

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, April 08, 2021

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Bair, Agenbroad, Crabtree, Grow, Woodward, Lent, Cook, Ward-Engelking, and Nye
Representatives Co-chairman Youngblood, Troy, Horman, Amador, Syme, Bundy, Giddings, Nate, Green, and Nash

ABSENT/ EXCUSED: Senator Riggs

CONVENED: **Co-Chairman Bair** called the Joint Finance-Appropriation Committee (Committee) (JFAC) to order at 8:04 a.m.

LSO STAFF PRESENTATION: **CONTINUATION OF ARPA REVIEW/FUNDING SHEET UPDATE**
Paul Headlee, Division Manager, LSO
There was further discussion on LSO's report on 2021 American Rescue Plan Act (ARPA). **Mr. Headlee** emphasized that ARPA's programs with specified funding amount would be updated periodically, and cited the total amount available to Idaho and state agency's requests are \$2.4 billion and \$757 million, respectively. Additionally, there is a \$20 million request which is part of the federal funding that has no actual allocation directive from the federal government.

DISCUSSION: In response to the questions from the Committee, **Mr. Adams** explained the programs referred to in part 2 of the report are programs that do not have specific details on its allocated amount as well as the date on which it will be received. The Office of the Governor is in collaborative discussion with the Legislative leadership to develop effective approach on managing the funds. He recounted that weekly meetings were held between the Governor and Legislative leadership prior to the passage of ARPA

LSO STAFF PRESENTATION: **Mr. Headlee** continued his presentation on LSO's 2021 ARPA Report. He elaborated on the 14 programs that have not received any specified dollar amounts for awards or allocation from the federal agency, Federal Funding for the States (FFIS), or another credible source. Moreover, some programs do not have sufficient federal guidance on how the funds may be used.
Representative Syme asked if the ARPA funds could supplant Idaho's existing General Fund. **Mr. Adams** replied currently, there was no guidance formally issued by the federal government on this matter.

AGENCY PRESENTATION: **ARPA BUDGET HEARINGS — OVERVIEW OF AGENCY BUDGET REQUESTS FOR FEDERAL ARPA FUNDING**
Alex Adams, DFM
DFM identified and filtered, based on ARPA payment guidelines, all the state agency's programs that are deemed necessary for legislative actions prior to 2021 Sine Die.

Mr. Adams emphasized Governor Little outlined his approach for the use of ARPA funds and indicated these are one-time funds and should, therefore be used for one-time expenses. Hence, the state agencies should not create ongoing obligations that would result in disbursement of expenditures from the General Fund. **Mr. Adams** defined semi-discretionary fund as funds for which the state has a range of uses for which it could be used. while direct funds for target programs are funds that have specified programs and sufficient information available for the Idaho Legislature.

**AGENCY
PRESENTATION:**

**DIVISION OF FINANCIAL MANAGEMENT ARPA BUDGET
REQUEST — STATE FISCAL RECOVERY FUND
Alex Adams, DFM**

The State is estimated to receive \$1.188 billion to respond to the COVID-19 pandemic (pandemic). In general, the circumstances for the ARPA funds are fundamentally different from the CARES Act. The state has four years to allocate and expend the semi-discretionary funds, rather than nine months. The state's direct COVID-19 response needs to be related to vaccines, testing, and other COVID-19 related precautionary measures. Further, ARPA directly allows use of the semi-discretionary funds for certain infrastructure investments, namely water, sewer, and broadband. Given the longer time horizon to use the funds, the Governor requests spending authority for just \$50 million in Fiscal Year (FY) 2022 for unanticipated COVID-19 expenses, which will replace the \$39 million contingency money from the Tax Relief Fund. This fund would act as a buffer for any uncertainties between 66th Legislature's adjournment and 67th Legislature's commencement. He indicated it is the Governor's intention to work closely with the Legislature in the next legislative session to come up with the course of action on how to handle the rest of the semi-discretionary funds.

In addition, FFIS estimated Idaho to receive \$981 million for direct programs ranging from public schools support to substance use block grants. In general, there are federal formulas that dictate how much Idaho programs will receive and statutory requirements governing the use of these funds. DFM asked state agencies on their needs for FY 2022 until the next legislative session from these direct funds known through FFIS. Based on the response from state agencies, the requests for necessary additional spending authority for the direct funds would be discussed by the individual state agencies in the meetings to come.

**AGENCY
PRESENTATION:**

**DIVISION OF FINANCIAL MANAGEMENT ARPA BUDGET
REQUEST — FISCAL YEAR 2021 STATE CONTROLLER
Alex Adams, DFM**

Pursuant to ARPA, the funding to the metropolitan cities and other counties will be made directly by the US Treasury. On the other hand, the distribution to the non-entitlement cities will be done by the states, and therefore, will require an appropriation through a state agency. Idaho is expected to receive an estimated \$103,548,464 for the non-entitlement city distribution. This is intended to provide local units of government with COVID-19 support. The State is expected to provide these funds in two tranches, based on population, and capped at 75% of their recent budget. **Mr. Adams** noted State of Idaho Controller's Office is the agency in-charge of issuing checks to the respective local governments.

**AGENCY
PRESENTATION:**

**DIVISION OF FINANCIAL MANAGEMENT ARPA BUDGET
REQUEST — HOMEOWNERS ASSISTANCE FUND
Alex Adams, DFM and Chuck Kracht, Director of Loan Servicing,
Idaho Housing Finance Association (IHFA)**

ARPA's Homeowner Assistance Fund program would assist low to moderate income homeowners who were negatively impacted by the pandemic. This program helps homeowners, who are behind their mortgage and utility payments to avoid foreclosure and eviction. This fund will provide money to the state to establish foreclosure-avoidance and some other homeowner-relief programs. Funds will be used for what the US Treasury deemed as qualified expenses due to the pandemic such as delinquent mortgage payment, gas and electric, Internet services, homeowners insurance, flood insurance, homeowner's association dues and other expenses needed to prevent eviction, mortgage delinquency, default, or foreclosure. Idaho is expected to receive not less than \$50 million with prorated adjustments from the US Treasury.

The funding could be sent to IHFA via Idaho Department of Commerce or DFM. With that being said, it was indicated that IHFA has the resources to administer the homeowner's assistance fund program throughout Idaho. He added that IHFA offers low to moderate loan programs, and partners with lenders and certified housing counsellors to provide statewide housing services to the homeowners that are in need.

DISCUSSION:

In response to the questions from the Committee, **Mr. Kracht** stated that CARES Act Mortgage Payment Forbearance allows homeowners to put a pause on their mortgage payments as a result of the pandemic. However, it does not grant forgiveness to those payments. Initially, homeowners were given 12 months of forbearance, but it was extended to 18 months last February. He noted IHFA plans to reach out to state agencies like Idaho Department of Finance and Idaho Department of Labor to be able to connect to more Idaho homeowners who experience financial difficulties due to the pandemic.

**AGENCY
PRESENTATION:**

**DIVISION OF FINANCIAL MANAGEMENT ARPA BUDGET
REQUEST — STATE SMALL BUSINESS CREDIT INITIATIVE
(SSBCI)**

Alex Adams, DFM and Cory Phelps, Project Finance Manager, IHFA

SSBCI is a new appropriation that would provide support to small businesses responding to and recovering from COVID-19 pandemic. SSBCI amends and reauthorizes the Small Business Jobs Act of 2010. There is minimal guidance from the US Treasury on provisions for this funding. This is one of the programs that do not have any stipulated amounts for allocation.

**AGENCY
PRESENTATION:**

**DEPARTMENT OF HEALTH AND WELFARE (IDHW) — ARPA
BUDGET REQUESTS**

Jill Randolph, Analyst, LSO and Dave Jeppesen, Director, IDHW

There are six requests from IDHW — three are related to child care, two are related to utilities, and one related to COVID vaccines.

Director Jeppesen stated IDHW child care programs have three goals:

- to stabilize and support the critical health care industry in Idaho;
- to assist low-income families access child care; and
- to help children catch up with their studies.

Due to time constraints, the rest of Mr. Jeppesen's presentations were moved to next Committee meeting.

ADJOURNED:

There being no further business before the Committee, **Co-Chairman Bair** adjourned the meeting at 9:21 a.m.

Senator Bair
Chair

Rellie Wisdom
Secretary