

## Agency Expenditure Summary

|                          | <u>FY 2017</u>    |                   | <u>FY 2018</u>    |                   | <u>FY 2019</u>    |                   |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                          | <u>Approp</u>     | <u>Actual</u>     | <u>Approp</u>     | <u>Estimate</u>   | <u>Request</u>    | <u>Gov Rec</u>    |
| <b>By Function</b>       |                   |                   |                   |                   |                   |                   |
| Liquor Division          | 19,670,900        | 19,431,300        | 20,156,400        | 20,156,400        | 21,249,900        | 21,423,700        |
| <b>Total</b>             | <b>19,670,900</b> | <b>19,431,300</b> | <b>20,156,400</b> | <b>20,156,400</b> | <b>21,249,900</b> | <b>21,423,700</b> |
| <b>By Fund Source</b>    |                   |                   |                   |                   |                   |                   |
| Dedicated                | 19,670,900        | 19,431,300        | 20,156,400        | 20,156,400        | 21,249,900        | 21,423,700        |
| <b>Total</b>             | <b>19,670,900</b> | <b>19,431,300</b> | <b>20,156,400</b> | <b>20,156,400</b> | <b>21,249,900</b> | <b>21,423,700</b> |
| <b>By Object</b>         |                   |                   |                   |                   |                   |                   |
| Personnel Costs          | 12,975,900        | 12,632,000        | 13,238,000        | 13,238,000        | 13,589,200        | 13,799,500        |
| Operating Expenditures   | 5,820,400         | 5,968,800         | 6,218,900         | 6,218,900         | 6,731,000         | 6,694,500         |
| Capital Outlay           | 874,600           | 830,500           | 699,500           | 699,500           | 929,700           | 929,700           |
| Trustee/Benefit Payments | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Lump Sum                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Total</b>             | <b>19,670,900</b> | <b>19,431,300</b> | <b>20,156,400</b> | <b>20,156,400</b> | <b>21,249,900</b> | <b>21,423,700</b> |
| <b>FTP Positions</b>     | <b>222.00</b>     | <b>222.00</b>     | <b>224.00</b>     | <b>224.00</b>     | <b>229.00</b>     | <b>229.00</b>     |

|  | <u>FTP</u> | <u>Personnel Cost</u> | <u>Operating Expense</u> | <u>Capital Outlay</u> | <u>Trustee/Benefit</u> | <u>Lump Sum</u> | <u>Total Gov Rec</u> |
|--|------------|-----------------------|--------------------------|-----------------------|------------------------|-----------------|----------------------|
|--|------------|-----------------------|--------------------------|-----------------------|------------------------|-----------------|----------------------|

**Description:** The mission of the Idaho State Liquor Division is to provide control over the importation, distribution, sale, and consumption of distilled spirits; curtail intemperate use of beverage alcohol; and responsibly optimize the net revenues to the citizens of Idaho.

**FY 2018 Original Appropriation**

3.00 FY 2018 Original Appropriation:

|              |               |                   |                  |                |          |          |                   |
|--------------|---------------|-------------------|------------------|----------------|----------|----------|-------------------|
| Dedicated    | 224.00        | 13,238,000        | 6,218,900        | 699,500        | 0        | 0        | 20,156,400        |
| <b>Total</b> | <b>224.00</b> | <b>13,238,000</b> | <b>6,218,900</b> | <b>699,500</b> | <b>0</b> | <b>0</b> | <b>20,156,400</b> |

**FY 2018 Total Appropriation**

|              |               |                   |                  |                |          |          |                   |
|--------------|---------------|-------------------|------------------|----------------|----------|----------|-------------------|
| Dedicated    | 224.00        | 13,238,000        | 6,218,900        | 699,500        | 0        | 0        | 20,156,400        |
| <b>Total</b> | <b>224.00</b> | <b>13,238,000</b> | <b>6,218,900</b> | <b>699,500</b> | <b>0</b> | <b>0</b> | <b>20,156,400</b> |

**FY 2018 Estimated Expenditures**

|              |               |                   |                  |                |          |          |                   |
|--------------|---------------|-------------------|------------------|----------------|----------|----------|-------------------|
| Dedicated    | 224.00        | 13,238,000        | 6,218,900        | 699,500        | 0        | 0        | 20,156,400        |
| <b>Total</b> | <b>224.00</b> | <b>13,238,000</b> | <b>6,218,900</b> | <b>699,500</b> | <b>0</b> | <b>0</b> | <b>20,156,400</b> |

**Base Adjustments**

8.41 Removal of One-Time Expenditures: This decision unit removes one-time appropriation for FY 2018.

|              |             |          |                  |                  |          |          |                  |
|--------------|-------------|----------|------------------|------------------|----------|----------|------------------|
| Dedicated    | 0.00        | 0        | (222,000)        | (699,500)        | 0        | 0        | (921,500)        |
| <b>Total</b> | <b>0.00</b> | <b>0</b> | <b>(222,000)</b> | <b>(699,500)</b> | <b>0</b> | <b>0</b> | <b>(921,500)</b> |

8.51 Base Reduction: This decision unit provides a base reduction to remove the funds appropriated in the 2017 legislative session through HB 320 for Payment Card Industry compliance (PCI). The agency will have no PCI compliance contract or expense because of the method of payment collection used.

|              |             |          |                 |          |          |          |                 |
|--------------|-------------|----------|-----------------|----------|----------|----------|-----------------|
| Dedicated    | 0.00        | 0        | (40,000)        | 0        | 0        | 0        | (40,000)        |
| <b>Total</b> | <b>0.00</b> | <b>0</b> | <b>(40,000)</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>(40,000)</b> |

8.91 Other Adjustments: In FY 2018, DU 12.01 appropriated \$147,000 in one-time Operating Expenditures. Of this appropriation, \$112,000 consists of the increased rent for store relocations and lease renewals, an ongoing expense. The Governor recommends making this funding ongoing.

|              |             |          |                |          |          |          |                |
|--------------|-------------|----------|----------------|----------|----------|----------|----------------|
| Dedicated    | 0.00        | 0        | 112,000        | 0        | 0        | 0        | 112,000        |
| <b>Total</b> | <b>0.00</b> | <b>0</b> | <b>112,000</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>112,000</b> |

**FY 2019 Base**

|              |               |                   |                  |          |          |          |                   |
|--------------|---------------|-------------------|------------------|----------|----------|----------|-------------------|
| Dedicated    | 224.00        | 13,238,000        | 6,068,900        | 0        | 0        | 0        | 19,306,900        |
| <b>Total</b> | <b>224.00</b> | <b>13,238,000</b> | <b>6,068,900</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>19,306,900</b> |

