

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, January 18, 2024
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just
Representatives Co-Chair Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Green
ABSENT/ EXCUSED: None

Co-Chair Horman called the meeting to order at 8:00 a.m.

Ms. Janet Jessup, Principal Analyst, LSO Budget & Policy, introduced the Department of Agriculture. The Department has eight distinctly budgeted programs with tasks including administrative veterinary services, agricultural inspections, and disease mitigation.

Ms. Jessup explained previous legislatures have created many funds within the Department of Agriculture budget from specific sources and for statutorily prescribed purposes. Fund balances are not inherently available for other needs in the department. She pointed out the Pest Control Fund is usually in arrears; this is the deficiency warrant fund for the agency. The department has the permission of the Legislature to spend against the General Fund for pest control.

In response to committee questions, **Ms. Jessup** gave further details about how the department funded its response to the discovery of quagga mussels in Idaho waters. This discovery prompted some of the department's FY 2025 budget requests. She explained the Invasive Species Fund is financed by fees, so it is a dedicated fund. The Invasive Species Fund has not received any General Fund monies.

Ms. Chanel Tewalt, Director of the Department of Agriculture, stated the Governor's FY 2025 budget recommendation is a comprehensive and collaborative effort with the agency, the Governor's office, legislators, and stakeholders. In response to committee questions, she provided additional information about the department's plans to address the quagga mussel issue.

Ms. Jessup introduced the Soil & Water Commission. The Commission provides direct support to the state's water districts. It directs programming and promotes conservation activities and provides grant funds to water districts.

Ms. Jessup identified the Commission's dedicated fund with the largest balance. The Resources Conservation and Rangeland Development Fund accepts federal and private funds and maintains the interest earned from the loan repayments it disburses. The funds are used for conservation loans, pursuant to Idaho Code. Project requests have included irrigation, efficiency projects, new head gates, stock water facilities, right-sizing culverts at road crossings, pivots, and livestock management improvements. It can take time for projects to be completed and reimbursed appropriately, so funds are not always expended in the same year they are appropriated.

Ms. Jessup explained the Commission's FY 2025 budget requests. She also explained the state match requirements for the Conservation Reserve Enhancement Program (CREP) provided in FY 2023.

Co-Chair Horman reminded the committee to consider whether cash transfers should be designated as line items to allow better visibility on dedicated funds.

Ms. Frances Lippitt, Analyst, LSO Budget & Policy, reviewed the Office of Energy and Mineral Resources (OEMR). This agency serves as the state's clearinghouse and first point of contact for energy and mineral resources information, coordinates the state's energy and mineral planning efforts, and advises the Governor and Legislature on the state's energy infrastructure and policy. It also provides grants for energy resiliency, energy efficiency and conservation, and electric grid hardening.

Ms. Lippitt described the sources of the various dedicated funds in the agency's budget and past appropriations. The State Energy Resiliency Fund allowed the office to begin a pilot program awarding funding for energy resiliency projects in advance of distributing federal awards under the Infrastructure Investment and Jobs Act (IIJA). The significant growth in the budget has been from federal grid resilience and energy improvement projects under the IIJA.

Ms. Lippitt explained the FY 2025 budget requests include funding for residential energy contractor training and electric grid modernization. The Workforce Development Council will be sub-awarded \$1.4M funding and has a corresponding request in its budget. The funding will be used within the Idaho Launch program to support existing training and grant opportunities and will prepare workers to carry out energy efficiency and electrification measures funded through home energy rebates.

In response to committee questions, **Mr. Richard Stover**, Administrator of OEMR, explained this is one-time funding from the IIJA; these monies will fund construction projects over a five-year period. These are one-time monies for specific projects and there is no expectation for state funding once the IIJA funds expire.

In response to another committee question, **Mr. Louis Konkol**, Financial Manager of OEMR, explained why the agency did not use personnel and operating expenses from the grant itself. The agency already had sufficient spending authority in the federal funds appropriation; the existing staff is adequate to handle these long-term projects.

In response to further committee questions about the contractor training funding, **Mr. Stover** explained the monies will be sub-granted to the Workforce Development Council to help pay the costs of existing training programs. He confirmed the Workforce Development Council will grant the funding to institutions or private organizations offering training.

Co-Chair Horman put the committee at ease at 9:06 a.m.

Co-Chair Horman resumed the meeting at 9:07 a.m.

Ms. Lippitt presented the FY 2025 budget for the Commission on the Arts. The Commission is funded partly by the state and partly by the National Endowment for the Arts (NEA). It is both a service organization providing technical assistance to art programs and individuals, as well as a funding organization providing financial assistance.

Ms. Lippitt described the Commission's single dedicated fund, which is sourced from conference registration fees and unsolicited contributions from corporations and foundations for special projects. For FY 2025, the Commission requests \$50K in federal funds, which was appropriated on a one-time basis for FY 2024. This increase reflects additional funding available from the NEA. This funding requires a 1:1 state match, and the Commission is requesting a net zero transfer in the Miscellaneous Revenue Fund from operating expenses to trustee and benefits expenses to meet the match requirements.

In response to committee questions, **Ms. Lippitt** explained this is a one-time action that will not change the appropriation in any way for the dedicated funding. The \$50K in dedicated funding already exists in the base budget. This action rebalances the appropriation between two account categories. If the NEA funding decreased, the agency would likely request another net zero transfer from trustee and benefits expenses back into operating expenditures.

Ms. Laura Curry, Executive Director of the Idaho Commission of the Arts, answered questions from the committee. She described grants and fellowships supporting education, artists, and all types of art across the state. She described the powerful economic impact of the arts in Idaho.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:21 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary