

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, January 29, 2026

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-Chairman Grow, Woodward, Cook, Bjerke, Hart, Carlson, Zuiderveld, Galloway, Ward-Engelking, Wintrow
Representative(s) Co-Chairman Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris, Green

ABSENT/ EXCUSED: Representative(s) Co-Chairman Tanner (14)

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

LSO STAFF PRESENTATION: **Military Division, LBB 6-109 – Frances Lippitt, Senior Analyst, Legislative Services Office (LSO)**

Ms. Lippitt provided a base budget review for the Idaho Military Division (see, attachment 1). The division’s mission is to maintain combat and domestic emergency response readiness through the Idaho National Guard; and guide the state in effectively preparing for, responding to and recovering from all hazards through the Office of Emergency Management. The division also provides a fully accredited residential high school in the Idaho Youth ChalleNGe Academy for at-risk youth.

She outlined the division’s organizational structure, stating the division has 460.64 allocated full time positions (FTP). She stated that Federal-State Agreements supports the Air and Army National Guard, the Youth CHALLENGE Program for at-risk youth, and the STARBASE education program, which together represented the largest portion of staffing. Military Management provides leadership, administrative support, and public safety communications, while the Office of Emergency Management coordinates disaster response and preparedness efforts. She also noted that the Bureau of Emergency Medical Services had recently been reorganized under the division pursuant to House Bill 206, bringing additional programs, responsibilities, and staff.

She summarized five-year personnel costs for FY 23 – FY 27, noting the division typically filled about 90% of authorized positions, with average personnel costs of \$44.1 million and most expenditures driven by federal funding. She explained the role of indirect cost recovery and miscellaneous revenues, and several continuously appropriated funds, including the Hazardous Substance Emergency Response Fund. She clarified that negative balances in recent years reflected unreimbursed hazardous materials cleanup costs later addressed through deficiency warrants.

She reviewed FY 25 and FY 26 budget enhancements, and noted fluctuations were largely due to federal funding timing, particularly for National Guard construction projects. She highlighted prior legislative actions that added positions, federal construction authority, employee compensation increases, IT consolidation, the reorganization of EMS, and funding for hazardous materials response teams.

She then provided the FY 26 and FY 27 budget enhancement requests, including funding for hazardous materials response, step increases to maintain pay parity with federal employees, and an enhancement to recover grant administration overhead. She explained that, after proposed budget reductions, the net impact was a reduction of three FTP and lower overall appropriations.

DISCUSSION:

Ms. Lippitt answered questions from the Committee related to EMS transition costs, CEC costs and federal pay parity,

Major General Timothy J. Donnellan, Adjutant General stood to answer questions from the Committee related to the impact on his division of the 3% budget rescission, stating his division has had to reduce the amount provided for state education assistance offered to soldiers and airmen who enlist. He also provided answers to Committee members related to the EMS program and military rank structure.

**LSO STAFF
PRESENTATION:**

Division of Veterans Services, LBB 5-093 – Frances Lippitt, Senior Analyst, Legislative Services Office (LSO)

Ms. Lippitt provided a budget base review for the Division of Veterans Services (see, attachment 2). She explained that the Division of Veterans Services oversees Idaho's state veterans homes in Boise, Lewiston, Post Falls, and Pocatello, manages veterans cemeteries in Boise and Blackfoot, administered U.S. Department of Veterans Affairs programs, and provides financial and educational assistance to veterans. She noted the division's statutory authority under Titles 65 and 66 of Idaho Code and described it as a single budgeted program authorized 431.5 FTP. She outlined staffing levels across central support, veterans homes, cemeteries, and regional veterans service offices.

She reviewed the division's dedicated and continuously appropriated funds, emphasizing the Miscellaneous Revenue Fund, which relied heavily on Medicaid reimbursements and resident payments and was projected to show negative ending balances due to spending exceeding revenues. She provided five-year appropriations and expenditures for FY 22 – FY 26, noting large variances caused primarily by delayed federal construction funding for rebuilding the Boise Veterans Home and renovating the Lewiston home.

She provided FY 25 and FY 26 enhancements, including funding for facility leases, change in employee compensation, construction projects, staffing model changes to reduce reliance on contract nurses, and IT maintenance. She then provided FY 27 requests, which included one-time funding for new equipment for veteran homes, replacement items, and IT hardware from dedicated and federal funds.

DISCUSSION: **Mark Tschampl, Chief Administrator** stood to answer questions from the Committee related to contract nurse costs, homeless veterans, and miscellaneous revenue shown in the consolidated fund analysis, and memory care facilities across the state.

LSO STAFF PRESENTATION: **Public Employee Retirement System of Idaho (PERSI), LBB 6-115 – Frances Lippitt, Senior Analyst, Legislative Services Office (LSO)**

Ms. Lippitt provided a budget base review for Public Employee Retirement System of Idaho (PERSI), including its recent appropriations and its fiscal year 2027 budget request (see, attachment 3). She noted that PERSI was created in 1963, funded by the legislature in 1965, and provided defined benefit retirement plans for public employees, judges, and firefighters, as well as a defined contribution PERSI Choice 401(k) plan. She described PERSI's governance by a five-member board appointed by the Governor and its staffing of 81 authorized full-time positions across offices in Boise, Pocatello, and Coeur d'Alene.

Ms. Lippitt outlined PERSI's organizational structure, including its retirement administration and portfolio investment programs, and reviewed staffing levels and personnel cost appropriations over the past five years. PERSI operates using three dedicated funds sourced from employer and employee contributions, with pension payments continuously appropriated and investment funds largely held at a custodial bank.

She reviewed five-year appropriation and expenditure amounts for FY 22–FY 26, noting a significant increase beginning in fiscal year 2023 due to a multi-year, \$12 million pension system software upgrade. She explained that delays caused some funds to go unspent initially, and that PERSI was requesting \$2 million in fiscal year 2027 to complete the project within the original budget. She provided FY 25 and FY 26 budget enhancements, and reviewed FY 27 budget requests.

For fiscal year 27, PERSI requested three one-time enhancements totaling approximately \$2.6 million for completion of the pension software upgrade, development of a continuity of operations and records management plan, and replacement of IT and network equipment.

DISCUSSION: **Ms. Lippitt** answered questions from the Committee related to pension software upgrade costs.

Michael Hampton, Executive Director stood to answer questions from the Committee related to PERSI benefit inflation adjustments, defined benefit versus defined contribution models, and what organizations are allowed to participate in PERSI.

ADJOURNED: There being no further business before the Committee, Co-Chairman Grow adjourned the meeting at **9:21 a.m.**

Senator Grow
Chair

Linsy Heiner
Secretary