

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, March 06, 2024
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Herndon, Ward-Engelking, Just
Representatives Co-Chair Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Green
ABSENT/EXCUSED: Senator Adams

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

Ms. Erin Phipps, Revenue Analyst, LSO Central Administration, presented the findings of the Joint Legislative Economic Outlook and Revenue Assessment Committee (EORAC). The EORAC median projection for FY 2024 was higher than the Governor's submitted projection. For FY 2025, the EORAC median projection is lower than the Governor's by nearly \$100M. EORAC recognized the Federal Reserve Bank cites inflation and the upcoming election as factors of economic uncertainty.

Ms. Phipps pointed out the motion below adds \$330M to each year. This is a distribution from sales tax to the Public Schools Income Fund and is included as General Funds for budgeting purposes.

MOTION: **Sen. Grow** made a motion, seconded by **Rep. Miller**, for FY 2024, to adopt a General Fund revenue projection of \$5,644,218,000.

Sen. Grow stated this is the Governor's revenue forecast and the EORAC General Fund recommended projection for FY 2024. The revenue projection is 5.1% below the FY 2023 General Fund revenue collection. This number includes the General Fund FY 2024 revenue projection, plus the \$330M from **H 1** of the 2022 extraordinary session.

Co-Chair Horman observed JFAC set a revenue projection during the 2023 legislative session; it is being revised because there is a new revenue forecast.

ROLL CALL VOTE ON MOTION: **Motion carried by a total vote of 17 AYES, 0 NAYS, 3 ABSENT/EXCUSED.** **Senators voting in favor** of the motion: **Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Ward-Engelking, Just.** **Senators voting in opposition** to the motion: **None.** **Senators absent/excused:** **Adams, Herndon.** **Representatives voting in favor** of the motion: **Horman, Miller, Bundy, Raybould, Furniss, Lambert, Petzke, Handy, Green.** **Representatives voting in opposition** to the motion: **None.** **Representatives absent/excused:** **Tanner.**

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chair Horman**.

MOTION: **Sen. Grow** made a motion, seconded by **Rep. Bjerke**, for FY 2025, to adopt a General Fund revenue projection of \$5,929,700,000.

**ROLL CALL
VOTE ON
MOTION:**

Sen. Grow stated this is the EORAC General Fund FY 2025 revenue projection median and its recommended revenue projection. The revenue projection is 5.1% above the FY 2024 Governor's and EORAC's General Fund revenue projection. This number includes the EORAC's General Fund revenue projection, plus the \$330M from **H 1** of the 2022 extraordinary session.

Motion carried by a total vote of 17 AYES, 0 NAYS, 3 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Ward-Engelking, Just. Senators voting in opposition to the motion: None. Senators absent/excused: Adams, Herndon. Representatives voting in favor of the motion: Horman, Miller, Bundy, Raybould, Furniss, Lambert, Petzke, Handy, Green. Representatives voting in opposition to the motion: None. Representatives absent/excused: Tanner.

The majority having voted in the affirmative and without objection the legislation will carry a **DO PASS** recommendation. There being no objection, it was so ordered by **Co-Chair Horman**.

Co-Chair Horman put the committee at ease at 8:09 a.m.

Co-Chair Horman resumed the meeting at 8:09 a.m.

Rep. Julie Yamamoto, Chair of the House Education Committee, reported the Committee's recommendations. The Committee prioritizes ensuring the entire \$330M from **H 1** in the FY 2022 extraordinary session is distributed via supplemental appropriation through seat time-based discretionary dollars.

Rep. Yamamoto stated the Committee recognized distributions are now based on Average Daily Attendance (ADA), not enrollment. She referenced a new weighted per-student funding model; the Committee anticipates the introduction of this model in pending legislation. This new model would close the gap between what was allocated and what was distributed of the aforementioned \$330M. This new model will negate the need for future supplemental requests. The Committee recommends using a weighted per-student funding formula and to distribute the rest of those funds.

Rep. Yamamoto reported the Committee also supports the outcomes-based funding model in **H 595**, which focuses on middle school math and attaining college and career-readiness credentials for secondary students.

Rep. Yamamoto recognized the Governor recommends \$64M for community colleges, the four-year college, and universities. This funding includes 3% increases for operational capacity enhancement dollars, which are designed to allow flexibility to address each institution's needs. Needs can include CEC costs, new staffing, new programs, and other institutional enhancements related to Idaho Launch.

The House Education Committee considered requests for CEC and enrollment workload adjustments. The Committee recommends a 4% increase to address these requests. **Rep. Yamamoto** noted the Governor's 3% recommendation was made before the enrollment numbers and salary discrepancies between state institutions of higher education were known.

Mr. Jared Tatro, Deputy Division Manager, LSO Budget & Policy, gave an overview of the Idaho Educational Services for the Deaf & Blind (IESDB). This agency is one of the seven budgeted divisions of Public Schools. IESDB includes two budgeted programs: Campus Operations and Outreach Programs. Both programs have experienced increased student enrollment.

Mr. Tatro reviewed the organizational structure of the agency and the five-year history of its appropriations. He recognized both programs have increased student enrollment and appropriations have had corresponding growth.

Mr. Tatro noted the agency is required to have an independent audit every year. He pointed out the agency does not retain large cash balances. He reviewed FY 2023 and FY 2024 enhancements. He explained the FY 2025 budget requests for the career ladder equivalence, endowment fund increase, and replacement items.

Mr. Brian Darcy, Administrator of the Idaho Educational Services for the Deaf & Blind (IESDB), expressed appreciation for previous appropriations which have allowed IESDB to reduce the number of children waiting for evaluation for services. Formerly, IESDB had a waitlist of 200 children; now the waitlist is at a manageable level of 50 children. In response to committee questions, he explained the evaluation process after referrals come to IESDB; the current waitlist reflects the time the process requires. He noted IESDB employees are state employees and on the state health insurance plan.

In response to a committee question, **Co-Chair Horman** explained the career ladder is different for IESDB because they are state employees.

In response to additional committee questions, **Mr. Darcy** explained the delay in acquiring the vehicles previously appropriated to IESDB. The production cycle of the specialized vehicles has caused significant delays.

In response to an additional question, **Mr. Darcy** explained the request from the Permanent Building Fund for additional buildings. These new cottages will eliminate the direct instruction waitlist.

Mr. Tatro presented the Public Education Stabilization Fund (PESF). This PESF presentation to JFAC is statutorily required. PESF acts as a safety net for the Public Schools appropriation. If the appropriation is insufficient to meet the fiscal obligations outlined in Idaho Code, then funds can be withdrawn from PESF; if funds are in excess, then the monies must be deposited into PESF. PESF has a cap of 8.334% of the total state-fund appropriation to public schools. He reviewed the historic and current cash balance of PESF. PESF has been at its statutory cap for the last three years. Under current law, excess funds go to Bond Levy Equalization Fund.

Mr. Tatro reviewed the potential effects of the **H 521** pending legislation. If this pending legislation becomes law, the PESF cap will increase to 15%.

Mr. Tatro gave an overview of the Idaho Digital Learning Academy (IDLA). IDLA is not a school district; it is designed to support and supplement the academic course offerings of districts. He reviewed the organizational structure of IDLA and explained the FY 2023 appropriated and actual expenditures. He pointed out the statutory formula for budget enhancements is based on enrollment.

Mr. Tatro explained the FY 2025 budget request. There is a statutory formula tied to the number of estimated IDLA enrollments and the salaries of the public school employees in the overall Public Schools Support appropriation. The budget request is tied to this statutory formula. **Mr. Tatro** explained **H 452** removes the direct connection between IDLA and the Public Schools Support appropriation.

Mr. Jeff Simmons, Superintendent of IDLA, answered committee questions. He stated the majority of IDLA teaching staff is part-time. Omitting the Covid-19 year, IDLA has experienced an annual 8% increase of enrollees; a growing percentage of students prefer online classes. IDLA currently has an 88.79% pass rate; the goal is a 90% pass rate.

In response to additional committee questions, **Supt. Simmons** described the coordination between IDLA and school districts across the state. He also contrasted the differences between IDLA and the Oneida virtual school. Oneida is a full-time virtual charter school and IDLA offers supplemental options to students.

In response to another committee question, **Supt. Simmons** stated IDLA is working with the School Board Association to write a model policy for schools regarding the \$75/class fee. IDLA encourages schools to cover the cost of an IDLA course if the school is required to offer the class.

Ms. Alex Williamson, Analyst, LSO Budget & Policy, gave an overview of the Division of Public Health Services in the Department of Health and Welfare (DHW). The Division includes five budgeted programs: Physical Health Services, Emergency Medical Services, Laboratory Services, Suicide and Prevention Awareness, and Healthcare Policy Initiatives.

Ms. Williamson reviewed the organizational structure of the Division. She noted it has more FTPs than specifically allocated; however, DHW as a whole has 155.0 current FTP vacancies. DHW is statutorily permitted to make such adjustments within the Department.

Ms. Williamson reviewed the estimated and actual expenditures of the last five years, noting the influx of Covid-19 relief funding. She reviewed the FY 2023 and FY 2024 budget enhancements.

Ms. Williamson presented the FY 2024 supplemental and FY 2025 budget requests and compared them to the Governor's recommendations. She noted the Division has withdrawn a number of requested items, as reflected in the Governor's recommendation. She also reviewed various onetime requests tied to ARPA funding as well as other onetime requests. Ms. Williamson then presented the FY 2025 ongoing enhancement requests.

Mr. Dean Cameron, Interim Director of the Department of Health and Welfare (DHW), answered committee questions. He stated DHW withdrew the request related to pediatric vaccines because it determined it had adequate funding for the program. The children's vaccine program is separate from the adult vaccine program. DHW requests ARPA funds to improve vaccination of adults and others who fall outside the children's vaccination program.

In response to committee questions, **Dir. Cameron** stated DHW is using onetime ARPA funds to upgrade and modernize its computer infrastructure. He noted previous JFAC decisions to designate all ARPA funds as onetime to allow greater visibility on the impact of these funds. DHW is using these onetime funds to make systemic improvements.

In response to additional committee questions, **Dir. Cameron** reported on recent findings with the Idaho Harm Reduction Project. After the recent police raid, the Governor asked DHW to complete an internal investigation. This review is in process and all outgoing funds have been frozen. Currently, there are nine syringe exchange programs throughout the state; five of the nine receive some state funds. At this time, DHW has found no evidence whatsoever it authorized or suggested the purchase of any illegal substance or paraphernalia. DHW is noting potential areas of improvement; it is committed to making the final report public.

In response to additional committee questions, **Dir. Cameron** confirmed smoking and vaping cessation programs are evaluated for effectiveness. He also addressed efforts to fill vacant FTP positions.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:57 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary