

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, February 23, 2023
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just
Representatives Co-Chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Nash
ABSENT/ EXCUSED: Representative Lambert

Co-Chairman Horman called the meeting to order at 8:00 a.m.

Mr. Nate Osborne, Analyst, LSO Budget & Policy Analysis, presented the FY 2024 appropriation for the Charter School Commission in the State Board of Education. The Charter School Commission is the state level authorizer of the public charter schools in Idaho.

MOTION: **Sen. VanOrden** made a motion, seconded by **Rep. Raybould**, for the Charter School Commission, beginning with the FY 2024 Base, to include JFAC-adjusted budget items: \$6,900 for benefit costs, \$4,000 for statewide cost allocation, \$15,100 for change in employee compensation, \$5,200 for Human Resources consolidation, and \$19,400 for inflationary adjustments. Also included is the following line item: line item two, which provides 1.00 FTP and \$96,800 for an additional program manager. Finally, this motion for the Charter School Commission for FY 2024 includes 6.00 FTP, \$190,100 from the General Fund, and \$635,600 from dedicated funds, for a grand total of \$825,700.

SUBSTITUTE MOTION: **Rep. Tanner** made a substitute motion, seconded by **Co-Chairman Horman**, for the Charter School Commission, beginning with the FY 2024 Base, to include JFAC-adjusted budget items: \$6,900 for benefit costs, \$4,000 for statewide cost allocation, \$15,100 for change in employee compensation, \$5,200 for Human Resources consolidation, and \$19,400 for inflationary adjustments. Finally, this motion for the Charter School Commission for FY 2024 includes 5.00 FTP, \$190,100 from the General Fund, and \$538,800 from dedicated funds, for a grand total of \$728,900.

Sen. VanOrden stated the original motion addressed costs associated with the Commission's FY 2023 office relocation to comply with the Department of Administration's facility plans. Also, the FTP included in the original motion is paid from the Commission's dedicated funds. She reminded the committee the source of the Commission's dedicated funds is the authorizer fees collected from charter schools. **Sen. VanOrden** stated the Charter School Commission program managers oversee filing annual public reports for each charter school; the program managers also help with the five-year renewal for each charter. She noted the Charter School Commission works with the State Department of Education to gather information and assist and support charter schools.

Sen. Lent observed the number of charter schools has grown from ten to 58; the FTP will help support those additional charter schools and is needed to maintain the quality expected in Idaho.

Co-Chairman Horman agreed the Charter School Commission needs more support; she stated these funds should come from the State Department of Education, not the compliance agency. She noted the State Department of Education supports all public schools and already has a School Choice division that could offer the necessary support. Co-Chairman Horman stated charter schools have become the most regulated schools in the state.

Rep. Tanner stated charter schools have regulatory requirements above and beyond those of traditional schools. He expressed his preference to use funds for support rather than regulatory compliance.

Sen. VanOrden stated her support for additional people in the State Board of Education helping charter schools. She also supports more regulation for traditional schools to keep them accountable in a similar manner to charter schools. She noted the Charter School Commission's FTP is supported by the agency's dedicated funds; funding more FTP in the Department of Education would come from the General Fund.

Rep. Bundy expressed his support for public schools and noted they are under constant scrutiny for performance.

Sen. Cook stated charter schools should be used as laboratories; successful outcomes should be applied to traditional schools. He stated his support for additional FTP in the State Board of Education but believes without the original motion, charter schools will suffer.

Rep. Tanner spoke further to his motion and explained the layers of oversight for charter schools already in place.

In response to a committee question, **Co-Chairman Horman** explained the State Board of Education does not have access to the charter school authorizing fees. She noted the State Board of Education has large cash balances which can be used to fund its budget requests.

Rep. Petzke noted the Charter School Commission has been operating at a profit in its dedicated funds and this would be good use of those funds.

**ROLL CALL
VOTE ON
SUBSTITUTE
MOTION:**

Substitute motion failed by a total vote of 6 AYES, 13 NAYS, 1 ABSENT/EXCUSED. Senators voting in favor of the motion: Adams, Herndon. Senators voting in opposition to the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Ward-Engelking, Just. Representatives voting in favor of the motion: Horman, Miller, Furniss, Tanner. Representatives voting in opposition to the motion: Bundy, Raybould, Petzke, Handy, Nash. Representatives absent/excused: Lambert.

**ROLL CALL
VOTE ON
ORIGINAL
MOTION:**

Original motion carried by a total vote of 16 AYES, 3 NAYS, 1 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Ward-Engelking, Just. Senators voting in opposition to the motion: Herndon. Representatives voting in favor of the motion: Miller, Bundy, Raybould, Furniss, Petzke, Handy, Nash. Representatives voting in opposition to the motion: Horman, Tanner. Representatives absent/excused: Lambert.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Herndon asked unanimous consent to change his vote from **AYE** to **NAY**. There being no objection, the request was granted. The corrected vote is reflected above.

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. VanOrden requested and it was granted by unanimous consent, to accept the following language:

LANGUAGE:

SECTION X. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. All funds provided in this act shall be subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. VanOrden requested and it was granted by unanimous consent, to accept the following language:

LANGUAGE:

SECTION 3. REAPPROPRIATION AUTHORITY. There is hereby reappropriated to the Idaho Public Charter School Commission any unexpended and unencumbered balances appropriated or reappropriated to the Public Charter School Commission from the Public Charter School Authorizers Fund for fiscal year 2023, to be used for nonrecurring expenditures, for the period July 1, 2023, through June 30, 2024. The State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

Mr. Osborne presented the FY 2024 appropriation for the STEM Action Center in the Office of the Governor.

Mr. Osborne explained JFAC discussion centered around line item one, the request for 1.0 FTP for a development and marketing administrator. He explained this work was previously done by an outside contractor, who was paid from operating expenditures. To make this position in-house, it is necessary to authorize an additional FTP and transfer funds from operating expenditures to personnel costs. **Mr. Osborne** explained the budget included in the motion is based on General, dedicated, and federal funds, and it does not break down any changes in operating expenditures, personnel, costs, capital outlay, and trustee and benefit payments.

In response to a committee question, **Mr. Osborne** explained the motion will be explicit about the funds' organization.

MOTION:

Rep. Bundy made a motion, seconded by **Sen. Ward-Engelking**, for the STEM Action Center, beginning with the FY 2024 Base, to include JFAC-adjusted budget items: \$3,500 for benefit costs, \$5,700 for statewide cost allocation, \$18,200 for change in employee compensation, \$6,000 for Human Resources consolidation, and \$3,000 for replacement items. Also included are the following line items: line item 1, which provides 1.00 FTP and a net-zero shift of operating expenditures to personnel costs and one-time capital outlay from the General Fund for a development and marketing administrator; and line item 2, which provides 1.00 FTP and \$83,300 plus a shift from operating expenditures to personnel costs and one-time capital outlay for a communications manager from the General Fund. Finally, this motion for the STEM Action Center for FY 2024 includes 8.00 FTP, \$3,292,900 from the General Fund, and \$2,929,900 from dedicated funds, for a grand total of \$6,222,800.

Rep. Bundy stated moving this position in-house creates continuity and long-term knowledge.

In response to a committee question, **Rep. Petzke** stated the cost savings will be shifted toward program costs for the I-STEM Professional Development Program serving K-12 Public School Educators each summer.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 19 AYES, 0 NAYS, 1 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Furniss, Tanner, Petzke, Handy, Nash. Representatives voting in opposition to the motion: None. Representatives absent/excused: Lambert.

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

**UNANIMOUS
CONSENT
REQUEST:**

Rep. Bundy requested and it was granted by unanimous consent, to accept the following language:

LANGUAGE:

SECTION X. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. All funds provided in this act shall be subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code.

Mr. Osborne explained the FY 2024 appropriation for the Health Education Programs in the State Board of Education. Health Education Programs has two components: medical residency programs, which take place throughout the state of Idaho, and medical education, which involves medical school, dental school, and veterinary school for Idaho students.