|                            | <u>FTP</u>  | <u>Personnel Cost</u> | <u>Operating Expense</u> | <u>Capital Outlay</u> | <u>Trustee/Benefit</u> | <u>Lump Sum</u> | <u>Total Gov Rec</u> |
|----------------------------|---|-----------------------|--------------------------|-----------------------|------------------------|-----------------|----------------------|
| <b>Program Maintenance</b> |   |                       |                          |                       |                        |                 |                      |
| 10.11                      | Change in Health Benefit Costs: This decision unit reflects a one-time reduction in the employer health benefit cost based on the November Milliman projection, which showed a decrease from the June estimate. Employer costs are projected to return to the current level in FY 2020.   |                       |                          |                       |                        |                 |                      |
|                            | While the total cost of the plan continues to grow, prices and utilization are growing at a slower rate than projected for FY 2018. This has led to growth in reserves. To address this one-time overfunding of reserves, the Governor proposes a transfer of \$13,140,000 from the Group Insurance Account to the General Fund. These funds were transferred from the General Fund in FY 2016 to maintain the contractually required minimum and can now be repaid. In addition, the Governor proposes using reserve funds for a two-month premium holiday for both the employer and the employee. This will reduce overfunding of reserves and reward employees for their prudent use of plan benefits. |                       |                          |                       |                        |                 |                      |
| Dedicated                  | 0.00  | (336,000)             | 0                        | 0                     | 0                      | 0               | (336,000)            |
| <b>Total</b>               | <b>0.00</b>   | <b>(336,000)</b>      | <b>0</b>                 | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>(336,000)</b>     |
| 10.12                      | Change in Variable Benefit Costs: This decision unit reflects the scheduled changes in the employer variable benefits cost, including the October 2017 vote of the Public Employee Retirement System of Idaho Retirement Board to delay the scheduled employer contribution increase.   |                       |                          |                       |                        |                 |                      |
| Dedicated                  | 0.00  | 3,400                 | 0                        | 0                     | 0                      | 0               | 3,400                |
| <b>Total</b>               | <b>0.00</b>   | <b>3,400</b>          | <b>0</b>                 | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>3,400</b>         |
| 10.21                      | General Inflation Adjustments: The Governor recommends \$22,300 in dedicated fund spending authority for general inflation adjustments.   |                       |                          |                       |                        |                 |                      |
| Dedicated                  | 0.00  | 0                     | 22,300                   | 0                     | 0                      | 0               | 22,300               |
| <b>Total</b>               | <b>0.00</b>   | <b>0</b>              | <b>22,300</b>            | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>22,300</b>        |
| 10.23                      | Contract Inflation: The Governor recommends dedicated fund spending authority for contractual liquor store lease increases. These increases consist of escalations in liquor store lease rates and common area maintenance charges.   |                       |                          |                       |                        |                 |                      |
| Dedicated                  | 0.00  | 0                     | 95,100                   | 0                     | 0                      | 0               | 95,100               |
| <b>Total</b>               | <b>0.00</b>   | <b>0</b>              | <b>95,100</b>            | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>95,100</b>        |
| 10.31                      | Repair, Replacement Items/Alterations: The Governor recommends \$276,700 in dedicated fund spending authority for repair and replacement items.   |                       |                          |                       |                        |                 |                      |
| Dedicated                  | 0.00  | 0                     | 0                        | 276,700               | 0                      | 0               | 276,700              |
| <b>Total</b>               | <b>0.00</b>   | <b>0</b>              | <b>0</b>                 | <b>276,700</b>        | <b>0</b>               | <b>0</b>        | <b>276,700</b>       |
| 10.41                      | Attorney General Fees: Adjustments to costs of legal services provided by the Office of the Attorney General are reflected here.  |                       |                          |                       |                        |                 |                      |
| Dedicated                  | 0.00  | 0                     | (300)                    | 0                     | 0                      | 0               | (300)                |
| <b>Total</b>               | <b>0.00</b>   | <b>0</b>              | <b>(300)</b>             | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>(300)</b>         |
| 10.43                      | Legislative Audits: Adjustments to legislative audit billings are reflected here.   |                       |                          |                       |                        |                 |                      |
| Dedicated                  | 0.00  | 0                     | 3,500                    | 0                     | 0                      | 0               | 3,500                |
| <b>Total</b>               | <b>0.00</b>   | <b>0</b>              | <b>3,500</b>             | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>3,500</b>         |
| 10.45                      | Risk Management Cost Increases: Adjustments to the costs of insurance coverage as projected by a third-party actuary and billed by the Office of Insurance Management are reflected here.   |                       |                          |                       |                        |                 |                      |
| Dedicated                  | 0.00  | 0                     | (3,600)                  | 0                     | 0                      | 0               | (3,600)              |
| <b>Total</b>               | <b>0.00</b>   | <b>0</b>              | <b>(3,600)</b>           | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>(3,600)</b>       |

|   | <u>FTP</u>  | <u>Personnel Cost</u> | <u>Operating Expense</u> | <u>Capital Outlay</u> | <u>Trustee/ Benefit</u> | <u>Lump Sum</u> | <u>Total Gov Rec</u> |
|---|-------------|-----------------------|--------------------------|-----------------------|-------------------------|-----------------|----------------------|
| 10.46 Controller's Fee Charge: Adjustments to the costs of statewide accounting and statewide payroll processing provided by the Office of the State Controller are reflected here. |             |                       |                          |                       |                         |                 |                      |
| Dedicated   | 0.00        | 0                     | 6,700                    | 0                     | 0                       | 0               | 6,700                |
| <b>Total</b>  | <b>0.00</b> | <b>0</b>              | <b>6,700</b>             | <b>0</b>              | <b>0</b>                | <b>0</b>        | <b>6,700</b>         |
| 10.47 Treasurer's Fee Charge: Adjustments to the costs of cash management and warrant processing by the Office of the State Treasurer are reflected here.                           |             |                       |                          |                       |                         |                 |                      |
| Dedicated   | 0.00        | 0                     | 100                      | 0                     | 0                       | 0               | 100                  |
| <b>Total</b>  | <b>0.00</b> | <b>0</b>              | <b>100</b>               | <b>0</b>              | <b>0</b>                | <b>0</b>        | <b>100</b>           |
| 10.61 Salary Multiplier - Regular Employees: The Governor recommends a 3% increase in employee compensation, to be distributed on a merit basis.                                    |             |                       |                          |                       |                         |                 |                      |
| Dedicated   | 0.00        | 272,600               | 0                        | 0                     | 0                       | 0               | 272,600              |
| <b>Total</b>  | <b>0.00</b> | <b>272,600</b>        | <b>0</b>                 | <b>0</b>              | <b>0</b>                | <b>0</b>        | <b>272,600</b>       |
| 10.62 Salary Multiplier - Group and Temporary: The Governor does not recommend a compensation increase for group and temporary employees.   |             |                       |                          |                       |                         |                 |                      |
| Dedicated   | 0.00        | 0                     | 0                        | 0                     | 0                       | 0               | 0                    |
| <b>Total</b>  | <b>0.00</b> | <b>0</b>              | <b>0</b>                 | <b>0</b>              | <b>0</b>                | <b>0</b>        | <b>0</b>             |

