

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, February 29, 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.

Rep. John Vander Woude, Chairman of the House Health & Welfare Committee, presented the Committee's report. He noted there will be no new legislation this year on the Upper Payment Limit (UPL) rates set for reimbursements. Committee concerns include the \$500K request for consultation services, ensuring providers actually receive funds appropriated to them, and ensuring the MMIS system implementation goes well.

Rep. Vander Woude referenced **H 633**, which expands maternal care from 60 days to 12 months. The bill appears to save the state money; although costs will remain roughly the same, the state's share of the costs will decrease. The results of the pending legislation will be a decrease on the General Fund and an increase on federal funds.

Rep. Vander Woude stated the Committee supports **H 685**, which creates the Medicaid Budget Stabilization Fund. It also supports DHW efforts to find more permanent solutions for the temporary youth homes.

Senator Julie VanOrden, Chairman of the Senate Health & Welfare Committee, presented the Committee's report. The Committee is concerned about the fluctuations in the Federal Medical Assistance Percentages (FMAPs) and supports the establishment of the Medicaid Stabilization Fund to help reconcile shortages. The Committee is not in favor of raising the Upper Payment Limit (UPL) rates at this time. The Committee is also concerned about the direct care workforce shortage and recognizes the role of provider rates in the shortages. The Committee recommends continuing the current provider rates and performing five-year reviews.

Mr. Keith Bybee, Division Manager, LSO Budget & Policy Analysis, gave an overview of the Department of Commerce. He reviewed the organizational structure of the Department and stated it has one budgeted program.

Mr. Bybee referenced **S 1271**, which repeals the Idaho Global Entrepreneurial Mission (IGEM). This program partnered with the Higher Education Research Council to transition intellectual property from higher-education institutions to commercialization. The Department has an ongoing budget of \$1M for IGEM; the pending legislation will repeal the program and funding.

Mr. Bybee highlighted the impact of broadband funding on the Department's budget. Historically, when the Department has had excess personnel funds, it has transferred the excess monies to grants for local projects.

Mr. Bybee reviewed the various dedicated funds associated with the Department and pointed out in 2020 the Legislature transferred \$35M from the General Fund to the Idaho Broadband Fund.

Mr. Bybee reviewed the FY 2023 and FY 2024 budget enhancements. He emphasized how the broadband infrastructure money has impacted the Department's budget. The combined federal, state, and Covid-19 funding has totaled nearly \$1B for broadband infrastructure. He reminded the committee large infrastructure projects take time to complete; the funds will be expended over several years.

Mr. Bybee explained the FY 2025 budget requests, including funds for the Idaho Rural Partnership. The pending **S 1294** legislation brings the Idaho Rural Partnership staff in-house to the Idaho Department of Commerce. He also highlighted proposed intent language to ensure federal partners understand the State's plans to use \$588M of IJA funding and spend those monies down over time.

Mr. Thomas Kealey, Director of the Department of Commerce, answered committee questions. He explained the funding formula, grant applications, and award process for tourism promotion. The Department distributes the grants to nonprofit organizations for tourism marketing for the state's seven travel regions.

In response to a committee question, **Dir. Kealey** explained the IGEM Program has run its course; goals of the Department of Commerce will not be adversely affected by this cancellation.

In response to another committee question, **Dir. Kealey** gave a brief explanation about the Department's progress toward the goal of supplying access to high-speed internet in all rural Idaho municipal buildings. He acknowledged there is an overdemand for available funds. He stated the goal of the Idaho Broadband Advisory Board is to have broadband availability to 100% of Idaho citizens by 2027.

In response to additional committee questions, **Mr. Ramón Sanchez**, State Broadband Program Manager, gave further explanation about the Capital Projects Fund, which used \$124M in ARPA monies, and the Idaho Broadband, Equity, and Deployment (BEAD) Program, which uses \$588M in IJA monies. The Capital Projects Fund placed a high priority on open access, which allowed communities and local jurisdictions to join the broadband network. In the BEAD Program, the federal government has prioritized under-served locations; the state will work with applicants to predetermine and pre-identify those project areas.

Mr. Tim Hibbard, Senior Analyst, LSO Budget & Policy, gave an overview of the Executive Office of the Governor. This Office has five budgeted programs: Administration, Acting Governor Pay, Expense Allowance, Governor's Emergency Fund, and Governor-Elect Transition.

Mr. Hibbard reviewed the organizational structure of the Office and pointed out only the Administration program has FTPs. He gave a high-level review of the dedicated funds associated with the Office. He explained the negative balance in the Governor's Emergency Fund. In FY 2020, the Governor's Office was appropriated \$2M for Covid-19 related costs; however, there were no expenditures until FY 2023. There was no annual cash transfer with the appropriation, so the fund displays a negative balance.

Mr. Hibbard reviewed FY 2020-FY 2024 estimated and actual expenditures, including CARES Act, ARPA, and Emergency Funds. He reviewed FY 2023 expenditures as well as FY 2023 and FY 2024 budget enhancements.

Mr. Alex Adams, Administrator of the Division of Financial Management, represented the Executive Office of the Governor. In response to committee questions, he explained the request for a constituent services management system. The Governor's Office now receives an estimated 60K contacts a year from constituents. The new system will enhance workflow and constituent services. The Governor's Office is working with the Office of Information Technology (OITS) on this request.

Mr. Hibbard gave an overview of the Division of Occupational & Professional Licenses (DOPL). This Division was created in 2020 with the passage of **H 318**. DOPL has four budgeted programs: Administration, Building Construction and Real Estate, Occupational Licenses, and Health Professions.

Mr. Hibbard noted DOPL is not funded by the General Fund. DOPL is funded primarily by the State Regulatory Fund, as well as smaller dedicated funds and some federal funds. DOPL tracks expenditures by Boards; each Board has its own fund detail. Some Boards have large cash balances, and some have less sufficient cash balances. In 2023 the Legislature added intent language to ensure fund balances are appropriate. Intent language requires the agency to report the five-year expenditures for each fund detail within the State Regulatory Fund; if the fund balances are greater than 125% of the five-year average expenditures, DOPL must provide a corrective action plan. If the fund balances fall below 30%, DOPL must provide a corrective action plan to increase the fund balance. This intent language ensures each Board is self-sufficient.

Mr. Hibbard reviewed the FY 2023 and FY 2024 budget enhancements. He explained the FY 2025 budget requests, including funds for a licensing system, a budgeted program consolidation, monies from the Opioid Settlement Fund, and a cash transfer for the Adult Idaho Launch program.

In response to a committee question, **Mr. Hibbard** gave further explanation about the budget request for program consolidation spending authority.

Mr. Russell Barron, Administrator of the Division of Occupational & Professional Licenses (DOPL), answered committee questions. He gave a brief review of the consolidation process of 11 agencies, containing 48 Boards and Commissions, into DOPL.

Co-Chair Horman thanked **Mr. Barron** for the agency's response to the recent audit and its corrective action plan.

In response to a committee question, **Mr. Barron** gave further explanation about the licensing system. DOPL was appropriated \$6M in 2020 for the system. Implementation is planned for July 1, 2024; vendors are not paid until implementation occurs.

In response to another committee question, **Mr. Barron** explained opioid funds will be expended in alignment with the recommendations of the Idaho Behavioral Health Council. The Council recommends increasing the number of individuals who can prescribe medication to combat opioid addiction. These funds will be used to reimburse qualified individuals who apply for a three-year Drug Enforcement Agency (DEA) registration and license, which is a federal requirement for prescribing medication. These funds would not be used for DEA license renewals.

Mr. Alex Adams, Administrator, Division of Financial Management, stated the Idaho Behavioral Health Council is the State's central coordinating point response to the opioid crisis.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:38 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary