

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, January 24, 2020
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, Nye
Representatives Co-chairman Youngblood, Horman, Anderson, Raybould, Syme, Troy, Wintrow, Toone
ABSENT/EXCUSED: Amador and Kauffman,
CONVENED: **Chairman Youngblood** called the Joint Finance-Appropriations Committee (JFAC) (Committee) to order at 8:00 a.m.
LSO STAFF PRESENTATION: **LEGISLATIVE SERVICES OFFICE, Keith Bybee, Deputy Division Manager**
Mr. Bybee introduced **RS 27446C1**, which raises the statutory cap for the Budget Stabilization Fund from 10 percent of previous year's General Fund Revenues to 15 percent. This legislation transfers \$20 million from the General Fund to the Budget Stabilization fund and also transfers the unencumbered balance in the Economic Recovery Reserve Fund to the Budget Stabilization Fund in FY 2020. After these transfers and the governor's approved legislation, state reserves would be near \$617 million.
The Committee discussed the need to rebuild the state's rainy day funds to ensure preparedness for any economic condition. **Rep. Wintrow** expressed concern with the state's philosophy of tightening the budget in a time of plenty, specifically in light of cuts and tuition freezes in higher education. She also noted that transportation has other ways to increase its revenue versus the General Fund; these are transportation projects that are competing with higher education and services vital to our citizens.
MOTION: **Senator Grow** made a motion to send **RS 27446C1** to the floor for a second reading with a **DO PASS** recommendation. The motion was seconded by **Rep. Raybould**.
CARRIED: **AYES: 18**
Bair, Johnson, Lee, Agenbroad, Crabtree, Grow, Burtenshaw, Woodward, Ward-Engelking, Nye, Youngblood, Horman, Anderson, Raybould, Syme, Troy, Wintrow, Toone
NAYS: 0
ABSENT/EXCUSED: 2
Amador and Kauffman
The majority having voted in the affirmative, the **motion carried**, without objection, and will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Chairman Youngblood**.
AGENCY PRESENTATION: **BOISE STATE UNIVERSITY, Marlene Tromp, Institution President; Janet Jessup, Senior Budget & Policy Analyst, LSO**

President Tromp reported that Boise State is the largest undergraduate and graduate school in the state, the fastest growing research enterprise, and home to one-third of Idaho students in public higher education. In October 2019 the student count was 26,272. Boise State was named among the top 50 universities in the nation for innovation; named one of the top 10 public universities on the rise this year; holds nationally ranked online programs in nursing, business, education, and educational technology; and named one of top 50 programs for veterans. The College of Education graduate program is ranked ninth in the nation and is recognized by APL as one of five national universities making a difference in graduation rates. Boise State will expand its research mission using interdisciplinary methods. President Tromp also emphasized Boise State's commitment to serving students in rural Idaho.

President Tromp answered Committee concerns about the impact of the 2 percent reduction and tuition freeze. The university will manage through thoughtful, innovative approaches. In response to dual credit enrollment questions, President Tromp indicated that students who earn dual credit in high school are retained at a higher rate, and the dual credit program is helping them succeed. In response to a comment about rural individuals in the state being underserved, President Tromp described a new program, which launches in the fall with three pilot communities. The university has also created a program to help veterans through graduation. President Tromp expressed concern about the commitment made to offer required courses to ensure graduation in four years and support students effectively in light of another budget cut.

Performance Report: The first-year retention rate is 80 percent, up 15 percent; the six-year graduation rate has risen from 30 to 50 percent (measures are formulated for traditional students, but Boise State's average student age is 26); Boise State holds a state record for increasing graduation numbers for 17 consecutive years; STEM graduate numbers have increased; the university has made a significant positive impact in graduation goals with new English and math programs; resources from outside funding are expected to reach a 25 percent increase this year; and the university continues to build strong partnerships and strives to remain affordable.

2019 Actual Expenditures: With the exception of transfers from system programs and appropriations that were provided to the institution, the university spent its funding as it was appropriated.

Comparative Summary: The summary illustrates a side-by-side analysis of the agency's request and the governor's recommendation. FY 2021 the governor recommends an appropriation of nearly \$248.2 million, a 2.2 percent increase on the General Fund.

FY 2020: Boise State University received one line item for occupancy costs and was authorized to reappropriate or carryover unspent appropriation of dedicated funds from FY 2019 into FY 2020. Current year statewide adjustments recommended by the governor include the sick leave rate reduction and 1 percent onetime General Fund reduction; both reductions were added back and calculated in the 2021 base. Noncognizable funds and transfers include \$24,599,500 due to excess-appropriated student tuition and fees revenue.

