

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, February 17, 2021
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Vice Co-Chairman Agenbroad, Senators Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye.
Vice Co-Chairman Troy, Representatives Horman, Amador, Syme, Bundy, Giddings, Nate, Green, and Nash.
ABSENT/EXCUSED: Chairman Bair, Representative Youngblood
CONVENED: **Vice Chairman Agenbroad** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at 8:00 a.m.

COMMITTEE CHAIR REPORTS

COMMITTEE PRESENTATIONS: **HOUSE HEALTH AND WELFARE COMMITTEE (House H &W); Representative Fred Wood, Chair**
Chairman Wood presented the report from the House H &W Committee and said that Director Jeppesen of the Department of Health and Welfare (Department) presented the FY 2022 budget request to the House H &W. He outlined the four goals of the Department for the upcoming fiscal year, and the budget request associated with each of those goals. The committee reviewed the budget and agreed to the prioritization and funding request for the department.
In addition, the House H &W Committee recommended the following six items:
1) \$450,000 General Fund money for the community recovery centers.
2) Request for surplus General Funds available for the Head Start program.
3) Provide funds for programs that promote healthier living and prevention.
4) Increase adolescent substance use disorder treatment centers in Idaho.
5) Investigate and fund any past due claims of the long term care facilities due to COVID. Consider approving requests for additional funding.
6) Support the legislation that will create the Medicaid Budget Stabilization Fund.
Listen to [Audio](#) here.

**COMMITTEE
PRESENTATIONS:**

**SENATE HEALTH AND WELFARE COMMITTEE; Senator Fred
Martin**

Chairman Martin presented the report from the Senate Health and Welfare Committee and said that both the House and Senate Health and Welfare Committees have received several emails from those involved in nursing programs and nursing facilities here in Boise in respect to their Medicaid reimbursement.

Chairman Martin spoke of three different bills that are in the works:

- 1) Establishing the new mental health suicide prevention hotline or “988” which is due to go active in a year or so from now.
- 2) A rewrite of the Telehealth Access Act of 2015 based on an interim committee’s recommendations.
- 3) The Physician's Assistant Modernization Act bill.

Listen to [Audio](#) here.

**COMMITTEE
PRESENTATIONS:**

**HOUSE AGRICULTURAL AFFAIRS COMMITTEE; Representative
Clark Kauffman**

Chairman Kauffman presented the report of the House Agricultural Committee and spoke about all the budgets that affect agriculture in Idaho: Department of Agriculture, the Education Department, Department of Administration, and Department of Transportation. He explained that the mission of the Idaho State Department of Agriculture is to guarantee Idaho agriculture products are of high quality, protects consumers and producers from fraud, and provides marketing assistance to the industry.

Chairman Kauffman outlined what is most important to Idaho producers:

- 1) Building Idaho's Future is a request for onetime money for \$127,500 for equipment for the new lab that's being built out at the Department of Agriculture. Part of that money also will be for equipment at the Food Quality Assurance Lab in Twin Falls.
- 2) Restore the \$593,100 that was withheld.
- 3) Support for the Office 365 to give better security for the IT of the Department of Agriculture.
- 4) Support the hiring of the additional animal lab technician to help process additional lab samples from the new animal processing plants that are being built in Idaho.
- 5) Support of the funding of the Palmer Research Center. That budget is under the Department of Administration and as you know, anybody that has visited that facility knows that it's in dire need of a rebuild.
- 6) Support the College of Agriculture and Life Sciences, which is important to Idaho’s rural communities.
- 7) Support funding for the invasive species, not only for the quagga mussels, but other invasive plants which are in Idaho’s waterways and lands.
- 8) Support for the Change in Employee Compensation to keep good people and pay them accordingly.
- 9) Support transportation funding for infrastructure, as Idaho's agriculture depends on the ports, the rail, the roads and the bridges for the state’s export success.

Chairman Kauffman answered questions from the Committee.

Listen to [Audio](#) here.

**COMMITTEE
PRESENTATIONS:**

**HOUSE RESOURCES AND CONSERVATION COMMITTEE;
Representative Marc Gibbs**

Chairman Gibbs presented the report of the House Resources And Conservation Committee. He thanked the Committee for the funding that's been included to start the Bear River adjudication project, and was happy for the \$50,000,000 to the State Water Board. **Chairman Gibbs** spoke of an article in Salt Lake Tribune about hedge fund managers who wanted to become involved in the water supply in the Colorado River. He said this was a frightening prospect and the start of bad water policy for the West and would send the link to the article to any interested Committee members.

Projects that are happening in Idaho:

- 1) The Mountain Home Air Force Base, critical to Idaho and Idaho's future economic development, as well as our United States defense posture.
- 2) The Anderson Ranch Dam project and the potential raise there.
- 3) The primary reservoir project. There's been a resolution in the US Senate and it is headed to the House side. We had a briefing with Mitigation Inc, who are the managers of that issue. It's an exciting project to develop 20 to 30 thousand acre-feet of water at an extremely reasonable price.
- 4) A water study in the Snake River, both above and below Twin Falls was done to see what influence the city has on water quality in the Snake River. The information is gained is will be useful up and down the river for other cities that face issues concerning their sewer plants and the discharge. As Idaho continues to be one of the fastest growing states in the West, the state needs to continue to look at all possible avenues to increase water supply, including cloud seeding, new storage development and recharge efforts on the Snake River plain aquifer, as well as potentially other aquifers that could benefit from some potential recharge.

Listen to [Audio](#) here.

**COMMITTEE
PRESENTATIONS:**

**SENATE RESOURCES AND ENVIRONMENT COMMITTEE; Senator
Steve Vick**

Chairman Vick presented the report of the Senate Resources and Environment Committee and spoke about the current adjudication of water rights in northern Idaho, and how a good portion of the issues between the private citizens and the Indian tribes are getting settled. Both sides have decided to enter into mediation, which, if the parties decide to settle, will probably save four to five years of court costs. The estimate of the share of the private water user mediation costs will be approximately \$50,000 to \$75,000. Comparatively, this request is small to the Committee's usual requests, but none the less, it is very important to the people up north.

Chairman Vick said he hoped the Committee would put this in the Attorney General's budget or find another place for this request. It is needed and these folks would really appreciate it. He said is a big supporter of the adjudication process which has worked very well so far. There will be more adjudications in the future for northern Idaho, so there is a good chance of setting a good precedent, if this gets finished up strongly.

Listen to [Audio](#) here.

**COMMITTEE
PRESENTATIONS:**

HOUSE EDUCATION COMMITTEE; Representative Lance Clow

Chairman Clow presented the report of the House Education Committee, and said his focus would be on the affects of COVID and education. With the State Board Of Education scrambling to create temporary rules, direction, professional development and challenges, this lead to more issues created by those changes.

He said one of the biggest changes was the calculation of units and change in the ADA formulas (seat time), that create support units. Support units are looked at as classrooms. A number of support units from the state would have taken a serious hit at the State Board, and the Department recognized that the number of support units being impacted by school COVID didn't address or recognize the problems that schools were going to have. This has changed the way school attendance is thought about and thus, budget books cannot keep pace with this new paradigm.

Chairman Clow talked about a a critical situation in two virtual schools capped by an archaic code established in 2005, which limited them to 30 support units growth in any one year. With the new charter School Commission Policies And Procedures this should never happen again. He explained that with an exodus from traditional public schools, everyone was caught by surprise because this enrollment model did not create any new students, it just counted them differently. According to Idaho Code, 2,600 students, that were in traditional schools and moved to virtual schools no longer existed. It has been said they violated the law, which is not even close to the fact. All they did was accept students into their schools that were scrambling for a place to get a full education. They opened their doors, hired staff , and delivered a virtual education, as they have done for decades to all of their students. It was later discovered that this 30–unit cap existed. This was not anticipated as being a problem, even with all the shifting, all the temporary rules, everything that goes on in the budget and the planning process, the State Board did not see it coming nor did the State Department.

Chairman Clow said this problem can be fixed with policy or with supplemental appropriations. If this doesn't happen, charter schools will face some stiff realities. They did not get paid their February distribution and the next distribution coming in May, a total amount over \$7,000,000, would also not be paid. They're going to have to start determining who is let go and how they are going to meet their contract obligations. Students will get cut, sending parents scrambling again.

Additional points:

- 1) The career ladder and the advanced professional leadership premium. This was not being paid as ways to reduce the potential holdbacks by the Governor, who he said, doesn't have the authority to eliminate these payments. The Committee needs to make sure there is money to fund these expenses to hold up statutory obligations.
- 2) The school transportation funding formula is going to fail because there won't be enough money to pay for all the transportation costs in the future. There was some temporary rules put in place to deal with the types of transportation, but there will be some changes coming forward on that.
- 3) The Public Education Stabilization Fund should not be depleted.

Chairman Clow answered questions from the Committee.

Listen to [Audio](#) here.

