

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, January 25, 2021

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Bair, Agenbroad, Crabtree, Woodward, Lent, Riggs, Cook, Ward-Engelking, Nye

Representatives Co-chairman Youngblood, Troy, Horman, Amador, Syme, Bundy, Giddings, Nate, Morales (Green), Nash

**ABSENT/
EXCUSED:** Senator Grow

CONVENED: **Chairman Youngblood** called the Joint Finance-Appropriations Committee (JFAC) to order at 8:00 a.m.

AGENCY PRESENTATION: **BOARD OF EDUCATION, Debbie Critchfield, President. Janet Jessup, LSO Analyst.**

The Idaho State Board of Education oversees four institutions, including three comprehensive universities and one college. Codified college and universities in Idaho include Boise State University (BSU) in Boise, Idaho State University (ISU) in Pocatello, Lewis-Clark State College (LCSC) in Lewiston, and the University of Idaho (UI) in Moscow.

Funding for Systemwide Programs is included in the College and Universities appropriation and is either distributed to the institutions by the Office of the State Board of Education; or expended for projects or services that benefit all institutions.

Ms. Critchfield specified how the Board has been involved in a transformative process over the last 18 months moving from more transactional to strategic, and they have completed a significant amount of work related to the mission, vision, goals, and guiding values.

For the FY 2021, one million dollars was given to the board and to the institutions for a joint cyber-security initiative. An additional \$7 million went into the General Fund and have been used to provide scholarships to 5,820 students, with an average of around \$3,200.

In the FY 2020 there was a one-time appropriation of \$50,000 for open educational resources. These funds have been used for textbooks and reducing the cost associated with taking classes. Thanks to the Legislature's support of higher education through the Permanent Building Fund, the institutions have been able to address deferred maintenance and completion of new buildings.

Ms. Jessup introduced the presidents of the Idaho universities and colleges: **Mr. C. Scott Green**, President of the University of Idaho; **Dr. Marlene Tromp**, President of Boise State University; **Mr. Kevin Satterlee**, President of the Idaho State University; **Dr. Cynthia Pemberton**, President of Lewis & Clark State College.

Mr. Satterlee, President of Idaho State University, highlighted how the Idaho universities and colleges have made significant budget adjustments to ensure the alignment of the resources to the core mission, as well as, to respond to the State budget and the challenges of COVID-19 on the institutional finances.

Some of the measures undertaken included a position-by-position review of the organizational charts, leading to the eliminated 493 positions from the four college and university budgets. Each institution also conducted a thorough review of the operating expenses and made even further cuts, up to \$77 million in savings throughout the system. These eliminations were necessary to offset the deficits, to compensate for the financial impacts of the pandemic, and to identify the areas of strategic reallocations to areas of highest student impact.

Unfortunately, these strategic reallocations also coincided with the COVID-19 events as well as State budget holdbacks, so the universities were not able to reinvest the relative savings in their core mission. Furthermore, it was necessary to implement a furlough programs resulting in another \$11 million of lost-time wages.

The Idaho universities are asking the Legislature to approve the Governor's budget recommendation to allow them to access the Higher Education Stabilization Fund.

On the appropriations side, colleges and universities represent 7.8% of the current State appropriated budget. This is a decline of 50% from 30 years ago, when it was 15% of the State budget.

**AGENCY
PRESENTATION:**

UNIVERSITY OF IDAHO. C. Scott Green, President of University of Idaho. Janet Jessup, LSO Analyst.

Mr. Green, President of the University of Idaho, pointed out how the University of Idaho produces graduates ready to contribute to industry and the economy of Idaho, and conduct research that supports the Idaho industry. The University of Idaho support **Governor Little's** budget recommendation as well as his inclusion of \$3 million in matching funds to create the Idaho Center for Plant and Soil Health, and \$700,000 for the industry requested greenhouses to expand tree production to better manage the forests in the Permanent Building Fund Budget.

The University of Idaho engaged in various measures, including workforce reductions, to insure the financial stability, despite spending to control COVID in the community. After losing \$45 million over the past three year, the University of Idaho ended the FY 2020 with a small operating surplus of approximately \$900,000, and a headcount reduction of 160.

The University of Idaho also implemented mandatory furlough to meet the Governor's 5% holdback for FY 2021. Changes made last spring to the retirement benefit program, are projected to reduce the liability by \$11 million in FY 2021, which follows a \$14.4 million reduction in FY 2020.

The university is also implementing a new budget model that will guide the future resource allocation. This new hybrid budget model will reward programs with increases in enrollment, student persistence, and collaboration.

Of the 11,000 students of the University of Idaho, 72% are from Idaho, 41% of the undergrads are first in their family to attend college, new graduate student numbers increased by 4.2%. The university is offering \$30 million of scholarships and waivers to counter students' costs.

The Governor included \$3 million allocation in the budget request, which have been matched in \$3 million in private donations from eight different commodity groups. The Legislature allocated \$10 million to the research dairy project in South Central Idaho, which has been matched with \$10 million raised from the dairy and related industries. Cyber-security education and research projects represented \$113 million in research that the university conducted last year.

Ms. Jessup illustrated the budget for the university, starting from the University of Idaho. This university is one of four institutions of five specifically budgeted programs within the College and University's budget.

President Green explained for FY 2020 the target of 74% of new degree seeking freshmen completing a gateway math course within two years represents an increase over the last three years, and the current measure is now at 70%.

The re-appropriation report for the University of Idaho, shows the University of Idaho as part of the Governor's executive holdback. This 5% decrease for the University of Idaho was \$4,679,800 of the total reflected in the Legislative Budget Book. The University of Idaho requested adjustments related to COVID relief funds.

The reports also include adjustments related to tuition revenues being lower than anticipated, and an adjustment to the FTP.

Maintenance adjustments include Governor's recommendation for benefit costs, for \$518,500, split between the General Fund and the tuition and fees for dedicated funds owned by the institution and CEC.

**AGENCY
PRESENTATION:**

AGRICULTURE RESEARCH & EXTENSION SERVICE, Michael Parrella, Dean of College of Agriculture & Life Sciences. Janet Jessup, LSO Analyst.

Mr. Parrella highlighted how the college serves as the research and development engine to Idaho's enterprise, which accounts for 18% of the economic output. The college has nearly 1,000 students within seven academic departments. The research arm, the Idaho agricultural experiment stations, includes nine research and extension centers, access 14,000 acres of land across the State, and includes faculty and staff who are physically located in 42 of the 44 counties.

In 2020, due to COVID, the college pivoted from the in-person programming to a method of digital delivery in the form of classes, webinars, and short courses. In 2020, extension faculty and volunteers received training in mental health, first aid, arming them with the knowledge to reduce the suicidal behaviors and save lives for the benefit of farmers, ranchers, loggers, and Idaho youth.

Ms. Jessup provided comments about the budget, saying the variance report includes a net object transfer of moving money from operating expenditures to personnel and capital outlay, and a reverted appropriation. For current and 2022 fiscal years the agency request is in line with the Governor's recommendation, with the only variation occurring in the maintenance adjustments. .

The benefit cost for agriculture research and extension services and change in employee compensation are outlined, with a total appropriation recommended by the Governor of \$32,695,100.

AGENCY PRESENTATION: WASHINGTON-IDAHO-MONTANA-UTAH (WIMU) VETERINARY EDUCATION, Michael Parrella, Dean of College of Agriculture & Life Sciences. Janet Jessup, LSO Analyst

Ms. Jessup introduced the veterinary program as a collaboration between Washington, Idaho, Montana and Utah. It is within the College of Agriculture and Life Sciences at the University of Idaho. The variance report for the WIMU program includes one object transfer from PC to OE in accordance with I.C. 65-3511.

The comparative summary for health education program shows \$23.5 million for the WIMU, which is all General Fund with the exception of \$100,000 in dedicated funds.