FY 2021: Boise State requested and the governor recommended \$971,400 ongoing for inflationary adjustments and \$2.9 million for replacement items, both from dedicated funds. A nondiscretionary adjustment includes the enrollment workload adjustment, an increase of \$2.831 million. Current year statewide adjustments recommended by governor include benefit costs, statewide cost allocation, 2 percent General Fund reduction, and CEC. The governor recommended two line items including ongoing occupancy costs for half of the new Micron Center and cybersecurity programs.

AGENCY **OFFICE OF STATE BOARD OF EDUCATION (OSBE), Matt Freeman,**
PRESENTATION: **Executive Director; Janet Jessup, Senior Budget & Policy Analyst, LSO**

The Office of the State Board of Education (OSBE) is its own stand alone appropriation bill, and it includes two budgeted programs. OSBE is responsible for the general supervision, governance, and control of Idaho's public education system from kindergarten through career.

Mr. Freeman discussed some of the great things that are happening with education in Idaho. Two university presidents were hired, and the solidarity among higher-education presidents is authentic and gratifying; the state and students will benefit. Last year, Idaho received a national award for state innovation, which recognizes states for enacting innovative education reforms or implementing innovative program to improve student outcomes on a large-scale basis.

Performance Measures: A primary mission is decreasing the number of high school graduates that go directly into college who need math and English remediation. Idaho is moving in the right direction. The state is on pace to exceed the target (1 in 4) of STEM bachelor's degrees awarded. The college Go On goal is 60 percent but has remained static in the low 50 percentile. However, three years out of high school, the rate jumps to the low 60 percent range. OSBE attributes progress to the work the Board has done to change misconceptions and demystify the college admissions and application processes.

2019 Actuals: A net object transfer was noted. Some programs are funded in trustee and benefit payments, but they are fulfilled with a contract and paid from operating expenditures. The actuals for the Charter School Commission are separate as shown; with the exception of reappropriation, the Charter School Commission spent its appropriation as appropriated.

FY 2020: The legislature funded five line items including an associate academic officer hire, Career Information System Enhancements, Master Educator Premium Portfolios, onetime funding from the General Fund, and onetime funds from the Opportunity Scholarship Fund for external program evaluations. The agency was authorized to reappropriate or carryover its unencumbered and unspent appropriation of dedicated funds FY 2019 to FY 2020 for the Charter School Commission.

Current year statewide adjustments recommended by the governor include the sick leave rate reduction, 1 percent onetime General Fund reduction, base adjustments, and ongoing rescissions restoration.

FY 2021: The Office of the State Board of Education requests \$330,000 onetime from the Miscellaneous Revenue Fund to process payments related to the new building at the Idaho National Laboratory and spend grant funding from the Lumina Foundation. The governor also recommended \$500 for the agency's share of ongoing funding to pay the Office of Information Technology Services for security software and data center office space at the Chinden Campus. Current year statewide adjustments recommended by governor include benefit costs, statewide cost allocation, CEC, and the 2 percent ongoing General Fund reduction (\$110,000). Other adjustments include \$5,700 for inflationary adjustments.

AGENCY PRESENTATION: **SYSTEMWIDE PROGRAMS, COLLEGES & UNIVERSITIES, Matt Freeman, Executive Director; Janet Jessup, Senior Budget & Policy Analyst, LSO**

Funding for Systemwide Programs is a separately budgeted program within the Colleges and Universities Division.

FY 2020: Two line items specific to Systemwide include funding to pilot open education resources and funding for an online platform that would allow students to apply for dual credit courses regardless of course delivery site. **Mr. Freeman** provided updates on the implementation of these line items

FY 2021: The higher education cybersecurity programs would be housed with Systemwide Programs in order for the Board to coordinate between institutions. Current year statewide adjustments recommended by the governor include the 2 percent ongoing General Fund reduction (\$127,400).

BOISE INTERNAL MEDICINE RESIDENCY, Dr. Melissa Hagman, Program Director; Janet Jessup, Senior Budget & Policy Analyst, LSO

The Boise Internal Medicine (BIM) residency program, based in Boise, includes training at rural and underserved sites in Idaho such as small, nonaffiliated offices and community-based training sites. The program is part of the State Board of Education Graduate Medical Education Committee. The retention rate is approximately 55 percent.

2019 Actual Expenditures: No reversions or transfers.

Performance Report: No report for this program.

FY 2020: One line item increased the support for the residencies of 31 medical residents with the Boise Internal Medicine Program.

FY 2021: The governor recommended \$50,000 for one new resident at the Boise Internal Medicine program. This line item was part of a multi-program build out for residency expansion.

AGENCY PRESENTATION: **PSYCHIATRY RESIDENCIES, Dr. Kirsten Aaland, Program Director Janet Jessup, Senior Budget & Policy Analyst, LSO**

The Idaho Psychiatry Residency Program offers training for residents who spend the first two years in Seattle at the University of Washington and the last two years in Boise. The program is growing to a four-year residency with the goal of meeting an essential need for mental health care in Idaho. This program has a 65 percent retention rate.

FY 2019 Actual Expenditures: **Ms. Jessup** reported that program funding was spent as it was appropriated.

Performance Measures: No report for this program.

FY 2020: No adjustments/line items in FY 2020.

FY 2021: The governor's recommendation includes \$200,000 for the Psychiatry Education Resident Program for four additional residents.

AGENCY

PRESENTATION:

**IDAHO PUBLIC TELEVISION, Ron Pisaneschi, General Manager
Jill Randolph, Senior Budget & Policy Analyst, LSO**

Idaho Public Television (IdahoPTV) operates a statewide television network that reaches 98.8 percent of Idaho's population. IdahoPTV continues to be among the most watched PBS stations per capita in the nation. **Mr. Pisaneschi** responded to Committee concerns regarding budget cuts. IdahoPTV does not have a rainy day fund but does have some funds in the operating budget. On a long-term basis, the lack of replacement capital will be a problem. IdahoPTV is prepared to get through the next year, but much of the equipment is aging severely.

Performance Measures: In the awards category, IdahoPTV won four Emmys for a new series, *Idaho Experience*, and a special jury award for having won more awards than any other media company in the competition's history.

Actual Expenditures: **Ms. Randolph** detailed net object transfers and reversions.

Comparative Summary: The outline illustrates a side-by-side analysis of the agency's request and the governor's recommendation. FY 2021 the governor recommends an appropriation of \$8,778,900, a decrease of 8.6 percent on the General Fund.

FY 2020: The legislature funded two line items: a federal video production grant and a kindergarten readiness grant position. Onetime money appropriated in FY 2020 for replacement costs was removed. Current year statewide adjustments recommended by the governor includes the 1 percent onetime General Fund reduction.

FY 2021: Current year statewide adjustments recommended by the governor include benefit costs, statewide cost allocation, CEC, and 2 percent ongoing General Fund reduction. Line items include a federal video production grant of \$50,000 and the agency's share of ongoing funds to pay the Office of Information Technology Services for security software and data center office space located at the Chinden Campus.

AGENCY

PRESENTATION:

COMMISSION FOR THE BLIND & VISUALLY IMPAIRED

Beth Cunningham, Administrator; Jill Randolph, Senior Budget & Policy Analyst, LSO

The Idaho Commission for the Blind and Visually Impaired (ICBVI) helps blind or visually impaired individuals achieve social and economic independence. (ICBVI) provides services and training prior to individual job placement. The number of patients served has grown. To date, (ICBVI) has assisted 892 clients in the independent living program, and client average hourly wage at the closure of full rehab has also increased.

Performance Measures: Changes have been brought about by the Workforce Innovation and Opportunities Act. There were four audit findings and the first two were repeat findings. The agency submitted a corrective action plan for each of the findings and anticipate all findings will be closed upon follow up.

FY 2019 Actual Expenditures: **Ms. Randolph** detailed net object transfers and reversions.

Comparative Summary: The outline illustrates a side-by-side analysis of the agency's request and the governor's recommendation. For FY 2021, the governor recommends an appropriation of \$5,121,700, a 0 percent increase on the General Fund.

FY 2020: The original appropriation included two line items, both technology related. One was to upgrade to the full suite of Microsoft 365 and second was the governor's technology initiatives.

FY 2021: Current year statewide adjustments recommended by the governor include the sick leave rate reduction and the 1 percent onetime General Fund reduction. The bill will remove onetime expenditures appropriated in the current year and restore ongoing sick leave and the 1 percent general fund rescissions. Current year statewide adjustments recommended by governor include benefit costs, statewide cost allocation, CEC, and 2 percent ongoing General Fund reduction. The governor recommended \$600 for the agency's share of ongoing funding to pay the Office of Information Technology Services for security software and data center office space.

ADJOURN: There being no further business to come before the Committee, **Chairman Youngblood** adjourned the meeting at 10:55 a.m.

Representative Youngblood
Chair

Jenny Miller
Secretary