**FY 2019 Total Maintenance**

|              |               |                   |                  |                |          |          |                   |
|--------------|---------------|-------------------|------------------|----------------|----------|----------|-------------------|
| Dedicated    | 224.00        | 13,178,000        | 6,192,700        | 276,700        | 0        | 0        | 19,647,400        |
| <b>Total</b> | <b>224.00</b> | <b>13,178,000</b> | <b>6,192,700</b> | <b>276,700</b> | <b>0</b> | <b>0</b> | <b>19,647,400</b> |

**Line Items**

|   |             |                |                |                |          |          |                |
|---|-------------|----------------|----------------|----------------|----------|----------|----------------|
| 12.01 Relocate or Remodel Seven Liquor Stores: The Governor recommends dedicated fund spending authority (\$395,800 one-time, \$130,000 ongoing) to relocate or remodel seven state-run liquor stores in Eagle, Kuna, Meridian, Chubbuck, Burley, Moscow, and Coeur d'Alene.  |             |                |                |                |          |          |                |
| Dedicated   | 0.00        | 7,800          | 155,000        | 363,000        | 0        | 0        | 525,800        |
| <b>Total</b>  | <b>0.00</b> | <b>7,800</b>   | <b>155,000</b> | <b>363,000</b> | <b>0</b> | <b>0</b> | <b>525,800</b> |
| 12.02 Add Two New State-run Liquor Stores: The Governor recommends 4.0 FTP, ongoing dedicated fund spending authority, and one-time Operating Expenditures and Capital Outlay for the addition of two state-run liquor stores in the Treasure Valley.   |             |                |                |                |          |          |                |
| Dedicated   | 4.00        | 272,100        | 236,000        | 230,000        | 0        | 0        | 738,100        |
| <b>Total</b>  | <b>4.00</b> | <b>272,100</b> | <b>236,000</b> | <b>230,000</b> | <b>0</b> | <b>0</b> | <b>738,100</b> |
| 12.03 Additional Labor for State Liquor Stores: The Governor recommends dedicated fund spending authority for additional group hours at state liquor stores processing over 70,000 bottles per year. In these stores, sales have reached a level requiring additional resources to maintain adequate service to customers and to handle larger workloads that coincide with store growth. |             |                |                |                |          |          |                |
| Dedicated   | 0.00        | 138,100        | 0              | 0              | 0        | 0        | 138,100        |
| <b>Total</b>  | <b>0.00</b> | <b>138,100</b> | <b>0</b>       | <b>0</b>       | <b>0</b> | <b>0</b> | <b>138,100</b> |

Executive Budget Detail

|   | <u>FTP</u>  | <u>Personnel Cost</u> | <u>Operating Expense</u> | <u>Capital Outlay</u> | <u>Trustee/Benefit</u> | <u>Lump Sum</u> | <u>Total Gov Rec</u> |
|---|-------------|-----------------------|--------------------------|-----------------------|------------------------|-----------------|----------------------|
| 12.04 Warehouse Safety and Efficiency Improvements: The Governor recommends one-time dedicated fund spending authority for improvements to warehouse safety and efficiency. This will enable the division warehouse to maintain a modern, safe work environment. These improvements include warehouse rack protectors, which provide a safety buffer on racks, and roller-style racks, which improve overall efficiency.  |             |                       |                          |                       |                        |                 |                      |
| Dedicated   | 0.00        | 0                     | 0                        | 24,000                | 0                      | 0               | 24,000               |
| <b>Total</b>  | <b>0.00</b> | <b>0</b>              | <b>0</b>                 | <b>24,000</b>         | <b>0</b>               | <b>0</b>        | <b>24,000</b>        |
| 12.05 Restore Deputy Director Position: The Governor recommends 1.0 FTP and dedicated fund spending authority for an additional deputy director. In 2011, the Liquor Division was able to combine two deputy director positions due to hiring an individual uniquely qualified for both. The spending authority for the second position was used to fund budget requests in subsequent years. Due to a 33% increase in sales since 2012, as well as the departure of the deputy holding the combined position, the Governor recommends returning the division to its four-deputy structure.   |             |                       |                          |                       |                        |                 |                      |
| Dedicated   | 1.00        | 126,100               | 5,000                    | 0                     | 0                      | 0               | 131,100              |
| <b>Total</b>  | <b>1.00</b> | <b>126,100</b>        | <b>5,000</b>             | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>131,100</b>       |
| 12.06 Subscription to Online Training Resources: The Governor recommends dedicated fund spending authority for a subscription-based learning materials database and online training resource. It is more expensive to create material in-house; therefore, the Governor recommends purchasing training from vendors that have materials already published.  |             |                       |                          |                       |                        |                 |                      |
| Dedicated   | 0.00        | 0                     | 6,000                    | 0                     | 0                      | 0               | 6,000                |
| <b>Total</b>  | <b>0.00</b> | <b>0</b>              | <b>6,000</b>             | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>6,000</b>         |
| 12.07 Furnishings for Newly Built Office Space: The Governor recommends one-time dedicated fund spending authority for furniture and cubicles for four new offices at the division's central office. In FY 2018, the division received \$27,500 in one-time dedicated fund spending authority to furnish the conference room in the new space.  |             |                       |                          |                       |                        |                 |                      |
| Dedicated   | 0.00        | 0                     | 0                        | 36,000                | 0                      | 0               | 36,000               |
| <b>Total</b>  | <b>0.00</b> | <b>0</b>              | <b>0</b>                 | <b>36,000</b>         | <b>0</b>               | <b>0</b>        | <b>36,000</b>        |
| 12.08 Critical Software Enhancements: The Governor recommends dedicated fund spending authority (\$12,000 one-time, \$87,800 ongoing) for software enhancements.  |             |                       |                          |                       |                        |                 |                      |
| Dedicated   | 0.00        | 0                     | 99,800                   | 0                     | 0                      | 0               | 99,800               |
| <b>Total</b>  | <b>0.00</b> | <b>0</b>              | <b>99,800</b>            | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>99,800</b>        |
| 12.09 Warehouse Personnel Restructuring: The Governor recommends dedicated fund spending authority for warehouse personnel restructuring. The division has been working with the Division of Human Resources to ensure that employees are classified correctly relative to job responsibilities. Four material handler positions will be reclassified as warehouse supervisors (from pay grade G to pay grade J) and one supply operations supervisor will be reclassified as a supply operations manager (from pay grade K to pay grade M). This recommendation increases funding from current employee pay rates to 80% of policy in the new pay grade. |             |                       |                          |                       |                        |                 |                      |
| Dedicated   | 0.00        | 64,600                | 0                        | 0                     | 0                      | 0               | 64,600               |
| <b>Total</b>  | <b>0.00</b> | <b>64,600</b>         | <b>0</b>                 | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>64,600</b>        |
| 12.10 Add Sunday Hours of Operation to Three Stores: The Governor recommends dedicated fund spending authority for the addition of Sunday hours of operation at three northern Idaho liquor stores (Orofino, St. Maries, and Priest River).   |             |                       |                          |                       |                        |                 |                      |
| Dedicated   | 0.00        | 12,800                | 0                        | 0                     | 0                      | 0               | 12,800               |
| <b>Total</b>  | <b>0.00</b> | <b>12,800</b>         | <b>0</b>                 | <b>0</b>              | <b>0</b>               | <b>0</b>        | <b>12,800</b>        |

Liquor Division, State  
 Liquor Division

Executive Budget Detail

|                                     | <u>FTP</u>    | <u>Personnel Cost</u> | <u>Operating Expense</u> | <u>Capital Outlay</u> | <u>Trustee/ Benefit</u> | <u>Lump Sum</u> | <u>Total Gov Rec</u> |
|-------------------------------------|---------------|-----------------------|--------------------------|-----------------------|-------------------------|-----------------|----------------------|
| <b>FY 2019 Gov's Recommendation</b> |               |                       |                          |                       |                         |                 |                      |
| Dedicated                           | 229.00        | 13,799,500            | 6,694,500                | 929,700               | 0                       | 0               | 21,423,700           |
| <b>Total</b>                        | <b>229.00</b> | <b>13,799,500</b>     | <b>6,694,500</b>         | <b>929,700</b>        | <b>0</b>                | <b>0</b>        | <b>21,423,700</b>    |