These dedicated funds are transferred annually from the Fish and Game account to the University of Idaho for the disease research. There are no FY 2021- line items for the veterinary program, and it was affected by the Governor's 5% holdback.

Adjustments for the WIMU program include \$41,900 in contract costs escalation with Washington State University.

AGENCY PRESENTATION: WWAMI MEDICAL EDUCATION, Dr. Jeff Seegmiller, Director of WWAMI Medical Education Program. Janet Jessup, LSO Analyst

The WWAMI (Washington, Wyoming, Alaska, Montana, Idaho) Medical Education Program provides Idaho students with the opportunity to attend medical school through a cooperative agreement with the University of Washington.

Dr. Seegmiller provided comments about how 50% of Idaho WWAMI students graduates are practicing in Idaho, this is higher than the national average of 39%. For every \$1 invested by the state in WWAMI, Idaho gets back \$5.10 into the state economy.

The school has raised more than \$5 million in scholarship support to help lessen the financial burden of medical education for the students.

Ms. Jessup introduced the budget for the WWAMI program, explaining the program is entirely funded by the General Fund, and no dedicated funds or federal funds are appropriated through this program.

The variance report for FY 2020 shows a net object transfer consistent with previous years within the programs. No line item were appropriated in FY 2021. The Governor's holdback impacted the WWAMI program at a slightly less degree than the other health education programs. The medical program requested a contract cost escalation with the University of Washington School of Medicine, for an amount of \$162,300.

AGENCY PRESENTATION: FOREST UTILIZATION RESEARCH, Dr. Dennis Becker, Dean of the College of Natural Resources. Janet Jessup, LSO Analyst

The Forest Utilization Research (FUR) program, located at the University of Idaho, conducts research and analyzes policy to increase the productivity of Idaho's forests and rangelands.

Dr. Dennis Becker stated the mission for the program is to conduct research for the citizens of Idaho focusing on five key areas. The program worked with over 1,000 stakeholders, business leaders and community residents and submitted more than \$14 million in new grant proposals this year.

The program supports the Governor's Budget recommendation of a one-time appropriation to the Permanent Fund for \$700,000 to expand and modernize the greenhouse facilities in partnership with the Idaho Department of Lands.

Ms. Jessup introduced the budget's details, including a net object transfer and a reverted appropriation for the FY 2020. The combined comparative summary for special programs shows \$33.6 million included in the Governor's recommendation, \$1.4 million of these are for Forest Utilization Research. In FY 2021, Forest Utilization Research received no line items and there are no supplemental requested.

The program was affected by the Governor's holdback and did not receive any direct non-cognizable funds for FY 2021. The total recommended benefit costs requested by the Governor amounts to \$4,900. Change in employee compensation is for \$21,800 for the Forest Utilization Research program.

**AGENCY
PRESENTATION:**

Geological Survey, Claudio Berti, Director of the Geologic Survey. Janet Jessup, LSO Analyst.

The Idaho Geological Survey (IGS) collects, analyzes, and disseminates geologic and mineral-based asset data for the state of Idaho. IGS is headquartered at the University of Idaho in Moscow, ID, with an office in Boise.

Dr. Berti explained the mission of the program is to support and improve the Idaho's economy through a variety of services and technical expertise.

The program engaged in various efforts to monitor geologic hazards and to research and develop products in response for an increasing demand to geologic information as it relates to population growth.

Ms. Jessup introduced the budget's details.

The program has 12.28 FTP, for FY 2020 there was a net object transfer that took money down from personnel costs to operating expenditures. The comparative summary shows a total recommendation from the Governor for \$1.128 million.

For the FY 2021 there were no line items for the program, but there is a supplemental rescission that will be discuss by the Committee at a later date. Idaho Geological Survey was affected by the holdback, and did not receive any non-cognizable funds, of Federal Funds.

The Governor's recommendation includes benefit costs of \$4,200 for the program.

ADJOURN: There being no further business to come before the Committee, **Chairman Youngblood** adjourned the Committee at 10:48 a.m.

Representative Youngblood
Chair

Anna Maria Mancini
Secretary