

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, January 25, 2022

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Agenbroad, Crabtree, VanOrden (Bair), Grow, Lent, Riggs, Cook, Ward-Engelking, and Nye

Representatives Co-chairman Youngblood, Troy, Horman, Amador, Syme, Bundy, Giddings, Nate, Green, and Nash

ABSENT/EXCUSED: Senator Woodward

CONVENED: **Co-Chairman Agenbroad** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at 8:01 a.m.

AGENCY PRESENTATION: **PRESIDENTS' LEADERSHIP COUNCIL (PLC), C. Scott Green, President, University of Idaho, Chairman**

President Green, as Chairman of the PLC, reported that the PLC consisted of all four-year institutions and community college presidents to identify shared priorities that respond to the needs of our communities, the state, and the region. He discussed that higher education is an economic engine for Idaho, and in 2020 produced a \$4.5 billion economic impact, the equivalent of 74,432 jobs. **President Green** discussed PLC's members are aiming to consolidate more than \$3.2 million by eliminating system redundancy and sharing their workforce. He explained that Idaho has one of the lowest percentages in the nation of high school seniors going on to college, and overviewed PLC's marketing campaign to communicate to students how to change the trajectories of their lives. He summarized the PLC's top priorities of cybersecurity, an online digital learning consortium, and others. **President Green** discussed the state's higher education budget which has decreased since 1990, leading to increases in student tuition, deferred maintenance on permanent building fund projects, issues with campus safety, and an increase in research enterprise.

AGENCY PRESENTATION: **LEWIS-CLARK STATE COLLEGE (LCSC), Cynthia Pemberton, President; Janet Jessup, Legislative Services Office (LSO) Senior Budget and Policy Analyst**

Ms. Jessup summarized the LCSC's statutory authority, and explained the budget for the colleges and universities include five distinctly budgeted programs, outlining where the division level budgets are located in the 2022 Legislative Budget Book Fiscal Year 2023 (LBB) for each institution. She explained the college and university budget appropriated by the Legislature included support from the General Fund, state managed endowments, and student tuition and fees. **Ms. Jessup** detailed tuition and enrollment data, operating budgets by institution and funding source for the current fiscal year, as well as a five-year look-back on appropriations (see attachment 2). She explained the institutions have historically done audits independently and are not audited by the LSO Audit Division.

President Pemberton discussed LCSC's 129 year history of serving Idaho citizens for higher education, being dedicated to helping students become successful leaders and lifelong learners. She pointed out its 96 percent academic post-graduation placement rate with the majority staying in Idaho. **President Pemberton** discussed that due to the current state's low unemployment rate, and nearly 80 percent of LCSC's students being Idahoans, her team has predicted an enrollment decrease of 3 to 4 percent in Spring 2022. She detailed that LCSC needs additional legislative appropriations to not increase student fees. She discussed LCSC's personnel retention issues, compensation gap, and funding sources, informing they cannot be leaner than they are, and having cut several positions now need to add positions to increase student support. **President Pemberton** discussed the specific programs supporting budget line item requests, and summarized LCSC's achievements (see attachment 3).

In response to Committee questions, the following were discussed:

- General Fund budget shifts,
- tuition fee increases,
- employee compensation recommendations and turnover rates,
- the Governor's budget increase recommendation,
- student campus surveys,
- professional development, and
- return on investment of previous appropriations.

**AGENCY
PRESENTATION:**

BOISE STATE UNIVERSITY (BSU), Marlene Tromp, President

President Tromp expressed with BSU's 100,000 living alumni it has played a significant role in educating Idahoans, pointing out that education is key to increasing the size and competence of our state's workforce, with every \$1 invested in BSU there is an \$8 return. She informed the cost per credit unit is 24 percent below the average of the other three four-year institutions in our state. **President Tromp** discussed several BSU programs, for veteran students, rural initiatives, gap year pathways, cybersecurity research and advancement, the small business development center, research and creative activity, research impact, Institute for Advancing American Values, and various programs and partnerships with local businesses. She outlined the line item request for BSU's community impact program which goes into the rural communities to combat the 50 percent decline nationally in college attendance from rural locations; and the line item request for four career readiness counselors to translate academic success to professional success and therefore impact the state (see attachment 4).

Representative Horman inquired about the fact that the incoming freshman class for Fall 2021 had more out-of-state students than in-state students, and what cost impact that change made relating to Idaho taxpayers. **President Tromp** detailed how out-of-state students pay more for their education and help support Idaho students in terms of sharing the cost burden.

In response to questions from the Committee regarding measures BSU has taken since the last legislative session to reduce wasteful spending on social justice, diversity, equity, and inclusion programming, **President Tromp** explained BSU has made a concerted effort to address legislative concerns raised and conveyed the evolution of policies and processes put into place to meet student needs and to ensure that BSU is serving all of its students.

