

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, January 07, 2025

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS: Senators Co-Chair Grow, Woodward, Cook, Bjerke, Hart, Carlson, Zuiderveld, Galloway, Ward-Engelking, Wintrow
Representatives Co-Chair Horman, Miller, Furniss, Handy, Petzke, Tanner (14), Manwaring, Mitchell, Price, Galaviz

**ABSENT/
EXCUSED:** None

Co-Chair Horman called the meeting to order at 8:01 a.m.

Co-Chair Horman and **Co-Chair Grow** introduced the House and Senate Pages to the committee.

Co-Chair Horman put the committee at ease at 8:06 a.m.

Co-Chair Horman resumed the meeting at 8:25 a.m.

Co-Chair Grow expressed appreciation for the committee and the staff members. **Co-Chair Horman** reminded committee members although state budgets involve millions and billions of dollars, it is important to remember the value of a single dollar.

In response to a committee question, **Co-Chair Horman** stated the rules governing the JFAC committee are a debate between the Senate and House leadership. The Co-Chairs operate the committee according to precedent.

Co-Chair Grow observed the rules were last formally adopted two years ago. If no new rules are adopted, custom follows the last adopted rules.

Co-Chair Horman stated it has been concluded since the rules have not been adopted, the committee primarily operates through precedent. The two chambers share the chair of JFAC; this procedure is precedent. The voting will remain the same as the previous two years. If there is not a majority in either the House Appropriations or the Senate Finance Committees, the budget will be retained in JFAC until a majority of both can agree on a budget. JFAC will alternate the chairmanship for every committee meeting.

Mr. Keith Bybee, Division Manager, Budget & Policy, Legislative Services Office (LSO), stated the JFAC Sharepoint computer application is a committee repository for publicly available documents. Sharepoint allows JFAC members to make electronic notes on their personal copies of these documents. These public documents include the Legislative Budget Book, presentations made by LSO Budget & Policy Analysts, state agency presentation materials, and budget motion sheets. The Legislative Session Record contains video and audio recordings of every JFAC session, along with all presentation materials. It also has an archive of previous years' session materials.

Co-Chair Horman pointed out by the end of the current hearing schedule, JFAC will have passed many budgets, as opposed to passing the agency budgets in a flurry at the end of the legislative session. **Co-Chair Grow** observed this new schedule allows more time for JFAC and both chambers to consider budgets.

Mr. Paul Headlee, Deputy Director, LSO, introduced additional LSO resources available to the committee. The new Legislative Impact Review team can help answer questions, do research, and provide brief reports. Performance-based budgeting depends on evidence; these staff members can help evaluate evidence for proposed projects and spending. **Co-Chair Horman** stated as JFAC modernizes the budget process and transitions to performance-based budgeting, it will focus on the evidence to examine returns on investment for the Idaho taxpayer.

Ms. Lori Wolff, Administrator, Division of Financial Management (DFM), presented the Governor's FY 2026 Keeping Promises budget. She reviewed the historical data for General Fund expenditures and revenues. In her review of the predicted and actual revenue numbers for FY 2025, she pointed out the Governor has based his budget on conservative projections.

Ms. Wolff explained the Governor's suggested adjustments to the FY 2026 maintenance budgets. These include a Change in Employee Compensation of 5% or a \$1.55/hour increase; employee benefit costs increasing from \$13K/person to \$14.3K/person; interagency adjustments (SWCAP) of \$3.6M; and contract inflationary adjustments of \$1.3M. She highlighted some of the FY 2026 recommended enhancements, including \$9.3M for IT security and infrastructure replacements and \$80M for population forecast adjustments; all recommended enhancements total \$152M (\$130M ongoing and \$22M one-time).

Co-Chair Horman explained formerly the Legislative Budget Book used the term "non-discretionary." The more accurate term is "population forecast," because these numbers are driven by population factors; however, it is within the legislature's discretion to make decisions about how to appropriate for those populations.

In response to a committee question, **Ms. Wolff** explained the term "contract inflationary adjustment" is the inflation agencies have within their contracts.

Co-Chair Horman explained non-negotiable contract inflationary adjustments are placed in the maintenance budgets. Other inflationary adjustments are placed in the enhancement category because they are new growth and the legislature can decide whether to appropriate the specific funds.

In response to a committee question, **Ms. Wolff** explained this budget was constructed differently from the Governor's FY 2025 budget. Based on requests from the Legislature, the Governor's Office reduced the amount of funds designated to the transfers category; this change will affect year-to-year straight comparisons. She shared comparisons to demonstrate the 2.2% increase in suggested spending from the previous year. **Co-Chair Horman** expressed appreciation for the reduced reliance on transfers and supplemental appropriation requests in this budget.

In response to another committee question, **Ms. Wolff** stated the Idaho Transportation Department (ITD) has many projects underway and many other projects bid out. She acknowledged the long process involved in ITD projects. Additional funding is requested to keep pace with the state's growing transportation needs.

In response to committee questions, **Ms. Wolff** explained the fire suppression deficiency fund. The five-year average of firefighting costs is approximately \$40M/year. In 2024, the state spent \$60M in firefighting costs. The appropriation requests in this budget will keep ongoing funding in the account to better prepare for and manage actual costs.

In response to another committee question, **Ms. Wolff** reminded the committee the Governor and the Legislature have achieved \$46B in tax relief over the last few years. She stated Idahoans expect to have money back in their pocket and they also expect government to operate effectively and efficiently.

In response to additional committee questions, **Ms. Wolff** explained the requested funding for Career-Technical Education (CTE) will be directed to technical colleges. This additional funding is requested due to the high demand for those technical education programs. She pointed out the State Board of Education has been operating these block grants through the federal Gaining Early Awareness and Readiness (GEAR) grant program. **Co-Chair Horman** explained during the pandemic, Governors were given certain blocks of money to appropriate for education needs; these are GEAR dollars. Ms. Wolff further explained Idaho Launch grants go directly to students; the students then spend the grants at their chosen schools. The appropriation request for CTE will build capacity at in-demand programs.

In response to additional committee questions, **Ms. Wolff** explained portions of the Governor's budget addressing childcare and workforce housing. She further pointed out this budget is similar in spending to last year; this budget sets aside monies for tax relief and rainy day funds.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:30 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary