

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, January 25, 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 Youngblood called the Joint Finance-Appropriations Committee (Committee) (JFAC) to order at 8:00 a.m.

AGENCY PRESENTATION: **SCHOLARSHIPS AND GRANTS, OFFICE OF THE STATE BOARD OF EDUCATION**

PRESENTER: **Matt Freeman, Executive Director, Office of the State Board of Education**
The Office of the State Board of Education (OSBE) manages the state funded scholarships and grants among five “special” programs for students attending Idaho post-secondary institutions. One and one-half Full Time Positions oversee the \$15,000,000 budget.

LSO STAFF PRESENTER: **Janet Jessup, Analyst, LSO**
Ms. Jessup reviewed the Fiscal Year (FY) 2018 appropriation and expenditures. OSBE reverted \$2,457,800 primarily in federal funds. In FY 2019, OSBE received one line item that added \$3,500,000 for Opportunity Scholarships.
Director Freeman reported that, in FY 2019, nearly \$12,500,000 has been spent on Opportunity Scholarships; however, no funds are available for an additional 221 students who have earned awards. **Director Freeman** projected that OSBE will fully expend its Opportunity Scholarship appropriation in FY 2019.
In FY 2020, OSBE requested \$23,155,300 in scholarships and grants. The Governor recommends \$27,756,200 due to specific line item requests. OSBE requests \$1,400,000 for GEARUP scholarships, which the Governor also recommends. **Director Freeman** commented that the \$1,400,000 for GEARUP scholarships constitutes spending authority for this federal grant.
In addition, the Governor recommends \$7,000,000 ongoing from the General Fund to expand the Opportunity Scholarship to serve more eligible applicants. The \$7,000,000 recommended by the Governor for Opportunity Scholarships would fund another 2,000 scholarship at the full award amount of \$3,500. The award is merit and need based, and would constitute significant help in addressing access and affordability. **Director Freeman** discussed award timing for the scholarship.

OSBE requested \$2,400,000 for the College Bridge Grant; however, this appropriation was not recommended by the Governor. See [Presentation](#) and [Audio](#)

AGENCY

PRESENTATION: **BOISE STATE UNIVERSITY**

PRESENTER: **Martin Schimpf, Interim Institution President**

President Schimpf described his deep roots and strong affinity for Idaho and especially for Boise State University (BSU) which has grown from a commuter college of 10,000 students into a doctoral research university now serving over 30,500 students. More students living on and around campus has created a vibrant living and learning environment. To reach those students who cannot attend classes on campus, BSU now offers 40 different degree programs that can be fully accessed online. To assist adults returning to college, BSU has partnered with CapEd credit union to provide an online undergraduate degree at a reduced cost.

BSU provides workshops and short courses for both on campus and online students that encourages students in the arts and humanities to develop skills beyond those of their majors, such as accounting, business leadership and basic computer coding. Similarly, BSU offers STEM students soft skills such as collaboration, communication and teamwork. These programs promote workplace readiness. The Legislature's previous support for Complete College Idaho has yielded a retention rate above the national average, and has called attention to BSU as one of the top fifty most innovative national universities.

BSU's budget request includes \$680,000 in occupancy costs for three new buildings on campus which were funded in part by the state private donors such as Micron. This amount represents half of the need for occupancy. Full funding is critical to maintain the level of coursework and support so that students to finish on time and on budget.

Interim President Schimpf also urged support for Opportunity Scholarships to ensure Idaho's economic prosperity.

LSO STAFF

PRESENTER: **Janet Jessup, Analyst, LSO**

BSU's FY 2018 total appropriation was \$234,572,400 with expenditures of \$204,677,100. No reversions occurred in FY 2018.

In FY 2019, BSU was authorized to reappropriate \$37,009,100 of its unencumbered and unspent appropriation in dedicated from from FY 2018 into FY 2019. Nondiscretionary adjustments totalled \$2,362,600, and \$214,100 was appropriated for occupancy costs at BSU.

In FY 2020, the Governor recommended that inflationary adjustments and replacement items be funded from dedicated funds rather than the General Fund. Nondiscretionary adjustments total \$2,489,100 for an enrollment workload adjustment generated by calculating student credit hour levels over three consecutive years.