**AGENCY
PRESENTATION:**

BOISE INTERNAL MEDICINE (BIM) RESIDENCY, Melissa "Moe" Hagman, MD, Program Director; Janet Jessup, LSO Senior Budget and Policy Analyst

Ms. Jessup stated that the BIM Residency and the Psychiatry Residency are distinctly appropriated programs within the health education budget under the State Board of Education, and two of five programs for the post-graduate period of medical instruction and residency term. She emphasized that BIM Residency makes up four percent of the appropriation for residency education programs (see attachment 5). **Ms. Jessup** detailed the residency positions by budgeted program and the number of residents according to the ten-year Graduate Medical Education Plan previously discussed in Committee.

Dr. Hagman touched on the state being in crisis standards of care. She explained an example of the pipeline that feeds students into the BIM Residency program, and that there are 12 residencies, with a graduate total of 78 residents and fellows every year. **Dr. Hagman** detailed the line items in the Governor's Fiscal Year (FY) 2023 recommendation for health education programs to increase by seven more positions with the next funding cycle (see attachment 6).

In response to Committee questions, **Dr. Hagman** reported that BIM Residency used the 2017 estimated cost of \$180,000 to train one resident for one year, and the model in the 10 year plan is that the state would fund a third of the cost, the health care system in which the resident is training would provide another third, and the residency itself would provide the final third.

**AGENCY
PRESENTATION:**

PSYCHIATRY RESIDENCY - UNIVERSITY OF WASHINGTON IN BOISE, Kirsten Aaland, MD, Program Director

Dr. Aaland provided examples of the program's fantastic retention rate of keeping trained psychiatrists in Idaho, and the huge need Idaho has for treating mental health issues being 49 out of 50 in the country for psychiatrists per capita. She commented that psychiatrists evaluate, diagnose, and treat mental health disorders such as depression, anxiety, substance abuse, suicidal thinking, and others. **Dr. Aaland** discussed that the State of Idaho has funded the program's expansion to a four year program with all training being done in the state, and reviewed the successes the program has accomplished.

**AGENCY
PRESENTATION:**

EXECUTIVE OFFICE OF THE GOVERNOR, Alex J. Adams, Administrator, Office of the Governor, Division of Financial Management (DFM); Matthew Farina, LSO Budget and Policy Analyst

Mr. Farina detailed the budget appropriation and expenditures by accounting category, from FY 2018 to FY 2022, with expenditures having averaged \$2.2 million per year. He stated it is currently exempt from Section 67-3511, Idaho Code, which limits transfers between programs and account categories. **Mr. Farina** summarized the COVID-19 Relief funds expended versus what is still available, to date \$699 million has been expended with \$426 million remaining, of which \$146 million being specifically for rental assistance. (See attachment 7.)

Mr. Adams presented the Executive Office of the Governor's FY 2023 budget. He explained the divisions under the Governor and the entities they work with across the state (see attachment 8). He stated it is a maintenance budget with a 2.5 percent increase, and one line item added for the Governor's election transition, if needed.

Co-Chairman Agenbroad asked for an explanation since the Governor recommended more than the agency requested. **Mr. Adams** explained the agency budget submissions are due on September 1 and acts as a placeholder. The Governor's office then makes a recommendation which includes cost increase adjustments.

**AGENCY
PRESENTATION:**

**DIVISION OF FINANCIAL MANAGEMENT, Alex Adams, Administrator,
Office of the Governor, DFM; Tim Hibbard, LSO Budget and Policy Analyst**

Mr. Hibbard explained DFM is the budget office of the governor and has four main administrative units: budget, economic analysis, management services, and regulatory and legislative affairs. He detailed the FY 2021 actual expenditures of \$2.1 million, with 86.5 percent being personnel costs, distinguishing the amounts appropriated versus expended. **Mr. Hibbard** highlighted appropriated American Rescue Plan Act (ARPA) funds spent (see attachment 9). He informed the Committee there were no open audit findings.

Mr. Adams discussed DFM and detailed its organizational chart. He discussed the two FY 2022 supplemental requests regarding ARPA's extensive reporting and compliance requirements, and \$450,000 to hire a consultant for Medicaid to discover what could potentially be done to provide better service in a more cost effective way. **Mr. Adams** reported on the FY 2023 budget recommendation as a general fund maintenance budget with a 4.1 percent increase. He explained that other line items are pass through for non-state agencies providing detail for some of those line item requests.

In response to Committee questions, **Mr. Adams** discussed the Emergency Rental Assistance Program and other direct programs funded with ARPA funds.

ADJOURNED:

There being no further business before the Committee, **Co-Chairman Agenbroad** adjourned the meeting at 10:39 a.m.

Senator Agenbroad
Chair

Erin Miller
Secretary