MOTION:

Rep. Raybould made a motion, seconded by **Sen. Lent**, for the Health Education Programs, beginning with the FY 2024 Base, to include JFAC-adjusted budget items: \$49,600 for benefit costs, \$129,200 for change in employee compensation, \$300 for Human Resources consolidation, and \$683,000 for inflationary adjustments. Also included are the following line items: line item 1, which provides \$332,300 for prior year contract inflation for the University of Utah medical education program and WIMU veterinary education program; line item 2, which provides \$96,000 for a new medical resident and enhanced funding for current residents in the Boise Internal Medicine Program; line item 3, which provides \$240,000 for four new psychiatry residents in the Eastern Idaho Medical Residency Program; line item 4, which provides 2.00 FTP and \$168,000 for two new residents and enhanced funding for current residents in the Family Medicine Residencies Program; and line item 5, which provides \$320,000 for three new residents and enhanced funding for current residents in the Family Medicine Residencies Program. Finally, this motion for the Health Education Programs for FY 2024 includes 44.65 FTP, \$26,845,500 from the General Fund, and \$369,600 from dedicated funds, for a grand total of \$27,215,100.

Rep. Raybould noted the inflation-related changes to the health education portion of the budget. She also noted this budget provides additional medical residencies, necessary because of the state's aging physician population and increasing statewide population.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 18 AYES, 0 NAYS, 2 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Tanner, Petzke, Handy, Nash. Representatives voting in opposition to the motion: None. Representatives absent/excused: Furniss, Lambert.

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

**UNANIMOUS
CONSENT
REQUEST:**

Rep. Raybould requested and it was granted by unanimous consent, to accept the following language:

LANGUAGE:

SECTION __. EXEMPTIONS FROM OBJECT TRANSFER LIMITATIONS. The State Board of Education and the Board of Regents of the University of Idaho for Health Education Programs are hereby exempted from the provisions of Section 67-3511(1) and (3), Idaho Code, allowing unlimited transfers between object codes for dedicated fund moneys appropriated for the period July 1, 2023, through June 30, 2024. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION __. REAPPROPRIATION AUTHORITY. There is hereby reappropriated to the State Board of Education and the Board of Regents of the University of Idaho for Health Education Programs any unexpended and unencumbered balances appropriated or reappropriated to the State Board of Education and the Board of Regents of the University of Idaho for Health Education Programs from dedicated funds for fiscal year 2023 to be used for nonrecurring expenditures for the period July 1, 2023, through June 30, 2024. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION __. STUDENT TUITION AND FEES FOR FISCAL YEAR 2023. Notwithstanding the provisions of Section 67-3516(2), Idaho Code, the Division of Financial Management may approve the expenditure adjustments of dedicated funds pursuant to the noncognizable process for student tuition and fees during fiscal year 2024. Each of the programs' budget requests for fiscal year 2025 shall reflect all adjustments so approved by the Division of Financial Management.

Co-Chairman Horman put the committee at ease at 8:37 a.m.

Co-Chairman Horman resumed the meeting at 8:45 a.m.

Co-Chairman Horman explained there was potential intent language to add to this budget; the Co-Chairs would like additional clarification about the impact of the language before the committee votes.

Mr. Osborne explained the FY 2023 supplemental appropriation for the Office of the State Board of Education (OSBE). The request for \$1M to distribute to rural schools will be a joint project between OSBE and the Idaho Commission on the Arts.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. VanOrden requested and it was granted by unanimous consent, the FY 2023 budget for the Office of the State Board of Education was reopened.

MOTION: **Sen. VanOrden** made a motion, seconded by **Co-Chairman Horman**, for FY 2023, for the Office of the State Board of Education, an additional \$1,000,000 from the General Fund to provide funding for arts in rural public schools.

Sen. VanOrden explained this supplemental request will ensure the arts programs can be in place for the new school year.

Sen. Herndon asked, for the record, what the grant is funding. **Mr. Osborne** explained this funding could go toward musical instruments, art supplies, theater supplies, and other art-related supplies.

ROLL CALL VOTE ON MOTION: **Motion carried by a total vote of 18 AYES, 0 NAYS, 2 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Tanner, Petzke, Handy, Nash. Representatives voting in opposition to the motion: None. Representatives absent/excused: Furniss, Lambert.**

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

Ms. Frances Lippitt, Analyst, LSO Budget & Policy Analysis, presented the FY 2024 appropriation for the Department of Finance.

