

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 19, 2022

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Agenbrood, Crabtree, VanOrden (Bair), Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye
Representatives Co-chairman Youngblood, Troy, Horman, Amador, Syme, Bundy, Giddings, Nate, and Green

ABSENT/ EXCUSED: Representative(s) Nash

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

AGENCY PRESENTATION: **DEPARTMENT OF WATER RESOURCES (IDWR), Gary Spackman, Director; Rob Sepich, Legislative Services Office (LSO) Senior Budget and Policy Analyst**

Mr. Sepich reviewed the IDWR historical summary from the 2022 Legislative Budget Book Fiscal Year 2023 (LBB) noting there are five budgeted programs, and IDWR's mission is to support the Water Resources Board, plan and manage water use, and document the nature, extent, and priority of water rights across the state. He explained its primary statutory authority is found in Title 42 of Idaho Code. **Mr. Sepich** detailed the continuously appropriated fund expenditures from fiscal year (FY) 2018 through FY 2021, broken down by continuously appropriated fund expenditures from the Secondary Aquifer Fund, Revolving Development Fund, and Water Management Fund. He informed that IDWR expending on average 90.2 percent of their total appropriation, with 72 percent of that being from the General Fund. **Mr. Sepich** provided data for the total personnel cost appropriation and Full-Time Equivalent Positions (FTP) by FY since IDWR is requesting additional positions (see attachment 1). He disclosed there was one audit finding which IDWR is working on with the auditors.

In response to the Committee questions, **Mr. Spackman** reminded the Committee that the appropriation from the General Fund is a monetary appropriation, while the appropriation from federal funds is spending authority. He provided examples of federal funds that passed through the agency.

Mr. Spackman highlighted that Idaho water resources are scarce, water supply is limited, and as population numbers increase the system is being taxed. He summarized historical background on projects assigned to the Idaho Water Resource Board. **Mr. Spackman** discussed specific line items from the LBB, the request to hire 14 new FTPs, the proposed FY 2022 supplemental budget request of \$75 million from the General Fund for a one time water projects transfer, and the proposed \$100 million budget request from the American Rescue Plan Act (ARPA) funds (see attachment 2).

Jeff Raybould, Chairman of the Idaho Water Resource Board, discussed the proposed government funding and explained several recharge projects to assist in achieving water resource sustainability. He discussed the Water Sustainability Project Funding request, reviewing 19 important statewide projects that need to be moved forward, and the Revolving Development Fund.

AGENCY

PRESENTATION: WOLF DEPREDATION CONTROL BOARD (WDCB), Chanel Tewalt, Deputy Director of the Idaho State Department of Agriculture (ISDA); Rob Sepich, LSO Senior Budget and Policy Analyst

Mr. Sepich communicated that the mission of the WDCB is to oversee investigation and lethal removal of problem wolves within the state. He explained the different funds established when WDCB was originally created. **Mr. Sepich** related while most appropriated funds are General Fund dollars (about \$400 thousand a year), there are also revenues from the Department of Fish and Game, from hunting and licensing tags (about \$300 thousand), and a livestock subaccount from wool and brand fees (about \$100 thousand combined). He stated that in FY 2020 expenditures were higher than fund balances because some dedicated funds were available (see attachment 3). He informed the Committee there were no audit findings.

Ms. Tewalt reminded the Committee that ISDA provides administrative support for WDCB which operates under a very narrow scope established in Title 22 Chapter 53, Idaho Code. She summarized the current agreements WDCB worked under, and explained WDCB's FY 2022 budget original appropriations and estimated expenditures, pointing out WDCB's FY 2023 request is a maintenance budget (see attachment 4).

AGENCY

PRESENTATION: IDAHO DEPARTMENT OF AGRICULTURE (ISDA), Celia Gould, Director; Rob Sepich, LSO Senior Budget and Policy Analyst

Mr. Sepich detailed the eight budgeted programs for ISDA and explained its mission is to guarantee Idaho agricultural products are high quality, disease-free, and meet federal and state laws and regulations. He pointed out the 23 different appropriated funds, detailed in the LBB, with a three year average of appropriations and expenditures, a percent of the total expenditure, and the unused appropriation. (See attachment 5.) **Mr. Sepich** discussed what programs the funds support, detailing the 2021 Idaho Watercraft Inspection Station program. He reviewed the fund balances by fiscal year. He informed the Committee there were no audit findings.

