate unnecessary regulation and barriers to licensure while continuing to protect public health and safety.

**LSO STAFF
PRESENTER:**

Maggie Smith, Analyst, Legislative Services Offices (LSO)

The Board of Medicine operates with 16 full-time positions (FTPs) and requested one additional position for FY 2020.

In FY 2018, the Board received a total appropriation of \$2,275,200. It expended \$1,977,900 and reverted \$297,300 which related to an FY 2019 supplemental request for database upgrades. The upgrade had been authorized in 2018, but only part of the project was completed in FY 2018. The FY 2019 supplemental request reauthorized completion of the project.

Director Lawler discussed two audit findings from FY 2015, 2016 and 2017 concerning excess cash balances and sales tax. Both issues have been resolved.

In FY 2019, the Board received a total appropriation of \$6,110,700 which included three line items: cyber insurance, a licensing manager position and a work station. Director Lawler stated that licensure of physicians and medical residents increased 97 percent since 2009, and licensure of physicians assistants increased 60 percent. The addition of a licensing manager has greatly improved efficiency in the medical application process.

For FY 2020, the Board requested four line items, two of which were recommended by the Governor: (1) a full-time Management Assistant to support the Board's management and legal team, and (2) an additional Board member together with additional compensation, meeting costs and computer equipment for Board members. **Director Lawler** explained that the Board will propose legislation to update its Medical Practice Act to add a physician assistant member to the Board and to the Physician Assistant Advisory Committee.

Board of Nursing

**AGENCY
PRESENTER:**

Susan Odom, Interim Executive Director

The Board of Nursing (Board) was established in 1911 to safeguard public health safety by establishing qualifications for and licensing of over 29,000 nurses. Idaho's nursing education programs continue to meet established standards, and Idaho's nursing population has steadily increased. The Board of Nursing operates with dedicated funds generated through licensure and related fees.

**LSO STAFF
PRESENTER:**

Maggie Smith, Analyst, Legislative Services Offices (LSO)

The Board of Nursing operates with 12.0 authorized FTPs. Current vacancies include the executive director and one associate director. The Board requested one additional FTP for FY 2020.

In FY 2018, the Board received a total appropriation of \$1,544,300.

Interim Director Odom discussed one audit finding concerning excess cash balances and answered questions from the Committee.

In FY 2019, JFAC funded one line item for IT and telecommunications. **Interim Director Odom** reported that hardware, software and related equipment have been installed.

For FY 2020, the Board of Nursing requested four line items, three of which were recommended by the Governor: (1) six cell phones for staff and board members who are required to conduct business away from the office and whose conversations may contain sensitive information; (2) a full-time administrative assistant; and (3) upgrade to Microsoft 365.

Board of Pharmacy

AGENCY

PRESENTER:

Berkeley Fraser, Interim Executive Director

The Board of Pharmacy (Board) was established in 1905 to regulate pharmacy and drug outlets that manufacture, distribute or dispense drugs. It administers regulatory provisions of the Uniform Controlled Substance Act and, in this capacity, aims to minimize prescription drug abuse. The Board oversees a controlled substance prescription monitoring program which contains all controlled substances dispensed in the state. The Board is self-governing and operates with dedicated funds from application, renewal and inspection fees.

LSO STAFF

PRESENTER:

Maggie Smith, Analyst, Legislative Services Offices (LSO)

For FY 2018, the Board received an total appropriation of \$2,336,500, which included an authorized carry forward of \$250,000, one time, for the agency's licensing system upgrade. The system upgrade was appropriated in 2017, but due to delays, was expended in 2018. Additionally, the agency received a supplemental appropriation for the prescription drug overdose prevention contract. The current FY 2018 actual expenditures for the Board are \$2,611,000.

In FY 2019, the Board requested two line items for prescriber reports and a contract extension with the Department of Health and Welfare (DHW). **Director Fraser** described how the prescriber report cards are generated and used. **Director Fraser** provided details concerning the DHW gateway contract.

For FY 2020, the Board requested two line items which were recommended by the Governor: (1) Licensing management system maintenance; and (2) Microsoft 365 upgrade.