MOTION: **Rep. Petzke** made a motion, seconded by **Sen. Adams**, for the Department of Finance, beginning with the FY 2024 Base, to include the following items as part of the JFAC-adjusted budget: \$48,000 for benefit costs, \$85,100 for statewide cost allocation, \$212,300 for change in employee compensation, reduce 1.00 FTP and \$3,900 for Human Resources consolidation, and include \$33,600 for replacement items. Also included are the following line items: line item 1, which provides 1.00 FTP and \$112,800 for a mortgage examiner; line item 2, which provides 1.00 FTP and \$92,600 for a program specialist; line item 3, which provides 1.00 FTP and \$73,500 for a securities technician; and line item 4, which provides \$79,000 for investigation management software. Finally, this motion for the Department of Finance for FY 2024 includes \$10,722,500 from dedicated funds and caps full-time equivalent positions at 72.00.

ROLL CALL VOTE ON MOTION: **Motion carried by a total vote of 18 AYES, 0 NAYS, 2 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Tanner, Petzke, Handy, Nash. Representatives voting in opposition to the motion: None. Representatives absent/excused: Furniss, Lambert.**

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

UNANIMOUS CONSENT REQUEST: **Rep. Petzke** requested and it was granted by unanimous consent, to accept the following language:

LANGUAGE: SECTION __. CONTINUOUS APPROPRIATION AUTHORITY. The Department of Finance is hereby granted continuous appropriation authority for reimbursement of persons to whom the Idaho courts have made a final determination of actual damages resulting from acts constituting violations of the Idaho Residential Mortgage Practices Act by a mortgage broker, mortgage lender, or mortgage loan originator who was licensed or required to be licensed pursuant to Chapter 31, Title 26, Idaho Code.

UNANIMOUS CONSENT REQUEST: **Rep. Petzke** requested and it was granted by unanimous consent, to accept the following language:

LANGUAGE: SECTION X. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. All funds provided in this act shall be subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code.

Ms. Lippitt presented the FY 2024 appropriation for the Department of Insurance.

MOTION: **Sen. Cook** made a motion, seconded by **Rep. Petzke**, for the Department of Insurance, beginning with the FY 2024 Base, to include the following items as part of the JFAC-adjusted budget: benefit costs; statewide cost allocation; change in employee compensation, which includes \$34,200 for an additional 6% change in employee compensation for public safety positions in the State Fire Marshal Program; remove 1.00 FTP and \$33,700 for Human Resources consolidation; and include \$79,800 for replacement items. The totals for this budget are \$9,874,100 from dedicated funds and \$730,000 from federal funds, for a grand total of \$10,604,100, and caps full-time equivalent positions at 70.50.

Sen. Cook stated this is a maintenance budget for the Department of Insurance.

In response to a committee question, **Mr. Jared Tatro**, Deputy Director of LSO Budget & Policy, explained the previous statewide decisions made by the Joint Finance-Appropriations Committee (JFAC) for benefit costs, statewide cost allocation, and change in employee compensation are reflected in the budget motions.

ROLL CALL VOTE ON MOTION: **Motion carried by a total vote of 18 AYES, 0 NAYS, 2 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Tanner, Petzke, Handy, Nash. Representatives voting in opposition to the motion: None. Representatives absent/excused: Furniss, Lambert.**

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

UNANIMOUS CONSENT REQUEST: **Sen. Cook** requested and it was granted by unanimous consent, to accept the following language:

LANGUAGE: SECTION X. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. All funds provided in this act shall be subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code.

Ms. Lippitt presented the FY 2024 appropriation for the Industrial Commission.

MOTION:

Sen. Bjerke made a motion, seconded by **Rep. Petzke**, for the Industrial Commission, beginning with the FY 2024 Base, to include the following items as part of the JFAC-adjusted budget: \$103,200 for benefit costs, \$115,500 for statewide cost allocation, \$395,000 for change in employee compensation, remove 3.00 FTP and \$189,800 for Human Resources consolidation, and include \$17,800 for inflationary adjustments and \$54,400 for replacement items. Also included are the following line items: line item 1, which provides \$230,000 for year four of the commission's technology modernization IRIS project; line item 2, which provides \$150,000 for a Microsoft Dedicated Service Engineer; line item 3, which provides \$288,000 for an IRIS maintenance contract; and line item 4, which provides \$55,000 for benefits records digitization. Finally, this motion for the Industrial Commission for FY 2024 includes \$294,000 from the General Fund, \$18,855,800 from dedicated funds, and \$1,639,000 from federal funds, for a total of \$20,788,800, and caps full-time equivalent positions at 130.25.