Ms. Gould, presented the Governor's FY 2023 budget recommendation for ISDA, and informed the Committee that labor is one of ISDA's top concerns, along with a rise in input costs, which in 2022 could be up 20 to 30 percent per acre for some commodities. She informed that in 2021 every county in Idaho had a USDA Secretarial Disaster Declaration for drought, resulting in decreased production. **Ms. Gould** cited the 80 percent growth of Idaho agriculture industry since 2006. (See attachment 6.) She detailed the FY 2022 supplemental budget requests: specialty crop block grant one time spending authority of \$900,000, an organizational analysis of \$100,000, laboratory equipment of \$400,000, and pest control deficiency warrants of \$368,400. **Ms. Gould** informed that the Governor's FY 2023 budget recommendation covers five enhancements and a capitol replacement recommendation of \$1,152,400. She reviewed that the ISDA's critical need this year is people, needing 13.5 FTPs requiring \$2,433,400.

In response to questions from the Committee, **Kelly Nielsen**, ISDA Administrator, discussed background on the three percent decrease in the 2021 to 2022 overall budget, and on the Governor's recommendation to the actual set budget. He informed that the FY 2021 budget request was a maintenance budget. **Mr. Sepich** stated the 26.2 percent increase listed in the LBB was the appropriation for FY 2022, versus actual expenditures from FY 2021.

Representative Amador asked about ISDA's 38 percent vacancy rate and maintaining the level of service to meet industry demands. **Ms. Gould** detailed how current employees have covered many duties outside their job descriptions and that situation is not sustainable.

AGENCY PRESENTATION: STATE TREASURER, Laura Steffler, Chief Deputy Treasurer; Frances Lippitt, LSO Budget and Policy Analyst

Ms. Lippitt informed that the State Treasurer's historical summary was in the LBB, and that the Treasurer was one of seven constitutional officers in Idaho, serving as the banker for all Idaho agencies, custodian of the public school endowment funds, and manages and invests the Idaho Millennium Fund. She summarized the Treasurer's statutory responsibilities and the specific funds whereby the budget draws its monies, being the General Fund, the State Investment Pool Services Fund, Unclaimed Property Fund, the Millennium Income Fund, and the Local Government Pool Services Fund. **Ms. Lippitt** listed the total appropriations and actual expenditures from FY 2017 through FY 2021. She detailed that on average the Treasurer's office expended 93% of its appropriations. (See attachment 6.) She informed the Committee there were no audit findings.

Ms. Steffler provided an overview of the Treasurer's office and the important functions they perform. She highlighted the Credit Rating Enhancement Committee which enhances and preserves the State's credit rating to maintain low-cost capital financing (see attachment 7). **Ms. Steffler** detailed the FY 2023 budget request which remained stable and included two enhancement requests, for Arctic Wolf Cyber Security Service, and to move to Microsoft Office 365 from Microsoft Exchange. (See attachment 8.) She explained the request for legislative intent language which will limit the amount of appropriation that can be used for bank fees.

AGENCY PRESENTATION: LIEUTENANT GOVERNOR, Janice McGeachin, Idaho Lieutenant Governor; Frances Lippitt, LSO Budget and Policy Analyst

Ms. Lippitt explained the Lieutenant Governor is one of seven constitutional officers in Idaho and presides over the State Senate. She detailed a five year base review comparison of appropriations and expenditures from FY 2017 through FY 2021 (see attachment 9). **Ms. Lippitt** detailed that the Lieutenant Governor is typically granted an exemption from object transfer limitations found in Idaho Code § 67-3511, allowing transfers of any size among personnel costs, operating expenditures, and capital outlay. She informed the Committee there were no audit findings.

Ms. McGeachin explained that over the last three years her office has voluntarily complied with the Governor's holdback request, by sacrificing paying of association fees, not purchasing new equipment, and recycling office supplies. She detailed her office's request for an increase in the inflation maintenance funding portion of their budget. **Ms. McGeachin** proceeded to discuss the \$29,000 supplemental budget request to cover legal fees that were mandated to be paid out of the Lieutenant Governor's office for a lawsuit brought by the Idaho Press Club, and detailed the timeline background of the citizen portal that was set up and the public records request for those resulting comments.

In response to Committee's questions, **Ms. McGeachin** detailed the legal fees incurred, the timeline for the Attorney General's office counsel and its various determinations, as well as private legal fees she incurred.

ADJOURNED: There being no further business before the Committee, **Co-Chairman Agenbroad** adjourned the meeting at 10:25 a.m.

Senator Agenbroad
Chair

Erin Miller
Secretary