BSU requested a net increase of \$1,367,400 from the General Fund for occupancy costs associated with the Fine Arts Building, Micron Center for Materials Research Building, Campus Planning and Facilities Building, and the Alumni and Friends Center. The Governor recommended \$683,700 ongoing from the General Fund.

DISCUSSION:

In answer to questions from Rep. Raybould concerning “other student fees”, **President Schimpf** explained that these fees are separate from standard tuition and student fees. They include a graduate student fee, a non-resident fee, and a facilities fee.

In answer to questions from Rep. Amador, **President Schimpf** anticipates a tuition increase of approximately two percent. Approximately 50 percent of BSU’s operating budget is funded by tuition. A total of 5.2 percent would cover the inflationary funds shift and other mandatory items. Without those increases, BSU would need to cut spending from other areas.

In answer to questions from Senator Johnson regarding occupancy costs, **Director Freeman** summarized the recent history of the occupancy cost formula dating back to 2008 which is codified in State Board policy. Based on the Governor’s recommendation, the State Board of Education will review the formula and work with the Division of Financial Management to develop findings and recommendations.

A discussion ensued concerning the Governor’s funding strategies, tuition increases, and professional compensation. See [Presentation](#) and [Audio](#).

**AGENCY
PRESENTATION:
PRESENTER:**

**OFFICE OF THE STATE BOARD OF EDUCATION (State Board)
Systemwide Programs — Colleges and Universities**

Matt Freeman, Executive Director, State Board of Education

Director Freeman explained that the college and universities budget contains standard intent language that provides funds for projects and initiatives that benefit four-year institutions. Examples include the direct admissions program, Apply Idaho, a scholarship management system and online program inventory. Any funds not used for these tools and resources are distributed back to the institutions.

**LSO STAFF
PRESENTER:**

Janet Jessup, Analyst, LSO

In FY 2018, \$2,700 was reverted. In FY 2019, the State Board received funding for two line items: the Idaho Regional Optical Network (IRON) for \$800,000, and the Degree Audit and Data System for \$350,000.

Director Freeman reported that the \$800,000 for IRON covered increased maintenance and operations of IRON’s enhanced infrastructure and high speed connectivity for Idaho’s universities. The institutions will continue to cover their share of existing costs of participation through their individual budgets.

The Degree Audit and Data System was recommended by the 2013 Governor’s Task Force for Improving Education to provide the State Board with a centralized ability to assess student progress for degree-seeking populations and to serve a monitoring system to determine the rate at which students complete 25 percent of their bachelor’s degree in the first year. The system would also track students who take longer than six years to complete.

Director Freeman restated that his number one budget priority is to hire an Associate Chief Academic Officer to assist the current Chief Academic Officer whose work is overloaded.

**LSO STAFF
PRESENTER:**

Janet Jessup, Analyst, LSO

For Systemwide Programs, the State Board requested \$21,898,800. The Governor recommended \$6,375,800. Eight line items were requested; the Governor recommended only the Higher Education Dual Enrollment System in the amount of \$150,000.

Director Freeman explained that the dual enrollment registration system would create a single platform to allow students to easily navigate available courses, explore and select colleges, manage deadlines and thereby encourage participation. It would serve as a powerful recruitment tool for students and would improve access for rural and low-income student populations. **Director Freeman** noted the correlation between this platform and the Advanced Opportunities scholarship program.

The Committee asked several questions concerning cost savings. **Director Freeman** stated that the State Board's hope lies not particularly in cost savings, but in efficiencies. If savings occur, the State Board would want to reinvest in other student success initiatives.

The Committee asked several questions concerning dual credit courses and the impact on both students and community colleges. See [Presentation](#) and [Audio](#).

**AGENCY
PRESENTATION:**

Boise Internal Medicine Residencies (BIM)

PRESENTER:

Dr. Mellissa "Moe" Hagman, Program Director

BIM's 10-year strategic plan addresses a shortage of Idaho physicians by providing a three-year residency program in Boise after graduation from medical school. Residents receive training at the Veterans Administration Hospital and through the St. Luke's and St. Alphonsus health care systems. Ninety percent of internal medicine residents trained in Boise continue in adult primary care either in outpatient facilities or in hospitals. Ten percent of residents continue to fellowship training in specialties. Sixty-three percent of all graduating BMI residents remain in Idaho. BIM accepts nine applicants per year out of 1,200 applications.

**LSO STAFF
PRESENTER:**

Janet Jessup, Analyst, LSO

In FY 2018, BIM spent 100% of its appropriation. In FY 2019, one line item was appropriated as part of the 10-year strategic plan to increase the number of residents from eight to nine per year, and increase per resident support.

For FY 2020, BIM requested \$1,132,500. The Governor recommended \$875,000. The Governor approved of one line item at a recommended amount of \$257,500 from the General Fund to increase support for medical residencies in Idaho and to expand residency offerings. The recommendation would increase resident support from \$17,500 to \$20,000 per resident. The Veterans Administration will match this increase, moving the total support per resident from \$35,000 to \$40,000 for existing residents. Additionally, the recommendation would support three new residents at a rate of \$60,000 per resident.

The Committee asked questions concerning applicant recruiting and placement of medical students. See [Presentation](#) and [Audio](#).

AGENCY

PRESENTATION: **Psychiatry Residencies**

PRESENTER: **Dr. Kirsten Aaland, Program Director, Psychiatry Residencies**

Psychiatry treats mental health conditions such as depression, anxiety, substance use disorders, suicidal thoughts, and hallucinations. Psychiatrists complete four years of medical school and four years of residency training. Upon graduation, they have logged approximately 12,000 hours of supervised patient treatment. Idaho has one of the highest suicide rates in the country. Suicide is the second leading cause of death of Idahoans aged 15 to 34. Idaho has only 115 licensed psychiatrists

To address this need, the Psychiatry Residencies program was established in 2007 in partnership with the University of Washington. Typically residents spend their first two years of residency in Seattle and then transfer to Boise for their last two years where they train at the Veterans Administration Medical Center, St. Lukes and St. Alphonsus health care system, and at community sites. The Psychiatry Residencies program envisions a complete four year program in Idaho in FY 2021 with an increase from four to six residents per year.

LSO STAFF

PRESENTER:

Janet Jessup, Analyst, LSO

In FY 2018, the Psychiatry Education Program spent 100 percent of their appropriation. In FY 2019, the Program received a total appropriation of \$397,800 which included one line item of \$240,000 for residency costs. For 2020, the Psychiatry Education Program again requests \$397,800. The Governor recommends \$397,800.

AGENCY

PRESENTATION: **Division of Vocational Rehabilitation**

PRESENTERS: **Jane Donnellan, Administrator; Dr. Steven Snow, Executive Director**

The Division of Vocational Rehabilitation (Division) administers three distinct programs: vocational rehabilitation, extended employment services, and the Council for the Deaf and Hard of Hearing. Vocational Rehabilitation (VR), the Division's largest program, prepares individuals to obtain or retain employment based on their unique skills and abilities while meeting the needs of the employer. It receives both state and federal funds. Working with community employers, such as HP, the VR assists students in preparing for computer science positions. VR and WinCo are developing a training program to meet the demands of its business.

Increased fiscal and program requirements continue to strain the program. Without sufficient funds in the future, the VR would be required to create wait lists for services and, in turn, would hinder individuals from returning to work and becoming self-sufficient. VR faces difficulties in recruitment and training to retain qualified staff.

The Council for the Deaf and Hard of Hearing creates an environment for individuals to fully participate as citizens of Idaho. The extended employment services program supports employment for individuals with the most significant disabilities, including traumatic brain injury, specific learning disabilities and chronic mental illness.

**LSO STAFF
PRESENTER:**

Jill Randolph, Analyst, LSO

The Division' funding proportions are: Deaf and Hard of Hearing, approximately one percent; Extended Employment Services, approximately 15.6 percent, and VR which represents approximately 83.4 percent of total Division appropriation.

The FY 2018 appropriation included three adjustments: a net object transfer of \$12,300 for facilitated meetings requested by the providers; a net transfer from the VR to the Council for the Deaf and Hard of Hearing for personnel costs; and a receipt to appropriation for the sale of a vehicle and two small insurance adjustments. The Division reverted approximately 10.7 percent of their overall appropriation.

