

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 22, 2025

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Grow, Woodward, Cook, Bjerke, Hart, Carlson, Zuiderveld, Galloway, Ward-Engelking, Wintrow

Representatives Co-chairman Horman, Furniss, Handy, Petzke, Tanner (14), Manwaring, Mitchell, Price, Galaviz

ABSENT/ EXCUSED: Representative Miller

CONVENED: **Co-Chair Grow** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at **8:00 a.m.**

LSO STAFF PRESENTATION: **COMMISSION FOR LIBRARIES, LBB 5-073 Brooke Dupree, Budget Analyst, Legislative Services Office (LSO)**

Ms. Dupree provided the mission statement and organizational structure for the Idaho Commission for Libraries (see, attachment 1). She highlighted its role in supporting 850 libraries across the state. She explained the agency's structure, with 35.5 full-time positions (FTPs), and noted the organizational changes due to statewide consolidation efforts. She provided FY 2021– FY 2025 estimated and actual expenditures, including a spike in receipts and cash expenditures in FY 2023 and FY 2024, attributed to federal relief funds for summer and afterschool programs. For FY 2024, expenditures were broken out as: 37% for operating expenditures, 32% for personnel costs, and 31% for trustee and benefit payments.

She provided a five-year base snapshot for FY 2021– FY 2025 and mentioned budget growth and a decrease in FTPs due to consolidation with the Office of Information Technology Services. She outlined past and ongoing budget enhancements, including funding for kindergarten readiness programs, digital storage, and the digital access initiative for Idahoans. For fiscal year 2026, she detailed specific requests, such as ongoing funding for broadband reimbursement to libraries, increased federal subgrants to local libraries, and \$2.5 million for the Digital Access for All Idahoans Grant. She explained this request was part of a broader plan, with the department expecting additional federal funding and reappropriation for capital improvements. She stated the Governor recommended all the requested budget enhancements.

DISCUSSION:

Ms. Dupree answered questions from the Committee related to the Digital Access for All Idahoans Grant, stating it aims to identify barriers to digital access and strategies to eliminate these barriers. Barriers can include affordability, digital skills, cybersecurity awareness and access to devices. So some of the money will be used for personnel costs within the Commission to implement and oversee programs and some money will be used to buy laptops to then sub grant to libraries and then some of it will be sub granted to community organizations to support that digital literacy and tech support. She emphasized the Digital Access for All Idahoans is a five-year grant and provided detail on its funding categorization as ongoing. Ms. Dupree also answered questions related to summer reading program funding.

Stephanie Bailey-White, State Librarian, stood to answer questions from the Committee related to the summer reading program book selection process, and how sub grants are determined for the Digital Access for All Idahoans Grant.

**LSO STAFF
PRESENTATION:**

**DEPARTMENT OF LABOR, LBB 5-047 Brooke Dupree, Budget Analyst,
LSO**

Ms. Dupree provided a base review for the Department of Labor including mission statement and organizational chart (see, attachment 2). The Department of Labor is broken into three main programs: 1) Determinations (unemployment insurance and disability services), 2) Workforce and Commissions (local office operations and workforce development), and 3) Administrative Services. She noted that the department is appropriated with excess funding to allow for quick hiring during economic downturns, especially when unemployment claims rise. She provided a consolidated fund analysis for FY 2022 – FY 2026. The department requested a cash transfer of \$4,868,600 from the Unemployment Penalty and Interest Fund to the Employment Security Fund. This would reduce the ending free fund balance to \$42,216,559. Without legislative action, the estimated ending fund balance for fiscal year 2026 was \$47,085,159.

She provided a review of the Department of Labor's appropriations and expenditures for FY 2021 – FY 2025, which mainly consisted of personnel costs, operating expenditures, and trustee payments for unemployment claims. Expenditures have ranged from 54% to 74%, reflecting the need for flexibility in staffing during economic downturns. She also stated unemployment insurance claims payments are continuously appropriated and are not included in the figures, with amounts typically ranging between \$100 million to \$200 million, depending on the year. She gave an overview of past budget enhancements for FY 2024 and FY 2025, and budget requests for FY 2026. For FY 2026, the Department requested \$7,330,000 for unemployment insurance operations, a cash transfer to correct accounting discrepancies, and \$161,000 for hardware upgrades. Additionally, she mentioned a requested language adjustment for fund balance changes exceeding \$500,000, which requires legislative approval. She stated the Governor recommended all the proposed enhancements.

DISCUSSION:

Ms. Dupree answered questions from the Committee related to department salary savings, grant funding, and unemployment insurance operations.

Jani Revier, Department of Labor Director, stood to answer questions from the Committee. **Co-Chair Grow** asked for clarification on the need for the additional \$7.3 million funding for Unemployment Insurance Operations, and the purpose of the additional money. **Ms. Revier** explained that during the pandemic, the department received significant federal grants to support the unemployment insurance program. Since unemployment was high during the pandemic, the department hired over 100 additional staff members to manage the increased claims. However, as the economy improved and claims decreased, the department has gone through attrition and returned to a base staffing level appropriate for a stable economy. The requested increase is needed to prepare for a potential economic downturn, ensuring the department can quickly scale up staffing if needed. With the decline in federal funding, the department anticipates returning to its base grant level, which funds essential operations such as unemployment insurance benefits, unemployment insurance compliance, and appeals. She clarified the \$7.3 million was an increase in dedicated fund spending authority, not General Funds.

In response to a question from **Co-Chair Grow**, **Ms. Revier** explained that the department operates with a \$1 billion trust fund, and each year, the unemployment insurance tax rate is set according to a formula in state code. This formula projects the amount needed to cover the three highest years of unemployment benefits over a 20-year period. The department continuously runs calculations to determine the tax rate necessary to maintain the fund. If the fund were to run out of money, the department could borrow from the federal government or issue a bond, as was done during the Great Recession. During the pandemic, some states had to borrow from the federal government, but Idaho's trust fund remained healthy. The department made changes to the formula after the Great Recession to ensure sufficient funds, including adjusting the target amount to 1.3 times what is needed, rather than just the minimum. She stated the trust fund is currently solvent, and there is no immediate need for a significant tax increase. If the fund were to face a shortfall, it would be handled through tax rates, loans, or bonds, not by requesting general fund assistance from the legislature.

**LSO STAFF
PRESENTATION:**

STATE HISTORICAL SOCIETY, LBB 5-067 Brooke Dupree, Budget Analyst, LSO

Ms. Dupree explained the responsibilities and structure of the Idaho State Historical Society (ISHS), as outlined in Chapter 41, Title 67 of Idaho Code. She provided its mission statement and organizational structure (see, attachment 3). There were 59 full-time positions (FTPs) allocated across different services, including Administration, the State Archives & Records Center, State Historic Preservation Office, the State Museum, and the Old Idaho Penitentiary.

She provided a consolidated fund analysis for FY 22 — FY 26, and highlighted a significant increase in appropriation for fiscal year 2022, due to a \$5 million one-time appropriation for infrastructure projects, most of which was reappropriated into fiscal year 2023. She provided estimated and actual expenditures for FY 21–FY 25, and noted most funds were spent on personnel

and operating costs, including restoration and building rental for historic sites. She provided FY 2025 budget enhancements, including staff for the Old Idaho Penitentiary, administrative support, and a \$1.65 million allocation for the America 250 Commemoration. For fiscal year 2026, the agency requested ongoing funding for staff, digitizing historical archives, moving historic artifacts, and IT hardware.

DISCUSSION: **Ms. Dupree** and **Janet Gallimore**, State Historical Society Executive Director, answered questions from the Committee related to: 2024 fundraising initiative budget enhancement, Old Idaho Penitentiary staff, state archives, federal grant spending authority, and American 250 Commemoration expenditures.

ADJOURNED: There being no further business before the Committee, **Co-Chair Grow** adjourned the meeting at **9:37 a.m.**

Senator Grow
Chair

Linsy Heiner
Secretary