COMMITTEE PRESENTATIONS:

SENATE TRANSPORTATION COMMITTEE; Senator Lori Den-Hartog

Chairman Den-Hartog presented the report of the Senate Transportation Committee and will also be presenting for the House Transportation Committee as well and said, that the Legislature is facing unique and challenging times with budget setting, especially with the record surplus in the middle of a pandemic. With the federal money flowing into the state, and the record sales tax collections, there is an opportunity to focus on Idaho's transportation infrastructure needs.

She discussed a proposal to meet the needs of the transportation infrastructure and the annual shortfalls. She suggested that with all the discussions around the supplemental appropriations, particularly related to those state surplus revenues, the germane committees be allowed the opportunity to wrestle with those policy issues, and how best to strategically invest not only those one time tax dollars, but the ongoing funds as well.

Chairman Den-Hartog said the Department is making a big shift from their Legacy Computer System to a whole new computer system, and there have been many challenges. The Department of Motor Vehicles is modernizing their process, both through electronic processing, but they have a unique circumstance with the driver's license, and it's more difficult, particularly for those first time licenses, where they must verify so much initial information. They are working hard and continuing to make progress in that area. The County Sheriffs, who process the driver's licenses, have a different setup than the County Assessors, and do not have the ability to raise their own fees in relation to the cost that they are incurring for processing those licenses. As their fees are set in code, currently there is proposed legislation to increase their fees.

Listen to [Audio](#) here.

**COMMITTEE
PRESENTATIONS:**

SENATE EDUCATION COMMITTEE; Senator Steven Thayn

Chairman Thayn presented the report of the Senate Education Committee, His particular highlights included:

- 1) Literacy program and the additional \$20,000,000 in federal money the Governor is recommending for this program. He would like to see some spending goals and limitations associated with receiving these funds.
- 2) More funds for remediation in the schools, and not just for literacy.
- 3) Due to underestimating the number of support units for the coming fiscal year, he encourages overestimating the support units.
- 4) With the cost of fuel going up, the Committee should consider those costs rising and act accordingly.
- 5) An enrollment system that works for both virtual schools and city schools to assure both are funded properly.
- 6) Restoration of the career ladder funding and leadership bonuses.

7) Health care costs are on the rise due to delivering care through hospitals rather than through primary care clinics. If the state would establish the primary care clinics for state employees, it would be an opportunity to remove the impediments access to primary care. Quite a bit of funds that go to the schools are for medical costs. There's some discussions about combining the state employees and the school teachers to increase that pool.

8) Rethinking advanced opportunities not as an expense, but as an investment. In reviewing the numbers it possible that by getting more done in high school, more money can be saved overall.

Chairman Thayn said the Senate Education Committee is available to help JFAC with questions that may arise on budget issues.

Link to [Audio](#) here.

**COMMITTEE
PRESENTATIONS:**

REVENUE AND TAXATION, Representative Jim Addis, Vice Chair

Chairman Harris came before the Committee and talked briefly about House Bill 73 and had **Vice Chairman Addis** also reported on House Bill 73. He said it provides for uniformity and transparency in the disseminating of information to our local taxpayer and our local elected as well as providing a more uniform accounting of similar expenditures across the district, so comparisons and benchmarking can take place. The plan is to devote resources to the controller's office so they can design a uniform accounting manual that local offices will use in providing information to the controller's office. This information will then be made available to and for the benefit of the taxpayer and for the benefit of local elections.

Questions from the Committee were answered by **Chairman Harris**.

Link to the [Audio](#) here.

STATEWIDE BUDGET DECISIONS

LSO PRESENTATION: **STATEWIDE BUDGET DECISIONS, Paul Headlee, Division Manager, LSO, Budget & Policy**

FY 2021 GENERAL FUND REVENUE FOR BUDGET-SETTING

MOTION 1: Moved by **Representative Troy** for FY 2021, that the Joint Finance-Appropriations Committee adopt the Governor's and the Economic Outlook & Revenue Assessment Committee's General Fund revenue projection of \$4,254,592,800 for setting state agency budgets, seconded by **Senator Woodward**.

VOTE: **AYES: 17**
Senators Agenbroad, Crabtree, Woodward, Lent, Riggs, Cook, Ward-Engelking and Nye.
Representatives Troy, Horman, Amador, Syme, Nate, Giddings, Bundy, Green, and Nash.

NAYS: 0

ABSENT/EXCUSED: 3

Chairman Bair, Chairman Youngblood, and Senator Grow

FY 2022 GENERAL FUND REVENUE FOR BUDGET-SETTING

CARRIED: The majority having voted in the affirmative, the motion passed, and without objection, carried a **do pass** recommendation. Hearing no objection, it was so ordered by **Vice Chairman Agenbroad**.

MOTION 2: Moved by **Senator Woodward** for FY 2022, that the Joint Finance-Appropriations Committee adopt the Governor's and the Economic Outlook & Revenue Assessment Committee's General Fund revenue projection of \$4,403,997,600 for setting state agency budgets, seconded by **Representative Troy**.

VOTE: **AYES: 18**
Senators Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking and Nye.
Representatives Troy, Horman, Amador, Syme, Nate, Giddings, Bundy, Green, and Nash.

NAYS: 0

ABSENT/EXCUSED: 2

Chairman Bair, Chairman Youngblood

CARRIED: The majority having voted in the affirmative, the motion passed, and without objection, carried a **do pass** recommendation. Hearing no objection, it was so ordered by **Vice Chairman Agenbroad**.

CHANGE IN EMPLOYEE COMPENSATION (CEC)

MOTION 3:

Moved by **Senator Ward-Engelking** for FY 2022, to adopt the Governor's and the Change in Employee Compensation Committee's recommendation to provide funding for the equivalent of a 2% merit-based salary increase for permanent employees of state agencies, institutions, and the Idaho Bureau of Education Services for the Deaf and the Blind with flexibility for agency heads and institution presidents to distribute the amount. Also, adopt their recommendation to move the compensation schedule upwards by 2% at the minimum, policy, and maximum pay rates in all pay grades and the Governor's recommended fund shifts. The exception to the change is that the minimum wage would remain at \$7.25 per hour in pay grade D. The totals for these adjustments include \$14,412,000 from the General Fund, \$10,424,800 from dedicated funds, and \$4,705,900 from federal funds for a total of \$29,542,700, seconded by **Representative Syme**.

VOTE:

AYES: 16

Senators Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking and Nye.

Representatives Troy, Horman, Amador, Syme, Bundy, Green, and Nash.

NAYS: 2

Representatives Nate and Giddings

ABSENT/EXCUSED: 2

Chairman Bair, Chairman Youngblood

CARRIED:

The majority having voted in the affirmative, the motion passed, and without objection, carried a **do pass** recommendation. Hearing no objection, it was so ordered by **Vice Chairman Agenbroad**.

BENEFITS

MOTION 4:

Moved by **Representative Syme** to adopt the Governor's and the Change in Employee Compensation Committee's FY 2022 recommendation to maintain the current appropriated amount for health insurance per eligible full-time FTP at \$11,650, and other variable rate changes by agency, which result in increases of \$3,045,800 from the General Fund, \$2,439,800 from dedicated funds, and \$919,800 from federal funds, for a total increase of \$6,405,400, seconded by **Senator Ward-Engelking**.

VOTE:

AYES: 18

Senators Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking and Nye.

Representatives Troy, Horman, Amador, Syme, Nate, Giddings, Bundy, Green, and Nash.

NAYS: 0

ABSENT/EXCUSED: 2

Chairman Bair, Chairman Youngblood

CARRIED:

The majority having voted in the affirmative, the motion passed, and without objection, carried a **do pass** recommendation. Hearing no objection, it was so ordered by **Vice Chairman Agenbroad**.

STATEWIDE COST ALLOCATION (SWCAP)

MOTION 5: Moved by **Senator Crabtree** for FY 2022, to include the Governor's recommendation adjusting Attorney General fees, State Controller fees, State Treasurer fees, and risk management costs, and costs for the Office of Information Technology Services for an increase of \$1,516,000 from the General Fund, \$747,700 from dedicated funds, and \$384,800 from federal funds, for a total of \$2,648,500, seconded by **Representative Horman**.

VOTE: **AYES: 18**
Senators Agenbroad, Crabtree, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking and Nye.
Representatives Troy, Horman, Amador, Syme, Nate, Giddings, Bundy, Green, and Nash.

NAYS: 0

ABSENT/EXCUSED: 2
Chairman Bair, Chairman Youngblood

CARRIED: The majority having voted in the affirmative, the motion passed, and without objection, carried a **do pass** recommendation. Hearing no objection, it was so ordered by **Vice Chairman Agenbroad**.

See [Audio](#), [Motion](#), and [Ballot](#).

ADJOURNED: There being no further business before the Committee, **Vice Chairman Agenbroad** adjourned the meeting at 10:18 a.m.

Senator Agenbroad
Vice-Chairman

Denise B. McNeil
Secretary