In answer to questions from the Committee, **Ms. Donnellan** stated that the Division of Vocational Rehabilitation does not have a waiting list for services.

Ms. Donnellan explained that, at the close of the 2018 Legislative Session, the Division initiated a series of meetings that included all providers, as well as Medicaid, to discuss long term employment support for those with the most significant disabilities. These meetings uncovered a significant cost difference between the reimbursement provision for extended employment services and reimbursement that the Medicaid waiver provides. The intent and purpose of both programs is the same. A subcommittee has developed several cost studies to investigate further.

The Division had four audit findings for FY 2017. Corrective action has been taken on all items. A final audit report is expected soon.

In FY 2019, the Division requested two line items: a half-time community outreach coordinator and a full-time Social Security reimbursement coordinator.

Dr. Steven Snow reported that the community outreach coordinator has had a very positive impact on accessibility issues and increased quality of life for deaf people throughout the state. Ms. Donnellan stated that without the services of the Social Security Reimbursement Coordinator, VR would not have been able to capture the full amount of Social Security reimbursements available and would not have been able to pursue the cost reimbursement program as a revenue stream. In school year 2018, the program was able to capture almost one million dollars in Social Security reimbursements.

Ms. Randolph detailed the FY 2020 budget requests, which includes a carryover of unencumbered and unspent appropriation of dedicated fund for FY 2018 into FY 2019 for a onetime rate increase to community rehabilitation providers in the amount of \$80,000. The carryover received legislative approval. The agency requested \$114,100 in replacement items; the Governor recommended \$94,100. The agency also requested, and the Governor recommended, \$8,000 from the General Fund to support the Idaho Council for the Deaf and Hard of Hearing to provide training opportunities for licensed interpreters. Dr. Snow explained that the \$8,000 would provide required online training and distance learning to licensed providers in rural areas.

Rep. Wintrow asked Dr. Snow why, as Director, he did not have a full time interpreter and how that impacted his job. **Dr. Snow** replied that their budget is very limited and he must prioritize with whom he can meet or which meetings to attend. Some meetings are time sensitive, yet it takes almost a week to schedule an interpreter. Lack of an interpreter is a definite barrier to communicating his expertise to other partners who are without the ability of access the deaf community. Funding for an interpreter has always been an issue.

AGENCY

PRESENTATION: **Commission for the Blind and Visually Impaired**

PRESENTER: **Beth Cunningham, Administrator**

The Commission for the Blind and Visually Impaired (Commission) provides vocational rehabilitation empowers the blind and visually impaired to pursue full and productive lives. The Commission serves the entire state, with offices in Boise, Twin Falls, Pocatello, Idaho Falls, Coeur d'Alene and Lewiston. The Commission also offers an assessment and training center in Boise where students come to learn computer literacy, braille, mobility with a cane, travel, industrial arts, job search skills and activities of daily living. The Commission provides independent living services to the older blind population, as well as vocational skills for students. The Commission employs 41.12 Full Time Positions.

LSO STAFF

PRESENTER: **Jill Randolph, Analyst, LSO**

The Commission is funded by six sources: the General Fund accounts for 29 percent of the total agency budget; federal funds are 64 percent, and approximately 7 percent is from four additional dedicated funds. In 2018, the Commission transferred \$68,800 from personnel costs into various other parts of their budget due to salary savings from retirements and leave without pay. In the General Fund, the Commission used salary savings for replacement of a vehicle. The Commission reverted \$204,700.

Ms. Cunningham reported that two 2017 audit findings have been corrected and will be closed at the next audit.

In FY 2019, the Commission requested one line item for IT/Telecommunications.

For FY 2020, the Commission requested \$27,900 to replace a passenger van which has 140,000 miles. The Governor has supported this request. The Commission also requested \$9,600 to upgrade to Microsoft 365 to assist with security and functionality of their computer system.

The total FY 2020 agency request was \$5,073,700; The Governor recommended \$5,096,300.

DISCUSSION: In answer to questions from Rep. Kauffman, **Ms. Cunningham** reported that the Boise training facility generally serves 12 students at a time, age 18 to 70.

ADJOURNED: Having no further business before the Committee, **Chairman Bair** adjourned the meeting at 10:46 a.m.

Senator Bair
Chair

Elaine Leedy
Secretary