

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, January 20, 2023

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Ward-Engelking, and Just

Representatives Co-Chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, and Coberly (Nash)

ABSENT/ EXCUSED: Senators Adams and Herndon

CONVENED: **Co-Chairman Grow** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at 8:00 a.m.

LSO STAFF PRESENTATION: **GENERAL FUND UPDATE; Keith Bybee, Division Manager, Legislative Services Office (LSO) Budget and Policy Analysis**

Mr. Bybee reviewed the General Fund Budget daily update (see attachment 1) and noted to date there were no bills with fiscal impact upon the General Fund. He advised that the Governor’s Division of Financial Management had provided an update with the Governor’s recommendation, and the change resulted in a net zero impact. **Mr. Bybee** discussed an adjustment to the health education programs, correcting a small error

AGENCY PRESENTATION: **BOARD OF TAX APPEALS; Cindy Pollock, Director; Tim Hibbard, Analyst, LSO Budget and Policy Analysis**

Mr. Hibbard explained that the three member Board of Tax Appeals provides taxpayers with the opportunity to appeal their *ad valorem* assessed valuations from a county board of equalization, or tax decision from the Idaho State Tax Commission with one program entirely funded by the General Fund. He reviewed the agency’s total appropriations and expenditures from fiscal year (FY) 2019 through FY 2022, and FY 2023’s appropriation, and the amount of appeals the agency handles by year for the last ten years (see attachment 2).

Ms. Pollock presented the agency’s mission and that the three member Board, appointed by the Governor, serves as administrative law judges hearing hundreds of appeals annually (see attachment 3). She informed the Committee that its budget was mostly maintenance and contains one line item for the human resource consolidation

AGENCY PRESENTATION: **IDAHO LAND BOARD - IDAHO DEPARTMENT OF LANDS (IDOL); Dustin T. Miller, Director, IDOL; Janet Jessup, Principal Budget and Policy Analyst, LSO Budget and Policy Analysis**

Ms. Jessup reviewed that the primary focus of the IDOL is land management, forest resource management, and forest and range fire protection, with 77 percent of the appropriation and 80 percent of the FTPs within these three programs. She detailed the FY 2023 original appropriation by budgeted department (see attachment 4). She pointed to fire season statistics from the 2014 season to 2022 season, with the numbers, severity, and cost which greatly varied. **Ms. Jessup** remarked that the Fire Suppression Deficiency Fund, pre-funded from General Fund monies, ending balance from FY 2014 through FY 2022 has continuous appropriation with the agency tracking expenditures. She shared the agency does not need legislative appropriation to spend funds since it is continuously appropriated. **Ms. Jessup** informed the Committee there were no open audit findings.

Mr. Miller described that most of the primary responsibilities of IDOL were guided by the State Board of Land Commissioners, and the Idaho Public School system was the primary beneficiary of state endowment trust lands, along with eight other endowments (see attachment 5). He reviewed that the beneficiaries, established in August 2022 by the Idaho Admissions Act, received over \$100 million in FY 2023 including \$61.5 million to public schools. **Mr. Miller** summarized specific performance highlights from FY 2022. He reviewed IDOL's three FY 2023 one time General Fund supplemental requests and detailed what the funds would be used for if approved and appropriated.

DISCUSSION: In response to questions from the Committee regarding the FY 2023 supplemental requests, **Mr. Miller** discussed IDOL's available resources for the Maggie Creek seasonal housing project, and others, to start in a timely manner due to the coming fire season loads. He also reviewed the collaboration across agencies in an effort to reduce the fuel load to attack the wildfire crisis, and the cost of prevention compared to the cost of containment. **Alex Adams**, Administrator, Idaho Division of Financial Management, discussed the Workforce Housing Fund.

AGENCY PRESENTATION: **Mr. Miller** detailed IDOL's FY 2024 budget request and what each enhancement would fund (see attachment 5).

DISCUSSION: In response to questions from the Committee, **Mr. Miller** discussed reimbursement, increase on timber sales and resulting expenses, maintaining and retaining personnel, and working with local fire departments due to the influx of people.

AGENCY PRESENTATION: **IDAHO LAND BOARD - IDAHO ENDOWMENT FUND INVESTMENT BOARD; Chris Anton, Manager of Investments; Janet Jessup, Principal Budget and Policy Analyst, LSO Budget and Policy Analysis**

Ms. Jessup called attention to the endowment distributions and the relationship between the permanent assets managed by the agency, Board, and earnings reserve fund, and the distribution to beneficiaries and State Department endowments (see attachment 6). She reviewed the total endowment distributions by fiscal year from FY 2014 through FY 2024. She discussed the endowment distributions for FY 2024 by percentage of total distribution, pointing out Public Schools received the largest distribution. **Ms. Jessup** informed the Committee there were no open audit findings.

Mr. Anton explained the Board’s mission, who the beneficiaries were, and the investments totals as of June 30, 2022 (see attachment 7). He stated the dramatic Fund growth was revenue from timber sales, and due to a decrease in FY 2023, the distribution will remain flat for FY 2024. **Mr. Anton** defined the Credit Enhancement Program for Public Schools and how the Fund was involved. He cited the entire budget was funded through dedicated funds; and operating costs consisted of the lease and annual audit.

AGENCY PRESENTATION: OFFICE OF DRUG POLICY (ODP); Marianne King, Director; Alex Williamson, Analyst, LSO Budget and Policy Analysis

Ms. Williamson explained that ODP leads Idaho’s substance use and misuse policy and prevention efforts and works with government entities within the state, counties, cities, and law enforcement. She reviewed the consistent appropriations and expenditures from FY 2018 through FY 2022. She spoke to FY 2022’s increase which was due to a one time line item of federal COVID–19 relief funds specific to prevention services (see attachment 8). **Ms. Williamson** discussed that on a 5 year average, 92 percent of the expenditures were federal funds, and 7 percent from the General Fund. She informed that the most recent audit was published in August 2022.

Ms. King addressed the unresolved audit finding related to the FY 2020 schedule of expenditures of federal awards; it remains under review. In response to that finding ODP worked diligently to improve internal controls, compliance and efficiency by implementing a five step corrective action plan with additional changes to the FY 2021 process. The ODP auditor was contacted to verify the corrective actions were operating effectively and then this issue will be cleared.

Ms. King informed that ODP was focused on prevention across all 44 counties by identifying, implementing, sustaining, and evaluating primary prevention efforts with programs which were evidence based and built on prevention (see attachment 9). She reviewed ODP’s successes in impact and outcomes including collaborative partnerships with agencies and organizations which allowed them to use grant funds which were awarded to providers, public health districts, local law enforcement and agencies. **Ms. King** detailed the ODP FY 2024 budget recommendation.

AGENCY PRESENTATION: IDAHO COMMISSION FOR THE BLIND AND VISUALLY IMPAIRED (ICBVI); Beth Cunningham, Administrator; Alex Williamson, Analyst, LSO Budget and Policy Analysis

Ms. Williamson stated this agency assists individuals who are blind or visually impaired to achieve social and economic independence. She reviewed its appropriations and expenditures which have remained steady over five years, averaging an eight percent reversion rate (see attachment 10). She reviewed the current Full-Time Equivalent Position (FTP) allocation by duty and responsibility with three areas having the largest portion: Vocational Rehabilitation, Independent Living/Home Instruction Program, and the Assessment and Training Center. **Ms. Williamson** summarized the trustee and benefit payment expenditures from FY 2018 through FY 2022. She informed the Committee there were no open audit findings.

Ms. Cunningham discussed ICBVI’s mission to empower blind or visually impaired people, and that 25% of its staff was blind or visually impaired. She reviewed FY 2022 appropriations and expenditures (see attachment 11). She explained ICBVI requested two additional positions for FY 2024, a rehabilitation teacher for the Treasure Valley and a business analyst for the vocational rehabilitation program. **Ms. Cunningham** further detailed ICBVI’s FY 2024 requests and the Governor’s recommendations. She addressed the fact that in FY 2020 there were two audit findings, one has been fully corrected and closed, and the other partially corrected. The most recent audit covering FY 2021/2022 had no findings and concluded there were no deficiencies.

**AGENCY
PRESENTATION:**

IDAHO COMMISSION ON HISPANIC AFFAIRS (ICHA); Margie Gonzalez, Executive Director; Alex Williamson, Analyst, LSO Budget and Policy Analysis

Ms. Williamson stated that the ICHA provided services to the Hispanic community and served as a liaison between the community and government entities. She summarized ICHA’s appropriations and expenditures from FY 2018 through FY 2022, with FY 2023’s original appropriation (see attachment 12). She noted FY 2022 and FY 2023 reflect an increase of ongoing dedicated appropriations to allow the use of private donations to fund events hosted throughout the state. **Ms. Williamson** discussed the average expenditures by expenditure class for FY 2018 through FY 2022 with an average capital outlay of less than one percent. ICHA supports 239,000 Hispanic individuals who made up 13 percent of Idaho's total population. She informed the Committee there were no open audit findings.

Ms. Gonzalez reviewed ICHA’s activities, who it represents, and its functions, pointing out the Hispanic population grew by 30 percent over the last decade (see attachment 13). She discussed how Hispanics affect the population, the labor force, the school system, contribution to the economy, and how they represent all income and education levels. She stated the FY 2023 budget appropriation was to collaborate with the community to promote Hispanic engagement, education, and inclusion. **Ms. Gonzalez** discussed the FY 2024 base reduction of federal funds, therefore ICHA was requesting an increase in appropriation to cover the statewide cost allocation increases.

In response to questions from the Committee, **Ms. Gonzalez** informed that ICHA did not have private funding, discussed its three statewide conferences, and its scholarships awarded.

ADJOURNED:

There being no further business, **Co-Chairman Grow** adjourned the meeting at 10:47 a.m.

Senator Grow
Chair

Twyla Melton, Assistant Secretary