Board of Veterinary Medicine

AGENCY

PRESENTER:

Jeremy Brown, Executive Director

The Board of Veterinary Medicine (Board) promotes public health and safety of people and animals of Idaho by establishing and enforcing professional standards for the veterinary profession. The Board oversees approximately 1300 veterinarians, technicians and certified euthanasia technicians and agents. The Board's euthanasia program certifies and trains professionals who euthanize animals. The program, the first of its kind, provides a model for numerous other states.

LSO STAFF

PRESENTER:

In FY 2018, the Board received a total appropriation of \$302,400. They expended \$283,400 and reverted \$19,000.

In FY 2019, the Board received funding for one line item: online licensing software.

For FY 2020, the Board requested no line items.

AGENCY

PRESENTATION: STATE LIQUOR DIVISION
Jeffrey R. Anderson, Director

LSO

PRESENTER:

Maggie Smith, Analyst, Legislative Services Offices (LSO)

The Idaho State Liquor Division (ISLD) is organized under the Office of the Governor. Under statutory authority of Section 23–203, Idaho Code, the Division is authorized to:

- a) Regulate liquor traffic: permit, license, inspect, and regulate the manufacture, importation, transportation, storage, sale, and delivery of alcoholic liquor;
- (b) Traffic in liquor: buy, import, transport, store, sell, and deliver alcoholic liquor;
- (c) Operate liquor stores: establish, maintain, and discontinue warehouses, state liquor stores and distribution stations;
- (d) Acquire real estate: acquire, buy and lease real estate, and improve and equip the same for the conduct of its business;
- (e) Acquire personal property: acquire, buy, and lease personal property necessary and convenient for the conduct of its business; and
- (f) Report: report to the Governor annually, or as requested, concerning the condition, management, and financial transactions of the agency.

ISLD derives its funding from the Liquor Control Fund. Funds needed for variable costs based on sales are continuously appropriated, while the Legislature appropriates funds needed for administration and operations, including personnel, warehouse and office operations. Net proceeds are distributed pursuant to Section 23–404, Idaho Code to the General Fund, counties, cities, court funds, Welfare Fund, Public School Income Fund, community colleges, and the Substance Abuse Treatment Fund.

The Legislative Services Office conducts an annual audit of ISLD.

Director Anderson stated that in FY 2018, ISLD distributed a record dividend of \$78,512,000, and forecasted an FY 2019 dividend of \$82,000,000. Absent changes in the law, **Director Anderson** anticipates FY 2020 distributions at \$86,000,000.

Ms. Smith stated that in FY 2018, ISLD received a total appropriation of \$10,156,400. One mid-year net object transfer of \$96,700 related to one-half of the director's salary which was divided between the State Lottery Division and ISLD. ISLD reverted \$705,800.

The FY 2017 financial audit returned one significant finding. **Director Anderson** reported that documentation issues have been corrected. The FY 2018 audit returned no findings.

In FY 2019, ISLD received a total appropriation of \$21,410,900 which included nine funded line items: (1) relocate or remodel seven stores; (2) add two new liquor stores; (3) hire additional labor for liquor stores; (4) perform warehouse improvements (5) restore Deputy Director position; (6) purchase online training resources; (7) furnish newly built office space; (8) purchase software enhancements; and (9) restructure the warehouse career ladder. **Director Anderson** reported that all of the items have been completed or will be completed by the end of FY 2019.

For FY 2020, ISLD requested six line items, four of which were also recommended by the Governor: (1) relocate or remodel nine stores; (2) convert group positions to full-time positions; (3) hire four new warehouse employees; and (4) purchase two rider pallet jacks. **Director Anderson** explained these requests in detail.

For FY 2020, ISDL requested a total appropriation of \$22,865,800. The Governor recommended \$22,229,200.

In answer to questions from the Committee, **Director Anderson** stated that the distribution of dividends are set in statute, both as fix dollar amounts and as percentages based on total net profits. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: IDAHO STATE LOTTERY

PRESENTER: Jeffrey R. Anderson, Director

The Idaho State Lottery (Lottery) was established by citizen initiative in 1988 and offers games through 3,300 private sector retail partners throughout all of Idaho. It also oversees charitable gaming and has general compliance oversight of tribal gaming. Lottery beneficiaries are Idaho Public Schools, the Bond Levy Equalization Fund and the Permanent Building Fund. Last year, the Lottery returned a record \$54,500,000 in net dividends to the State of Idaho.

LSO STAFF

PRESENTER: Maggie Smith, Analyst, Legislative Services Offices (LSO)

The Lottery receives continuous appropriation for variable costs based on sales, such as prize payouts, retailer commissions, advertising and promotion, etc. The Legislature appropriates operational expenditures such as personnel costs.

In FY 2018, the Lottery received a total appropriation of \$6,189,300. The agency renegotiated its office lease with considerable savings and reverted \$1,163,800.

In FY 2019, the Lottery received a total appropriation of \$6,057,700 which included a base reduction of \$42,500 associated with office lease savings.

For FY 2020, the agency requested removal of onetime expenditures and a base adjustment resulting from cybersecurity software which had been budgeted, but not needed. No line were requested.

For FY 2020, the agency requested a total appropriation of \$6,099,600. The Governor recommended \$6,130,700. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: PUBLIC UTILITIES COMMISSION

PRESENTER: Paul Kjellander, Commission President

The Idaho Public Utilities Commission (IPUC) was established by the Legislature in 1913 to ensure access to safe, adequate and reliable utility services at fair and reasonable prices. The IPUC regulates investor-owned Idaho utilities which include electric, natural gas, water and some telecommunications. Idaho Code grants IPUC judicial and executive powers to set rates, establish and enforce rules for utilities. It does not regulate publicly owned, municipal or co-operative utilities. The IPUC is funded from fees assessed on regulated utilities and railroads and from a federal pipeline grant.

LSO STAFF

PRESENTER: Maggie Smith, Analyst, Legislative Services Offices (LSO)

In FY 2018, IPUC received a total appropriation of \$6,572,800. It transferred \$397,500 from personnel cost savings into operating expenses, and used these funds to pay a pre-bill option to the Division of Public Works in the Department of Administration, to be used for anticipated construction costs for the agency's move to the Chinden Campus, which was approved as a supplemental appropriation earlier in the 2019 Legislative Session.

In FY 2019, IPUC received a total appropriation of \$6,671,200 which included a 3 percent Change in Employee Compensation (CEC) increase to commissioners by request of the Governor.

In FY 2020, IPUC requested a total appropriation of \$6,740,800 with no line items. The Governor recommends \$6,602,500. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: IDAHO STATE HISTORICAL SOCIETY

PRESENTER: Janet Gallimore, Executive Director

The Idaho State Historical Society (ISHS) was founded in 1881 and was established as an agency by the legislature in 1907. It includes the Idaho State History Museum, Idaho State Archives, State Historic Preservation Office, Old Idaho Penitentiary and other state-wide historic sites. Signature collections at the State Archives include, among others, 100,000 territorial, city, county and state government records, the Idaho Constitution, Capital Commission records, signed documents from President Lincoln, Idaho Governor papers, Idaho Supreme Court transcripts, session records and legislative papers spanning 100 years from the territorial era. The Old Pen serves over 75,000 visitors annually, is one of only four territorial prisons, including Montana, Wyoming and Arizona, that are open to the public as museums. The Idaho State Museum houses over 50,000 state artifacts that chronicle the story of Idaho and connects events of today with those of the past. Over \$4,300,000 in private funds from 550 donors were raised to support the new museum as an essential resource for learning, education and inspiration.

LSO STAFF

PRESENTER: Jill Randolph, Analyst, LSO

In FY 2018, ISHS received a total appropriation of \$15,210,900 which included a \$1,000,000 general fund reappropriation to allow the State Historical Museum sufficient cash flow during construction. ISHS reverted \$4,916,700 which related to timing in the opening of the new museum.

In FY 2019, ISHS received a total appropriation of \$7,516,100, which included one line item for cybersecurity protection.

For FY 2019, ISHS requested a \$1,500,000 onetime supplemental appropriation from dedicated funds to reduce donated funds, close out the contract held for the museum exhibitions, and finish final touches on the Idaho State Museum. This supplemental request was approved by JFAC in Senate Bill 1016 during the current legislative session.

For FY 2020, ISHS requested replacement of computer hardware and for seating at the Idaho History Center. ISHS requested eight line items. Three were recommended by the Governor. (1) Museum maintenance craftsman for the new state museum; (2) a museum educator, and (3) security and fire vulnerability assessment for all agency buildings in the Treasure Valley.

For FY 2020, ISHS requested a total appropriation of \$8,673,400. The Governor recommended \$7,586,100.

In answer to questions from the Committee, **Director Gallimore** stated that several of ISHS's current vacancies resulted from employees leaving for higher paying jobs. ISHS recently lost its Grants manager, Development and Marketing Administrator, Librarian and Visitor Services Specialist. ISHS is recruiting for all twelve vacancies. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: STATE INDEPENDENT LIVING COUNCIL

PRESENTER: Mel Leviton, Executive Director

The State Independent Living Council (SILC) promotes independent living for Idahoans with disabilities. SILC conducts a statewide needs assessment at least every three years; advocates for services provided through state and federal programs for individuals with disabilities; conducts studies and analysis, including statewide needs assessments; develops model policies; conducts training and outreach to underserved populations, particularly in rural regions; and develops and pursues a public policy agenda for positive systemic change for people with disabilities throughout Idaho.

SILC works with and supports Idaho's three non-profit centers for independent living. These centers provide valuable services to people with disabilities which include personal assistance services that help people remain in their homes and avoid costly institutional placements.

LSO STAFF

PRESENTER: Jill Randolph, Analyst, LSO

In FY 2018, SILC received a total appropriation of \$741,100. It receives approximately 31 percent of its total appropriation from the General Fund, 17 percent from federal funds, and 52 percent from dedicated funds. SILC reverted approximately 42 percent of their FY 2018 total appropriation due to a 100 percent reversion in their federal grant.

In FY 2019, SILC received a total appropriation of \$697,800 which included a base reduction in federal funds of \$55,700, an inflationary adjustment for rental increase, and two line items: a Title VII Grant administrative fee, and IT/telecommunications costs.

For FY 2020, SILC requested a total appropriation of \$704,200, which included an inflationary adjustment for increased office space rent. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: COMMISSION ON AGING

PRESENTER: **Judy Taylor, Administrator**

The Idaho Commission on Aging (ICOA) consists of 13.0 FTPs and seven statewide commissioners appointed by the Governor to advise on issues related to older Idahoans. The Idaho Department of Labor estimates that the senior population will increase by 94,000, or 24 percent, by the year 2025. While many will remain vital, healthy and active contributors to their communities, others face malnutrition, social isolation, chronic diseases, falls, or abuse, neglect or exploitation. As authorized by § 67-50003, ICOA assists seniors in remaining as independent as possible in their homes and communities. By supporting seniors' ability to age in their place of choice, families and taxpayers who fund Medicaid spending save significant dollars. When aging in place is not possible, ICOA advocates for the rights of seniors who reside in 365 assisted living and skilled nursing facilities.

LSO STAFF

PRESENTATION: **Jill Randolph, Analyst, LSO**

In FY 2018, ICOA received a total appropriation of \$12,558,400, consisting of approximately 36 percent from the General Fund and 64 percent from federal funds. ICOA expended \$12,153,200 and reverted \$405,200, or 3.2 percent of their total appropriation.

In FY 2018, ICOA received a total appropriation of \$13,594,400, which included three line items: (1) Adult protection evaluation and design; (2) Server upgrade to Office 365; and (3) authorized spending authority from federal grants for contracted obligations. **Ms. Taylor** stated that ICOA secured a \$600,000 competitive grant to thoroughly research, test and identify the best adult protective services model to meet needs of aging and vulnerable adults. This research will inform ICOA's future plans.

For FY 2020, ICOA requested \$5,700 for computer replacements which the Governor recommended. ICOA requested two line items: (1) costs associated with moving ICOA's office space; and (2) ongoing funding to develop and maintain a statewide family caregiver program. In answer to questions from the committee, **Sara Stover**, Senior Financial Analyst, Office of the Governor, Division of Financial Management, explained that the Governor did not recommend ICOA's office move at this time. Other state agencies are moving which may open appropriate space for ICOA in the future.

For FY 2020, ICOA requested a total appropriation of \$13,705,800. The Governor recommended \$13,629,000. See [Presentation](#) and [Audio](#).

ADJOURNED: Having no further business before the committee, **Chairman Bair** adjourned the meeting at 9:37 a.m.

Senator Bair
Chair

Elaine Leedy
Secretary