Sen. Bjerke stated line item one is for the final payment of the Commission's contract with InTimeTec for the IRIS project; line item 2 is for a Microsoft Dedicated Service Engineer to implement IRIS; line item 3 is for a maintenance contract for IRIS; line item 4 is for digitizing legacy claims. Line item 5 is not included and would require a change to Section 72-503, Idaho Code.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 18 AYES, 0 NAYS, 2 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Tanner, Petzke, Handy, Nash. Representatives voting in opposition to the motion: None. Representatives absent/excused: Furniss, Lambert.

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

Ms. Lippitt explained the language included in this motion. This language provides for the Commission's Business and Technology Modernization Project, also known as IRIS. The language sets the amounts to be spent from the Industrial Administration Fund and the Crime Victims Compensation Fund, and it requires the Commission to provide a report to JFAC on or before September 1, 2023.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Bjerke requested and it was granted by unanimous consent, to accept the following language:

LANGUAGE:

SECTION __. BUSINESS AND TECHNOLOGY MODERNIZATION. In accordance with Section 1, Article VIII, of the Constitution of the state of Idaho, of the amount appropriated in Section 1 of this act, \$201,300 from the Industrial Administration Fund and \$28,700 from the Crime Victims Compensation Fund comprise the fourth of four onetime appropriations for the commission's business and technology modernization, subject to the availability of funds and satisfactory project implementation. On or before September 1 of each year, the commission shall report to the Legislature regarding the specific efforts made to upgrade its business applications, the outcomes of those efforts, and an estimate of the appropriation amount needed to continue those efforts.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Bjerke requested and it was granted by unanimous consent, to accept the following language:

LANGUAGE:

SECTION X. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. All funds provided in this act shall be subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code.

Ms. Lippitt presented the FY 2023 supplemental appropriation for the Secretary of State.

**UNANIMOUS
CONSENT
REQUEST:**

Rep. Raybould requested and it was granted by unanimous consent, the FY 2023 budget for the Secretary of State was reopened.

MOTION:

Rep. Raybould made a motion, seconded by **Sen. Cook**, for the Secretary of State, for FY 2023, the addition of 2.0 FTP and \$81,400 from the General Fund.

Rep. Raybould noted the dollar amounts for this motion reflect an annualization as opposed to a full year's salary.

In response to committee questions, **Ms. Nicole Fitzgerald**, Chief Deputy for the Office of the Secretary of State, noted a future FY 2023 supplemental appropriation request for an elections management system. She explained the FTPs requested in this supplemental will support functions statutorily required by the Secretary of State's Office, even if the request for the elections management system is not approved.

Ms. Lippitt clarified the supplemental appropriation requests for the election management software program and the 2.0 FTPs are separate. The request for additional FTPs as a FY 2023 supplemental appropriation will allow the office to immediately address operational needs. This also allows the ongoing and annualization component to be included in the FY 2024 Base budget.

Ms. Fitzgerald stated the election management system will have functions for these FTPs to support, but there are other statutory requirements of the Secretary of State's Office these positions will support.

Sen. Cook said he had met with the Secretary of State and the requested 2.0 FTP are not related to the requested software. He stated his opinion the Secretary of State's Office needs these new personnel to catch up with its workload and prepare for the next election cycle.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 18 AYES, 0 NAYS, 2 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Tanner, Petzke, Handy, Nash. Representatives voting in opposition to the motion: None. Representatives absent/excused: Furniss, Lambert.

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

Ms. Jill Randolph, Principal Analyst, LSO Budget & Policy Analysis, presented the FY 2023 supplemental appropriation for the Division of Medicaid in the Department of Health and Welfare (DHW) for public health emergency costs.

**UNANIMOUS
CONSENT
REQUEST:**

Co-Chairman Grow requested and it was granted by unanimous consent, to hold this budget request in committee, subject to the call of the Chair.

Ms. Randolph presented the FY 2023 supplemental appropriation for the DHW Division of Medicaid. This request funds a third-party review of the early periodic screening diagnostic and treatment benefit as requested by the Class Council in the Jeff D. Settlement. This benefit provides preventative and health care services for children under age 21 and enrolled in Medicaid.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Cook requested and it was granted by unanimous consent, the FY 2023 budget for the Department of Health and Welfare, Division of Medicaid, was reopened.

MOTION:

Sen. Cook made a motion, seconded by **Rep. Nash**, for FY 2023, for the Division of Medicaid, the reduction of \$90,518,000 from the Cooperative Welfare (General) Fund, and the addition of \$260,807,700 from the Cooperative Welfare (Federal) Fund, for a net increase of \$170,289,700.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 16 AYES, 0 NAYS, 4 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Cook, VanOrden, Herndon, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Senators absent/excused: Lent, Adams. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Tanner, Petzke, Handy, Nash. Representatives voting in opposition to the motion: None. Representatives absent/excused: Furniss, Lambert.

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

Ms. Randolph explained the FY 2023 supplemental appropriation for the Division of Medicaid for receipt authority. The Division of Medicaid requests ongoing increases in dedicated funds for increased receipt authority. Receipt authority is used by the Division of Medicaid to collect monies, largely consisting of drug rebates, from third parties. The Division then uses the dedicated funds collected from these drug rebates to offset the costs to both the General Fund and federal funds.

MOTION:

Rep. Nash made a motion, seconded by **Sen. Cook**, for FY 2023, for the Division of Medicaid, the addition of \$50,000 from the Cooperative Welfare (General) Fund and \$50,000 from the Cooperative Welfare (Federal) fund, for a onetime net increase of \$100,000.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 17 AYES, 0 NAYS, 3 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Herndon, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Senators absent/excused: Adams. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Tanner, Petzke, Handy, Nash. Representatives voting in opposition to the motion: None. Representatives absent/excused: Furniss, Lambert.

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

Ms. Randolph explained a FY 2023 supplemental appropriation for the Division of Medicaid. The Division of Medicaid requests an ongoing increase in appropriation as part of the Upper Payment Limit (UPL) supplemental payment to hospitals. The UPL represents the difference between what Medicaid paid for a service and what Medicare would have paid for the same service. The UPL is a federally approved supplemental payment to provide hospitals with additional revenues without impacting General Fund dollars.

MOTION:

Sen. Cook made a motion, seconded by **Rep. Nash**, for FY 2023, for the Division of Medicaid, the addition of \$17,371,000 from the Hospital Assessment Fund and \$193,220,100 from the Cooperative Welfare (Federal) Fund, for a net ongoing increase of \$210,591,100.

Sen. Cook explained there is a Medicaid rate and a Medicare rate. This appropriation addresses the gap between the two rates and fulfills the requirements in **S 1350**, passed in the 2022 session of the Legislature. This motion authorizes DHW to distribute the difference between the two rates to hospitals to defray actual costs. He noted this motion has lower numbers than the numbers listed in the Legislative Budget Book; these current numbers are based on the most recent calculations.

Co-Chairman Grow added this appropriation is actually a benefit to the state. The state is paid by the federal government, then the state reimburses hospitals from the federal funds on the amount the hospitals have foregone. The state is paying its responsibilities.

In response to a committee question, **Ms. Randolph** explained the word "ongoing" in this motion. This action was requested as an ongoing piece, so it will be built into the base budget for FY 2024. The dollar amount in this motion is the projection needed to begin payments in the next few weeks. By taking action on this FY 2023 supplemental request, the FY 2024 budget base for the Division of Medicaid will be correct.

Sen. Cook explained this year the total amount of monies of this action will go to the hospitals through a distribution algorithm, but in future years the state will retain about 30% of the monies.

Rep. Nash noted this is a reimbursement to the hospitals. The state is reimbursing hospitals for services actually rendered.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 17 AYES, 0 NAYS, 3 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Herndon, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Senators absent/excused: Adams. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Tanner, Petzke, Handy, Nash. Representatives voting in opposition to the motion: None. Representatives absent/excused: Furniss, Lambert.

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chairman Horman**.

Co-Chairman Horman reminded the committee of several rules of order.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:51 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary